
Administrators' Report to Creditors

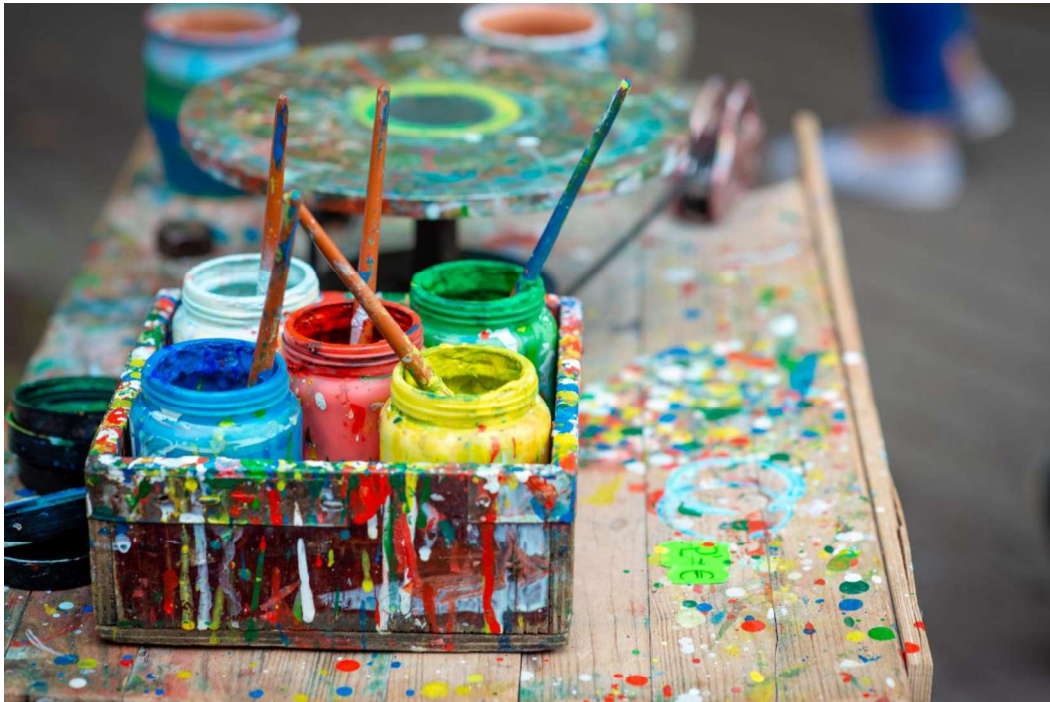
Pursuant to sections 439A of the Corporations Act 2001 and 75-225 of the Insolvency Practice Rules

Administrators

Alan Walker & Glenn Livingstone

19 September 2024

**St Helena Early Learning Pty Ltd (Administrators Appointed)
ACN 623 522 010 (the Company)**



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ANNEXURES

ANNEXURE	DOCUMENT
A	Creditor information sheets
B	Notice of Second Meeting
C	Remuneration Approval Report
D	Appointment of proxy form
E	Proof of debt form
F	Summary of receipts and payments

All Creditors with claims against the Company are entitled to attend the Second Meeting.

Creditors who wish to participate in the Second Meeting must complete and submit the proof of debt and appointment of proxy forms (**Annexures D and E**) to our office by **4:00pm AEST** on **25 September 2024** by one of the following methods:

Contact name: Billy Batbileg

By email: bbatbileg@wlpr.com.au

By post: GPO Box 3534, Sydney NSW 2001

01

GLOSSARY OF TERMS

TERM	DESCRIPTION
ACN	Australian Company Number
Act	Corporations Act 2001 (Cth)
Administration	The Voluntary Administration of the Company
Administrators	Glenn Ian Livingstone and Alan Lee Walker
ANZ	Australia and New Zealand Banking Group Limited
ARITA	Australian Restructuring, Insolvency & Turnaround Association
ASIC	Australian Securities & Investments Commission
ATO	Australian Taxation Office
BAS	Business Activity Statement required by the TAA and the GST Act
c.	Circa
CBA	Commonwealth Bank of Australia
CDO	Childcare Developments Opportunities Pty Ltd (Administrators Appointed)
Civic Avenue	Civic Avenue Early Learning Pty Ltd (administrators appointed) ACN 618 154 251
Code	ARITA Code of Professional Practice
COI	Committee of Inspection
Company	St Helena Early Learning Pty Ltd ACN 623 522 010
Convening Period	The period in which the Second Meeting must be convened
DEWR	Department of Employment and Workplace Relations
Director	Stephen Murphy
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities, pursuant to section 436DA of the Act and Code
DOA	Date of appointment of the Administrators being 22 August 2024
DOCA	Deed of Company Arrangement
DPN	Director Penalty Notices issued by the ATO
ERV	Estimated Realisable Value
Family Court	Federal Circuit and Family Court of Australia
FEG	Fair Entitlements Guarantee
First Meeting	First meeting of creditors held on 2 September 2024
FTE	Full time equivalent
FY	Financial year
GST	Goods and Services Tax payable pursuant to the GST Act
GST Act	A New Tax System (Goods and Services Tax) Act 1999 (Cth)
IAS	Installment Activity Statement
Initial Notice	Our initial notice to creditors dated 26 August 2024

TERM	DESCRIPTION
IPR	<i>Insolvency Practice Rules (Corporations) 2016 (Cth)</i>
ITAA	<i>Income Tax Assessment Act 1997 (Cth)</i>
k	Thousand \$
M	Million \$
Management Accounts	Accounts maintained by the Company on Xero Accounting Software.
NES	National Employment Standards
PAYG	Pay as you go
PILN	Payment in Lieu of Notice
PPSA	<i>Personal Property Securities Act 2009 (Cth)</i>
PPSR	Personal Property Securities Register maintained pursuant to the PPSA
PTE	Part time equivalent
Reality CHQ	Reality Chq Pty Ltd ACN 609 118 578
Report	This report of 19 September 2024 pursuant to IPR 75-225
ROCAP	Report on Company Activities and Property
Sales Broker	Doug Lilley of Lilley Childcare Sales Pty Ltd
Second Meeting	Second meeting of creditors held pursuant to IPR 75-225 and section 439A of the Act, where creditors determine the future of the Company. The Second Meeting will be held at 10:00 AM (AEST) on 26 September 2024
SKTA Duff	SKTA Duff Pty Ltd ACN 627 336 636
SRO	State Revenue Office – Victoria
Sturt Street	Sturt Street Early Learning Pty. Ltd. ACN 614 078 394
The Trustee	Larissa Murphy, the Trustee appointed by the Family Law Court
TAA	Tax Administration Act 1953 (Cth)
VIC	Victoria

02

EXECUTIVE SUMMARY

QUESTION	ANSWER
What does the Company do?	The Company operates an early learning centre providing childcare and kindergarten services from leasehold premises 189 St Helena Road, Greensborough VIC 3088. At the time of our appointment the Company employed 35 employees.
Current status of operations	<p>Immediately upon our appointment we commenced an urgent review of the Company's financial viability, including whether it could continue to operate. After detailed discussions with management and undertaking a review of the Company's cashflow and profit and loss forecasts, we formed the view that we would be able to continue trading the Company's business in the short term whilst we explored options to restructure the Company's business (including by way of DOCA proposal).</p> <p>The Company is profitable and will continue to operate under our control.</p> <p>The management of the Centre and the Educators have committed to ensuring that the high standards of care that they provide to the children and families continues during the Administration. We have made no changes to the operations and services provided.</p>
Pre-administration status and investigations into the Company's affairs	<p>Due to the outstanding tax debts that the Company owed, prior to the Administrators' appointment, the Company's Trustee was assessing all options to try to pay the Company's tax debts.</p> <p>Based on our investigations into the Company's business, property and affairs, during FY21 to FY24 the Company appears to have been neglectful in adhering to its taxation obligations (State and Federal), resulting in the accrual of debts to the ATO and SRO totalling \$2,270,837.64 and \$398,432. There are also outstanding lodgments due to these agencies.</p> <p>From our preliminary review of the Management Accounts (including the accounts of other related entities to which we are appointed), it appears that the Director withdrew significant sums of cash for personal use and neglected the Company's obligations to lodge tax returns and pay the corresponding debts to the ATO in full over several years.</p> <p>The Director continued to withdraw cash from the Company's bank account making it difficult for the Company to enter into a payment plan with the ATO.</p>
What is the purpose of this Report?	The purpose of the Report is to provide creditors with:

	<ul style="list-style-type: none"> - a summary of the findings of our investigations into the Company's business, property, affairs and financial circumstances - an update on the status of the Company's business and assets - our opinion on the three options available to creditors in deciding the future of the Company at the Second Meeting.
<p>Litigation involving the Company</p>	<p>Prior to our appointment the Director and Trustee were involved in ongoing proceedings in the Family Court. A summary of the events and dates is as follows:</p> <p>During 2022, SKTA Duff was joined to the proceedings.</p> <p>On 1 February 2024, the Family Court ordered that Ms Larissa Murphy be appointed as the Trustee for the sale of the early learning centre operated by the Company. On 9 July 2024, and as amended on 12 August 2024, the Family Court made orders giving further powers to the Trustee, including the power to appoint an administrator to the Company.</p>
<p>Who is in control of the Company?</p>	<p>Upon our appointment, we assumed control of the Company's business and affairs.</p> <p>The Director's / Trustee's powers in relation to the Company property and affairs are suspended during the administration period.</p> <p>We advise that we are continuing to work closely with the Trustee and management whilst we continue to trade the business.</p> <p>In addition to our appointment to the Company, we were also appointed to the following related entities:</p> <ul style="list-style-type: none"> - Civic Avenue – an early learning centre located in Singleton NSW, and - Sturt Street – an early learning centre located in Alfredton VIC, and - CDO – a management entity for the three centres.
<p>What is the ownership structure of the Company?</p>	<p>Majority of the Company's share capital is held by a related entity controlled by the Director. There is also a minority shareholder, being SKTA Duff.</p> <p>For further details, see section 8 of this Report.</p>
<p>Why were Administrators appointed to the Company</p>	<p>The Director has failed to provide us with any information concerning the Company's business, property and affairs.</p> <p>The Trustee has informed us that in her opinion the Administrators were appointed due to the following:</p> <ul style="list-style-type: none"> - Large Director cash withdrawals over several years causing a strain on cash flow - The Director was negligent in lodging tax returns and paying the corresponding debts, and

	<ul style="list-style-type: none"> - As a result of the above, large tax debts accrued to the ATO and the SRO.
What do the Administrators consider were the underlying causes of the Company's failure?	<p>We have not found any evidence contradicting the Trustee's assertions for the Company's failure.</p> <p>We note that the records indicate that the Company's taxes appear to have been neglected during the period FY21 to FY24, whilst loans were made to the Director over the same period totaling \$2,773,227.</p>
When do the Administrators consider the Company became insolvent?	<p>Based on our analysis of the Management Accounts, we consider the Company was insolvent on or around 1 July 2022, with the Director continuing to withdraw funds from the Company resulting in insufficient funds being available for statutory creditors.</p> <p>Since the appointment of the Trustee in February 2024, the Company has been profitable and the Company's obligations to the ATO have been met on time. The historical tax debts that accrued under the Director's control have resulted in the Company's current financial position.</p> <p>Further details on our investigations are set out in section 9 of this Report.</p>
Has a DOCA proposal been put forward for creditors to consider?	<p>The Trustee has indicated that she is considering putting forward a DOCA proposal for the consideration of creditors.</p>
What is the purpose of the Second Meeting?	<p>At the Second Meeting, creditors will consider this Report and decide the Company's future.</p> <p>The options available to creditors include whether:</p> <ul style="list-style-type: none"> - the Company execute a DOCA - the administration should end, or - the Company be wound up <p>The Second Meeting can also be adjourned by resolution of creditors or by the Chairperson for a period of up to 45 business days to allow more time for a DOCA proposal to be submitted.</p>
What is the estimated return to creditors?	<p>As there are several matters that need to be progressed and are commercially sensitive, we are unable to provide creditors with a likely outcome at this stage. We will be in a position to provide an update on the estimated return to creditors in future reports.</p> <p>Further details are set out in section 10 of this Report.</p>
Administrators' recommendation	<p>We advise that it is our intention to adjourn the Second Meeting of Creditors for a period up to 45 business days to allow more time to progress several matters. If creditors do not resolve to adjourn, then the Company would likely go into liquidation.</p> <p>We are required pursuant to s 438A of the Act to provide an opinion on each of the following:</p> <ul style="list-style-type: none"> - Whether the Company should execute a DOCA

	<ul style="list-style-type: none">- Whether the Administration should end, and- Whether the Company should be wound up <p>Currently, the Trustee is formulating a DOCA proposal for creditors to consider so therefore, at this stage this option is not available.</p> <p>Our opinion and recommendation is that the Company should be wound up but this opinion may change if a DOCA proposal is put forward by the Trustee.</p> <p>Whilst it is our intention to adjourn the Second Meeting, creditors should still consider their attendance as we intend to table other resolutions.</p>
What claims will a liquidator investigate and how will further investigations be funded?	<p>Our investigations into potential claims that may be pursued by a liquidator are at an early stage.</p> <p>Our preliminary investigations have identified that there may be potential:</p> <ul style="list-style-type: none">- uncommercial transaction claims- preference payments- unreasonable director related transactions- creditor defeating dispositions- insolvent trading claims, and- breach of director duty (civil) claims. <p>For further detail, please see section 8 of this Report. Creditors are requested to consider funding further investigations by a liquidator should one be appointed.</p> <p>We also note that we are required to report to ASIC pursuant to section 438D of the Act in instances where we form the view that offences may have been committed by an office holder (past and present). We advise that we have submitted this report and will continue to liaise with ASIC where required.</p>
Where can I get more information?	<p>If you require any further information, please contact Mr Billy Batbileg.</p> <p>Phone: 1300 760 830 Email: bbatbileg@wlpr.com.au</p>

03

COMPANY INFORMATION

3.1 STATUS OF THE ADMINISTRATION

We, Alan Walker and Glenn Livingstone, were appointed Administrators to the Company on 22 August 2024 by the Trustee, pursuant to her powers under a Family Court order dated 9 July 2024.

3.2 OBJECTIVE OF ADMINISTRATION

In a voluntary administration, Administrators are empowered by the Act to assume control of an insolvent company, superseding the powers of the directors and officers, to manage the company's affairs and deal with its assets in the interests of its creditors.

Pursuant to Section 435A of the Act, the intention of administration is to maximise the prospects of a company continuing in existence or, if that is not possible, to achieve better returns to creditors than would be achieved by its immediate liquidation. During a voluntary administration there is a moratorium over most claims that are made or able to be made before the start of the administration.

It is our intention to adjourn the Second Meeting for a period of up to 45 business days, pursuant to IPR 75-140(3). By adjourning the Second Meeting, we will have more time to progress several matters that will likely have a material impact on the outcome for creditors.

Administrators are also required to:

- investigate the Company's affairs, and
- report to creditors on the Administrators' opinion as to which outcome of the voluntary administration process is in creditors' best interests, including providing information to the creditors prior to their voting at the Second Meeting.

ASIC has produced information sheets for creditors to assist their understanding of common company insolvency procedures. These information sheets can be downloaded from <https://asic.gov.au> under the insolvency tab. We have also attached some key information sheets for creditors at **Annexure A**.

3.3 APPOINTMENT OF TRUSTEE

Prior to our appointment, the Director and Ms Murphy were subject to ongoing proceedings in the Family Court.

On 1 February 2024, the Family Court made orders which, relevantly, appointed Ms Murphy as the Trustee for the sale of the early learning centre operated by the Company. During the trusteeship, the Trustee was unable to secure a buyer for the business.

On 9 July 2024, and as amended on 12 August 2024, the Family Court made orders giving further powers to the Trustee, including the power to appoint an administrator to the Company.

On 22 August 2024, the Trustee appointed the Administrators to the Company as she had formed the view that the Company would likely not be able to meet the terms of a payment arrangement because the Director continued to withdraw cash from the Company.

3.4 FIRST MEETING OF CREDITORS AND COMMITTEE OF INSPECTION

The First Meeting was held on 3 September 2024 pursuant to s 436E of the Act. At the First Meeting, our appointment was confirmed, and a COI was not formed. No other resolutions were considered or voted upon at the First Meeting. The minutes of the First Meeting were lodged with ASIC on 5 September 2024.

3.5 SECOND MEETING OF CREDITORS

Pursuant to s 439A of the Act, the Second Meeting is convened for 10:00 AM AEST on Thursday, 26 September 2024 at the offices of WLP Restructuring Suite 19.02 Level 19, 1 Castlereagh Street, Sydney NSW 2000. Teleconference facilities will be available, details of which will be provided on request.

At the Second Meeting, creditors will decide the Company's future by voting on one of the following options:

- that the administration end (with control of the Company reverting to the Director); or
- that the Company should be wound up; or
- that the Company execute a DOCA.

We are required to provide creditors with our opinion as to which outcome of the voluntary administration process is in creditors' best interests. Our opinion and recommendation are set out in **section 11** of this Report.

The Notice of Meeting of Creditors is attached (**Annexure B**) along with an Appointment of proxy form (**Annexure D**) and a Proof of debt form (**Annexure E**).

Creditors and the chairperson presiding at the Second Meeting can adjourn the meeting for up to a period of 45 business days to enable further investigations to be undertaken, with a view to issuing further reports to creditors in respect of the outcome of those investigations.

All creditors with a claim(s) against the Company are entitled to attend the Second Meeting and vote on the resolutions for the Company.

Creditors who wish to participate in the Second Meeting must complete and submit the following forms to this office **by 4:00pm AEST on Wednesday, 25 September 2024**. Forms can be scanned and emailed to bbatbileg@wlp.com.au. Teleconference call details will be provided on request once the relevant forms listed below have been submitted.

FORM	COMMENTS	ACTION REQUIRED
Appointment of proxy (Form 532)	<ul style="list-style-type: none"> - Corporate creditors must appoint an individual to act on their behalf. - Individuals voting in person are not required to complete this form unless they are appointing a representative to vote on their behalf. - Proxy forms submitted for the First Meeting are not valid for the Second Meeting. A new proxy form must be submitted. 	To be eligible to vote, creditors must submit proxy and proof of debt forms to our office before 4:00 PM AEST on Wednesday, 25 September 2024.
Proof of Debt (Form 535)	<ul style="list-style-type: none"> - Creditors must submit documentation to support the amount they have claimed. - Creditors who have already submitted a proof of debt are not required to re-submit a proof of debt form unless their claim has changed. 	

3.6 PURPOSE AND BASIS OF THIS REPORT

IPR 75-225 requires Administrators to provide a report to all creditors ahead of the Second Meeting, outlining:

- details regarding the business, property, affairs and financial circumstances of the entity under administration
- the Administrators' opinion and recommendation on each of the options available to creditors, and
- if a DOCA is proposed, the details of the DOCA.

This Report also informs creditors about the preliminary investigations undertaken by us to date. Accordingly, the views formed in this Report are not final and may be subject to change. Any additional material issues that are identified after this Report may be subject to a further written report and tabled at the forthcoming Second Meeting.

This Report has been prepared primarily from information obtained from the Company's books and records and discussions with the Trustee and management. Although we have conducted certain investigations of the affairs of the Company, there may be matters which we are unaware of because an audit of the Company has not been undertaken.

To complete our Report, we have utilised information from the following sources:

- registers maintained by ASIC
- the PPSR
- the Company's book and records
- discussions with the Trustee, management and their advisors
- discussions with creditors of the Company, and
- other publicly available databases.

3.7 SUMMARY OF RECEIPTS AND PAYMENTS

A summary of the receipts and payments of the Administration is attached at **Annexure F**.

3.8 CONTEXT OF THIS REPORT

The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. We reserve the right to alter any conclusions reached based on any changed or additional information which may be provided to us between the date of this Report and the date of the Second Meeting (except where otherwise stated).

In considering the options available to creditors and formulating our opinion and recommendation, we have necessarily made forecasts of asset realisations and total creditors' claims based on our best assessment of the information to hand. These forecasts and estimates may change as asset realisations progress, and we receive creditor claims. Consequently, the outcome for Creditors might differ from the information provided in this Report.

Creditors should consider seeking their own independent legal advice as to their rights and the options available to them at the Second Meeting.

04

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS, AND INDEMNITIES

In accordance with section 436DA of the Act and the Code, a DIRRI was enclosed with our Initial Notice (and tabled at the First Meeting).

The DIRRI disclosed information regarding our independence, prior personal or professional relationships with the Companies or related parties, and any indemnities received in relation to the appointment. This assessment identified no real or potential risks to our independence.

There has been no change in the declaration since that time.

ASIC has produced information sheets for creditors to assist their understanding of common company insolvency procedures. These information sheets can be downloaded from <https://asic.gov.au> under the insolvency tab.

05

ADMINISTRATORS' REMUNERATION AND INTERNAL DISBURSEMENTS

No remuneration of the Administrators has been approved or paid to date.

Our remuneration can only be fixed either by resolution of a COI, the Company's creditors, or by application to the Court. In accordance with IPR 70-35 and the Code, an Initial Remuneration Notice was provided to creditors with our Initial Notice and tabled at the First Meeting.

Details of our proposed remuneration, and other resolutions to be voted upon at the Second Meeting, are included in our Remuneration Approval Report at **Annexure C**. This includes resolutions for our past and future remuneration as Administrators and for our future remuneration as either deed administrators or liquidators (as applicable). Creditors should complete the proof of debt and proxy forms enclosed with this Report and return them to bbatbileg@wlpr.com.au before 4:00 PM AEST on Wednesday, 25 September 2024.

ARITA has issued an "Approving remuneration in external administrations" information sheet providing general information for creditors on the approval of an administrator's fees in a liquidation, a voluntary administration or a DOCA. This information sheet is available from the ARITA website (www.arita.com.au) and attached at **Annexure A**.

A summary of the time costs incurred to date and the resolutions proposed as set out in our Remuneration Approval Report are illustrated below (all figures are excluding GST):

PERIOD	AMOUNT (\$)
Administration: 22 August 2024 – 13 September 2024	88,017.50
Administration: 14 September 2024 – date of the Second Meeting	25,000.00
Liquidation: Commencement to conclusion of the Liquidation	50,000.00

The above remuneration approval sought for the Administration period is within the range of the estimate provided in our Initial Remuneration Notice dated 26 August 2024.

06

TRADING OF THE COMPANY'S BUSINESS

6.1 TRADING RATIONALE

Generally, a trading business is more valuable for prospective realisation than a business that is immediately closed and its assets sold under a forced-liquidation scenario. It is our view that this is especially relevant in the Company's scenario as the Company operates an early learning education centre, providing daily care services to families in the Greensborough, VIC area. Further, a trading business provides the opportunity for a DOCA proposal to be put forward to save the business.

If the Company's business ceased to trade upon our appointment, its business would have been materially impaired beyond a meaningful realisable value, with the likely scenario being that all enrollments of children would have been terminated, which would have resulted in the immediate retrenchment of employees, loss of the Company's assets (including goodwill) and the inability to maintain its leasing obligations.

It is important to note that whilst continuing to trade a business does not guarantee a better outcome for the benefit of creditors, it may increase the chances of realising the assets (including goodwill which is the Company's most significant asset) for a greater value and the chances of the business continuing in existence making any restructuring proposal more likely.

Upon our appointment, we continued to trade the Company's business in its usual capacity, whilst we undertook an urgent assessment of the Company's financial position. We determined that it would be in creditors' interest to continue to trade the Company's business. We have also been liaising with the Trustee concerning the submission of a DOCA proposal.

To ensure continued trading, WLP Restructuring loaned funds of \$45,000 to the Company to support the payment of wages and salaries for the initial week of trade. We note that this loan was required having regard to cashflow constraints caused by the Director's cash withdrawals and enabled a seamless transition into Administration.

6.2 EMPLOYEES

At the time of our appointment, the Company employed 35 FTE/PTE employees and engaged a further 11 casuals.

Upon our appointment we were advised that all employees had been paid their base wages up to and including 11 August 2024. As it was our intention to continue to trade the business, we agreed to meet all pre-appointment unpaid wages for the eight business days prior to our appointment which would have been classified as priority creditors in any event. We note that these wages were jointly funded through the Company's cash assets and the loan from WLP Restructuring.

07

FINANCIAL POSITION

7.1 FINANCIAL POSITION

Creditors should read the following information together with the historical financial information set out at **section 8** and the estimated outcome for creditors set out in **section 9**.

Pursuant to section 438B(2) of the Act, within five business days after the DOA, the Director is required to provide to the Administrators a report on the Company's business, property and affairs in the prescribed format (known as a ROCAP).

Following our appointment, on 23 August 2024 we issued correspondence to the Director requesting that he provide such a report, and on 2 September 2024 we issued further correspondence following his failure to provide a response to our initial letter. We note that as at the date of drafting this report, the Director has not complied with our request for a ROCAP, or request for any other information and records. We note that it is an offense under the Act to fail to provide this report.

As we have not received a completed ROCAP, we are unable to illustrate the Company's assets and liabilities based on the Director's advice. Accordingly, in the table below we have set out on an ERV basis the known assets and liabilities based on the information supplied by the Trustee, management and our review of the records made available to us:

ASSETS AND LIABILITIES	NOTES	AMOUNT \$
Assets		
Cash at Bank	7.1.1	36,797
Debtors	7.1.2	-
Plant and Equipment	7.1.3	Omitted
Motor Vehicles	7.1.4	Omitted
Business Intangibles	7.1.5	Omitted
Total Assets		TBC
Liabilities		
Priority Employee Creditors	7.1.6	144,979
Secured Creditors	7.1.7	-
Unsecured Creditors	7.1.8	3,144,181
Total Liabilities		3,289,160
Estimate Surplus / (Deficiency)		TBC

Creditors will note that we have elected to omit certain values in the above table on the basis that the information is commercially sensitive and could prejudice any future realisation of the Company's assets for the benefit of creditors.

7.1.1 CASH AT BANK

We have notified the major banks operating in Australia of our appointment and requested that a freeze be placed on any accounts held in the Company's name.

We identified one bank account in the Company's name held with ANZ with an available balance of \$4,797 at the DOA. We have received this amount from the ANZ and continue to operate the account whilst we trade the Company's business.

We are not aware of any other accounts held in the Company's name with the ANZ or any other bank.

In addition to the amount recovered from ANZ, we note that prior to our appointment the Trustee withdrew funds totalling \$32,000 from the Company's ANZ account to prevent those funds being drawn by the Director, who continued to have access to the Company's ANZ bank account up until the DOA. Following our appointment, the Trustee immediately transferred those funds to the Administration bank account at our request.

7.1.2 DEBTORS

The Management Accounts record the following book debts owed to the Company at the DOA:

DEBTOR	AMOUNT \$
Shane Duff (Shareholder)	129,687
Director	516,360
Loan - CDO	3,154,818
Loan - Civic Avenue	43,380
Loan - Larissa Murphy	4,000
Loan - Reality Chq Pty Ltd	6,350
Loan - Sturt Street	49,596
TOTAL	3,904,191

We make the following comments concerning the above:

Shane Duff

Mr Shane Duff is a director of SKTA Duff. SKTA Duff has a 10% shareholding in the Company (see **section 9**). Following our appointment, we met with Mr Duff and his legal advisor to discuss the combined effect of the above loan and the Orders made by Monahan J on 1 February 2024. Our review of these Orders indicates that funds totalling \$256,644 appear to be owed to SKTA Duff and are comprised of an entitlement to past profits of the Company, less the above drawings.

Accordingly, there does not appear to be any claim against Mr Duff for outstanding drawings, with any drawings having already been offset by the Court in making the Orders.

Our understanding of these Orders and the Family Court proceedings remains preliminary and should our position change, we will notify creditors accordingly.

Director

The Management Accounts indicate that the Director made net withdrawals from the Company totalling \$2,773,227 over the last three financial years being FY22 to FY24. We note that of this loan, amounts totalling \$2,234,837 have been credited out of the Director's name on the balance sheet and replaced with CDO - being a related entity. Accordingly, the Management Accounts record a net balance owed by the Director to the Company totalling \$544,390.

We have issued a demand to the Director requesting that he repay the amounts that he withdrew. However, we have not received a response to date.

From our understanding of the Director's personal financial position, we consider the prospects of recovery from the Director to be low. We refer to our comments at paragraph 8.9.4 concerning the apparent personal financial position of the Director and note that it appears that this loan will not be recoverable.

We note that our review of these loans is ongoing, with the balances subject to change following the finalisation of the Company FY24 and YTD25 financial statements.

Loan – CDO, Civic Avenue & Sturt Street

The Company was part of a group of entities which included CDO, Civic Avenue and Sturt Street. Based on our review of the Management Accounts and its historical financial statements, the Company has a history of loaning funds to other entities within the Group. In the case of Civic Avenue and Sturt Street, these loans appear to have been made to cover short term cashflow shortages of those entities. Our review of the CDO loan (including use of the funds from CDO) indicates that these funds were primarily withdrawn for the benefit of the Director. We note that CDO's management accounts record that the Director owes \$9,723,824 through drawings taken over the period FY18 to the DOA.

Similar to the above, we have written a demand to the Director in our capacity as Administrators of CDO, requesting that he repay these drawings but we are yet to receive a response.

We note that our review of these loans is ongoing, with the balances subject to change following the finalisation of the Company FY24 and YTD25 financial statements.

Loan – Reality CHQ

The Management Accounts record a loan owed to the Company by Reality CHQ (which is an entity controlled by the Director) for \$6,350.

We have not sighted any information confirming the financial position of Reality CHQ and are unable to comment as to whether that entity has the capacity to repay any loans from the Company. The amount of the loan also makes its recovery uncommercial.

Loan – Larissa Murphy

The Management Accounts record a loan owed to the Company by Ms Larissa Murphy totalling \$4,000. We note that similar to the claim of SKTA Duff detailed above, Ms Murphy appears to have a claim against the Company totalling \$250,000 upon the sale of its business pursuant to Family Court orders dated 1 February 2024.

Our review and understanding of these Orders and the litigation remains preliminary and should our position change, we will notify creditors accordingly.

7.1.3 PLANT AND EQUIPMENT

We note that the Company owns various plant and equipment as expected by an early learning centre. The plant and equipment include furniture, fixtures, IT assets, toys, educational products, kitchen plant etc. Like our previous comments, we have selected not to disclose the value of this asset class in this Report on the basis that the information is commercially sensitive but will provide an update in future reports.

As Administrators, we have obtained a formal valuation of these assets.

7.1.4 MOTOR VEHICLES

The Management Accounts record that the Company owns a White 2016 Renault Bus that is unencumbered. Similar to our previous comments, we have selected not to disclose the value of this asset in this Report on the basis that the information is commercially sensitive, but we will provide an update in future reports.

As Administrators, we have obtained a formal valuation of this asset.

7.1.5 BUSINESS INTANGIBLES

We are not in a position to provide any commentary concerning this information to avoid prejudicing the value of assets but will provide details in future reports.

7.1.6 PREFERRED CREDITORS (EMPLOYEES)

At the DOA, the Company employed 35 FTE/PTE employees in Victoria, whose employment has continued during the Administration.

Based on our review of the Management Accounts and claims received to date we are currently aware of the following priority employee claims:

ENTITLEMENTS	CRYSTALISED \$	NOT CRYSTALISED \$
Annual leave + loading (if applicable)	108,820	-
PILN + Superannuation on PILN	-	130,755
Redundancy	-	235,416
SGC	36,159	-
TOTAL	144,979	366,171

As we have continued the employment of all employees during the Administration, PILN and Redundancy Entitlements totalling \$366,171 have not crystallised and are not currently owing. We also reiterate that the balances for annual leave (and potentially other entitlements) is subject to change having regard to service periods increasing during the appointment. We will provide further updates to employees concerning their actual entitlements in our future updates.

If no DOCA proposal is accepted by creditors and the Company is placed into liquidation, employees who are owed employee entitlements may make a claim with the DEWR to be paid under FEG scheme (subject to certain eligibility criteria). FEG does not pay unpaid superannuation. For further information on if you are eligible to apply or to make an application, please visit fegonlineservices.dewr.gov.au.

The FEG scheme is not available to employees should the Company enter into a DOCA or be transferred (under certain criteria) to another entity as part of a sale of business and assets. The FEG scheme will be available to employees if the Company is placed into liquidation.

The FEG scheme imposes certain limits in respect of the entitlements which a claimant can seek payment of. One of those limits imposes a capped maximum weekly wage (before tax) of \$2,673. Any entitlements accrued at a weekly wage rate exceeding that amount will be capped by FEG. The entitlements pursuant to which a claimant may make a claim are:

- unpaid wages for a maximum period of 13 weeks
- annual and long service leave
- PILN up to a maximum period of 5 weeks, and

- redundancy capped at a maximum of 4 weeks per year of service, calculated as per the employee's terms and conditions of employment or their relevant governing instrument.

We note that we are in the process of obtaining and reviewing all employment contracts for employees and advise that the calculations illustrated in the above table have been calculated in accordance with the NES but note that the employees may be subject to an employment award / contract provisions that provides different benefits that may change the calculations.

Annual Leave

The Management Accounts record outstanding leave owed to employees at the DOA totalling \$92,613. The balance of annual leave may change having regard to annual leave used during the Administration.

Leave loading

As we have not been provided with individual employee contracts, we have relied on the NES to quantify any potential leave loading entitlements. Under the NES, the Company's employees appear to be entitled to leave loading at the rate of 17.5% on the balance of their annual leave, totalling \$16,207.

PILN and Redundancy

No employees have been involuntarily terminated during the Administration and accordingly PILN and redundancy requirements have not crystallised.

In the event the Company is wound up, we estimate PILN and Redundancy entitled will crystallise, totalling \$130,755 and \$235,416, respectively. We emphasise that these figures are estimated based on our application of the NES and the information at the DOA. Accordingly, these amounts are subject to change, including following our review of all employment contracts and termination dates.

Superannuation

The ATO has submitted a POD detailing amounts owing under SGC totalling \$36,159. We note that the debts relate to interest and penalty charges following an audit in FY19 of the Company's superannuation payments that concluded that there was a shortfall in payments. Based on the information provided to us, it appears that the Company has not paid these amounts dating back to FY20 and has continued to incur interest charges to the DOA.

When a company is placed into liquidation, former employees who are owed employee entitlements may make a claim with the DEWR office to be paid under the FEG scheme (subject to certain eligibility criteria). FEG does not pay unpaid superannuation. For further information on if you are eligible to apply or make an application, please visit www.ag.gov.au/industrial-relations/fair-entitlements-guarantee-feg.

7.1.7 SECURED CREDITORS

A search of the PPSR indicates that Bidfood holds a registered charge over the Company.

We are not aware of any liabilities owed to secured creditors, including Bidfood.

7.1.8 UNSECURED CREDITORS

Any creditors that have not yet submitted details of their claims should do so using the proof of debt form attached at **Annexure E**.

We note that we have received confirmation that there are several outstanding taxation obligations due to the ATO and SRO concerning the Company. In the event the Company enters a DOCA and / or has

sufficient funds to enable a dividend to creditors, we will seek the assistance of a tax accountant to lodge any outstanding tax documents to enable the ATO and SRO to finalise its claims.

The following claims are known at the date of this report and may change when creditors provide further details of the amounts owed.

We are presently aware of the following unsecured creditor claims:

CREDITOR	AMOUNT \$
ATO	2,234,678
SRO	402,859
Other unsecured creditors	506,644
TOTAL	3,144,181

We make the following comments concerning these claims:

ATO

The ATO has submitted a claim in the Administration totalling \$2,270,838. We note that this claim is subject to change having regard to the following outstanding documents:

DOCUMENT	PERIOD
Activity statement	Period ended 1 August 2024 to 22 August 2024
Activity statement	Quarter ended 30 June 2024
Income tax return	Year ended 30 June 2024
Income tax return	Period ended 1 July 2024 to 22 August 2024
PAYG payment summary	Year ended 30 June 2018
PAYG payment summary	Year ended 30 June 2019
Single Touch Payroll finalisation declaration	Period ended 1 July 2024 to 22 August 2024

SRO

The SRO has not currently submitted a claim in the Administration. We note that the Management Accounts record outstanding debts owed to SRO totalling \$402,589.

We further note that the Director operated another early learning centre in VIC of which he (through a related entity) is the sole member. Accordingly, the Company may be subject to tax grouping provisions available to the SRO. As we are awaiting a response from SRO, we are unable to confirm whether any grouping has formally been applied. We will report to creditors once further information is received.

Other unsecured creditors

As mentioned above, the Orders of Monahan J of 1 February 2024 provided for the Trustee and SKTA Duff to be entitled to \$250,000 and \$256,644 respectively.

08

INVESTIGATION INTO THE COMPANY'S AFFAIRS

Our investigations into the Company's affairs are continuing but we set out below our findings to date. Given the statutory time constraints set out in the Act, some of our investigations are preliminary in nature but provide creditors with sufficient information on which to make an informed decision as to the future of the Company.

The historical financial information for each of the companies within the Administration Group is set out in **section 10**.

8.1 HISTORY OF THE COMPANY AND REASONS FOR FAILURE

The Company operates an early learning centre, providing childcare and kindergarten education services to the community of Greensborough and surrounding areas. At the DOA, the Company employed 35 FTE/PTE employees whose employment has continued during the Administration.

We refer to **section 3** of this Report for further information concerning the events leading up to the appointment of Administrators.

As stated above, the Company's Director has not provided us with any information concerning the Company's business, property and affairs, including his reasons as to why the Company is unable to afford to pay its liabilities. Accordingly, we have relied on the Management Accounts, the Trustee, and management to understand the Company's historical affairs and reasons for failure. Based on our discussions and preliminary investigations, we note the following:

- The Director did not meet the Company's obligations to lodge and pay its tax obligations
- The Director withdrew significant cash from the business over the period from FY21 to the DOA, leaving the Company in a position where it was unable to pay its tax liabilities (ATO and OSR), and instead accrue these debts
- insufficient cash flow to pay the historical tax and payroll tax debts

As the Company is profitable, we agree with the reasons set out above and confirm that the Director's actions have caused the failure of the Company.

8.2 STATUTORY INFORMATION

Statutory details for the Company as extracted from ASIC's database at the time of our appointment are set out below:

Company name	St Helena Early Learning Pty Ltd
ACN	623 522 010
Incorporation date	20 December 2017
Registered office address	Suite 19.02, Level 19, 1 Castlereagh Street, Sydney NSW 2000
Principal place of business	189 St Helena Rd, Greensborough, VIC, 3088
Director	Stephen Anthony Murphy
Shareholder	Reality CHQ Pty Ltd, 100 shares, beneficially held
Shareholder	Reality CHQ Pty Ltd, 80 shares, not beneficially held
Shareholder	SKTA Duff Pty Ltd, 20 shares, beneficially held

8.3 EVENTS LEADING TO APPOINTMENT

Prior to our appointment, the Director and Ms Murphy were subject to ongoing proceedings in the Family Court.

On 1 February 2024, the Family Court made orders which, amongst other matters:

- (a) appointed Ms Murphy as the Trustee for sale of the early learning centre(s) controlled by the Director; and
- (b) vested all of the Company's property in the Trustee until the early learning centre had been sold.

We have been advised that the Company has been unable to secure a buyer despite receiving offers for the early learning centre.

On 9 July 2024 and as amended on 12 August 2024, the Family Court made further orders which, amongst other matters, granted the Trustee the authority to act on behalf of the Company, including the following powers and actions:

- (a) engaging suitably qualified professionals to provide advice to the Company; and
- (b) depending on the advice received:
 - a. negotiating payment plans in respect of tax liabilities owed by the Company; and / or
 - b. passing any resolutions required to appoint an insolvency practitioner as an administrator to the Company.

We have been informed by the Trustee that, following these orders, the Director continued to withdraw large sums of cash from the Company.

As such, the Trustee took the required steps to cause the appointment of the Administrators, who were appointed on 22 August 2024.

8.4 BOOKS AND RECORDS

Section 286 of the Act requires a company to keep written financial records that correctly record and explain the company's transactions, financial position and performance and would enable true and fair financial statements to be prepared. The financial records must be retained for a period of seven years after the transactions covered by the records are completed.

A failure to maintain books and records in accordance with section 286 of the Act provides a rebuttable presumption of insolvency which might be relied upon by a liquidator in an application for compensation for insolvent trading.

To date, we have recovered the following records to assist with our investigations:

- company bank statements for the accounts held with ANZ
- historical financial statements (latest period being FY23)
- access to the Management Accounts, and
- insurance documents.

We consider that the books and records have been maintained in accordance with section 286 of the Act.

8.5 ADMINISTRATORS' INVESTIGATIONS

The Act requires an administrator to carry out preliminary investigations into a company's business, property, affairs and financial circumstances.

We reiterate that our investigations are at a **preliminary stage** and have been limited due to non-cooperation by the Director regarding the Company's business and affairs.

Our investigations have focused on transactions entered into by the Company that a liquidator might seek to have declared void (together with orders for repayment or compensation) if the Company is wound up. Investigations allow an administrator to advise creditors what funds might become available to a liquidator so that creditors can make an informed decision as to the Company's future at the Second Meeting.

A liquidator may recover funds from certain voidable transactions or through other avenues; for example, through action seeking compensation for insolvent trading or breach of director duties. Funds recovered would be available to the general body of unsecured creditors including secured creditors but only to the extent of any shortfall incurred after realising their security.

The Administrators' knowledge of the Company's affairs comes principally from the following sources:

- discussions with the Trustee and Management;
- accounting records and other available books and records;
- correspondence and discussions with the creditors;
- searches obtained from relevant statutory authorities;
- records maintained by the ATO; and
- publicly available information.

8.6 SOLVENCY

For certain actions to be available to a liquidator, including seeking compensation from directors for insolvent trading, the Company's insolvency must be established.

There are two types of tests used in determining a company's solvency, at a particular date, being:

- the balance sheet test; and
- the cash flow or commercial test.

The Courts have widely used the cash flow or commercial test in determining a company's solvency at a particular date along with several other indicators. These indicators include:

- working capital deficiency;
- net asset deficiency;
- ageing of creditors;
- inability to extend finance facilities;
- inability to meet other financial commitments;
- trading losses;
- overdue statutory taxes; and
- commencement of proceedings by creditors.

When undertaking our analysis of the Company and possible insolvency, it is important to have regard to all information that is available. However, creditors should note that this is our preliminary view

following the limited investigations in the time afforded under the Act and potentially subject to change. The Administrators reserve all of their rights in this regard.

8.6.1 THE COMPANY'S SOLVENCY

Our preliminary view is that the Company was insolvent since at least 1 July 2021 and remained insolvent up until the date of our appointment. Our assessment of the Company's insolvency at that time is largely based on a cashflow test, particularly having regards to the fact that the Company recorded current ratios below 1.0 from 1 July 2021 to the DOA.

Following the appointment of the Trustee in February 2024, the Company has been profitable and has maintained its obligations to the ATO.

We note that the Company's insolvency appears to have been caused by the director's loans that he withdrew over numerous years prior to the DOA (that remain outstanding), which has been detrimental to the Company's cashflows and appears to have been funded by disregarding its statutory obligations with the ATO and SRO VIC.

Current ratio

The current ratio provides an indication as to a company's short term liquidity position as it looks at what short term assets are available to meet its short-term liabilities. It is one of the indicators of solvency, that is: can a company meet its short-term liabilities as and when they become due and payable.

A current ratio of less than 1.0 is an indicator that the Company does not have enough current or liquid assets to cover its short-term obligations and therefore may have been insolvent during the periods illustrated below.

Illustrated below is the Company's current ratio from FY22 to the DOA:

BALANCE SHEET AS AT	YTD25 \$	FY24 \$	FY23 \$	FY22 \$
Current Asset	(12,702)	29,600	118,716	3,421
Current Liability	1,832,966	1,882,622	2,150,421	1,774,778
CURRENT RATIO	(0.01)	0.02	0.06	0.00

As illustrated above, the Company's current ratio has always been less than 1.0 since FY22 and to the DOA. We note that the catalyst for the Company's poor current ratio is the taking of Director related loans (being classified as a non-current asset) in lieu of the Company keeping up with its taxation liabilities.

Net asset deficiency

The Company's balance sheets at year end FY22 to the DOA is as follows:

BALANCE SHEET AS AT	YTD25 \$	FY24 \$	FY23 \$	FY22 \$
Current Asset	(12,702)	29,600	118,716	3,421
Non-Current Asset	99,319	99,084	3,330,491	3,408,798
Total Asset	86,617	128,684	3,449,207	3,412,219
Current Liabilities	1,832,966	1,882,622	2,150,421	1,774,778
Non-Current Liabilities	(3,971,497)	(3,826,103)	-	-
Total Liabilities	(2,138,531)	(1,943,481)	2,150,421	1,774,778
NET ASSETS / (LIABILITIES)	2,225,148	2,072,165	1,298,786	1,637,441

As illustrated above, the Company operated with a net asset surplus as at all dates examined. It is worth noting that the net asset surplus position considers related party loans which appear to have not been unrecoverable for a large portion of the period of dates examined.

Non Payment of State and Federal Taxes

Based on our review of the Management Accounts and the information supplied by the ATO and SRO, the Company has the following outstanding taxes:

CREDITOR	NATURE OF DEBT	PERIOD OUTSTANDING	AMOUNT \$
ATO	SGC	1 July 2019 to the DOA	36,159
ATO	Income Tax	TBC	959,745
ATO	IAS (i.e. PAYG & GST)	1 July 2023 to the DOA	1,274,933
SRO	Payroll Tax	FY20 to the DOA	398,432
TOTAL			2,669,269

At the time of drafting this report, we have not received access to the Company tax portal from the ATO and accordingly, the above information is subject to change.

Often when companies are experiencing cashflow issues they neglect their taxation obligations as a means to pay other debts of the business.

In the circumstances whereby the Company was otherwise profitable (see **section 9**) it appears that the non payment of taxes was a choice of the Director rather than issues caused by the Company's trading performance.

8.7 VOIDABLE TRANSACTIONS

A liquidator has powers to investigate and commence certain recovery actions that may be voidable if it is established that the Company was insolvent at the relevant time. A company is insolvent if it is unable to pay its debts as and when they become due and payable.

Refer to the information sheet at **Annexure A** for details of the types of voidable transactions which may be recovered by a liquidator. Some common types of transactions which may be recovered include:

- **Unfair preference payments:** section 588FA of the Act gives the liquidator the power to recover certain transactions that have had the effect of conferring a priority, preference or

advantage to a creditor within six months of the commencement of the winding up (the relation back period).

- **Uncommercial transactions:** section 588FB of the Act provides the liquidator the power to recover transactions which may be deemed to be uncommercial, having regard to the detriment to the Company suffered as a consequence of the transaction in the period two years prior to the appointment.
- **Unreasonable director-related transactions:** section 588FDA allows the liquidator to investigate and recover unreasonable director-related transactions, having regard to the detriment to the Company suffered as a consequence of the transaction.
- **Unfair loans:** section 588FD of the Act allows the liquidator to recover transactions which may be deemed to be unfair loans to the Company. A loan to the Company is considered to be unfair if and only if, interest on the loan is extortionate, or the charges in relation to the loan were extortionate.

We have identified the following transactions which may be voidable in the event the Company is placed in liquidation:

8.7.1 DIRECTOR PAYMENTS

The Management Accounts disclose the following two loan accounts to the Director from FY21 to FY24

ACCOUNT: STEVE MURPHY LOAN 2022	DR	CR	BALANCE
FY21	207,698	207,698	-
FY22	1,010,007	1,010,007	-
FY23	-	-	-
FY24	594,890	50,500	544,390
TOTAL	1,812,595	1,268,205	544,390

ACCOUNT: STEVE MURPHY LOAN 2021	DR	CR	BALANCE
FY22	960,632	960,632	-
TOTAL	960,632	960,632	544,390

As indicated above, funds totalling \$2,773,227 have been paid from the Company to the Director during FY21 to FY24 through the Steve Murphy 2021 and 2022 loan accounts.

Whilst the accounts record corresponding credits from the Director (with the effect of reducing the total loan), these are one off journal entries (i.e. noncash entries) that have the effect of transferring the loan to CDO. We have not been provided with any documentation outside of these journals, such as loan agreements, file notes etc to confirm the reason for making these transfers. It is the Administrators' belief that these documents are unlikely to exist.

The loan balance has essentially been moved from the Company to CDO, therefore, we are of the opinion that these amounts represent unfair preference / unreasonable Director related transactions, of which a liquidator may be able to pursue, should the Company be placed into liquidation.

We are also aware of further amounts paid to the Director through other accounts recorded in the Management Accounts which we are in the process of reconciling. These amounts appear to be reflected in the CDO book debts owed to the Company discussed at section 7.

We refer to our commentary concerning the financial capacity of the Director to repay these amounts.

8.7.2 CREDITOR PAYMENTS

The Company's records disclose the following payments to the ATO and SRO during the 6-month period prior to the DOA:

PAYEE	NO. OF PAYMENTS	AMOUNT \$
ATO	5	174,057
SRO	4	43,000
TOTAL	9	217,057

Based on our review of the claims submitted by the ATO and SRO during the appointment, together with the Company's historical tax lodgements, there appears to be a claim against both agencies noting that the Company, under the control of Trustee, was making payments to reduce the accrued debts. We also consider the Company was insolvent at all times in the 6-months prior to our appointment.

In light of the above, a liquidator, should one be appointed, may have claims against the ATO and SRO for unfair preference payments totalling \$217,057.

8.7.3 TRANSFER TO CDO

As noted above, the Management Accounts indicate that loans to the Director totalling \$2,773,227 were largely transferred to CDO through FY21 to FY24. These transfers had the effect of making CDO the Company's debtor rather than the Director, whom it appears was the ultimate recipient of the funds. As we have not been able to contact the Director nor do we hold information as to the likely benefit obtained by the Company from these withdrawals, we are of the opinion that the transactions (albeit book entries and not cash transactions) are uncommercial transactions or unreasonable director-related transactions. Further investigations may be conducted by a liquidator, should one be appointed.

It is worth noting that there appears to be alternate resources available against the Director to recover these amounts from him, rather than CDO, which is an insolvent company.

8.7.4 CREDITOR-DEFEATING DISPOSITIONS

Closely related to Uncommercial Transactions is the concept of "Creditor defeating dispositions" pursuant to section 588FDB of the Act. The effect of the section is that any transfer of the assets of the business is voidable and may be set aside in circumstances that the transfer was made at the time that the company was insolvent (or became insolvent as a result of the transaction) and for less than the market value or received significantly less consideration compared to the value of the assets transferred.

Again, our investigations have revealed that the Director has withdrawn cash assets totalling approximately \$2,773,227 over FY21 to FY24 (incl GST) during a time where the Company's ATO debt was not being met and accrued to \$2.27M.

A liquidator would further investigate these transactions if one is appointed.

8.8 BREACHES OF DIRECTORS DUTIES AND OTHER OFFENCES

A liquidator is entitled to investigate and, if appropriate, commence action to recover claims against the current and former officeholders for breach of their duties. The Act requires that officeholders must:

- exercise their powers and discharge their duties with care and diligence (section 180 of the Act);
- exercise their powers and discharge their duties Act in good faith in the best interests of the corporation and for a proper purpose (section 181 of the Act);
- not improperly use their position to gain an advantage for themselves or someone else or cause detriment to the corporation (section 182 of the Act);
- not improperly used information gained in as an officeholder of the corporation to gain an advantage for themselves or someone else, or cause detriment to the corporation (section 183 of the Act);
- act in good faith in the best interests of the corporation or for a proper purpose – an officeholder can commit an offence if they are reckless or dishonest in exercise their powers (section 184 of the Act); and
- not trade the company whilst it is insolvent (section 588G of the Act).

A liquidator may be able to recover damages on behalf of a company against a company's officeholders in the event it is found that they have breached their duties.

Based on our preliminary investigations, we believe that the Director may have breached his duties pursuant to the following sections of the Act:

- 180 – Care and diligence--civil obligations;
- 181 – Good faith--civil obligations; and
- 182 – Causing detriment to the corporation – civil obligations.

It appears the Director may have breached his duties based on the following matters:

- failing to remit amounts due pursuant to the ITAA to the ATO for BAS liabilities, PAYG withholding tax and GST and instead keeping those amounts through loan withdrawals;
- failing to ensure the Company maintained sufficient cash reserves / assets to meet its liabilities; and
- trading the company whilst insolvent since at least 1 July 2022.

We also consider that the Director may have breached section 184 of the Act based on the matters referred to above, which is a criminal offence. We intend to refer this action of the Director to ASIC, that has the power to bring a criminal prosecution against the Director for such breaches.

Further to the above, pursuant to the section 598 of the Act, an eligible applicant (which includes a liquidator or a deed administrator, depending on the outcome of the Second Meeting) may seek an order from the Court for compensation against a person where that person:

- is guilty of fraud, negligence, default, breach of trust or breach of duty in relation to a corporations; and
- the corporation has suffered, or is likely to suffer, loss or damage as a result of that action.

It is our preliminary view that the actions of the Director referred to above may reach the level of a breach of section 598 of the Act.

A liquidator may conduct further investigations in this regard as part of the overall investigations, including public examinations under sections 596A and 596B of the Act. In circumstances where a liquidator determines that there is sufficient reason to do so, a liquidator is obliged to report such potentially breaches to ASIC pursuant to section 533(1) of the Act and to the relevant prosecuting authority.

Pursuant to s 1317H of the Act, directors can be held liable to pay compensation for loss suffered by the company where they have breached their duties as a director under the Act. Accordingly, we consider that a claim may be made against the Director for the loss suffered by the Company, being the debts they caused the Company to incur whilst it was traded insolvent and remain unpaid.

Further, it appears that the Director may have also caused the Company to commit the following offences pursuant to the Act:

- section 588G – duty to prevent insolvent trading by company (see paragraph 8.9.1 below);
- 596AB – relevant agreements or transactions that avoid employee entitlements – offences; and
- 596AC – relevant agreements or transactions that avoid employee entitlements –civil contraventions.

It would be necessary for a liquidator to conduct a thorough investigation if the Company is wound up before they will be in a position to commence proceedings against the Director. This may include conducting public examinations of the Director under section 596A of the Act and other parties under section 596B of the Act that assisted with any breaches of the Act.

The Administrators' initial view does not take into account any defences that the Director might raise and the strength of such potential defences if there are any defences available at all.

8.9 INSOLVENT TRADING

8.9.1 DIRECTOR'S LIABILITY

Section 588G of the Act provides that directors are obliged to prevent a company from:

- incurring a debt whilst insolvent; or
- becoming insolvent by incurring a debt.

If a director is found to have breached section 588G of the Act, the Court may order him or her to pay compensation to the company equal to the amount of loss or damage suffered by its creditors for debts that the company incurred whilst it was insolvent.

The Court may also impose upon a director one of two types of civil penalty orders, the first can include a fine or an order prohibiting the directors from participating in the management of a company. The second, where there is criminal intent and conviction, exposes a director to imprisonment for up to five years and/or a fine.

This action not available to an administrator or a deed administrator. Applications for compensation payable to the company are usually made by a liquidator, or in specified circumstances, a creditor.

The substantive elements of section 588G of the Act are:

- a person must be a director of a company at a time when the company incurs a debt;
- the company must be insolvent at the time or becomes insolvent by incurring the debt; and

- the director must have reasonable grounds for suspecting that the company is insolvent or would become insolvent.

If a contravention of section 588G of the Act can be established, then section 588M of the Act empowers a Liquidator (or a creditor under certain circumstances) to recover compensation from a director for any loss or damage suffered as a consequence of any such contravention. It is important to note that the amount that can be potentially recovered for a breach of section 588G of the Act is for "new" debts incurred by the company after the date of insolvency and not for all debts of the company or debts incurred as a result of pre-existing contracts or arrangements.

Section 588R of the Act entitles Creditors to commence proceedings against the Director in their own right, subject to the consent of the liquidator. This would usually occur in circumstances that the liquidator decided not to bring an action against the director as a result of insufficient evidence or funds.

8.9.2 DIRECTOR'S DEFENCES TO INSOLVENT TRADING CLAIMS

Under the Act, the Director may be able to rely on certain defenses available against any claim liquidator may bring for insolvent trading, as follows:

- he had reasonable grounds at the time the debt was incurred to expect the company to be solvent and would remain solvent even after the debt was incurred
- he relied on another competent and reliable person to provide information about whether or not the company was insolvent
- he was ill or for some other good reason did not take part in the management of the company
- he took reasonable steps to prevent the incurring of the debt

We are unaware of any defences that may be available to the Director against a claim for insolvent trading if one is brought.

Should a liquidator be appointed to the Company, further investigations would likely be carried out to determine the commerciality of pursuing such a claim. This would likely include the liquidators investigating potential sources of funding. If any creditors are interested in funding such investigations and / or proceedings against the Director, they should get in contact with the liquidator if the Company is wound up.

8.9.3 QUANTUM OF POSSIBLE INSOLVENT TRADING CLAIMS

As set out above, our preliminary view is that the Company was insolvent since at least 1 July 2022 and continued to remain insolvent at all times up to the date of our appointment. However, the date of insolvency for the purposes of this section of the Act must ultimately be decided by the Court based on evidence presented by the liquidator.

Based on the books and records of the Company, and claims submitted by Creditors to date, we have determined that more than \$2M of liabilities were incurred after the date of insolvency, which remain unpaid (this amount is subject to change having regard to any interest and penalties to be applied, as well as amounts owed as a result on outstanding taxation lodgements). Accordingly, the Director may be liable to compensate the Company for this amount for trading whilst insolvent should the Company be placed into liquidation.

A liquidator would conduct further investigations in respect to any insolvent trading claim and the prospects of recovery, including but not limited to conducting public examinations of the Director and

other parties pursuant to section 596A and 596B of the Act and obtaining records under summons from various parties.

8.9.4 DIRECTORS' CAPACITY TO MEET A LIQUIDATOR'S CLAIM

Following our appointment we wrote to the Director requesting (amongst other things) that he complete a statement setting out his personal assets and liabilities. We note that we have yet to receive this statement.

Whilst we have identified significant claims that appear available against the Director for outstanding book debts, insolvent trading and breaches of duties, we are also aware of the following circumstances concerning his apparent financial position:

- The Director has been involved in lengthy proceedings in Family Court and has numerous cost orders against him (which we understand to remain unpaid);
- We have been advised by a financier that loaned money to the Director that they have appointed a receiver over his estate, with the receiver selling his residential property located in Byron Bay, NSW in 2013. We further note that there appears to be a shortfall on this property having regard to the sales price and the quantum of the lender's debt; and
- the ATO can issue DPNs against the Director on account of tax liabilities pertaining to certain IAS and SGC liabilities.

Considering the above, it appears that he would not have sufficient personal assets to meet any claim made against him.

Whilst we have not been provided with a statutory declaration outlining the Director's actual financial position, we confirm that publicly available searches do not reveal the Director is the current owner of any real property within NSW, QLD or VIC.

We are also not aware of a director's and officer's insurance policy that could be available to meet a claim against the director.

8.10 SHADOW DIRECTOR

The definition of "director" in section 9 of the Act is defined as being:

- (a) a person who:
 - (i) is appointed to the position of director; or
 - (ii) is appointed to the position of an alternate director and is acting in that capacity; regardless of the name that is given to their position; and
- (b) unless the contrary intention appears, a person who is not validly appointed as director if:
 - (i) they act in the position of director; or
 - (ii) the directors of the company or body are accustomed to act in accordance with the person's instructions or wishes.

The effect of this section is that a person who is not formally appointed as a director of the company and listed as such on the records for the Company maintained by ASIC, may still be liable as a director of the Company in accordance with paragraph 7.8 and paragraph 7.9 above. Such a person is often referred to as a "shadow director" or "de-facto director".

At this stage of our preliminary investigations, the Administrators have not identified any person who might have been acting as a shadow director.

8.11 OTHER MATTERS

8.11.1 FALSIFICATION OF BOOKS

Pursuant to section 1307(1) of the Act, it is an offence for a person to engage in conduct that results in the concealment, destruction, mutilation or falsification of any securities of or belonging to the company or any books affecting or relating to affairs of the company.

If an offence is proven, there are criminal penalties only. However, similar or related conduct also could give rise to a contravention of section 1307(2) of the Act and that contravention could give rise to a claim for damages. Further, conduct falling within either section 1307(1) or section 1307(2) of the Act may amount to breaches of directors' statutory and/or general law duties and/or provisions proscribing misleading conduct, which could give rise to a recovery of funds.

Our preliminary investigations do not reveal any evidence of falsification of books.

8.11.2 FALSE OR MISLEADING STATEMENTS

Pursuant to section 1308 of the Act, a company must not advertise or publish a misleading statement regarding the amount of its capital. It is an offence for a person to make or authorise a statement that, to the person's knowledge is false or misleading in a material particular. That is to say that a statement will be misleading if the statement is about a significant issue and capable of influencing the mind of a person to whom the statement is directed and is not merely trivial or inconsequential.

Our preliminary investigations do not reveal any evidence of any false or misleading statements.

8.11.3 FALSE INFORMATION

Pursuant to section 1309 of the Act, it is an offence for an officer or employee to make available or give information to a director, auditor, member, debenture holder, or trustee for debenture holders of the company that is to the knowledge of the officer or employee:

- false or misleading in a particular matter; or
- has omitted from it a matter the omission of which renders the information misleading in a material respect.

Our preliminary investigations do not reveal any evidence of any false information.

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HISTORICAL FINANCIAL ACCOUNTS

9.1 HISTORICAL FINANCIAL ANALYSIS

Detailed below is our analysis of the Company's financial statements and Management Accounts for the period FY22 to YTD25. We have presented this information at a high level due to our ongoing strategy for the Company and note the information is commercially sensitive. We intend to provide creditors with more detailed financial statements in future reports.

We advise that the data presented for FY22 and FY23 has been extracted from the financial statements which were externally prepared by Start Grow Run, being the Company's former external accountant.

The data presented for FY24 to YTD25 has been extracted from the Management Accounts which have been maintained by the Bookkeeper during those periods. The information for these periods is subject to change as it has not been reviewed or audited by an external accountant.

Creditors should note that we, and the firm of WLP Restructuring, have not performed an audit of the information contained in the financial statements or Management Accounts and are unable to attest to the accuracy of the information presented. We have outlined the financial information from the source it was obtained and have provided our commentary based on that information as well as our review and discussions with the Trustee, Bookkeeper and Management.

9.1.1 PROFIT AND LOSS

Set out below is a summary of the Company's historical profit and loss:

PROFIT AND LOSS FOR THE PERIOD	YTD25 \$	FY24 \$	FY23 \$	FY22 \$
Income	709,766	4,533,481	4,581,950	4,178,569
Less: Cost of Sales	-	-	223,868	162,298
Gross Profit	709,766	4,533,481	4,358,082	4,016,271
Operating Expense	600,825	4,457,101	4,696,739	3,419,403
Operating Profit	108,941	76,380	(338,657)	596,868
Other Income	44,041	697,000	-	21,817
Other Expense	-	-	-	-
Net profit/(loss)	152,982	773,380	(338,657)	618,685

We make the following comments concerning the Company's trading performance:

- The Company record a net profit before tax in all periods above, with an exception to FY23.
- On closer analysis, the net loss for FY23 appears to have been caused large management fees paid to CDO during that period which totalled \$1.3M. These management fees were approximately 620% larger for FY23 than for any other period. Accordingly, the Company otherwise appears to have been trading profitably during that period.
- Other income earned in FY24 predominately relates to kindergarten funding and interest estimate, totalling \$328k and \$338k, respectively.

9.1.2 BALANCE SHEET

Set out below is a summary of the Company's balance sheets for FY22 to YTD25.

BALANCE SHEET AS AT	YTD25 \$	FY24 \$	FY23 \$	FY22 \$
Current Asset	(12,702)	29,600	118,716	3,421
Non-Current Asset	99,319	99,084	3,330,491	3,408,798
Total Asset	86,617	128,684	3,449,207	3,412,219
Current Liabilities	1,832,966	1,882,622	2,150,421	1,774,778
Non-Current Liabilities	(3,971,497)	(3,826,103)	-	-
Total Liabilities	(2,138,531)	(1,943,481)	2,150,421	1,774,778
NET ASSETS / (LIABILITIES)	2,225,148	2,072,165	1,298,786	1,637,441

We make the following comments concerning the Company's financial position:

- The Company has recorded a net asset surplus at all dates above.
- We advise that whilst the Company appears to hold substantial assets, there are significant loans owed to the Company from related entities that do not appear to have the financial capacity to repay the Company. These loans account for assets totalling c.\$4M in the YTD25 data above. The assets are recorded as negative liabilities in the Management Accounts
- As noted throughout this report, statutory liabilities to the ATO and SRO are the major debts of the Company.

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RETURN TO CREDITORS

10.1 ESTIMATED OUTCOME STATEMENT

Whilst it is standard practice to provide creditors with a statement outlining the estimate out of the Administration, it is our opinion that providing any figures attributable to the Company's assets is premature as there are several matters that need to be progressed that have a material impact on the outcome for creditors.

As we intend to adjourn the Second Meeting for a period of up to 45 business days, when we reconvene the Second Meeting, we will issue an addendum report which will provide an estimated outcome statement.

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STATEMENT BY THE ADMINISTRATORS

11.1 ADMINISTRATORS OPINION

Pursuant to IPR 75-225(3)(b), we are required to provide the creditors with a statement setting out our opinion on whether it is in creditors' interests for:

- the Administration to end
- the Company to execute a DOCA, or
- the Company to be wound up.

In forming our opinion, it is necessary to consider an estimate of the dividend creditors might expect and the likely costs under each option.

It is our intention to adjourn the Second Meeting of creditors for a period of no more than 45 business days, in accordance with IPR 75-140(3). In our opinion, an adjournment will enable us to continue progressing several matters that will have a material effect on the outcome for creditors.

11.2 ADMINISTRATION TO END

The Company is insolvent and is unable to pay all of its debts as and when they fall due.

Accordingly, it **would not be** in the creditors' best interests to resolve to end the administration and return control of the Company to the Director.

11.3 EXECUTE A DOCA

We have not received a DOCA proposal from the Director or a third party and therefore creditors **cannot resolve** that the Company execute a DOCA at this time. However, the Trustee has indicated that it is her intention to put forward a DOCA proposal.

11.4 WIND UP THE COMPANY

In the absence of an alternative option, at present we recommend that the Company to be wound up and a liquidator be appointed although we intend to adjourn the Second Meeting.

Creditors should be aware that we intend to table certain other resolutions at the Second Meeting of creditors.

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FURTHER INFORMATION AND QUERIES

ASIC has released several insolvency information sheets to assist creditors, employees and shareholders with their understanding of the insolvency process. You can access the relevant ASIC information sheets at www.asic.gov.au.

We will advise creditors in writing of any additional matter that comes to our attention after the release of this Report, which in our view is material to creditors' consideration and we may, if appropriate, issue an addendum to this Report.

Should you have any enquiries, please contact Mr Billy Batbileg by email at bbatbileg@w|pr.com.au.

Yours faithfully



Alan Walker

Joint and Several Administrator

Annexure A



Creditor Rights in Voluntary Administrations

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



Right to request information

Information is communicated to creditors in a voluntary administration through reports and meetings.

In a voluntary administration, two meetings of creditors are automatically held. You should expect to receive reports and notice of these meetings:

- The first meeting is held within 8 business days of the voluntary administrator's appointment. A notice of meeting and other information for this meeting will be issued to all known creditors.
- The second, or decision, meeting is usually held within 6 weeks of the appointment, unless an extension is granted. At this meeting, creditors will get to make a decision about the company's future. Prior to this meeting the voluntary administrator will provide creditors with a notice of the meeting and a detailed report to assist in making your decision.

Important information will be communicated to creditors prior to and during these meetings. Creditors are unable to request additional meetings in a voluntary administration.

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

A voluntary administrator 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 voluntary administrator 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:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) the information requested would be privileged from production in legal proceedings
- (c) disclosure would found an action for breach of confidence
- (d) there is not sufficient available property to comply with the request
- (e) the information has already been provided
- (f) the information is required to be provided under law within 20 business days of the request
- (g) the request is vexatious

If a request is not reasonable due to (d), (e) or (f) above, the voluntary administrator must comply if the creditor meets the cost of complying with the request.

Otherwise, a voluntary administrator must inform a creditor if their information request is not reasonable and the reason why.

Specific questions about the voluntary administration should be directed to the voluntary administrator's office.

Right to give directions to voluntary administrator

Creditors, by resolution, may give a voluntary administrator directions in relation to a voluntary administration. A voluntary administrator must have regard to these directions, but they are not required to comply with the directions.

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

An individual creditor cannot provide a direction to a voluntary administrator.

Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a voluntary administrator's remuneration or a cost or expense incurred in a voluntary administration. 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 voluntary administration, in priority to creditor claims.

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

Right to replace voluntary administrator

At the first meeting, creditors have the right to remove a voluntary administrator and appoint another registered liquidator to act as voluntary administrator.

A creditor must ensure that they have a consent from another registered liquidator prior to the first meeting if they wish to seek the removal and replacement of a voluntary administrator.

Creditors also have the opportunity to replace a voluntary administrator at the second meeting of creditors:

- If creditors vote to accept a proposed deed of company arrangement, they can appoint a different registered liquidator as the deed administrator.
- If creditors vote to place the company into liquidation, they can appoint a different registered liquidator as the liquidator.

It is however usual for the voluntary administrator to act as deed administrator or liquidator. It would be expected that additional costs would be incurred by an alternate deed administrator or liquidator to gain the level of knowledge of the voluntary administrator.

Like with the first meeting, a creditor must ensure that they have a consent from another registered liquidator prior to the second meeting if they wish to seek to appoint an alternative registered liquidator as deed administrator or liquidator.

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

Specific queries about the voluntary administration should be directed to the voluntary administrator's office.

Version: June 2018

12142 (VA) - INFO - CREDITOR RIGHTS INFORMATION SHEET V2_0

Annexure B – Notice of the Second Meeting of Creditors

CORPORATIONS ACT 2001
Section 439A

Insolvency Practice Rules (Corporations)
75-10, 75-15 & 75-225

NOTICE OF SECOND MEETING OF CREDITORS OF COMPANY UNDER ADMINISTRATION

St Helena Early Learning Pty Ltd (Administrators appointed) ACN 623 522 010 ("the Company")

1. On 22 August 2024, the Trustee pursuant the authority conferred on her by the Family Court under Section 436A of the Corporations Act 2001 appointed Alan Walker and Glenn Livingstone of WLP Restructuring, Suite 19.02, Level 19, 1 Castlereagh Street, Sydney NSW 2000 as Joint and Several Administrators of the Company.
2. Notice is now given that a meeting of the creditors of the Company will be held at the office of WLP Restructuring, Suite 19.02, Level 19, 1 Castlereagh Street, Sydney NSW 2000 on **Thursday, 26 September 2024 at 10:00 AM (AEST)**. Additional details and requirements on how to attend by phone and video conference are included in this notice.

A G E N D A

1. To receive the report of the Administrators about the business, property, affairs and financial circumstances of the Company
2. To receive a statement of the Administrators' opinions and reasons for the opinion:
 - a. whether it would be in the creditors' interests for the Company(ies) to execute a deed of company arrangement
 - b. whether it would be in the creditors' interests for the Administrations to end
 - c. whether it would be in the creditors' interests for the Company(ies) to be wound up
3. To receive a statement of such other information known to the administrator as will enable the creditors to make an informed decision about the matters at paragraphs 2(a) – (c) above
4. To receive details of any transactions that appear to the Administrators to be a voidable transaction in respect of which money, property, or other benefits may be recoverable by a liquidator under part 5.7B of the Corporations Act 2001 (*Cth*)
5. To receive details of any proposed deed of company arrangement
6. For the creditors of the Company to resolve that:
 - a. the Company(ies) execute a deed of company arrangement
 - b. the Administration(s) should end
 - c. the Company(ies) be wound up
7. To determine the past and future remuneration of the administrators
8. To determine the internal disbursements of the administrators
9. To determine the remuneration of the deed administrators' / creditors' trustees' and / or liquidators' future remuneration (if appointed)
10. To determine the internal disbursements of the deed administrators/creditors' trustees and / or liquidators (if appointed), and
11. Any other business that may be lawfully brought forward.

Telephone and video conferencing facilities via Microsoft Teams will be available at the meeting. Creditors wishing to attend the meeting by electronic facilities are to contact Billy Batbileg of this office by email at bbatbileg@wlp.com.au by no later than 4:00 PM on 25 September 2024 to obtain access details.

Please note under Insolvency Practice Rules (Corporations) (IPR) 75-35 if you wish to participate in the meeting using such facilities you must give to the convener not later than 4:00 PM on the 25 September 2024:

- (a) A written statement setting out:
 - (i) the name of the person and of the proxy or attorney (if any); and
 - (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.

Proxies to be used at the meeting should be given to us as Joint and Several Administrators. A creditor can only be represented by proxy or by an attorney pursuant to IPR 75-150 & 75-155 and if a body corporate by a representative appointed pursuant to Section 250D.

Creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the company in accordance with IPR 75-85 and that claim has been admitted for voting purposes wholly or in part by the Joint and Several Administrators.

DATED this 19th day of September 2024.

A handwritten signature in black ink, appearing to read 'AA', is written over a horizontal line.

Alan Walker
Joint and Several Administrator

WLP Restructuring Pty Ltd
Suite 19.02, Level 19
1 Castlereagh Street
Sydney NSW 2000

***Voting at a Meeting the effect of Insolvency Practice Rules (Corporations) 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

Annexure C – Administrators’ Remuneration Report

Schedule 2 to the Corporations Act 2001, Section 70-50
Insolvency Practice Rules (Corporations) 2016, Section 70-45

St Helena Early Learning Pty Ltd (Administrators Appointed)
ACN 623 522 010 (“the Company”)

Remuneration Approval Report

This report contains the following information:

- Part 1: Declaration
- Part 2: Approval of remuneration
- Part 3: Executive summary
- Part 4: Disbursements
- Part 5: Remuneration
- Part 6: Report on progress of Administration and summary of receipts and payments
- Part 7: Queries

Next steps for creditors:

- Please review the contents of this report, which sets out the resolutions to be approved by creditors at a meeting of creditors;
- Refer to the accompanying Report to Creditors dated 19 September 2024 for details as to how you can participate in the meeting.

PART 1 DECLARATION

We, Glenn Livingstone and Alan Walker of WLP Restructuring Pty Ltd, have undertaken an assessment of this remuneration and disbursements claim 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 Administration.

PART 2 APPROVAL OF REMUNERATION REMUNERATION METHODS

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner as follows:

1. 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.

2. Fixed Fee

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a Practitioner will finalise an administration for a fixed fee.

3. Percentage

The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.

4. Contingency

The practitioner's fee is structured to be contingent on a particular outcome being achieved.

METHOD CHOSEN

Given the nature of this administration, we propose that our remuneration be calculated on time based/hourly rates due to the following:

- Given the size of the company, it is appropriate to charge on an hourly basis and only when tasks are required to be completed by a team member.
- It ensures actual time is billed at an hourly rate applicable to staff experience.
- It ensures that remuneration claimed is only for necessary work properly performed in the administration.
- We will only be paid for work if sufficient realisations are made from the Company's assets.
- We have a time recording system that can produce a detailed analysis of time spent on each task by each team member enabling creditors to better understand what time has been spent completing each task providing full accountability.

HOURLY RATES

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

Rates from 1 July 2024

TITLE	RATE \$/HR	EXPERIENCE
Appointee/ Partner	\$750	Registered Liquidator. Appointee bringing his or her specialist skills to the administration or insolvency task.
Director	\$685	More than 9 years insolvency experience. Answerable to the appointee but otherwise responsible for all aspects of administration. Very competent. Control staff and their training.
Senior Manager	\$625	More than 7 years insolvency experience, more than 3 years as a manager, qualified accountant. Answerable to the appointee but otherwise responsible for all aspects of administration. Experienced at all levels and considered very competent. Control staff and their training.
Manager	\$550	6-7 years, qualified accountant, with well-developed technical and commercial skills. Self-sufficiently conducts small insolvency appointments and takes a supervisory role on work streams in larger matters.
Assistant Manager	\$480	4-6 years. Chartered Accountant (CA) program or equivalent complete. Will have had conduct of minor administrations and experience in control of 1-3 staff. Assists planning and control of medium to larger jobs.

TITLE	RATE \$/HR	EXPERIENCE
Senior Analyst	\$450	Post graduate qualification (or equivalent) would normally be completed within this period. Assists planning and control of small to medium sized jobs as well as performing some of the more difficult work on larger jobs.
Analyst	\$405	Undertaking or about to undertake Chartered Accountant's qualification or comparable relevant qualification with less than one year of experience. Assists with tasks within work streams and appointments under supervision.
Junior Analyst	\$300	Undertaking university degree, but not yet qualified. Assist with tasks within work stream and appointments under supervision.
Administration	\$265	Appropriate skills, including books and records management and accounts processing particular to the administration.

Notes:

- The hourly rates are exclusive of GST.
- The guide to staff experience is intended only as a general guide to the qualifications and experience of staff engaged in the liquidation. Staff may be engaged under a classification considered appropriate for their experience.
- Time is recorded and charged in six-minute increments.

PART 3 EXECUTIVE SUMMARY

3.1 Summary of remuneration approval sought for the Company

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

PERIOD	AMOUNT (EX GST) \$
VOLUNTARY ADMINISTRATION	
22 August 2024 to 13 September 2024	88,017.50
14 September 2024 to 26 September 2024	25,000.00
Total Voluntary Administration	113,017.50
LIQUIDATION	
From commencement to the conclusion of the liquidation	50,000.00
Total Liquidation	50,000.00

** 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.*

Details of the work already completed and work to be completed in the future are included at **Schedule A**.

Schedule B includes a breakdown of time spent by staff members on each major task for work we have already completed.

Actual resolution to be put to the meeting are set out at **Schedule C** for your information. Creditors of the respective companies are to vote on the resolutions at the upcoming meeting of creditors. Please refer to Section 3 of the accompanying report for the voting details.

3.2 Comparison to estimate of costs provided to creditors in the Initial Remuneration Notice

Our current estimate of the remuneration for the voluntary administration is \$113,017.50 (ex GST).

This estimate is slightly higher than the estimated remuneration of \$75,000.00 to \$100,000.00 (ex GST) provided in the Initial Remuneration Notice dated 26 August 2024. This is because of the following:

- We have not been able to establish any contact with the Director of the Company or receive a completed ROCAP. As such, this has hindered some of our investigations and caused us to spend additional time than what would otherwise have been required if the Director was cooperating.
- Engage solicitors to provide advice with various legal issues including pre-appointment proceedings, licensing laws, sale of business terms etc
- The sale of business campaign has required us to access, extract and provide crucial information in a timely manner. The extent of the information required was not foreseen and this has required additional time in procuring information, liaising with management, solicitors and the Sale Broker, and
- The ANZ has not been able to transfer the Company's funds to us in a timely manner for us to be able to pay payroll and general trading expenses. As a result, we have spent additional time dealing with the ANZ, including instructing our solicitors to issue multiple legal demands.

We estimate that our remuneration for the period of the liquidation should creditors decide to wind up the Company will total \$50,000 (ex GST).

PART 4 DISBURSEMENT SOUGHT

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

We are required to obtain creditor's consent for the payment of a disbursement where we, or a related entity of ourselves, may directly or indirectly obtain a profit.

Disbursements are divided into three types:

- **External professional services** - these are recovered at cost. An example of an externally provided professional service is legal fees. It does not include insolvency services, as insolvency services are claimed as remuneration.
- **External non-professional costs** - these are recovered at cost. Examples of external non-professional expenses include travel, accommodation and search fees such as company searches, land title searches and PPSR searches.
- **Firm non-professional costs** – such as photocopying, printing and postage. These costs, 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.

4.1 Disbursement claim

To date, no internal disbursements have been approved in the Administration of the Company. We are asking creditors to approve our internal disbursements as follows:

PERIOD	AMOUNT (EXCL GST)
VOLUNTARY ADMINISTRATION	
For the period of the voluntary administration	\$1,000.00
LIQUIDATION (IF APPLICABLE)	
For the period of the liquidation	\$1,000.00

4.2 Disbursement resolutions

The actual resolutions for approval by creditors are included in **Schedule C**. Creditors of the respective companies are to vote on the resolutions at the upcoming meeting of creditors. Please refer to Section 3 of the accompanying report for the voting details.

4.3 Future basis of disbursements

The relevant rates for internal disbursements are set out below:

DISBURSEMENT TYPE	CHARGES (EXCL GST)
Advertising	At cost
ASIC industry funding model levy – metric events	At prescribed ASIC rates
Couriers	At cost
eDiscovery services	Variable
Photocopying / printing (outsourced)	At cost
Postage	At cost
Searches	At cost
Staff travel / out of pocket costs	At cost
Storage and storage transit	At cost
Telephone calls	At cost

PART 5 PREVIOUS AND FUTURE APPROVALS AND ESTIMATES

5.1 Previous approval requests

There have been no prior approvals for remuneration.

5.2 Future estimates and expectation of further remuneration approval requests

We are seeking approval for our future remuneration as Administrators of the company. We estimate our total remuneration for acting as administrators to be \$113,017.50 (excl GST).

Should the company enter into liquidation, we estimate our total remuneration for acting as liquidators to the company to be \$50,000 (ex GST).

At this stage, based on the information available, it may be necessary to seek approval of further remuneration. If so, details would be provided to creditors in a subsequent report to help explain why the estimated remuneration amount has changed and what the new estimate will be.

5.3 Likely impact on dividends

An external administrator (including a voluntary administrator, deed administrator or liquidator) is entitled to receive remuneration for necessary work properly performed in relation to the external administration. The Corporations Act 2001 (Cth) generally provides for the remuneration of an external administrator to be paid in priority to other creditor claims. This ensures that where there are sufficient funds available, an external administrator can be paid for the work they perform.

External administrators must distribute any property realised in accordance with the prescribed order and priorities set by the law. The value of creditors' claims that are admitted to participate in any distribution is also relevant.

Because the remuneration of external administrators is afforded payment ahead of distributions to creditors, any such payment of remuneration approved by creditors will reduce the funds available for distribution to creditors by the amount of that remuneration approved.

Creditors should refer to the voluntary administrators' report to creditors for details of anticipated dividends to creditors.

5.4 Remuneration recoverable from external sources

There is no other remuneration that has been received or is recoverable from external sources for the administration.

PART 6 REPORT ON PROGRESS OF ADMINISTRATION AND SUMMARY OF RECEIPTS AND PAYMENTS

This Remuneration Approval Report must be read in conjunction with the Report to Creditors dated 19 September 2024.

A summary of receipts and payments for the duration of our appointment is at **Annexure F** of the Report.

PART 7 QUERIES

For any queries in respect of this remuneration approval request, please contact Billy Batbileg on (02) 8365 1409 or by email at bbatbileg@wlpr.com.au.

Dated this 19th day of September 2024



Alan Walker

Joint and Several Administrator

ATTACHMENTS

SCHEDULE	DESCRIPTION
A	Details of work done and work to be completed
B	Time spent by staff on each major task already completed
C	Resolutions

SCHEDULE A – DETAILS OF WORK

Resolution 1: Administrators remuneration (22 August 2024 to 13 September 2024)

Resolution 2: Administrators future remuneration (14 September 2024 to 26 September 2024)

The table below contains detailed descriptions of the tasks performed / to be performed within each task area by the Administrators and their staff. The amounts below are exclusive of GST.

TASKS		
PERIOD	Current remuneration from 22 August 2024 to 13 September 2024	Future remuneration from 14 September 2024 to 26 September 2024
TOTAL AMOUNT (EX GST)	\$88,017.50 149.49 hrs	\$25,000.00 50.00 hrs
TASK AREA	GENERAL DESCRIPTION	
ADMINISTRATION	\$8,576.50 16.3 hrs	\$1,000.00 2.00 hrs
General correspondence	Other on-appointment notices and administrative set up tasks for the administration	Other general correspondence with respect to the conduct and furtherance of the administration
Document maintenance/file review/checklist	Filing of documents First month, then six-monthly administration review Updating Checklist	Ongoing file reviews Electronic and hard copy filing Ongoing review and updating file materials and checklists
ASIC Form 524, 5602, 5603 and other statutory lodgements	Preparing and lodging ASIC forms including 505, 531 and etc. Correspondence with ASIC regarding statutory forms	Preparing and lodging all required ASIC forms. Other company / industry specific reports and statutory requirements
Bank account and accounting	Preparing correspondence opening term deposit and at call accounts. Accounts & bank account reconciliations Correspondence with bank regarding specific transfers Bank account reconciliations	Bank account reconciliations All other general bookkeeping and accounting matters for the administration
Planning / Review	Discussions regarding status of administration	Discussions regarding status of administration
Insurance	Initial notifications and liaising with insurance brokers Reviewing policies and discussions with management Determining insurance needs Providing information to/discussions with our brokers Ongoing monitoring and review of insurance needs	Ongoing monitoring and review of insurance needs
ATO reporting	Preparing BAS's Preparing and lodging GST / PAYG registration forms	Preparing BAS's
ASSETS	\$9,837.00	\$2,000.00

TASKS		
	14.39 hrs	4.00 hrs
Leasing	<p>Liaising with owners/lessors</p> <p>Reviewing lease documents</p>	Continue liaising with owners/lessors
Cash at bank	<p>Liaising with financial institutions concerning pre-appointment accounts, including account identification, access to statements</p> <p>Correspondence with pre-appointment financial institution, ongoing request for funds to be transferred to the post appointment accounts</p> <p>Instruction to solicitors to issue letters of demand to the ANZ</p> <p>Dealings with multiple departments of the ANZ to transfer funds</p>	Continue liaising with financial institutions concerning transfers of funds from pre-appointment accounts.
Sale of business	<p>Procure information to be supplied as due diligence</p> <p>Liaise with Sales Broker concerning strategy</p> <p>Internal discussions concerning sale of business updates, strategy, offers etc</p> <p>Discussions with management</p>	<p>Liaise with Sales Brokers and interested parties</p> <p>Continue to provide due diligence material</p> <p>Attending to negotiations</p> <p>Ongoing liaison with solicitors, Trustee and management</p>
Related party loan accounts	<p>Reviewing and assessing loan account ledgers</p> <p>Liaising with Company's management regarding identified related party loan account</p> <p>Drafting and issuing demands to recover monies</p>	Further review and investigation into the loan account ledgers
DOCA	Discussion with Trustee concerning a DOCA proposal including estimated return, contribution and terms	Continue discussions with the Trustee concerning intention to submit DOCA proposal
Other assets	Tasks associated with realising other assets.	Tasks associated with realising other assets
CREDITORS	\$19,623.50 31.20 hrs	\$5,000.00 10.00 hrs
Creditor Enquiries, Requests & Directions	<p>Receive and follow up creditor enquiries via telephone and email</p> <p>Maintaining creditor enquiry register</p> <p>Review and prepare correspondence to creditors and their representatives via email and post</p>	<p>Receive and follow up creditor enquiries via telephone and email</p> <p>Maintaining creditor enquiry register</p> <p>Review and prepare correspondence to creditors and their representatives via email and post.</p>
Reports to creditors	<p>Preparing and distributing an initial circular to creditors</p> <p>Preparing a report to creditors as per s 439A of the Corporations Act 2001, including remuneration approval report.</p>	<p>Finalising this report to creditors</p> <p>Preparing supplementary report to creditors as per s439A of the Corporations Act, 2001 including remuneration approval reports and annexures.</p>

TASKS		
Secured creditor reporting	Initial notifications including to PPSR registrants about their security interest and property General PPSA creditor correspondence and property matters Responding to secured creditor queries	General PPSA creditor correspondence Responding to secured creditor queries
Meeting of creditors	Preparation of initial meeting documents and notices and forwarding these to all known creditors All applicable meeting preparation including venue, documents, registers, reports and mailing, meeting advertisements, recording details of proxies received and draft minutes/agenda preparation Considering claims for voting purposes Prepare for and attend/hold the meeting of creditors Preparation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting All applicable meeting preparation for the second meeting of creditors up to the convening of the meeting	Preparation of meeting documents and notices and forwarding these to all known creditors All applicable meeting preparation including venue, documents, registers, reports and mailing, meeting advertisements, recording details of proxies received and draft minutes/agenda preparation Considering claims for voting purposes Prepare for and attend/hold the meeting of creditors Preparation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting All applicable meeting preparation for the second meeting of creditors up to the convening of the meeting and any adjourned meeting
Dealing with proofs of debt	Receipting and filling POD's when not related to a dividend	Correspondence to/from creditors regarding details of debts and claims in the administration Receiving and recording formal/informal proofs of debt lodged
INVESTIGATION	\$12,580.50 23.5 hrs	\$1,500.00 3.00 hrs
Conducting investigation	Initial letters and circulars to parties and stakeholders Collection of books and records from the company, directors and other parties Performing all applicable land title searches and other statutory searches as needed Reviewing books and records, company background and history Preparation of comparative financial statements Meetings and/or discussions with officers, employees and/or other parties on general company matters	Collection of books and records from the company, directors and other parties Performing land title searches and other statutory searches as needed Reviewing books and records, company background and history Preparation of comparative financial statements Meetings and/or discussions with officers, employees and/or other parties on general company matters Reviewing management accounts, financial statements and associated information Reviewing and determining the date of insolvency

TASKS		
	<p>Reviewing management accounts, financial statements and associated information</p> <p>Reviewing and determining the date of insolvency</p> <p>Conduct investigations into the existence of voidable transactions and evidence of any insolvency trading</p> <p>Summarising and documenting work performed and matters requiring additional review and investigation</p>	<p>Conduct investigations into the existence of voidable transactions and evidence of any insolvency trading</p> <p>Summarising and documenting work performed and matters requiring additional review and investigation</p>
ASIC reporting	<p>Liaising with ASIC</p> <p>Drafting and preparing investigative reports to ASIC including supplementary report pursuant to Section 533(2) of the Act</p>	<p>Preparing and finalising investigative reports to ASIC – including providing subsequent assistance to ASIC (if requested)</p>
EMPLOYEES	\$2,424.50 5.30 hrs	\$1,500.00 3.00 hrs
Enquiries and correspondence	<p>Correspondence and meetings with employees about the conduct and status of the administration, their employment and entitlements including letters, emails and/or calls</p>	<p>Correspondence and meetings with employees about the conduct and status of the administration, their employment and entitlements including letters, emails and/or calls</p>
Entitlements	<p>Reviewing employee files, payroll details, records and calculations of employee entitlements</p> <p>Reviewing and considering contracts, awards and other relevant agreements</p> <p>Liaising with solicitors concerning payroll</p>	<p>Further reviewing employee files, payroll details, records and calculations of employee entitlements</p>
Fair Entitlements Guarantee (FEG)	<p>Correspondence with FEG</p>	N/A
TRADE ON	\$34,975.50 58.80 hrs	\$13,000.00 25.00 hrs
Trade on management	<p>Decisions and strategy meeting</p> <p>Customer and supplier correspondence and liaison</p> <p>Management and staff liaison</p> <p>Day-to-day operations management and oversight</p> <p>Attendance on site and site visits as required, including meetings with employees to discuss the status of the administration</p> <p>Process matters including authorisations of payments and receipts</p> <p>Liaising with the directors and management concerning operations</p> <p>Employee manpower plans and requirements</p>	<p>Decisions and strategy meeting</p> <p>Customer and supplier correspondence and liaison</p> <p>Management and staff liaison</p> <p>Day-to-day operations management and oversight</p> <p>Attendance on site and site visits as required, including meetings with employees to discuss the status of the administration</p> <p>Process matters including authorisations of payments and receipts</p> <p>Liaising with the directors and management concerning operations</p> <p>Employee manpower plans and requirements</p>

TASKS		
	Employee trade on matters including wages and payroll	Employee trade on matters including wages and payroll Task associated with finalising the trading position of the Company.
General accounting	All applicable accounting tasks and processes supporting continued operations	All applicable accounting tasks and processes supporting continued operations
Budgets and reporting	Preparing budgets Preparing weekly financial reports Reviewing company's budgets and financial statements Trading/operating budgets and forecasts Cash flow preparation and monitoring Financial reporting including financial position and performance Meetings and reviews around financial results and estimated outcomes	Preparing budgets Preparing weekly financial reports Reviewing company's budgets and financial statements Trading/operating budgets and forecasts Cash flow preparation and monitoring Financial reporting including financial position and performance Meetings and reviews around financial results and estimated outcomes

Resolution 7: Liquidators' Remuneration - From commencement to the end of the liquidation

The table below contains more detailed descriptions of the tasks performed within each task area by the Administrators and their staff for each of the companies listed above. The amounts below are exclusive of GST.

TASKS	
LIQUIDATION	Commencement of the liquidation to completion
TOTAL AMOUNT (EX GST)	\$50,000.00 100.0 hrs
TASK AREA	GENERAL DESCRIPTION
ASSETS	\$5,000.00 10.0 hrs
Related party loans	Further review and investigation into the loan account ledgers
Leasing	Liaising with owners/lessors Reviewing lease documents
Sale of business	Preparing an information memorandum Liaise with brokers and interested parties Prepare and provide due diligence material Attending to negotiations and settlement
Plant and equipment	Reviewing plant and equipment listing Dealing with valuers & interested parties
Other assets	Tasks associated with realising other assets
CREDITORS	\$10,000.00 20.0 hrs
Creditor Enquiries, Requests & Directions	Receive and follow up creditor enquiries via telephone and email Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via email and post.
Creditor reports	Preparing and distributing further updates and circulars/reports to creditors Preparing remuneration reports
Secured creditor reporting	General PPSA creditor correspondence and property matters Responding to secured creditor queries
Dealing with proofs of debts and claims	Correspondence to/from creditors regarding details of debts and claims in the administration Receiving and recording formal/informal proofs of debt lodged
EMPLOYEES	\$10,000.00 20.0 hrs
Enquiries and correspondence	Correspondence and meetings with employees about the conduct and status of the administration, their employment and entitlements including letters, emails and/or calls
Entitlements	Calculating employee entitlements Reviewing employee files and Company's books and records Reconciling superannuation accounts Reviewing awards Further reviewing employee files, payroll details, records and calculations of employee entitlements
FEG	Correspondence with FEG and providing details, responding to queries and aspects of entitlements verification (excluding time and costs reimbursed by FEG) Preparing FEG verification sheet

TASKS	
TRADE ON	\$5,000.00 10.0 hrs
Trade on management	All tasks required to finalise trade-on matters Payment of final accounts & trading invoices Management and staff liaison, including attendance on site and site visits as required Dealing with staff terminations and resignations Completing accounting tasks and finalising employee / payroll matters
INVESTIGATION	\$17,000.00 34.0 hrs
Conducting investigation	Collection of Company books and records Correspondence with ASIC to receive assistance in obtaining Company's books and records Reviewing Company's books and records Review and preparation of Company nature and history Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Preparation of investigation file Continuation of investigations into the affairs of the company regarding the date of insolvency, existence of voidable transactions and evidence of any insolvency trading
Litigation / recoveries (preliminary stage only)	Summarising and documenting work performed and matters requiring additional review and investigation Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding voidable transaction claims or insolvent trading claims Decisions and strategy on litigation and recovery matters (where applicable)
ASIC reporting	Liaising with ASIC Drafting and preparing investigative reports to ASIC including supplementary report pursuant to Section 533(2) of the Act
ADMINISTRATION	\$3,000.00 6.0 hrs
General correspondence	Other on-appointment notices and administrative set up tasks for the liquidation Other general correspondence with respect to the conduct and furtherance of the liquidation
Document maintenance/file review/checklists	Ongoing file reviews Electronic and hard copy filing Ongoing review and updating file materials and checklists
Bank accounts and accounting	Bank account reconciliations All other general bookkeeping and accounting matters for the administration
Statutory matters and lodgements	Preparing and lodging all required ASIC forms, notification of appointment of liquidators, liquidation specific lodgements and periodic receipts and payments Other company / industry specific reports and statutory requirements
Specific / other ATO reporting	Preparing and lodging BAS Preparing and lodging all required taxation returns as required by or requested from the ATO Annual PAYG reporting obligations

TASKS

Planning / Review	Discussions regarding status of administration
Finalisation matters	Finalisation processes and final file reviews Final notifications and lodgements (ASIC and ATO) Cancelling tax and other registrations as applicable File administration and closure processes
Books and records / storage	All aspects of recording and listing company books and records File administration and closure processes

SCHEDULE B - TIME SPENT BY STAFF ON EACH MAJOR TASK ALREADY COMPLETED

The tables below outline the time charged for each major task area performed by the Deed Administrators and their staff during the period 22 August 2024 to 13 September 2024, which form the basis of Resolution 1, as referred to in **Schedule C**. Please refer to **Schedule A** for further details with respect to the tasks performed.

EMPLOYEE	POSITION	RATE (EX GST) \$/HOUR	TOTAL		TASK AREA											
			HRS	\$	ASSET		CREDITORS		EMPLOYEES		TRADE ON		INVESTIGATION		ADMINISTRATION	
					HRS	\$	HRS	\$	HRS	\$	HRS	\$	HRS	\$	HRS	\$
Alan Walker	Appointee	750	15.00	11,250.00	6.80	5,100.00	1.00	750.00	-	-	3.80	2,850.00	-	-	3.40	2,550.00
Glenn Livingstone	Appointee	750	0.30	225.00	-	-	0.10	75.00	-	-	0.10	75.00	-	-	0.10	75.00
John Thompson	Director	685	58.90	40,346.50	5.70	3,904.50	19.50	13,357.50	-	-	24.10	16,508.50	8.30	5,685.50	1.30	890.50
Alison Walker	Senior Manager	625	0.20	125.00	-	-	-	-	-	-	0.20	125.00	-	-	-	-
Matthew Kelly	Senior Manager	625	6.00	3,750.00	-	-	3.60	2,250.00	-	-	-	-	2.40	1,500.00	-	-
Stephanie Wise	Senior Manager	625	0.30	187.50	-	-	-	-	-	-	0.30	187.50	-	-	-	-
Billy Batbilleg	Manager	550	28.51	15,680.00	0.41	225.00	2.30	1,265.00	2.00	1,100.00	20.40	11,220.00	1.30	715.00	2.10	1,155.00
Viendya Karman	Senior Analyst	450	3.58	1,611.00	0.18	81.00	0.50	225.00	0.20	90.00	-	-	0.50	225.00	2.20	990.00
Deanne Lee	Analyst	405	27.90	11,299.50	1.30	526.50	2.90	1,174.50	2.90	1,174.50	9.90	4,009.50	6.00	2,430.00	4.90	1,984.50
Eric Sun	Analyst	405	8.60	3,483.00	-	-	1.30	526.50	-	-	-	-	5.00	2,025.00	2.30	931.50
Oscar Bush	Junior Analyst	300	0.20	60.00	-	-	-	-	0.20	60.00	-	-	-	-	-	-
Total (excluding GST)			149.49	88,017.50	14.39	9,837.00	31.20	19,623.50	5.30	2,424.50	58.80	34,975.50	23.50	12,580.50	16.30	8,576.50
GST			14.95	8,801.75		983.70		1,962.35		242.45		3,497.55		1,258.05		857.65
Total (including GST)				96,819.25		10,820.70		21,585.85		2,666.95		38,473.05		13,838.55		9,434.15
Average Hourly Rate (exc GST)				647.67		752.01		691.85		503.20		654.30		588.87		578.78

SCHEDULE C – RESOLUTIONS

REMUNERATION RESOLUTIONS

Resolution 1: Administrators' Current Remuneration (22 August 2024 to 13 September 2024)

“That the remuneration of the Administrators from 22 August 2024 to 13 September 2024 is determined at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the remuneration report dated 19 September 2024 and such sum to be capped at the amount of \$88,017.50 exclusive of GST, and that the Administrators may draw the remuneration on a monthly basis or as required.”

Resolution 2: Administrators' Future Remuneration (14 September 2024 to 26 September 2024)

“That the future remuneration of the Administrators from 14 September 2024 to 26 September 2024 is determined at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the remuneration report dated 19 September 2024 and such sum to be capped at the amount of \$25,000.00 exclusive of GST, and that the Administrators may draw the remuneration on a monthly basis or as required.”

Resolution 7: Proposed Liquidators' Future Remuneration (as required)

“That the remuneration of the Liquidators from the commencement to the conclusion of the Liquidation is determined at a sum equal to the cost of time spent by the Liquidators and the Liquidators' partners and staff, calculated at the hourly rates as detailed in the remuneration report dated 19 September 2024 and such sum to be capped at the amount of \$50,000.00 exclusive of GST, and that the Liquidators may draw the remuneration on a monthly basis or as required.”

DISBURSEMENT RESOLUTIONS

Resolution 3: Administrators' Disbursements

“That the internal disbursements of the Administrators are determined at the costs incurred and such sum to be capped at the amount of \$1,000.00, exclusive of GST, and that the Administrators may pay the internal disbursements on a monthly basis or as required”.

Resolution 8: Liquidators' Disbursements (as required)

“That the internal disbursements of the Liquidators are determined at the costs incurred and such sum to be capped at the amount of \$1,000.00, exclusive of GST, and that the Liquidators may pay the internal disbursements on a monthly basis or as required”.

Annexure D – Proxy Form

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

APPOINTMENT OF PROXY CREDITORS MEETING

St Helena Early Learning Pty Ltd (Administrators Appointed)
ACN 623 522 010 (“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 26 September 2024 at 10:00AM (AEST) , or at any adjournment of that meeting.	

Please mark any boxes with an X

Proxy Type: General Special

	For	Against	Abstain
<p>Resolution 1: Administrators’ Current Remuneration</p> <p>“That the remuneration of the Administrators from 22 August 2024 to 13 September 2024 is determined at a sum equal to the cost of time spent by the Administrators and the Administrators’ partners and staff, calculated at the hourly rates as detailed in the remuneration report dated 19 September 2024 and such sum to be capped at the amount of \$88,017.50 exclusive of GST, and that the Administrators may draw the remuneration on a monthly basis or as required.”</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Resolution 2: Administrators’ Future Remuneration (14 September 2024 to 26 September 2024)</p> <p>“That the future remuneration of the Administrators from 14 September 2024 to 26 September 2024 is determined at a sum equal to the cost of time spent by the Administrators and the Administrators’ partners and staff, calculated at the hourly rates as detailed in the remuneration report dated 19 September 2024 and such sum to be capped at the amount of \$25,000.00 exclusive of GST, and that the Administrators may draw the remuneration on a monthly basis or as required.”</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p>Resolution 3: Administrators' Internal Disbursements</p> <p>That the internal disbursements of the Administrators are determined at the costs incurred and such sum to be capped at the amount of \$1,000.00, exclusive of GST, and that the Administrators may pay the internal disbursements on a monthly basis or as required.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Resolution 4: Adjournment of the Meeting</p> <p>"That the second meeting of creditors be adjourned for a period of up to 45 business days."</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Resolution 5: Future of the Company</p> <p>For creditors of the Company to resolve that:</p>			
<p>(a) "The Company execute a Deed of Company Arrangement"</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>(b) "The Administration should end"</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>(c) "The Company be wound up"</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Resolution 6: Appointment of alternate liquidator (if applicable)</p> <p>"To appoint someone else, instead of the Company's Administrators, to be liquidator(s) of the Company."</p> <p>(Note: if voting "For", please attach details of any particular alternate liquidator you wish to vote for)</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Resolution 7: Liquidators' Future Remuneration (if applicable)</p> <p>"That the remuneration of the Liquidators from the commencement to the conclusion of the Liquidation is determined at a sum equal to the cost of time spent by the Liquidators and the Liquidators' partners and staff, calculated at the hourly rates as detailed in the remuneration report dated 19 September 2024 and such sum to be capped at the amount of \$50,000.00 exclusive of GST, and that the Liquidators may draw the remuneration on a monthly basis or as required."</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Resolution 8: Liquidators' Internal Disbursements (if applicable)</p> <p>"That the internal disbursements of the Liquidators are determined at the costs incurred and such sum to be capped at the amount of \$1,000.00, exclusive of GST, and that the</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ANNEXURE E- PROOF OF DEBT FORM

**FORM 535
CORPORATIONS ACT 2001**

Section 600G
Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Administrators of St Helena Early Learning Pty Ltd (Administrators Appointed) ACN 623 522 010

1. This is to state that the company was, on 22 August 2024 ⁽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:_____

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 _____ 2024

Signature of Signatory

NAME IN BLOCK LETTERS

Occupation

Address

Email

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.

A reference to an annexure includes a document that is with a form

Annexure F – Summary Receipts and Payments

ST HELENA EARLY LEARNING PTY LTD
ACN 623 522 010
(ADMINISTRATOR APPOINTED)

RECEIPTS AND PAYMENTS
FOR THE PERIOD 22 AUGUST 2024 TO 17 SEPTEMBER 2024

RECEIPTS	\$
Cash at bank	36,797.32
Childcare Fees	105,218.02
Childcare Subsidy Income	170,537.75
Loan from Administrator	45,000.00
Loan from Sturt Street	2,000.00
Other Funding	25,360.77
Sundry Refunds	5,656.38
TOTAL RECEIPTS	390,570.24
PAYMENTS	\$
Purchases	7,105.54
Sub Contractors	12,100.00
Certificate/License Expense	302.50
Payroll Tax	5,153.88
Staff Amenities/Reimbursements	663.20
Professional Services	4,125.00
Rent Paid (Commercial)	51,638.64
Cleaning & Maintenance	1,764.42
Stationery & Printing	780.52
Wages & Salaries	148,853.61
Subscriptions	652.54
Telecommunications	79.99
Travel	1,495.55
Bank Charges	13.24
Credit Card Merchant Fee	40.27
Loan to Civic Avenue	16,000.00
TOTAL PAYMENTS	250,768.90
NET RECEIPTS/ (PAYMENTS)	\$139,801.34