



**Disability Services Australia  
Limited ACN 002 507 655,  
DSA Mentoring Services Limited  
ACN 629 308 881 and  
Macquarie Employment Training  
Service Limited ACN 643 269 112  
(All Administrators Appointed)**

Voluntary Administrators' Report

24 November 2021

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**Concurrent Second Meetings contact details**

The Concurrent Second Meetings will be held virtually at **10:00AM (AEDT) on Thursday, 2 December 2021**.

Please complete and return the forms at **Annexure I by 4:00PM, 1 December 2021** to our office via:

Email: AU-FMDSA@kpmg.com.au

Post: ATT: Hamish Foley, KPMG, PO Box H67, AUSTRALIA SQUARE NSW 1215

**As the Second Meetings are being held virtually, please contact KPMG by email at AU-FMDSA@kpmg.com.au or by telephone to (07) 3233 9726 at least one business day prior to the Second Meetings to advise that you will be using the conference facilities and to be provided with the conference call code.**

## Glossary of terms

| Term                       | Description  |
|----------------------------|--|
| \$                         | Australian Dollars   |
| \$000s                     | Thousands of Australian Dollars  |
| %                          | Percent  |
| ACN                        | Australian Company Number  |
| ACNC                       | Australian Charities and Not-for-profits Commission  |
| ACNC Act                   | Australian Charities and Not-for-profits Commission Act 2012   |
| ADE                        | Australian Disability Enterprise   |
| Administrators             | Gayle Dickerson, Peter Gothard and James Dampney   |
| APAAP                      | All present and after-acquired property – no exceptions  |
| ARITA                      | Australian Restructuring, Insolvency & Turnaround Association  |
| ASIC                       | Australian Securities & Investments Commission   |
| ATO                        | Australian Taxation Office   |
| CHL                        | Community Home Living  |
| Code                       | ARITA Code of Professional Practice  |
| COI                        | Committee of Inspection  |
| Concurrent Second Meetings | Second meetings to be held concurrently pursuant to IPR 75-225 and Section 439A of the Corporations Act, where creditors determine the future of the Companies   |
| Corporations Act           | Corporations Act 2001  |
| Creditors' Portal          | The online platform used by the Administrators to communicate with creditors, manage creditor claims and allow creditors to vote on resolutions put forward by the Administrators. Please refer to <b>Annexure H</b> for further information |
| DES                        | Disability Employment Services   |
| Directors                  | Kenneth Gabb, Thomas Leahy, Gary Bailey, Matthew Payne, Linda Smith and Lisa Maffina   |
| DIRRI                      | Declaration of Independence, Relevant Relationships and Indemnities, pursuant to s436DA of the Corporations Act and Code.  |
| DOCA                       | Deed of Company Arrangement  |
| DSA                        | Disability Services Australia Limited  |
| DSAM                       | DSA Mentoring Services Limited   |
| ERV                        | Estimated Realisable Value   |
| EU                         | Enforceable Undertaking  |
| EOI                        | Expression of Interest   |
| FACS                       | Family and Community Services  |
| FEG                        | Fair Entitlements Guarantee  |
| First Meetings             | First meetings of creditors held on 6 September 2021   |

| Term                           | Description  |
|--------------------------------|--|
| FY                             | Financial year   |
| IM                             | Information Memorandum   |
| IRN                            | Initial Remuneration Notice  |
| IPR                            | Insolvency Practice Rules (Corporations) 2016  |
| LGA                            | Local Government Area  |
| m                              | Million  |
| METS                           | Macquarie Employment Training Service Limited  |
| NBIO                           | Non-binding indicative offer   |
| NDIA                           | National Disability Insurance Agency   |
| NDIS                           | National Disability Insurance Scheme   |
| NSW                            | New South Wales  |
| PHO                            | Public Health Order  |
| Pickles                        | Pickles Auctions Pty Limited   |
| PMSI                           | Purchase Money Security Interest   |
| PPE                            | Personal Protective Equipment  |
| PPSA                           | Personal Property Securities Act 2009 (Cth)  |
| PPSR                           | Personal Property Securities Register  |
| Q                              | Quarter  |
| ROCAP                          | Report on Company Activities and Property  |
| Report                         | This report, prepared pursuant to IPR 75-225 and Section 438A of the Corporations Act  |
| ROT                            | Retention of Title   |
| RTO                            | Registered Training Organisation   |
| Savills                        | Savills Valuations Pty Ltd   |
| Scope and/or DOCA proponent    | Scope (Aust) Ltd   |
| SDA                            | Specialist Disability Accommodation  |
| SIL                            | Supported Independent Living   |
| SLES                           | School Leaver Employment Support   |
| The Companies and/or the Group | Disability Services Australia Limited (Administrators Appointed) ACN 002 507 655<br>DSA Mentoring Services Limited (Administrators Appointed) ACN 629 308 881<br>Macquarie Employment Training Service Limited (Administrators Appointed) ACN 643 269112 |
| Trustees                       | Trustees of the Creditors' Trust   |
| WHS                            | Workplace Health and Safety  |

## ***A note from the Administrators***

Dear creditors and employees,

**Disability Services Australia Limited ACN 002 507 655 (DSA)**  
**DSA Mentoring Services Limited ACN 629 308 881**  
**Macquarie Employment Training Service Limited ACN 643 269112**  
**(All Administrators Appointed)**  
**(Collectively referred to as “the Companies”)**

As Administrator of the Companies, I wanted to share a short personal note to introduce this report, which is required to be sent to all creditors and employees as notification of the second **creditors meeting to be held virtually at 10:00AM (AEDT) on Thursday, 2 December 2021**. DSA provides a really important service in society to support people with disability, and develop the skills and capabilities they need to gain independence, each and every day. The support and services to participants is front and centre of the work DSA does, and this has been a priority continued during the Administration.

In summary, after undertaking an extensive expression of interest process, **we recommend that creditors accept a DOCA proposal from Scope**, detailed in this report, which provides for a transaction that will ensure a going concern outcome for the whole of the Companies and consolidated into a single group under Scope membership. This includes continuity of services to all participants, ongoing employment for employees, assumption of lease obligations and a return to all other secured and unsecured creditors of 100c in the dollar. Scope are a leading not-for-profit organisation, with aligned values and complimentary services, that has a strong financial position to fund the transaction and enhance the future ongoing operations of DSA.

Thank you to the participants, employees and other stakeholders, for your support during the administration process which has greatly assisted in ensuring DSA has continued to operate its important services and we look forward to this continuing in the future.

Yours faithfully



**Gayle Dickerson**  
Administrator

# 1 Executive summary

This section addresses frequently asked questions relating to the Administration of the Companies including a summary of the estimated outcome for creditors. Full details are available throughout this Report.

In summary, after undertaking an extensive expression of interest process, **we recommend that creditors accept the DOCA proposal from Scope detailed in this report** which provides for a transaction that will ensure a going concern outcome for the whole of DSA including continuity of services to participants, ongoing employment for employees, continuity of lease obligations and a return to all other secured and unsecured creditors of 100c in the dollar. Scope are a leading not-for-profit organisation, with aligned values and complimentary services, that has a strong financial position to fund the transaction and the ongoing operations of DSA.

| Question  |  |
|---|--|
| <b>What do the Companies do?</b>                    | <p>DSA is a leading NDIS provider operating a diverse range of services across Metropolitan Sydney, the Hunter Region, Central Western NSW, the Southern Highlands and Southern Ranges. DSA's purpose is <i>"to enable opportunities for choice, inclusion and achievement at home, in the community, through education and training and in employment"</i>. DSA achieves this by providing six contemporary and innovative service offerings personalised to support needs of the individual and community.</p> <p>DSA was established in 1957 as a not-for-profit public company registered with the ACNC and supports people with a disability across NSW. DSA employs over 500 people with a disability and provides support and services for more than 3,000 people in the community.</p> |
| <b>What is the purpose of this Report?</b>          | <p>The purpose of this Report is to table the findings of our investigations of the Companies' business, property, affairs and financial circumstances, as well as the three options available and our recommendation to creditors in deciding the future of the Companies at the Concurrent Second Meetings.</p>  |
| <b>What is the current status of the Companies?</b> | <p>On 25 August 2021, Gayle Dickerson, Peter Gothard and James Dampney, were appointed as joint and several Administrators of the Companies by the Directors under Section 436A(1) of the Corporations Act.</p> <p>The Administrators have operated DSA in the ordinary course to ensure that the quality of support and services to participants has continued during the Administration process and to preserve and maximise value of the Group through an extensive expression of interest process.</p>   |

| Question  |  |
|---|--|
| <p><b>Who is in control of the Companies?</b></p>   | <p>On appointment, the Administrators assumed control of the Companies' operations and notified all employees, creditors and other stakeholders of their appointment. The Administrators conducted an urgent financial and commercial assessment of the Companies with the assistance of management and in communication with key stakeholders including NDIA, NDIS Quality and Safeguarding Commission, participant families, guardians and carers, employees, trade unions, government departments, landlords, customers and suppliers.</p> <p>The Administrators determined the following strategy for the Administration:</p> <ul style="list-style-type: none"> <li>– Continued to operate the Companies' businesses "as usual", preserving sale / recapitalisation options and ensuring ongoing support and services for participants;</li> <li>– Conducted a comprehensive sale / recapitalisation expression of interest campaign for the Companies' business and assets; and</li> <li>– Undertook preliminary investigations into the affairs of the Companies and the reasons for its failure.</li> </ul>  |
| <p><b>What is the ownership structure of the Companies?</b></p>   | <p>The Companies are limited by guarantee and are large registered charities with the ACNC. The members of DSA have been engaged with regarding the proposed transaction.</p> <p>Refer to <b>Section 3</b> for the Group structure.</p>  |
| <p><b>What do the Directors believe was the underlying cause of the Companies' failure?</b></p>         | <p>The Directors have provided their views on the affairs of the Companies and attribute the following reasons to its failure:</p> <ul style="list-style-type: none"> <li>– The current NDIS pricing model does not adequately fund the costs of providing contracted services to complex participants, particularly those under the SIL scheme. As a consequence, DSA and DSAM's cash resources were being depleted and absent additional funding, ultimately would have become insolvent.</li> <li>– As METS is a subsidiary of DSA, and reliant on DSA for its funding and operations, the depletion of DSA's cash resources, absent additional funding has also resulted in the failure of METS.</li> </ul>  |
| <p><b>What do the Administrators consider were the underlying causes of the Companies' failure?</b></p> | <p>Our preliminary view is that DSA failed as a result of operational trading losses (\$12.4m in FY20 and \$20.8m in FY21) and significant cash depletion sustained as a combination of:</p> <ul style="list-style-type: none"> <li>– DSA's operational performance was below industry standard benchmarks in terms of vacancy rates at sites, operating margin and labour to revenue expenditure;</li> <li>– Changes to the NDIS pricing model enacted from July 2020, particularly impacting the ability to cover costs associated with services to complex participants;</li> <li>– Following the review of unpaid employee entitlements and the execution of the Enforceable Undertaking, significant one-off payments to employees in FY21 of approximately \$9.6m;</li> <li>– The repayment of funds advanced of approximately \$7.4m (in accordance with the terms of the loans) by various Government entities in relation to the COVID-19 pandemic in FY21;</li> <li>– Ongoing impact of COVID-19 lockdowns impacting revenue, and additional resourcing costs, given exposure of sites in LGAs of concern; and</li> <li>– The lack of substantive assets to sell to fund trading losses.</li> </ul> <p>As DSAM and METS were historically reliant on funding and operational support from DSA to continue operations, there was a contagion impact on DSAM and METS.</p> |

## Question

### When do the Administrators consider the Companies became insolvent?

It is our preliminary view that the Companies were not insolvent prior to our appointment on 25 August 2021. The Directors appointed Administrators as they considered the Companies were "likely to become insolvent".

The Administrators concur that the DSA Group was likely to become insolvent in the short to medium term without a significant turnaround in financial performance, given the significant depletion in cash resources, or obtaining an alternative source of funding such as a merger or via an acquisition.

### What was the outcome of the sale of business process?

The Administrators ran a comprehensive sale of business / recapitalisation campaign that resulted in over 190 organisations participating in the process, which ultimately resulted in a number of final offers being received to recapitalise the Companies or purchase the Companies' operations and assets as a going concern.

We have signed an exclusivity agreement with the preferred party, Scope, who have submitted a DOCA proposal. The offer and DOCA proposal is discussed further in **Section 7** and summary details are provided overleaf.

## Question

### What consideration and/or support will be provided by Scope?

As part of the recapitalisation process, we understand from Scope that “As the new owner of the Group, it will recapitalise DSA immediately post completion to fund the working capital needs of DSA. Scope is in a strong financial position and has the resources to adequately fund the obligations of the transaction, the working capital for trading, the ongoing obligations per the DOCA and future investment as required.” We provide further information in the report on Scope and note that per the latest FY21 annual report that Scope reported: revenue \$441.5m, profit \$92.8m and net assets \$229.4m.

Scope's DOCA proposal to recapitalise DSA means that it will be immediately funding working capital into DSA and also assuming significant liabilities as outlined below.

The liabilities not being assumed by Scope are former employee entitlements, both those accrued prior to the date of appointment of Administrators or those that resigned or terminated during the course of the Administration. Certain unsecured creditors are not included in the assumption of liabilities by Scope.

| Scope Offer summary  | Amount (\$m)        |
|--|---------------------|
| <b>Secured creditors</b>   |                     |
| All secured liabilities owed to CBA including contingent liabilities (bank guarantees)   | 2.6                 |
| All liabilities associated with existing leasing arrangements -other leases, motor and plant and equipment                                     | 0.4                 |
| <b>Priority creditors</b>  |                     |
| All accrued and outstanding entitlements of existing employees as at the date of completion  | 10                  |
| <b>Unsecured creditors</b>   |                     |
| All accrued and outstanding liabilities applicable relating to iCare Workers' compensation as at the date of the appointment of Administrators | 7.8                 |
| <b>Total liabilities assumed on date of acquisition before property leases</b>   | <b>20.8</b>         |
| All liabilities associated with existing leasing arrangements  |                     |
| - property leases (unpaid rent, duration of lease and make good)   | Amount unquantified |
| <b>Total liabilities assumed on date of acquisition</b>  | <b>TBC</b>          |

If there is a surplus of cash post distributions to former employees (priority creditors) and unsecured creditors this cash will remain for the benefit of DSA. We estimate this cash surplus to be in the range of \$4.1m (high) and \$0.5m (low) per the summary of the Trust Fund below.

| Analysis of return to unsecured creditors                                 | Low (\$m)    | High (\$m)   |
|---|--------------|--------------|
| Forecast cash at bank (after VA and legal fees at Dec 2021)               | 8.5          | 10.9         |
| CBA cash back   | (2.6)        | (2.6)        |
| <b>Estimated Net Cash Position (available for distribution)</b>           | <b>5.9</b>   | <b>8.3</b>   |
| Employee entitlements (former employees)                                  | (1.4)        | (1.1)        |
| Deed administrator costs  | (0.8)        | (0.6)        |
| <b>Estimated Surplus / (shortfall) before unsecured creditor dividend</b> | <b>3.8</b>   | <b>6.6</b>   |
| Unsecured trade creditors   | (3.3)        | (2.5)        |
| <b>Total unsecured, \$</b>  | <b>(3.3)</b> | <b>(2.5)</b> |
| <b>Estimated return, c/\$</b>   | <b>100</b>   | <b>100</b>   |
| <b>Estimated Surplus / (deficit)</b>                                      | <b>0.5</b>   | <b>4.1</b>   |

## Question

### What are the key terms of the proposed DOCA?

Some of the key aspects of the DOCA proposal include, among others:

- the Companies continue to operate as a going concern and are consolidated into a single group under Scope Australia membership;
- on the basis of a surplus following the Administration process, ongoing services and support to participants in their current form for a minimum of 12 months, subject only to any negotiated changes by participants or their guardians, families or carers, or those required for a safety reason or change in participant circumstance;
- All current employees at effectuation of the DOCA and their entitlement remaining with DSA under Scope's ownership, with former employees paid in full through the Creditors' Trust
- assumption of lease obligations;
- all creditors receiving 100c in the \$ for any admitted claims; and
- The establishment of a Creditors' Trust to receive any creditor claims (whose debts are released under the transaction document) not being retained with DSA and to facilitate a distribution to creditors in full

We understand the intention is for the DSA brand and name to continue under Scope in the short to medium term.

Scope's final binding offer can be found at **Annexure J**.

The key terms are also summarised at **Section 7** of this Report.

The following table summarises the outcome to each category of stakeholder in the DOCA/Creditors' Trust:

| Stakeholder   | Outcome  |
|---|--|
| <b>Current employees</b>  | Ongoing employment with DSA.<br>Employee entitlements will remain with DSA under the ownership of Scope. |
| <b>Former employees (resigned prior to appointment or during the Administration period)</b> | Paid in full through the Creditors' Trust  |
| <b>Landlords and lessors</b>  | Landlord and lessor liabilities will remain with DSA under the ownership of Scope.                       |
| <b>Unsecured creditors</b>  | Paid in full through the Creditors' Trust  |

### Who are Scope?

Scope is one of Australia's largest providers of disability support services with over 70 years' experience supporting people with physical, intellectual and multiple disabilities and developmental delays. Scope, as DOCA Proponent, has advised it will be funding the acquisition with funds from their balance sheet. The Administrators consider that Scope has a strong financial position and is able to fund the requirements of the proposed transaction and the DSA Group moving forward.

### Will creditors be treated differently in terms of priority in the DOCA when compared to a liquidation?

Other than differences in certain rights in a Creditors' Trust when compared to a DOCA (discussed in Section 7), creditors will not be treated differently in the proposed pooled DOCA when compared to a liquidation scenario. The pooled DOCA will also result in no creditor being worse off than in a liquidation and per the Proposal, creditors will receive 100 cents in the Dollar.

## Question

What is the key timeline of the DOCA?

| Key event  | Estimated timing   |
|--|--------------------|
| <b>Execution of Proposed DOCA (post approval at the creditors meeting)</b>   | 2 December 2021    |
| <b>Commencement of a Court application under sections 447A and 444GA to transfer members' interest in DSA to Scope</b>               | 3 December 2021    |
| <b>Obtain s444GA orders from the Court</b>   | 13 December 2021   |
| <b>Complete other conditions precedent</b>   | 13 December 2021   |
| <b>Completion and termination of DOCA</b>  | 13 December 2021   |
| <b>Creation of Creditors' Trust</b>  | 13 December 2021   |
| <b>Creditor claims against Company released and extinguished and claims converted to rights as beneficiaries of Creditors' Trust</b> | 13 December 2021   |
| <b>Adjudication of former employee priority creditor claims and distribution</b>   | By 31 January 2022 |
| <b>Adjudication of claims and distribution to beneficiaries of Creditors' Trust (i.e. creditors)</b>                                 | By 31 March 2022   |

While there are a number of factors that may impact the timing of the key events, the Administrators anticipate that:

- The DOCA could be completed and terminated by 13 December 2021 and funds distributed to beneficiaries of the Creditors Trust prior to the end of January 2022 for former employee priority creditors and by the end of March 2022 for unsecured creditors.
- Any delays to this timeline are likely to be a result of the completion of the conditions precedent under the DOCA, including a Court order under sections 447A and 444GA or delays in admitting creditor proofs of debt in accordance with the Creditors' Trust.

What is a Creditors' Trust?

The DOCA is accompanied by a Creditors' Trust.

A Creditors' Trust is a separate legal arrangement used to facilitate the distribution of funds to stakeholders while allowing the Deed Companies to emerge from insolvency in an accelerated manner.

On the satisfaction or waiver of certain conditions under the DOCA (including but not limited to the transfer of DSA's membership to Scope Australia) the rights of creditors are extinguished and exchanged for a beneficial right to claim in the Creditors' Trust. In accordance with our obligations under ASIC Regulatory Guide 82.

We have provided additional information in this report to ensure creditors are fully informed.

## Question

### What is the purpose of the Concurrent Second Meetings?

To resolve the future of the Companies. The options available include whether each of DSA, DSAM and METS:

- execute a DOCA;
- be wound up; or
- end their respective Administrations.

In the unlikely event that creditors resolve that the Administration should end, control of the Companies will revert to the Directors. Absent acceptance of the DOCA proposal, we consider DSA is likely to become insolvent and will become unable to pay debts as and when they fall due. Accordingly, returning control of DSA to its Directors would be inappropriate and is not recommended.

**As outlined previously, we recommend that creditors approve the Companies to execute the DOCA proposal from Scope.**

For further details on how to attend and vote at the Concurrent Second Meetings please refer to **Section 2.7** of this Report.

## Question

### What is the estimated return to creditors?

#### DOCA scenario

Under the proposed DOCA, all creditors are expected to receive a 100 cent in the Dollar return.

We estimate that the dividends payable to each class of creditor are as follows:

| Cents in the Dollar return      | Estimated dividend rate (cents in the \$) | Estimated timing       |
|---------------------------------|---|------------------------|
| Secured                         | 100                                       | 13 December 2021       |
| Priority (e.g former employees) | 100                                       | By end of January 2022 |
| Unsecured                       | 100                                       | By end of March 2022   |

#### Liquidation scenario

If the Companies are placed into liquidation, there is significant uncertainty as to estimated returns and there would be a material shortfall to creditor claims as well as a material uncertainty as to the timing of any recovery. It is likely there would be no return to unsecured creditors as significant employee entitlement liabilities (redundancy) will be crystallised, as well as contingent lease obligations.

We estimate that the dividends payable to each class of creditor are as follows:

| Cents in the Dollar return | DSA        | DSAM | METS       |
|----------------------------|------------|------|------------|
| Secured                    | 100        | N/A  | N/A        |
| Priority (e.g employees)   | 0.4 – 38.6 | Nil  | Nil – 94.8 |
| Unsecured                  | Nil        | Nil  | Nil        |

It would be likely that priority creditors would need to recover their outstanding entitlements (excluding unpaid superannuation) through FEG. Please refer to **Section 10** for further information.

### What are the advantages and disadvantages of the DOCA/Creditors' Trust

#### Advantages

- The Companies would continue to operate as a going concern and are consolidated into a single group under Scope Australia membership.
- Ongoing support and services to participants for a minimum of 12 months, subject only to any negotiated changes by participants or their guardians, families or carers, or those required for a safety reason or where there is a change in participant circumstances.
- Ongoing employment for the Companies' current employees and continuation of employee entitlements. Scope, as a NFP also offers certain employee salary sacrificing benefits.
- Assumption of lease obligations.
- Creditors (admitted claims) will receive a 100c dividend prior to the end of January 2022 (priority) and March 2022 (unsecured) in a DOCA/Creditors' Trust.
- The distribution to creditors via the Creditors' Trust allows the Companies to return to operating in an accelerated manner and out of an insolvency process.
- The outcome, timeliness and certainty of returns is significantly better under the DOCA proposal than an immediate liquidation.

| Question   |  |
|--|--|
| <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>– Whilst there are no identified potential recoveries that may be made by any liquidator as identified in this report, by proceeding with the DOCA/Creditors' Trust there would be no recourse to any claims against Directors, former directors, related entities of the Companies or preference/uncommercial transaction creditors.</li> <li>– A Creditors' Trust results in the loss of Court supervision pursuant to Part 5.3A of the Corporations Act. While the Court can still provide relief under the general law of trusts, the safeguards available to creditors under Part 5.3A of the Corporations Act are no longer available.</li> <li>– However, the risks are somewhat mitigated with reference to no deferred payments or earn out component of the Creditors' Trust (i.e. the significant proportion of the funds making up the Trust Fund are paid at the commencement of the Creditors' Trust). In addition, it is proposed the Deed Administrators become the Trustees so they will have full clarity on the requirements of the Trust Fund.</li> </ul> |  |
| <p><b>What do the Administrators recommend creditors should do?</b></p>  | <p>The DOCA proposal provides a significantly preferable financial outcome and a more certain return to creditors than a liquidation, as well as a distribution at an earlier date.</p> <p>We are of the opinion that <b>creditors should accept Scope's DOCA proposal</b>.</p>  |
| <p><b>What claims would a liquidator investigate?</b></p>  | <p>As discussed, it is our preliminary view that the Companies were not insolvent prior to our appointment on 25 August 2021.</p> <p>Our investigations into claims arising from those matters are at an early stage, however to date the Administrators have not identified any claims against the Directors or potential voidable transactions.</p> <p>The Companies' affairs will require further investigation by a liquidator if appointed.</p> <p>The investigations undertaken to date in the Administration are detailed at <b>Section 8</b> of this report.</p> |

## Question

### What do creditors need to do next?

Creditors will vote via the Creditors Portal on the future of the Companies at the Concurrent Second Meetings to be held via teleconference at **10:00AM (AEDT) on 2 December 2021**.

All creditors are entitled to attend the Concurrent Second Meetings and can attend via proxy or in person. Creditors should review the contents of this report and complete the following forms by **4:00pm on 1 December 2021**:

| Form/ voting   | Where to submit  |
|--|--|
| Appointment of proxy – DSA – form 532<br>(Annexure I1)         | <b>Email:</b> AU-FMDSA@kpmg.com.au   |
| Appointment of proxy – DSAM – form 532<br>(Annexure I2)        |  |
| Appointment of proxy – METS – form 532<br>(Annexure I3)        |  |
| COI nomination form<br>(Annexure I4)                           |  |
| Proof of debt - form 535* (if one has not already been lodged) | Via Creditors' Portal<br><a href="https://creditors.accountants/">https://creditors.accountants/</a> |
| Online voting at the meeting of creditors                      | Via Creditors' Portal and teleconference details   |

*\*Employees do not need to lodge a proof of debt*

**Please contact KPMG by email at AU-FMDSA@kpmg.com.au or by telephone to (07) 3233 9726 at least one business day prior to the Concurrent Second Meetings to advise that you will be using the conference facilities and to be provided with the conference call code.**

Further guidance on how to register, submit a proof of debt form and vote at the Concurrent Second Meetings can be found at **Section 2.7** of this report.

### Where can I get more information?

If you require any further information, including attending the creditors meeting, please see the KPMG website and/or contact the following:

#### Creditor queries

Phone: 07 3233 9726

E-mail: AU-FMDSA@kpmg.com.au

#### Employee queries

Phone: 02 9335 8630

E-mail: AU-FMDSAemployees@kpmg.com.au

## 2 Introduction

This section provides information on the entities subject to the Administration process, the objectives of the Administration, the purpose of this Report, details of meetings of creditors and a summary of the Administrators' remuneration.

| Key takeaways |   |
|---------------|---|
| 1             | Gayle Dickerson, James Dampney and Peter Gothard were appointed as joint and several Administrators of the Companies on 25 August 2021.   |
| 2             | Creditors will vote, via the Creditors' portal, on the future of the Companies at the Concurrent Second Meetings, to be held <b>via teleconference at 10:00am (AEDT) on 2 December 2021</b> . |
| 3             | <b>We recommend creditors resolve that the Companies execute the DOCA proposal received from Scope detailed at Section 7.</b>   |

### 2.1 Appointment of Voluntary Administrators

On 25 August 2021, we, Gayle Dickerson, James Dampney and Peter Gothard and were appointed as joint and several Administrators of the following Companies by the Companies' board under Section 436A of the Corporations Act:

- Disability Services Australia Limited ACN 002 507 655;
- DSA Mentoring Services Limited ACN 629 308 881; and
- Macquarie Employment Training Service Limited ACN 643 269 112.

### 2.2 Objective of Voluntary Administration

In a Voluntary Administration, Administrators are empowered by the Corporations 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.

The intention of a Voluntary 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 pre-administration creditor claims.

Administrators are also required to investigate the Companies' affairs and report to creditors on the Administrators' opinion as to which outcome of the Voluntary Administration process is in the creditors' best interest, informing the creditors prior to their voting at the Concurrent Second Meetings (please see **Section 2.7** for further details).

### 2.3 Purpose and basis of this report

IPR 75-225 requires a voluntary administrator to provide a report (the **Voluntary Administrators' Report** or this **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 the Administrators 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/or tabled at the forthcoming Concurrent Second Meetings.

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

In order to complete our Report, we have utilised information from:

- ASIC;
- the PPSR;
- the Companies' book and records;
- discussions with the Directors and former directors of the Companies;
- discussions with key employees of the Companies;
- discussions with creditors of the Companies; and
- other public databases.

## 2.4 Context of this Report

This Report is based on our preliminary investigations to date. Any additional material issues that are identified subsequent to the issue of this Report may be the subject of a further written report and/or tabled at the Concurrent Second Meetings.

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 Concurrent Second Meetings (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 in the circumstances. These forecasts and estimates may change as asset realisations progress and we receive creditor claims and 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 Concurrent Second Meetings.

## 2.5 Declaration of independence, relevant relationships and indemnities

In accordance with Section 436DA of the Corporations Act and the Code, a DIRRI was enclosed with the Administrators' first communication to creditors (and tabled at the First Meetings of Creditors).

The DIRRI disclosed information regarding the Administrators' 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 the Administrators' independence.

Following our appointment, representatives from ASIC requested information from the Administrators in relation to the pre-appointment engagement undertaken by KPMG discussed in **Section 3.4**. As requested to be disclosed by ASIC, we provide a copy of our correspondence with ASIC at **Annexure K**.

In summary:

- The Administrators do not consider there are any independence concerns in relation to the pre-appointment engagement;
- At the date of this Report, ASIC has not requested that the DIRRI be updated; and
- ASIC has not taken (or requires) any further action.

## 2.6 First Meetings of Creditors and Committee of Inspection

Section 436E of the Corporations Act requires the Administrators to convene the first meeting of creditors within eight business days of being appointed.

The First Meetings were held on 6 September 2021, at which the Administrators appointment was confirmed. A quorum was not present at the First Meeting of DSAM and the meeting subsequently lapsed.

Creditors resolved at the First Meetings to appoint a COI to DSA of whom the members are as follows:

| Committee member name | Representing                              |
|-----------------------|---|
| James Breen           | NSW Department of Communities and Justice |
| Ian Copp              | Commonwealth Bank of Australia            |
| Heath Dickens         | Himself, as an employee of DSA            |

Each member of the COI has been provided with an undertaking as to confidentiality. We have not convened any formal meetings of the COI.

No COI was appointed to DSAM or METS.

## 2.7 Concurrent Second Meetings of Creditors

Based on the statutory timetable of a Voluntary Administration, the Concurrent Second Meetings were required to be held on 29 September 2021.

Given the large number of expressions of interest received and the indicative timetable we proposed for the EOI Process, we made an application to the Federal Court of Australia for an extension of the convening periods of the Companies pursuant to Section 439A(6) and Section 447A(1) of the Corporations Act. The Court made orders on 17 September 2021 that the date by which the Administrators were required under Section 439A of the Corporations Act to convene the Concurrent Second Meetings be extended to 27 December 2021.

The Notice of Meetings of Creditors is attached (**Annexure E**) along with an appointment of proxy form (**Annexure I1-I3**).

Creditors have the opportunity to adjourn the Concurrent Second Meetings for up to a period of 45 business days to enable further investigations to be undertaken, where required.

The Administrators intend to hold concurrent Concurrent Second Meetings. All creditors are entitled to attend the Concurrent Second Meetings. Creditors who wish to participate in the Concurrent Second Meetings must complete and submit the following forms to this office by **4:00pm on 1 December 2021**.

We are using the Creditors' Portal to manage creditor claims and allow creditors to vote online at the Concurrent Second Meetings. Creditors are required to register and submit a formal proof of debt form electronically (if they have not done so already) via the Creditors' Portal at the following link <https://creditors.accountants/>. Creditors can find further guidance on how to register, submit and manage a claim at **Annexure H**.

A person is not entitled to vote at the Concurrent Second Meetings unless they provide particulars of the debt or claim to the Administrators before the meeting. All creditors must furnish full details of their claims via the Creditors' Portal, indicating whether they rank as secured, preferential or unsecured, and whether they claim title to any goods supplied to the Companies or any lien over goods in their possession which are the property of the Companies.

Creditors should review the contents of this Report and complete the following forms by **4:00pm on 1 December 2021**:

| Form/ voting   | Where to submit                    |
|--|------------------------------------|
| Appointment of proxy – DSA – form 532<br>( <b>Annexure I1</b> )  |                                    |
| Appointment of proxy – DSAM – form 532<br>( <b>Annexure I2</b> ) | <b>Email:</b> AU-FMDSA@kpmg.com.au |
| Appointment of proxy – METS – form 532<br>( <b>Annexure I3</b> ) |                                    |

| Form/ voting   | Where to submit   |
|--|---|
| COI nomination form<br>(Annexure I4)                           |   |
| Proof of debt - form 535* (if one has not already been lodged) | Via Creditors' Portal<br><a href="https://creditors.accountants/">https://creditors.accountants/</a>  |
| Online voting at the Concurrent Second Meetings                | <p>Creditors who will be attending will be required to login via the Creditors' Portal and attend the Concurrent Second Meetings via the teleconference facilities.</p> <p>We will be using the Creditors' Portal to conduct a poll for all resolutions put forward at the Concurrent Second Meetings. Instructions on how to vote are detailed at <b>Annexure H</b>.</p> <ul style="list-style-type: none"> <li>- The Concurrent Second Meetings will be open on the Creditors' Portal two hours prior to the commencement of the Concurrent Second Meetings to allow creditors to view the resolutions.</li> <li>- Creditors (or their nominated proxy) will be required to log in to the Creditors' Portal during the Concurrent Second Meetings to submit their votes.</li> <li>- <b>Creditors will need to contact KPMG at least one business day prior to the Concurrent Second Meetings to advise that they will be using the teleconference facilities.</b></li> <li>- Teleconference facility details will be provided the day before the meeting to creditors that have contacted KPMG to attend the Concurrent Second Meetings virtually.</li> </ul> |

\*Employees do not need to lodge a proof of debt

**As the Concurrent Second Meetings are being held virtually, please contact KPMG by email at AU-FMDSA@kpmg.com.au or by telephone to (07) 3233 9726 at least one business day (i.e. by 4pm on 1 December 2021) prior to the Concurrent Second Meetings to advise that you will be using the conference facilities and to be provided with the conference call code. If we do not receive this request you may not be able to access the meeting.**

## 2.8 Remuneration and internal disbursements

An Administrators' remuneration can only be fixed by resolution of a COI, the Companies' 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 communication and tabled at the First Meetings.

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](http://www.arita.com.au)).

A summary of remuneration we will be seeking approval for at the Concurrent Second Meetings is as follows:

### 2.8.1 Voluntary Administration, DOCA and Creditors' trust

|  | DSA<br>(\$ excl GST) | DSAM<br>(\$ excl GST) | METS<br>(\$ excl GST) |
|--|----------------------|-----------------------|-----------------------|
| <b>Remuneration to be approved at Concurrent Second Meetings – Voluntary Administration, DOCA and Creditors' trust</b> |                      |                       |                       |
| Voluntary Administration – 25 August 2021 to 19 November 2021  | 2,945,700.00         | 99,803.00             | 325,868.00            |

|  | DSA<br>(\$ excl GST) | DSAM<br>(\$ excl GST) | METS<br>(\$ excl GST) |
|--|----------------------|-----------------------|-----------------------|
| Voluntary Administration – 20 November 2021 to 2 December 2021   | 349,658.00           | 11,325.00             | 38,647.00             |
| <b>Estimated total remuneration – Voluntary Administration</b>   | <b>3,295,358.00</b>  | <b>111,128.00</b>     | <b>364,514.00</b>     |
| DOCA (if applicable) - date of execution of the DOCA to completion of the DOCA   | 313,710.00           | 7,616.00              | 8,384.00              |
| Creditors' Trust (if applicable) - execution of the Creditors' Trust to the effectuation of the Creditors' Trust                 | 284,463.00           | 11,316.00             | 17,259.00             |
| <b>Estimated total remuneration – DOCA and Creditors' Trust</b>  | <b>598,173.00</b>    | <b>18,931.00</b>      | <b>25,642.00</b>      |
| <b>Internal Disbursements to be approved at Concurrent Second Meetings – Voluntary Administration, DOCA and Creditors' trust</b> |                      |                       |                       |
| Voluntary Administration – 25 August 2021 to 19 November 2021  | 28,800.00            | -                     | -                     |
| Voluntary Administration – 20 November 2021 to 2 December 2021   | 5,000.00             | 1,000.00              | 2,000.00              |
| <b>Estimated total internal disbursements – Voluntary Administration</b>   | <b>33,800.00</b>     | <b>1,000.00</b>       | <b>2,000.00</b>       |
| DOCA (if applicable) - date of execution of the DOCA to completion of the DOCA   | 5,000.00             | 1,000.00              | 2,000.00              |
| Creditors' Trust (if applicable) - execution of the Creditors' Trust to the effectuation of the Creditors' Trust                 | 5,000.00             | 1,000.00              | 2,000.00              |
| <b>Estimated total internal disbursements – DOCA and Creditors' Trust</b>  | <b>10,000.00</b>     | <b>2,000.00</b>       | <b>4,000.00</b>       |

This estimate has increased for the following reasons:

- Our IRN assumed that the Administration would be confined to the period of five weeks. Based on the complexity of the engagement and level of interest expressed in the business it quickly became evident that the Administration period needed to be extended. On 17 September 2021, the Federal Court of Australia made orders extending the Convening Period for the Concurrent Second Meetings to 27 December 2021.
- Whilst our remuneration exceeds the IRN we note:
  - the complex operational challenges faced by the Administrators during the trading period, including responding to multiple PHO's, COVID-19 lockdown increasing risk and resourcing at an operational level in DSA, as well as requiring much of the Administrators' activity to be undertaken remotely for the majority of the Administration period.
  - Prioritising the continuity of services and safety of participants, including reviews of safeguarding measures and policies in DSA.
  - Extensive communication and stakeholder management was required during the extended Administration process given the nature of the support services provided by DSA.
  - The robust and competitive sale process undertaken, which generated an exceptional volume of interest with over 190 parties participating that ultimately resulted in an outstanding outcome for all stakeholders.
  - By way of comparison our IRN estimated weekly fees of c.\$280,000, as compared to our actual weekly run rate of c.\$269,000 during the Administration period (noting this fluctuated week by week).

## 2.8.2 Liquidation

|  | DSA<br>(\$ excl GST) | DSAM<br>(\$ excl GST) | METS<br>(\$ excl GST) |
|--|----------------------|-----------------------|-----------------------|
| <b>Remuneration to be approved at Concurrent Second Meetings – Liquidation</b>             |                      |                       |                       |
| Liquidation (if applicable) – commencement of liquidation to completion of the liquidation | 2,617,847.00         | 88,173.00             | 289,565.00            |
| <b>Estimated total remuneration – Liquidation</b>  | <b>2,617,847.00</b>  | <b>88,173.00</b>      | <b>289,565.00</b>     |

|  | DSA<br>(\$ excl GST) | DSAM<br>(\$ excl GST) | METS<br>(\$ excl GST) |
|--|----------------------|-----------------------|-----------------------|
| <b>Internal Disbursements to be approved at Concurrent Second Meetings – Liquidation</b>   |                      |                       |                       |
| Liquidation (if applicable) – commencement of liquidation to completion of the liquidation | 50,000.00            | 15,000.00             | 20,000.00             |
| <b>Estimated total internal disbursements – Liquidation</b>                                | <b>50,000.00</b>     | <b>15,000.00</b>      | <b>20,000.00</b>      |

Should creditors determine that the Companies go into liquidation we provide below an estimate of liquidation costs for the entities. The estimated costs of a liquidation are significantly higher than the DOCA and creditors' trust as a liquidation would require:

- Determination of a transition approach for participants – which based on our experience may take between 6-9 months;
- Potential asset sale options;
- Likely redundancy of some or all employees; and
- Further investigations as required by a liquidator.

Please refer to our Remuneration Approval Request at **Annexure F** for details of the key tasks undertaken throughout the course of the Administration to date.

## 2.9 Non-disclosure of certain information

There are sections of this Report where we have considered it inappropriate to disclose certain information to creditors. Such information includes:

- valuations of specific assets
- details of offers received during the sale process
- commercially sensitive prospective financial information (for example, projections / forecasts)

We recognise the need, so far as is possible, to provide creditors with complete disclosure of all necessary information relating to the Companies. However, we believe this information is commercially sensitive and it is not in creditors' interests for us to disclose the information publicly at this stage.

Where necessary in this Report, we provide a combined figure for potential realisations of assets when comparing estimated dividends under the relevant options.

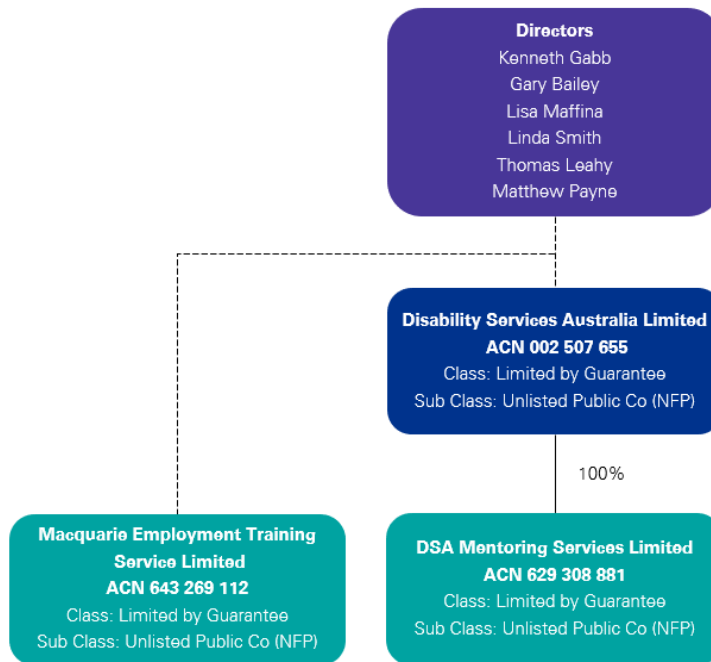
### 3 Group information

This section provides creditors with information on the history of the Companies and the circumstances leading up to the appointment of Administrators together with details of related entities including statutory information, and an overview of the operating businesses.

| Key takeaways |   |
|---------------|---|
| 1             | The Companies are limited by guarantee and are large registered charities with the ACNC.                |
| 2             | The Companies employ more than 1,650 individuals and cares for more than 1,000 participants across NSW. |

#### 3.1 Group structure

A summary of the Group's corporate structure is set out below:



The Companies are limited by guarantee, and the amount of the guarantee is limited to an amount not exceeding \$50 per member. The guarantee is not capable of being called upon except for the purpose of the winding up of the Companies. As a result, the Companies have no shareholders or share capital.

Key points to note in relation to the corporate structure are:

- The Companies are “Large Registered Charities” with the ACNC.
- DSA has 17 life members and 28 regular members, including the Directors.
- DSA is the sole member of DSAM.
- The members of METS are the Directors, and METS is consolidated into DSA.

## 3.2 Company history

### 3.2.1 DSA

DSA was established in 1957 as a not-for-profit public company registered with the ACNC and supports people with a disability across NSW. DSA employs over 500 people with a disability and provides support for more than 1,000 participants in the DSA community in key regions of New South Wales, including Greater Sydney Metro, the Central West, the Southern Highlands and Southern Ranges. DSA's objectives as per its constitution are:

- Develop and operate quality businesses and services that provide a stable and secure future for people with a disability;
- Promote and protect the interests of people with a disability and represent their views to government and other relevant authorities;
- Encourage continuous quality improvement in the delivery of services to people with a disability;
- Promote and facilitate the dissemination of information relating to people with a disability; and
- Be non-sectarian and non-political.

In addition to the above, the Companies' directors are required to comply with duties prescribed by the Australian ACNC Act and the Corporations Act.

### 3.2.2 DSAM

DSA acquired DSAM in December 2018. The purchase included the transfer of accommodation and supported independent living services for a cohort of participants from the Department of Family and Community Services, being the FACS1 and FACS2 sites.

DSAM's only business is to provide labour services to DSA, and DSA pays DSAM's employee costs in return.

### 3.2.3 METS

DSA acquired METS in December 2014. In late 2019, METS changed its legal form from an incorporated association to a company limited by guarantee at the direction of Fair Trading in NSW.

METS is a leading RTO and approved Smart and Skilled provider.

METS provides nationally recognised qualifications (such as Children's Services, First Aid, Individual Support and Disability, Retail, Community Services, Hospitality and Supply Chain Operations industries) through face to face learning and via a newly developed online training platform.

## 3.3 Business operations

The Group provides services to persons with a disability through the divisions set out in the following table:

| Business   | Description   |
|--|---|
| <p><b>Community &amp; Home Living</b></p> <p>1,037<br/>Staff</p> | <p>SIL: Accommodation and care support services provided to over 200 NDIS participants in 61 locations (Sydney Metro, Hunter, Western NSW, South Coast and Southern Highlands).</p> <p>Community Solutions: Provides social and recreational support services to over 185 NDIS participants at five locations across NSW (Sydney Metro, Hunter and Southern Highlands).</p> <p>Enhance Clinical Services: Based in Sydney Metro, Enhance are a team of Allied Health professionals providing a range of NDIS and fee-for-services support services (assessments, therapy and behaviour support) to over 400 internal and external clients.</p>  |
| <p><b>Employment Pathways</b></p> <p>614<br/>Staff</p>           | <p>Packaging Solutions: Provides direct employment for over 485 people with disability across Sydney Metro and Southern Highlands regions within the packaging and logistics sector servicing over 70 commercial customer contracts.</p> <p>Employment Solutions: Provides two core offerings: DES, supporting those with disabilities to find and maintain employment (in four Sydney Employment Service Areas), and SLES, supporting the transition from high school into the workforce (across Sydney Metro and Hunter Valley regions).</p> <p>Macquarie Employment Training Service: METS is a leading RTO and approved Smart and Skilled provider to approximately 2,200 enrolled students. It provides nationally-recognised qualifications in areas such as Children's Services, First Aid, Individual Support and Disability, Retail, Community Services, Hospitality and Supply Chain Operations industries.</p> |

### 3.4 Company history and events leading up to the Administration

| Date/Period      | Event   |
|------------------|---|
| October 2018     | DSA enters into an agreement to acquire DSAM, including the transfer of accommodation and supported independent living services for a cohort of 30 participants from the Department of Family and Community Services, being the FACS1 sites.  |
| August 2019      | <p>DSA engaged an external adviser to independently investigate an award compliance issue it had identified with the use of gift vouchers in lieu of overtime payments in one the Packaging Solutions sites.</p> <p>Evidence of other award compliance issues were found during the course of the investigation.</p> <p>DSA instructed its external adviser to expand its investigation to cover all of the Companies' operations to identify any other employment related legislative compliance contraventions. A range of compliance contraventions, resulting in underpayments to current and former employees were identified.</p> |
| November 2019    | The Companies notified the FWO of the award compliance issues.  |
| January 2020     | DSA engaged a separate external adviser to prepare a calculation of employee entitlements with respect to the issues identified.  |
| From March 2020  | The COVID-19 pandemic had a significant financial and operational effect on the Companies' businesses.  |
| From 1 July 2020 | As NDIS annual participant plans were reviewed, the NDIS progressively rolled out its changed pricing structure.  |

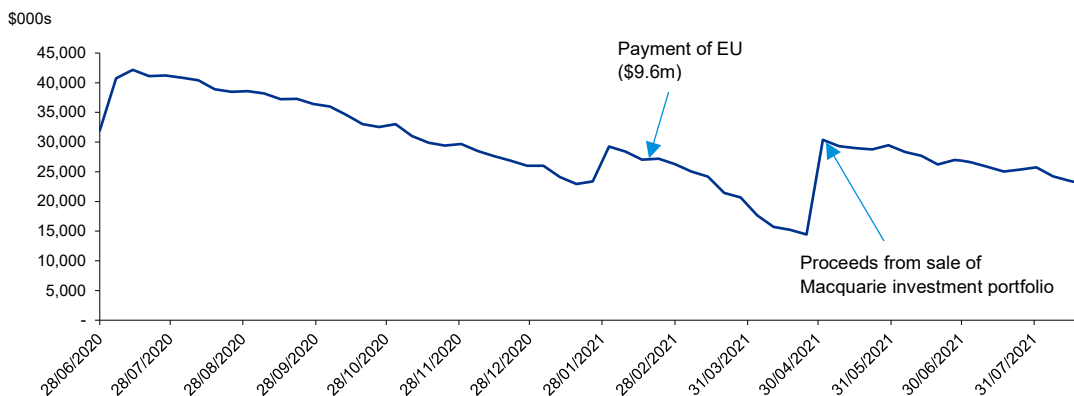
|                   |   |
|-------------------|---|
|                   | Management have advised that the changes significantly impacted DSA financially due to the complex participant cohort.  |
| July 2020         | <p>Proceeds from sale of Plan Management Partners Pty Ltd shares received (\$8m).</p> <p>Plan Management Partners Pty Ltd was a start up business providing plan management services to participants under the NDIS. DSA was a 25% founding shareholder, partnering with McMillan Shakespeare, who purchased the shares held by DSA.</p>  |
| From July 2020    | <p>DSA implemented a new strategic plan which included a significant restructure of the business to achieve both improved operational outcomes and service to participants as well as financial savings. The new structure was in place for the start of the FY22 financial year. In addition, support office expenses were reviewed and reduced:</p> <ul style="list-style-type: none"> <li>– Employee headcount which was forecast to achieve annual savings in employee costs of around \$1.5M in FY22.</li> <li>– Occupancy and administration expenses which was forecast to achieve annual savings of approximately \$700k in FY22.</li> <li>– Management estimate that annual SIL pricing was reduced by approximately 6.5%, with the direct costs of service being unchanged or increasing by CPI for wages.</li> </ul> |
| October 2020      | DSA entered into an agreement to transfer further accommodation and supported independent living services from the Department of Family and Community Services, being the FACS2 sites.  |
| October 2020      | The Alliance 20 Group, being an organisation which brings together Australia's largest disability service providers across the country, engaged PwC to prepare submissions to the NDIS regarding the adequacy of the changes in NDIS pricing structure discussed above.   |
| From October 2020 | The Companies repaid various advances from NDIS totalling \$7.4m received in FY20 as part of COVID-19 relief stimulus packages.   |
| 17 December 2020  | The Companies executed an enforceable undertaking with the Fair Work Ombudsman that DSA (together with METS and DSAM) would calculate and pay any underpayments of entitlements to employees by 31 March 2021.  |
| January 2021      | Proceeds received from sale of 76 Harley Crescent, Condell Park (\$5.7m). This property was sold as it no longer met the needs of the DSA business. These proceeds were used primarily to fund the fit-out of the new leased packaging solutions, employment and support office site at Kingsgrove.   |
| From January 2021 | DSA effected a major business restructure within the CHL division, which focused on the non-participant facing management structure and also centralising head office functions and processes, including redundancy and other implementation costs expensed during FY21. The restructure resulted in improvements in operational processes and team management and was budgeted to achieve annual financial savings in employee costs of \$2m in FY22.  |
| April 2021        | It was estimated that the cost associated with the investigation, remediation and implementation of the Enforceable Undertaking was approximately \$12 million.   |
| May 2021          | Proceeds from sale of DSA's Macquarie investment portfolio received (\$15.7m).  |

|                       |  |
|-----------------------|--|
| May 2021              | As part of Management's turnaround plan they undertook a review of the FACS1 sites during October 2020 to May 2021, however changes were not implemented prior to the appointment of the Administrators.   |
| May 2021 to July 2021 | DSA held meetings with FACS and the NDIS to discuss the changed pricing structure. During this period, DSA also held meetings with other disability service providers to discuss their results and actions taken to date to address the changes in funding.  |
| April 2021            | The Companies made their final tranche of payments to employees in relation to the Enforceable Undertaking. We confirm that the first audit required to be undertaken in accordance with the Enforceable Undertaking is in the process of being finalised. A second audit will be required to be conducted in June 2022.   |
| 5 July 2021           | DSA engaged external legal advisers to provide legal advice regarding the Companies' solvency position. It was recommended that the Companies engage a suitably qualified independent accountant to undertake a cash flow forecast review and options analysis, and KPMG was engaged (refer to the DIRRI in the initial circular to creditors dated 27 August 2021 for more detail). |
| 25 August 2021        | The Directors resolved to appoint Administrators effective 25 August 2021.   |

### 3.5 Historical cash flow

During FY21 and YTD FY22, DSA's cash flow deteriorated by \$9.9m, as shown in the graph below.

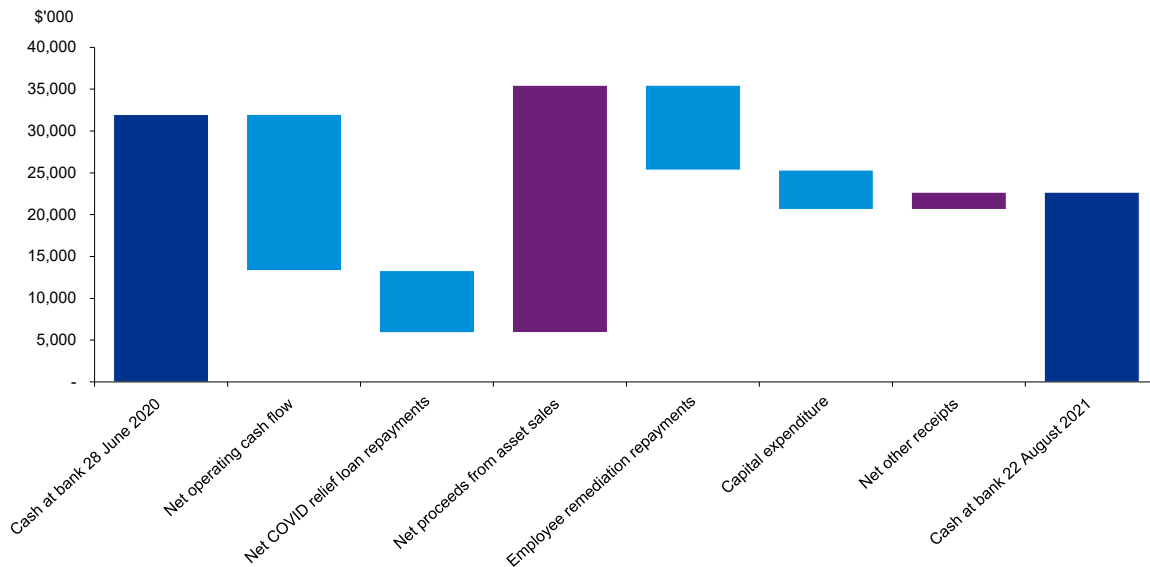
**DSA cash at bank balance for the period 28 June 2020 to 22 August 2021**



Source: Management's cash flow and KPMG analysis

Further analysis of the Group's deterioration in cashflow during FY21 and YTD FY22 is summarised below:

### Source and application for the period 28 June 2020 to 22 August 2021



Source: Management's cash flow and KPMG analysis

The key cash flow movements during the period were as follows:

- Net operating losses of \$18.7m;
- Repayment of COVID relief government funding of \$7.4m;
- Proceeds from non-core asset sales of \$29.6m;
- Payments of \$9.6m in compliance with the Enforceable Undertaking (see **Section 3.4**); and
- FY21 capital expenditure of \$4.7m.

### 3.6 Statutory information

Statutory information in respect of each of the Companies extracted from ASIC's national database at the time of our appointment is contained at **Annexure A**.

- incorporation date
- registered office address
- principal place of business address
- company officers

A search of the National Personal Insolvency Index maintained by the Australian Financial Security Authority shows that the Companies' current directors are not bankrupt or subject to a Personal Insolvency Agreement under Part X.

### 3.7 Registered security interests

#### 3.7.1 DSA

On appointment, the PPSR disclosed that 20 parties held 169 registered security interests against DSA. We understand that the majority of the security interests relate to Motor Vehicles and Other Goods.

##### 3.7.1.1 AIIPAAP

CBA holds a charge over the whole or substantially the whole of the property of DSA.

DSA maintains the following facilities with CBA:

- Overdraft facility with a limit of \$100k (undrawn).
- Credit card facility with a limit of \$255k. On appointment DSA had drawn the credit card facility to \$81k.
- Contingent liability facility in relation to bank guarantees provided to landlords under various lease agreements with a limit of \$2.0m. On appointment, DSA's landlords held bank guarantees totaling \$1.7m which had not been called.
- Asset finance facility in relation to 29 motor vehicle contracts with Fleetplus with a limit of \$1.5m. On appointment the facility was drawn to \$664k.

At appointment, CBA exercised its right of set off and it was agreed that \$2.6m would be moved to a segregated account to secure contingent liabilities that may arise in a Liquidation scenario.

The Administrators have confirmed that CBA's security is valid in relation to the credit card facility and contingent liability limit and continue to finalise their review with regards to the validity of CBA's security in relation to the asset finance facility. The CBA facility and security will not be impacted and will remain in effect if the Scope DOCA proposal is approved and effectuated.

### 3.7.1.2 Other Registrations

During the Administration process, the Administrators have liaised with the secured parties regarding discharge of their security interests.

Of the 168 other registered security interests, 38 have been discharged.

Details of the remaining security interest holders are set out below:

| Secured Party                                       | Collateral class | No. of registrations |
|---|------------------|----------------------|
| 3E Advantage Pty Ltd                                | Other Goods      | 2                    |
| Finlease Pty Ltd                                    | Other Goods      | 17                   |
| Fleet Partners Pty Ltd                              | Motor Vehicle    | 2                    |
| Fleetplus Pty Ltd                                   | Motor Vehicle    | 70                   |
|   | Other Goods      | 1                    |
| Konica Minolta Business Solutions Australia Pty Ltd | Other Goods      | 14                   |
| Loscam Australia Pty Ltd                            | Other Goods      | 1                    |
| M L A Holdings Pty Ltd                              | Motor Vehicle    | 7                    |
| Toyota Finance Australia Ltd                        | Motor Vehicle    | 15                   |
|   | Other Goods      | 1                    |
| <b>Total</b>  |                  | <b>130</b>           |

Source: PPSR searches undertaken on 10 November 2021

The Administrators are liaising with the secured creditors regarding the remaining registrations.

The registrations primarily relate to leased equipment and motor vehicles.

### 3.7.2 DSAM

No registered security interests were identified as at the date of appointment.

### 3.7.3 METS

On appointment, one party was identified to have held two registered security interests. Both interests have since been discharged.

## 3.8 Winding up applications

At the date of our appointment, there was no outstanding winding up application against the Companies.

## 4 Historical financial position

This section provides a summary of the financial performance of the Companies during the period of FY19, FY20, FY21 and YTD FY22.

| Key takeaways |   |
|---------------|---|
| 1             | DSA's financial position and performance has deteriorated over the period FY19 to YTD FY22, sustaining a net loss of \$20.8m in FY21. |
| 2             | DSAM does not generate revenue in its own right and only receives intercompany service fees from DSA to pay its employee costs.       |
| 3             | METS remained profitable and in a net asset position throughout the period FY19 to YTD FY22.  |

### 4.1 Preparation of financial statements

The Companies' financial statements were prepared on a consolidated basis to FY21 and were audited to the year ended 30 June 2020. The financial statements for FY21 have been drafted but the audit had not been commenced prior to our appointment.

The Companies prepared monthly management accounts which are current as at August 2021. The financial information below is presented on an individual entity basis.

### 4.2 DSA

#### 4.2.1 Summary profit and loss

A summary of DSA's profit and loss is presented below:

| \$000s                            | FY19            | FY20            | FY21            | YTD FY22        |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| <b>Revenue:</b>                   |                 |                 |                 |                 |
| Commercial revenue                | 10,727          | 8,586           | 4,992           | 591             |
| Core Service revenue              | 71,142          | 90,186          | 93,392          | 14,206          |
| Other Income                      | 506             | 1,667           | 1,964           | 313             |
| <b>Total Revenue</b>              | <b>82,375</b>   | <b>100,439</b>  | <b>100,349</b>  | <b>15,110</b>   |
| <b>Expenses:</b>                  |                 |                 |                 |                 |
| Direct Payroll Costs              | (55,967)        | (76,716)        | (78,885)        | (12,094)        |
| Other Direct Costs                | (2,181)         | (2,019)         | (1,656)         | (230)           |
| <b>Total Direct Costs</b>         | <b>(58,148)</b> | <b>(78,735)</b> | <b>(80,540)</b> | <b>(12,325)</b> |
| Gross Profit                      | 24,227          | 21,704          | 19,809          | 2,785           |
| Gross margin %                    | 29.4            | 21.6            | 19.7            | 18.4            |
| <b>Overheads:</b>                 |                 |                 |                 |                 |
| Payroll & On Costs                | (15,834)        | (22,780)        | (25,638)        | (3,715)         |
| Occupancy Costs                   | (6,321)         | (7,329)         | (7,453)         | (1,195)         |
| Administration Costs              | (5,779)         | (11,153)        | (12,783)        | (2,105)         |
| <b>Total Operating Expenses</b>   | <b>(27,933)</b> | <b>(41,263)</b> | <b>(45,874)</b> | <b>(7,015)</b>  |
| <b>Other income and subsidies</b> |                 |                 |                 |                 |
| Net Fundraising Income            | 149             | 133             | 132             | 15              |
| Net Investment Income             | 1,580           | 1,063           | 617             | 8               |
| FACS subsidy income               | 5,111           | 6,837           | 3,576           | 209             |
| Other income and subsidies        | 724             | 911             | (895)           | (88)            |
| <b>Net Profit</b>                 | <b>2,411</b>    | <b>(12,438)</b> | <b>(20,845)</b> | <b>(3,910)</b>  |

Source: Company Management Accounts, financial year end as at 30 June

Key observations:

- Total revenue increased in FY20 following the acquisition of the FACS1 sites and remained stable throughout FY21 and on an annualised YTD FY22 basis.
- With the acquisition of FACS1 and FACS2 (discussed in **Section 3.4**), DSA's largest expenses (direct payroll and payroll and on-costs overheads), also increased in FY20 and impacted gross margin in FY21 and YTD FY22. Payroll as a percentage of revenue increased from 84% in FY19 to 104% in FY21 and YTD FY22.
- Following changes to the NDIS pricing structure, which particularly impacted the ability to cover costs associated with services to complex participants, along with the acquisition of the FACS sites and the impacts of the COVID-19 pandemic, gross margin reduced across the period from 29% in FY19 to 18% in YTD FY22.

#### 4.2.2 Summary balance sheet

A summary of DSA's balance sheet is presented below:

| \$000s                               | FY19            | FY20            | FY21            | YTD FY22        |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| <b>Current assets</b>                |                 |                 |                 |                 |
| Cash and cash equivalents            | 14,812          | 30,936          | 26,873          | 24,550          |
| Trade and other receivables          | 4,570           | 3,382           | 2,897           | 2,736           |
| Inventory                            | 150             | 90              | 35              | 36              |
| Other current assets                 | 10,261          | 10,617          | 551             | 424             |
| <b>Total current assets</b>          | <b>29,793</b>   | <b>45,025</b>   | <b>30,356</b>   | <b>27,746</b>   |
| <b>Non-current assets</b>            |                 |                 |                 |                 |
| Property, plant and equipment        | 13,634          | 15,177          | 13,691          | 13,472          |
| Financial assets                     | 13,774          | 12,976          | -               | -               |
| Right of use assets                  | -               | 10,242          | 18,938          | 18,266          |
| Intangible assets                    | 125             | 327             | 201             | 174             |
| <b>Total non-current assets</b>      | <b>27,533</b>   | <b>38,722</b>   | <b>32,830</b>   | <b>31,912</b>   |
| <b>Total assets</b>                  | <b>57,326</b>   | <b>83,747</b>   | <b>63,186</b>   | <b>59,658</b>   |
| <b>Current liabilities</b>           |                 |                 |                 |                 |
| Trade and other payables             | (4,662)         | (6,305)         | (7,243)         | (8,002)         |
| Intercompany payables                | (2,056)         | (4,783)         | (5,686)         | (5,717)         |
| Lease liabilities                    | -               | (3,218)         | (4,077)         | (3,515)         |
| Employee provisions                  | (4,512)         | (13,158)        | (11,181)        | (11,445)        |
| Other current liabilities            | (3,887)         | (11,057)        | (3,145)         | (3,032)         |
| <b>Total current liabilities</b>     | <b>(15,117)</b> | <b>(38,521)</b> | <b>(31,332)</b> | <b>(31,711)</b> |
| <b>Non-current liabilities</b>       |                 |                 |                 |                 |
| Lease liabilities                    | -               | (7,068)         | (15,513)        | (15,513)        |
| Employee provisions                  | (1,029)         | (1,111)         | (1,087)         | (1,087)         |
| Other provisions                     | -               | (3,000)         | (2,850)         | (2,850)         |
| Other non-current liabilities        | (4,427)         | (3,086)         | -               | -               |
| <b>Total non-current liabilities</b> | <b>(5,456)</b>  | <b>(14,265)</b> | <b>(19,450)</b> | <b>(19,450)</b> |
| <b>Total liabilities</b>             | <b>(20,573)</b> | <b>(52,786)</b> | <b>(50,782)</b> | <b>(51,161)</b> |
| <b>Net assets</b>                    | <b>36,753</b>   | <b>30,961</b>   | <b>12,404</b>   | <b>8,497</b>    |

Key observations:

- DSA had a strong net asset position in FY19 which were underpinned by financial investments and property, which were gradually sold down to fund operational losses (or as the assets were considered non-core). DSA saw a substantial erosion of equity over the period FY19 to YTD FY22 due to the operational losses and a number of one-off payments in FY21 discussed at **Section 3.4**, with the potential to create an untenable position in the near future
- Current employee provisions increased by \$8.6m in FY20 due to the calculation of underpaid employee entitlements discussed at **Section 3.4**.
- DSA's cash at bank increased in FY20 as a result of the sale of the Plan Management Partners shares in June 2020 and an advance from Government Agencies following the COVID-19 pandemic.
- Both right of use assets and lease liabilities have increased over the period following the inclusion of the new Kingsgrove leases, with a net position of \$2.7m at appointment.

## 4.3 DSAM

### 4.3.1 Summary profit and loss

| \$000s                            | FY19           | FY20           | FY21           | YTD FY22     |
|-----------------------------------|----------------|----------------|----------------|--------------|
| <b>Revenue</b>                    |                |                |                |              |
| Core Service revenue              | -              | -              | -              | -            |
| Other Income                      | 4,651          | 6,485          | 7,688          | 981          |
| <b>Total Revenue</b>              | <b>4,651</b>   | <b>6,485</b>   | <b>7,688</b>   | <b>981</b>   |
| <b>Expenses</b>                   |                |                |                |              |
| Direct Costs                      | -              | -              | -              | -            |
| <b>Gross Profit</b>               | <b>4,651</b>   | <b>6,485</b>   | <b>7,688</b>   | <b>981</b>   |
| <b>Overheads</b>                  |                |                |                |              |
| Payroll & On Costs                | (4,651)        | (6,452)        | (7,688)        | (981)        |
| Administration Costs              | -              | -              | 1              | -            |
| <b>Total Operating Expenses</b>   | <b>(4,651)</b> | <b>(6,452)</b> | <b>(7,688)</b> | <b>(981)</b> |
| <b>Non-Operating Income</b>       |                |                |                |              |
| Net Investment Income             | -              | 2              | -              | -            |
| <b>Total Non-Operating Income</b> | <b>-</b>       | <b>2</b>       | <b>-</b>       | <b>-</b>     |
| <b>Net Profit</b>                 | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>     |

Key observations:

- As discussed at **Section 3.2.2**, DSAM's only business is to provide employment services to DSA and accordingly received income in the form of funds received by DSA for employment service fees.
- DSAM recorded a break-even position in each financial year.

### 4.3.2 Summary balance sheet

A summary of the DSAM's balance sheet is presented below:

| \$000s                               |                | FY20           | FY21           | YTD FY22       |
|--------------------------------------|----------------|----------------|----------------|----------------|
| <b>Current assets</b>                |                |                |                |                |
| Cash and cash equivalents            | 1,710          | 44             | 47             | 137            |
| Trade receivables                    | -              | 1,722          | 2,087          | 1,924          |
| <b>Total current assets</b>          | <b>1,710</b>   | <b>1,767</b>   | <b>2,133</b>   | <b>2,060</b>   |
| Total non-current assets             | -              | -              | -              | -              |
| <b>Total assets</b>                  | <b>1,710</b>   | <b>1,767</b>   | <b>2,133</b>   | <b>2,060</b>   |
| <b>Current liabilities</b>           |                |                |                |                |
| Employee provisions                  | (1,624)        | (1,375)        | (1,945)        | (1,872)        |
| <b>Total current liabilities</b>     | <b>(1,624)</b> | <b>(1,375)</b> | <b>(1,945)</b> | <b>(1,872)</b> |
| <b>Non-current liabilities</b>       |                |                |                |                |
| Employee provisions                  | (86)           | (391)          | (189)          | (189)          |
| <b>Total non-current liabilities</b> | <b>(86)</b>    | <b>(391)</b>   | <b>(189)</b>   | <b>(189)</b>   |
| <b>Total liabilities</b>             | <b>(1,710)</b> | <b>(1,767)</b> | <b>(2,133)</b> | <b>(2,061)</b> |
| <b>Net assets</b>                    | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |

Key observations:

- DSAM's net assets at each financial year end was Nil.
- DSAM's assets predominantly comprised an intercompany receivable from DSA in relation to the provision of DSAM's employment services to DSA, in the amount which netted off DSAM's employee liabilities less cash at bank at each period.
- DSAM held no saleable assets in its own right.

## 4.4 METS

### 4.4.1 Summary profit and loss

| \$000s                    | FY19         | FY20         | FY21         | YTD FY22     |
|---------------------------|--------------|--------------|--------------|--------------|
| <b>Revenue:</b>           |              |              |              |              |
| Core Service revenue      | 2,651        | 2,595        | 3,005        | 539          |
| Other Income              | -            | 79           | 161          | 21           |
| <b>Total Revenue</b>      | <b>2,651</b> | <b>2,673</b> | <b>3,167</b> | <b>560</b>   |
| <b>Expenses:</b>          |              |              |              |              |
| Direct Payroll Costs      | (452)        | (465)        | (900)        | (243)        |
| Other Direct Costs        | (46)         | (35)         | (17)         | (4)          |
| <b>Total Direct Costs</b> | <b>(498)</b> | <b>(499)</b> | <b>(917)</b> | <b>(247)</b> |
| Gross Profit              | 2,152        | 2,174        | 2,249        | 313          |
| <i>Gross margin %</i>     | <i>81.2</i>  | <i>81.3</i>  | <i>71.0</i>  | <i>55.9</i>  |
| <b>Overheads:</b>         |              |              |              |              |
| Payroll & On Costs        | (880)        | (1,211)      | (700)        | (50)         |
| Occupancy Costs           | (46)         | (50)         | (46)         | (7)          |
| Administration Costs      | (173)        | (171)        | (319)        | (64)         |

|   |            |            |            |            |
|---|------------|------------|------------|------------|
| Total Operating Expenses                  | (1,099)    | (1,432)    | (1,066)    | (122)      |
| <b>Non-Operating Income and subsidies</b> |            |            |            |            |
| Net Investment Income                     | 4          | 1          | -          | -          |
| Net Recharges                             | 530        | 569        | 895        | 88         |
| <b>Net Profit</b>                         | <b>528</b> | <b>174</b> | <b>288</b> | <b>103</b> |

Key observations:

- METS was profitable throughout FY19 to YTD FY22, albeit gross margin declined in FY21 and YTD FY22 as a result of the COVID-19 pandemic restricting face-to-face tuition and a reallocation of certain overhead payroll costs to direct payroll expenses.
- In FY21, administration costs increased by 87% due to a DSA restructure, which required new staff and other costs in the new Employment Pathways business unit being allocated to METS.
- Net recharges, being a percentage allocation of DSA's support office costs increased in FY21, in line with the increase in administration costs in DSA.

#### 4.4.2 Summary balance sheet

| \$000s                         | FY19         | FY20         | FY21         | YTD FY22     |
|--------------------------------|--------------|--------------|--------------|--------------|
| <b>Current assets</b>          |              |              |              |              |
| Cash and cash equivalents      | 1,371        | 943          | 297          | 307          |
| Trade receivables              | 2,242        | 3,237        | 3,775        | 3,920        |
| Other current assets           | 18           | 46           | 78           | 71           |
| Total current assets           | 3,630        | 4,225        | 4,150        | 4,298        |
| <b>Non-current assets</b>      |              |              |              |              |
| Total non-current assets       | 9            | -            | -            | -            |
| Total assets                   | 3,639        | 4,225        | 4,150        | 4,298        |
| <b>Current liabilities</b>     |              |              |              |              |
| Trade and other payables       | (66)         | (79)         | (31)         | (69)         |
| Employee provisions            | (60)         | (43)         | (57)         | (74)         |
| Other current liabilities      | -            | (419)        | (93)         | (85)         |
| Total current liabilities      | (125)        | (542)        | (182)        | (227)        |
| <b>Non-current liabilities</b> |              |              |              |              |
| Employee provisions            | (15)         | (12)         | (8)          | (8)          |
| Total non-current liabilities  | (15)         | (12)         | (8)          | (8)          |
| Total liabilities              | (140)        | (554)        | (190)        | (235)        |
| <b>Net assets</b>              | <b>3,499</b> | <b>3,672</b> | <b>3,960</b> | <b>4,063</b> |

Key observations:

- METS was in a net asset position which improved by 15% through the period FY19 to YTD FY22.
- METS' predominant asset was an intercompany loan paid to DSA which increased by 75% over the period totalling \$3.8m at appointment. The loan is payable at call and is non-interest bearing.
- Conversely, METS' cash position deteriorated by 78% through the period to \$307k at appointment as cash was utilised to fund wider Group trading losses.
- METS held no saleable assets in its own right.

## 5 Report on company activities and property and Directors' reasons for failure

This section provides a summary of the report on company activities and property submitted by the Directors, together with the Directors' explanation for failure of the Companies.

| Key takeaways |  |
|---------------|--|
| 1             | The Directors stated that the Companies failed due to the NDIS pricing model not adequately covering costs for DSA's complex participants. The Administrators agree that losses from the NDIS pricing model changes contributed to the Companies' failure, as well as the acquisition of unprofitable operations, the underpayment of employee entitlements and the repayment of Government COVID-19 pandemic loans. |
| 2             | The Directors provided their ROCAPs on 15 October 2021. Whilst the Administrators identified a number of immaterial omissions, this is not considered to be an issue as they were minor in nature and subsequently provided.   |

### 5.1 Report on company activities and property

Section 438B of the Corporations Act requires the Directors to give an administrator a ROCAP about the Companies' business, property, affairs and financial circumstances.

We received the Directors' ROCAPs on 15 October 2021 which were subsequently lodged with ASIC on 22 October 2021.

In the ROCAPs, the Directors detailed the Companies' assets and liabilities at book value and ERV.

The Administrators have not audited the Companies' records or the book values. The below schedule should not be used to determine the likely return to creditors as a number of realisable values are based on the Companies' records and remain subject to the review of the Administrators and, in particular:

- the Administrators are not in a position to confirm (or otherwise) certain asset values as they are commercially sensitive (and have not been disclosed as part of the expression of interest process) and are not disclosed in this report.
- the value of creditor claims remains subject to change as further claims may be received and require adjudication.
- the table below does not provide for possible trading losses or professional costs associated with the Administration process.

Further detail on the estimated return to creditors from the Administration is contained in **Section 10**.

#### 5.1.1 DSA

The following table summarises the assets and liabilities disclosed in the Directors' ROCAP:

| \$000s                        | Ref     | ROCAP           | Administrators' ERV Low | Administrators' ERV High |
|-------------------------------|---------|-----------------|-------------------------|--------------------------|
| <b>Assets</b>                 |         |                 |                         |                          |
| Cash at bank                  | 5.1.1.1 | 24,252          | 23,379                  | 23,379                   |
| Debtors                       | 5.1.1.2 | 754             | Withheld                | Withheld                 |
| Inventory                     | 5.1.1.3 | -               | Withheld                | Withheld                 |
| Property, plant and equipment | 5.1.1.4 | Withheld        | Withheld                | Withheld                 |
| <b>Total assets</b>           |         | <b>Withheld</b> | <b>26,447</b>           | <b>27,703</b>            |
| <b>Liabilities</b>            |         |                 |                         |                          |
| Secured creditors             | 5.1.1.5 | -               | (2,586)                 | (2,586)                  |

| \$000s                                | Ref     | ROCAP           | Administrators' ERV Low | Administrators' ERV High |
|---------------------------------------|---------|-----------------|-------------------------|--------------------------|
| Employees claims                      | 5.1.1.6 | (6,689)         | (7,430)                 | (7,430)                  |
| PMSI claims                           | 5.1.1.7 | -               | Unknown                 | Unknown                  |
| Unsecured creditors                   | 5.1.1.8 | (511)           | (17,082)                | (15,582)                 |
| Contingent claims                     | 5.1.1.9 | -               | -                       | -                        |
| <b>Total liabilities</b>              |         | <b>(7,200)</b>  | <b>(27,098)</b>         | <b>(25,598)</b>          |
| <b>Estimated surplus / deficiency</b> |         | <b>Withheld</b> | <b>(651)</b>            | <b>2,105</b>             |

\*Estimate excludes professional and trading costs outlined in Section 10

#### 5.1.1.1 Cash

The ROCAP listed \$24.3m in cash at bank at 18 August 2021.

Immediately upon appointment, the Administrators wrote to all major domestic financial institutions requesting that a freeze be placed on all accounts. Based on the responses received, DSA operated 20 accounts held with CBA and Westpac.

The cash at bank balances at appointment are set out below:

| Bank         | Account                         | \$000s        |
|--------------|---------------------------------|---------------|
| CBA          | On Line Business Saver          | 22,171        |
| CBA          | Cheque Account                  | 557           |
| CBA          | Various House Accounts*         | 245           |
| CBA          | DSA Home Solutions              | 147           |
| CBA          | Fundraising Account             | 9             |
| Westpac      | Westpac Community Solutions One | 245           |
| Westpac      | Kingsgrove Cafe                 | 5             |
| <b>Total</b> |                                 | <b>23,379</b> |

\*Comprising 13 Society Cheque accounts and 1 Business Transaction account, relating to historical contributions from SIL participants.

The balance of the funds have since been realised by the Administrators except \$155k of cash held in three house accounts which remain in the pre-appointment accounts and in control of the Administrators.

The cash secured by the Administrators has been utilised in funding trading losses during the Administration, with the surplus forming part of any distribution to creditors of DSA. Noting a surplus after paying creditors would remain in DSA.

#### 5.1.1.2 Debtors

We have elected to withhold the valuation of these assets on the basis that this information is commercially sensitive in a liquidation scenario.

#### 5.1.1.3 Inventory

The Directors have stated in their ROCAPs that no inventory was held by DSA.

A review of the balance sheet discloses that DSA held small amounts of inventory with a book value of \$36k, comprised of \$66k worth of workshop material stock and a \$30k provision for obsolete stock. The inventory predominantly relates to consumables utilised in the packaging solutions business.

#### 5.1.1.4 Property, plant & equipment

##### 5.1.1.4.1 Owned

On appointment, a formal valuation of plant and equipment owned by DSA was undertaken by Pickles and a desktop valuation was undertaken on two freehold properties by Savills.

We have elected to withhold the valuation of these assets on the basis that this information is commercially sensitive in a liquidation scenario.

#### 5.1.1.4.2 Leased

DSA leases the following assets:

| Description      | Number of Assets |
|------------------|------------------|
| Motor vehicles   | 79               |
| Forklifts        | 8                |
| Printers/copiers | 84               |

DSA also leases various IT equipment, including laptops, monitors, mobile telephones, tablets and accessories.

Each of these assets have been identified as being subject to registered security interests as discussed in **Section 3.7.1.2** and would not be available to unsecured creditors in a liquidation scenario (subject to a more detailed review of the validity of each security interest by any subsequently appointed Liquidator).

#### 5.1.1.5 Secured creditor

As discussed in **Section 3.7.1.1**, CBA holds a charge over the whole or substantially the whole of the property of DSA and maintains the following facilities:

| \$000s                        | Facility Limit | Drawn at appointment | Amount withheld by CBA |
|-------------------------------|----------------|----------------------|------------------------|
| Overdraft facility            | 100            | 0                    | 0                      |
| Credit card facility          | 255            | 81                   | 255                    |
| Contingent liability facility | 2,000          | 1,667                | 1,667                  |
| Asset finance facility        | 1,500          | 664                  | 664                    |
| <b>Total</b>                  | <b>3,855</b>   | <b>2,412</b>         | <b>2,586</b>           |

Shortly following appointment, CBA transferred \$2.586m to a segregated account to secure contingent liabilities that may arise in a liquidation scenario. On the basis a DOCA is effectuated, we expect the CBA facilities to remain in effect and these monies to be made available to Scope Australia (although that is subject to negotiations between CBA and Scope Australia).

#### 5.1.1.6 Employee claims

A breakdown of outstanding employee entitlements as at 25 August 2021 is detailed below:

| \$000s             | Amount outstanding |
|--------------------|--------------------|
| Unpaid wages       | 3                  |
| Annual leave       | 4,353              |
| Leave loading      | 597                |
| Long service leave | 2,340              |
| Other leave        | 137                |
| <b>Sub-total</b>   | <b>7,430</b>       |
| Redundancy / PILN  | 9,874              |
| <b>Total</b>       | <b>17,303</b>      |

On the basis a DOCA is effectuated:

- All entitlements of current employees who remain employed by the Companies at the Transfer Date remain with DSA under Scope's ownership.
- Claims of employees who have left the Companies prior to the Transfer Date will be adjudicated by the Trustees, with the agreed balance paid in Q1, 2022.

Based on our estimated outcome statement, claims of former employees will be paid in full from the DOCA fund.

Employee claims are afforded priority of repayment pursuant to Section 556 of the Corporations Act, ahead of any return to unsecured creditors.

The Corporations Act provides that excluded employees (including Company directors and their spouses) are each restricted to a total maximum priority claim of \$2,000 for unpaid wages and superannuation entitlements and \$1,500 for leave entitlements. Amounts owed to excluded employees that exceed the statutory limit, and all payments owing in respect of redundancy and payment in lieu of notice will rank as an ordinary unsecured claim.

#### 5.1.1.7 PMSI claims

As discussed in **Section 3.7.1.2**, the Administrators are currently reviewing the information received from secured creditors to date to determine the validity of the claims and continue to work with the relevant secured parties to finalise their claims.

Those amounts are also expected to be paid in full if the Scope Australia DOCA proposal is effectuated.

In the DOCA scenario, all secured and leased assets remain with DSA under Scope's ownership.

#### 5.1.1.8 Unsecured creditors

A summary of the unsecured creditors is presented below:

| \$000s                  | Administrators' ERV |
|-------------------------|---------------------|
| Trade creditors         | 2,315               |
| Statutory creditors     | 6,707               |
| Related party creditors | 6,560               |
| <b>Total</b>            | <b>15,582</b>       |

To date, the Administrators have received 48 proofs of debt totalling \$3.2m, including a claim from iCare for \$1.5m.

In respect to related party creditors:

- **DSAM:** An intercompany receivable of \$2.8m being an estimate of the amount owing to DSAM employees in respect of outstanding entitlements.
- **METS:** An intercompany loan account of \$3.8m.

As the Administrators only conduct preliminary investigations into the Companies' affairs as part of the Administration procedure, the Administrators have not made any assessments of the claims. This assessment is only relevant in a liquidation scenario.

#### 5.1.1.9 Contingent liabilities

DSA has received four proofs of debt from landlords and lessors in relation to future rent and make-good liabilities totalling \$22.6m.

Under the proposed DOCA scenario, all liabilities associated with existing leasing arrangements (property leases, motor vehicle leases and other plant and equipment leases) will remain with DSA under Scope's ownership.

## 5.1.2 DSAM

The following table summarises the assets and liabilities disclosed in the Directors' ROCAP:

| \$000s                                 | Ref     | ROCAP          | Administrators' ERV Low | Administrators' ERV High |
|--|---------|----------------|-------------------------|--------------------------|
| <b>Assets</b>                          |         |                |                         |                          |
| Cash at bank                           | 5.1.2.1 | -              | 126                     | 126                      |
| Debtors                                | 5.1.2.2 | -              | -                       | -                        |
| <b>Total assets</b>                    |         | <b>-</b>       | <b>126</b>              | <b>126</b>               |
| <b>Liabilities</b>                     |         |                |                         |                          |
| Employees claims                       | 5.1.2.3 | (1,177)        | (1,533)                 | (1,533)                  |
| Unsecured claims                       | 5.1.2.4 | -              | (119)                   | (119)                    |
| <b>Total liabilities</b>               |         | <b>(1,177)</b> | <b>(1,652)</b>          | <b>(1,652)</b>           |
| <b>Estimated surplus / deficiency*</b> |         | <b>(1,177)</b> | <b>(1,526)</b>          | <b>(1,526)</b>           |

\*Estimate excludes professional and trading costs outlined in Section 10

### 5.1.2.1 Cash

DSAM held one account with CBA with funds totalling \$126k at the date of appointment. These funds have since been secured by the Administrators.

The cash secured by the Administrators has been utilised in funding trading during the Administration, with the surplus forming part of any distribution to creditors of DSAM.

### 5.1.2.2 Debtors

As discussed in **Section 3.2.2** above, DSAM's only business was to provide employment services in relation to the FACS1 and FACS2 sites operated by DSA and was solely reliant on DSA for funding.

Accordingly, the Administrators estimate DSAM has a claim in DSA of \$2.8m being an estimate of the amount owing to DSAM employees.

In a liquidation scenario, the Administrators estimate the recovery of the intercompany debtor to be Nil.

### 5.1.2.3 Employee claims

Set out below is a breakdown of DSAM's employee entitlements known to us as the date of appointment:

| \$000s             | Amount outstanding |
|--------------------|--------------------|
| Annual leave       | 322                |
| Leave loading      | 56                 |
| Long service leave | 856                |
| Other leave        | 299                |
| <b>Sub-total</b>   | <b>1,533</b>       |
| Redundancy / PILN  | 1,234              |
| <b>Total</b>       | <b>2,767</b>       |

### 5.1.2.4 Unsecured creditors

To date, the Administrators are aware of a claim by iCare totalling \$119k which was not included in the Directors' ROCAP.

## 5.1.3 METS

The following table summarises the assets and liabilities disclosed in the Directors' ROCAP:

| \$000s                                 | Ref     | ROCAP       | Administrators' ERV Low | Administrators' ERV High |
|--|---------|-------------|-------------------------|--------------------------|
| <b>Assets</b>                          |         |             |                         |                          |
| Cash at bank                           | 5.1.3.1 | 188         | 260                     | 260                      |
| Debtors                                | 5.1.3.2 | 78          | 58                      | 78                       |
| <b>Total assets</b>                    |         | <b>266</b>  | <b>318</b>              | <b>338</b>               |
| <b>Liabilities</b>                     |         |             |                         |                          |
| Employees claims                       | 5.1.3.3 | (59)        | (68)                    | (68)                     |
| Unsecured creditors                    | 5.1.3.4 | (6)         | (16)                    | (16)                     |
| <b>Total liabilities</b>               |         | <b>(65)</b> | <b>(84)</b>             | <b>(84)</b>              |
| <b>Estimated surplus / deficiency*</b> |         | <b>201</b>  | <b>234</b>              | <b>254</b>               |

\*Estimate excludes professional and trading costs outlined in Section 10

#### 5.1.3.1 Cash

The ROCAP listed cash at bank of \$188k at 18 August 2021.

METS held one account with CBA with funds totalling \$260k at the date of appointment. These funds have since been secured by the Administrators and have been utilised in funding trading losses during the Administration.

#### 5.1.3.2 Debtors

The Directors' ROCAP lists pre-appointment debtors totalling \$78k.

Of this, debtors totalling \$58k has been recovered and a further \$20k remains outstanding.

##### 5.1.3.2.1 Related party debtors

The Directors' ROCAP did not include any related party debtors.

On its balance sheet, METS records an amount owed by DSA in relation to an intercompany loan account totalling \$3.8m at appointment.

In a liquidation scenario, the Administrators estimate the recovery of the intercompany loan account to be Nil.

#### 5.1.3.3 Employee claims

Set out below is a breakdown of METS' employee entitlements known to us as the date of appointment:

| \$000s             | Amount outstanding |
|--------------------|--------------------|
| Annual leave       | 52                 |
| Leave loading      | 9                  |
| Long service leave | 7                  |
| Other leave        | -                  |
| <b>Sub-total</b>   | <b>68</b>          |
| Redundancy / PILN  | 158                |
| <b>Total</b>       | <b>226</b>         |

#### 5.1.3.4 Unsecured creditors

In their ROCAP, the Directors have recorded six unsecured trade creditor claims totalling \$6k.

To date, the Administrators have received one proof of debt totalling \$10k which was not included in the Directors' ROCAP.

## 5.2 Omissions from ROCAP

Following a review of the Directors' ROCAPs, the Administrators identified a number of immaterial omissions.

We do not consider this to be an issue as the missing information was minor in nature and has been subsequently provided by the Directors.

## 5.3 Directors' opinions as to the reasons for failure

The Directors have provided their views on the affairs of the Companies and attribute the following reasons to its failure:

- The current NDIS pricing model does not adequately fund the costs of providing contracted services to complex participants, particularly those under the SIL scheme. As a consequence, DSA and DSAM's cash resources were being depleted and absent additional funding, ultimately would have become insolvent.
- As METS is a subsidiary of DSA, and reliant on DSA for its funding and operations, the depletion of DSA's cash resources, absent additional funding has also resulted in the failure of METS.

## 5.4 Administrators' opinions as to the reasons for failure

Our preliminary view is that DSA failed as a result of operational trading losses (\$12.4m in FY20 and \$20.8m in FY21) and significant cash depletion sustained as a combination of:

- DSA's operational performance was below industry standard benchmarks in terms of vacancy rates at sites, operating margin and labour to revenue expenditure;
- Impact of NDIS pricing structure changes enacted from July 2020, particularly impacting the ability to cover costs associated with services to complex participants;
- Following the review of unpaid employee entitlements and the execution of the Enforceable Undertaking, significant one-off payments to employees in FY21 of approximately \$9.6m;
- The repayment of funds advanced of approximately \$7.4m (in accordance with the terms of the loans) by various Government entities in relation to the COVID-19 pandemic in FY21;
- Ongoing impact of COVID-19 lockdowns, and costs of solving resourcing pressures, given exposure of sites in LGA areas of concern; and
- There were no further substantive assets, that had not already been sold, to fund trading losses.

As DSAM and METS were historically reliant on funding and operational support from DSA to continue operations, there was a contagion impact on DSAM and METS.

## 6 The Administration to date and sale of business process

This section provides an overview of the conduct of the Administration, including the trading of the business and the going concern sale process.

| Key takeaways |   |
|---------------|---|
| 1             | The Administrators have traded on a “business as usual” basis to ensure that the quality of support for participants continues to be maintained during the Administration process as well as to preserve value during the going concern sale / recapitalisation expression of interest process. |
| 2             | An exhaustive and comprehensive expression of interest campaign was conducted, including over 190 interested parties being engaged in the process.  |
| 3             | Scope’s offer provides for the best outcome to all stakeholders, including an estimated 100c in \$ return to all admitted creditor claims. The DOCA proposal is discussed further in <b>Section 7</b> .   |

### 6.1 The business at commencement of the Administration

On appointment, the Administrators assumed control of the Group’s operations that comprised:

- Community & Home Living
- Employment Pathways
- METS

The Administrators determined a ‘business as normal’ trading strategy to ensure services to participants and commercial customers continued during the Administration, and to preserve value in the Group to maximise the outcome of the sale and recapitalisation campaign.

In order to maintain a ‘business as usual’ trading strategy and minimise disruption to any services while conducting the sale and recapitalisation campaign, the Administrators immediately considered and addressed a number of operational matters.

In particular, on appointment and throughout the Administration the Administrators:

- communicated with participants, participant families, external guardians, employees, unions, regulators, customers, suppliers, landlords and other key stakeholders advising of our appointment and proposed operational and expression of interest strategy. Regular updates were provided to all key stakeholders on an ongoing basis;
- established a ‘Working Group’ committee comprising key stakeholders who met weekly and received updates in the relation to the Administration process and the expression of interest campaign;
- opened new accounts with key suppliers and service providers to secure continued supply of essential goods and services;
- continued the employment of staff and oversight of ongoing recruitment of additional staff during Administration period;
- undertook workforce planning, particularly in relation to engagement of labour hire agencies where necessary;
- undertook immediate and ongoing liaison with the employees’ unions;
- held regular employee ‘town halls’ to inform employees of the status and progress of the Administration;
- liaised with landlords and lessors in relation to the Companies’ leased property, plant and equipment;
- liaised with the secured creditor, CBA, in relation to Administration bank accounts and its ALLPAAP security registration, as well as other PPSR security interests;
- liaised with other secured creditors, undertook a review of security interests registered against the Companies and requested removal of security interests where appropriate;
- established post-appointment Administration bank accounts and took control of all Group funds;

- reviewed major contracts and negotiated terms of trade with various suppliers as required;
- implemented a purchase order system and controls in relation to the Companies' purchasing and payment processes;
- prepared and maintained a rolling Administration purchase order register and trading cash flow forecast;
- processed weekly and ad hoc payment runs in relation to all trading costs, employee payroll and on-costs and statutory liabilities;
- reviewed WHS and safeguarding practices in place and actioned any deficiencies identified;
- reviewed adequacy of insurance cover and established appropriate Administration policies, given the complex nature of the Companies' businesses and the large number of insurable risks;
- receipted various revenue streams into the Companies' pre-appointment bank account and subsequently transferred to the Administration bank accounts, including NDIS and other Government funding and METS tuition;
- reviewed the procedures for IT services and back up processes for information; and
- conducted regular meetings with Directors, senior management, employees and other stakeholders in relation to the above issues.

Further information in relation to the trading and business sale tasks undertaken by the Administrators are as follows:

- **Sections 6.2 to 6.5** provide further detail regarding a number of key trading issues addressed by the Administrators during this period.
- **Section 6.6** provides a summary of the trading performance during the Administration period.
- **Section 6.7** provides an overview of the sale of business / recapitalisation campaign conducted by the Administrators.

## 6.2 Operational strategy

Many of the key trading strategies addressed by the Administrators were consistent across the Group's respective operations.

These priority areas are detailed as follows.

### 6.2.1 Cash and revenue management

On appointment, the Administrators established control over all pre-appointment bank accounts, and arranged for the transfer of all available funds to the Administration bank accounts.

Regular sweeps of the pre-appointment accounts were conducted during the Administration, to ensure all revenue and funding received post-appointment was held by the Administrators.

NDIS funding received in support of the Group's CHL division accounts for majority of the Group's cash inflows. As such, the Administrators carefully monitored NDIS funding throughout the Administration, working with management to:

- Ensure NDIS claims continued to be lodged and funding was received;
- Assess funding reviews received from the NDIS and review grant acquittals issued to the NDIS;
- Consider strategies to maintain the SIL pipeline, including proceeding with new participants following commencement of the Administration to maintain associated funding;
- Consider strategies in relation to certain properties, including the consolidation of properties to obtain a more favourable financial outcome while ensuring continuity of care.
- Consider recruitment and resourcing strategies to deliver support services.

The Administrators also oversaw the Group's other revenue sources, including but not limited to:

- Income from Packaging Solutions' commercial customers;
- Funding/income received in support of the Employment Pathways offerings, DES and SLES;
- Income received by the Group's registered training organisation, METS; and

- Fee for service income relating to therapy and behavioural support provided by Enhance Health.

Finally, the Administrators progressed an application seeking eligibility for certain JobSaver payments, which has since been approved by the NSW Government, with a likely recovery of approximately \$1.55m.

### **6.2.2 Stakeholder management and continuation of critical services**

The Group relies on a significant number of suppliers to provide business critical goods and services including IT infrastructure, repairs and maintenance, cleaning and waste management, PPE, security, preventative maintenance and compliance, marketing and advertising, security and staff training.

Accordingly, on appointment the Administrators contacted participants, customers, suppliers, landlords and other key stakeholders advising of our appointment and the 'business as usual' trading strategy.

This included establishing Administration accounts and executing new service agreements with key suppliers where necessary, to provide suppliers certainty of payment and ensure continuity of supply of essential goods and services throughout the Administration period.

The Administrators also established and monitored a functional mailbox to receive and action all trading related enquiries from suppliers during the Administration.

The vast majority of suppliers have been supportive of the Companies during the Administration, however several key suppliers chose not to continue working with the Companies while in Administration. In these cases, the Administrators worked with management to make alternative arrangements.

The Administrators are pleased to report that all critical services have been maintained during the Administration period, to supplement support of management, staff and suppliers.

### **6.2.3 Processes and controls**

On appointment, the Administrators assessed the Companies' historical processes and controls in relation to banking, ordering, stock control, invoicing, payroll and managing accounts payable.

Following this assessment, the Administrators prepared and issued business rules documents to outline the processes to be followed under Administration, to ensure adequate controls were implemented, and to ensure staff were informed of these updated processes.

An element of the business rules was implementing a purchase order process, the purpose of which was to:

- Implement controls around purchases and expenditure,
- Assist to monitor expenditure and stock levels during the Administration, and
- To provide suppliers with certainty of payment.

The introduction of a purchase order process required the Administrators to write to all key suppliers advising of the new protocols, review all work order requests raised by each part of the business, issue approvals in the form of signed purchase orders, and ensure invoices received reconcile with purchase orders prior to making payment.

Additionally, the Administrators have maintained a purchase order schedule and cash flow forecast, in order to regularly monitor current exposure as against available funds.

Over the course of the Administration, the Administrators have also maintained regular communication with the Companies' management and finance team in relation to all finance functions.

### **6.2.4 COVID-19 pandemic and lockdown**

As at the date of our appointment, the Group's head office and majority of other operational sites were located in LGA's subject to government lockdowns.

As such, all non-front-line staff were working remotely, and the Administrators were unable to physically attend any of the operational sites.

The Administrators therefore hosted regular virtual meetings and conference calls with the Executive Leadership Team, the Senior Leadership Team, management and staff and all other key stakeholders throughout the Administration period to communicate and execute our trading strategy for the period of the Administration.

In addition, the Administrators also:

- Reviewed the Companies' COVID-19 preparations and response, key processes and governance, to ensure an appropriate strategy was in place to maintain safety of all staff and participant's in an active COVID-19 environment.
- Liaised with key staff to monitor any COVID-19 issues as they arose, and worked with management to implement appropriate initiatives as required.
- Assisted with sourcing and purchasing appropriate PPE for all operational sites, including establishing a relationship with key suppliers, reviewing and approving urgent work order requests raised by staff, and regularly reviewing account credit limits to ensure no disruption to critical deliveries.

A significant challenge stemming from the COVID-19 pandemic was the impact on work force planning as a consequence of the varying Public Health Orders requiring vaccinations for workers who provide in-person disability support services which varied from time to time during the Administration, as detailed in **Section 6.3.1** below.

### 6.3 Operational strategy – Community & Home Living

The key issues relating to the CHL business, over and above the matters outlined in **Section 6.2**, are detailed as follows.

#### 6.3.1 Employee vaccinations and workforce planning

Throughout the Administration period, there have been two (2) Public Health Orders issued in NSW (as amended from time to time), which were of particular relevance to DSA:

- Public Health (COVID-19 Additional Restrictions for Delta Outbreak) Order (No 2) 2021 (**Delta Order**).
- Public Health (COVID-19 Care Services) Order 2021 (NSW) (**Care Services Order**).

A summary of the relevant changes to the Public Health Orders as made is included in a table at the bottom of this section.

The Delta Order applied to employees who live or worked in a COVID-19 'area of concern' and required employees who provide in-person disability support services to have received at least one dose of a COVID-19 vaccine by 6 September 2021. Any staff who were unable to meet these requirements would be in breach of the NSW Public Health Orders.

On 28 August 2021, the Delta Order deadline was extended from 30 August 2021 to 6 September 2021.

In the week prior to 6 September 2021, management advised the Administrators that a significant number of the Companies' workers who provided in-person disability support were unlikely to be compliant with the Delta Order and would therefore be unavailable to fulfill shifts.

Accordingly, the Administrators together with other industry providers, provided feedback to the relevant State authorities requesting relief for workers in relation to the Delta Order, or an extension of the 6 September 2021 deadline.

A process was undertaken with management to understand the vaccination status of all staff and the potential workforce shortage that would need to be filled. The Administrators also considered options regarding the employment of unvaccinated staff.

As at Friday 3 September, neither an extension to the vaccination deadline nor an exemption was obtained, and as such, the Administrators sought urgent expressions of interest from a number of labour hire agencies, in an effort to secure labour hire staff to fulfil the shifts unable to be fulfilled by the Companies staff who did not meet the requirements of the Delta Order.

On 5 September 2021, the NSW Government announced an extension of the 6 September 2021 deadline to 9 September 2021 and included an exemption for compliance for workers who could show proof of a COVID-19 vaccination appointment on or before 19 September 2021.

Subsequent to the Delta Order, the Care Services Order applied to all staff who provide in-person disability services who work or live in NSW. Under the Care Services Order, impacted employees are required to have received one dose of a COVID-19 vaccine by 25 October 2021, and two doses by 29 November 2021.

Under the Care Services Order, employers (such as the Companies) of workers providing in-person disability support were required to take all reasonable steps to ensure the worker complied with the vaccination requirements.

While the relaxation of the Delta Order deadline alleviated the immediate workforce shortage issue, the Administrators continued to liaise with labour hire agencies to prepare for the impending Delta Order and Care Services Order deadlines of 19 September and 25 October 2021 respectively.

The Administrators also worked alongside management to understand the impact that the vaccinations requirements had on workforce planning as they came into effect, with approximately 87 of the Companies staff currently placed on leave without pay with effect from 19 September 2021 and 25 October 2021 due to non-compliance with the NSW Public Health Orders.

Approximately 20 employees who had been placed on leave without pay applied to the Fair Work Commission on that basis that their leave applications were unlawfully refused. A number of the employees had applied for large periods of leave (8 weeks or more) which was creating operational issues for the Companies.

The Fair Work Commission refused the applications on the basis that it lacked jurisdiction to determine the leave applications. The Companies agreed in good faith to allow employees to submit new leave applications for reasonable periods of time which would be assessed by the Companies in light of the operational requirements of the business.

Employees who re-applied for extensive periods of leave were not granted their leave based on operational constraints, and remained on leave without pay. No further challenges were initiated to the Fair Work Commission.

As a result of the Care Services Order, it is anticipated that further staff will be placed on leave without pay from Monday, 29 November 2021 due to non-compliance with the requirements of the order.

To assist with workforce shortages the Administrators have:

- Utilised the services of 12 labour hire and recruitment agencies, to provide a contingent workforce, including undertaking a review of terms and conditions where necessary;
- Approved the placement of advertisements for more than 40 positions across the Companies;
- Hired 87 new casual positions, and converted 18 casual positions to permanent positions; and
- Hired 13 new permanent staff on either a part-time or full-time basis.

The Administrators have also had an active role in restructuring certain roles within the Companies workforce, to mitigate any disruption arising from the resignation of several key staff members during the Administration period.

With the assistance of the labour hire agencies, and the significant efforts of the talent acquisition and workforce planning teams, continuity of care has been provided to participants across the course of the Administration.

| Summary of relevant changes - Delta Order |  |
|---|--|
| Date of amendment                         | Relevant requirement   |
| 20-Aug-21                                 | Persons providing in-person disability support services who worked or lived in area of concern were required to have at least 1 dose of COVID-19 vaccine or have been issued with a medical contraindication certificate <b>by 30 August 2021</b> .                        |
| 28-Aug-21                                 | Persons over 16 years of age providing in-person disability support services who worked or lived in area of concern were required to have at least 1 dose of COVID-19 vaccine or have been issued with a medical contraindication certificate <b>by 6 September 2021</b> . |

|          |   |
|----------|---|
| 5-Sep-21 | Persons over 16 years of age providing in-person disability support services who worked or lived in area of concern were required to have at least 1 dose of COVID-19 vaccine or have been issued with a medical contraindication certificate <b>by 9 September 2021</b> with an exception for workers who could produce evidence proving an appointment to receive a vaccine between <b>9 September 2021 and 19 September 2021</b> . |
|----------|---|

| Summary of relevant changes - Care Services Order |  |
|---|--|
| Date of amendment                                 | Relevant requirement   |
| 14-Oct-21   | Persons providing in-person disability support services who worked or lived in NSW were required to have at least 1 dose of COVID-19 vaccine or have been issued with a medical contraindication certificate.  |
| 1-Nov-21  | Persons providing in-person disability support services who worked or lived in NSW were required to have at least 1 dose of COVID-19 vaccine or have been issued with a medical contraindication certificate and at least 2 doses of a COVID-19 vaccine or have been issued with a medical contraindication certificate by <b>29 November 2021</b> . |

### 6.3.2 Property strategy

The Companies operate 77 properties, the majority being residential homes that accommodate SIL participants.

During the Administration, we undertook various actions in relation to these sites, including but not limited to:

- Reviewing and approving regular compliance and preventative maintenance works relating to fire safety, pest control, electrical testing, equipment maintenance and regular cleaning;
- Reviewing and approving ad-hoc repairs and maintenance and additional COVID-19 deep cleaning as required;
- Reviewing and approving significant capital expenditure relating to security upgrades at three SIL properties, including with regard to available government funding;
- Reviewing and approving other capital expenditure and working through disputes with landlords, including reviewing leases and requesting reimbursement of costs incurred;
- Reviewing viability of several SIL properties and options to vacate, including considering alternative sites and make good obligations;

### 6.3.3 Quality and safeguard review

Following the Administrators' appointment, KPMG's Human Services team conducted a rapid review of DSA's quality, safeguarding and participant support arrangements.

The purpose of the review was to confirm that DSA was meeting its NDIS quality and safeguarding requirements and identify any significant risks. The review encompassed the following activities:

- Reviewing incident reporting and management processes;
- Reviewing historical data relating to number and types of reportable incidents and complaints;
- Establishing weekly data reporting and holding weekly meetings with the DSA Quality and Safeguarding team;
- Monitoring reportable incident reports as they occur, and weekly tracking of status and actions;
- Reviewing previous quality audit reports (2020), findings and actions, and action log;
- High-level review of key policies & procedures relative to audit findings and practice standards;
- Reviewing the risk register;
- Conducting discussions with DSA Quality and Safeguarding team, DSA Clinical Lead and SIL site managers;
- Ongoing monitoring of new and emerging risks impacting on participant support, quality, and safety.

#### 6.3.3.1 Governance and operational management findings

The key findings of KPMG's quality and safeguarding review were as follows:

- Staff recruitment, selection and induction

- DSA has key policies and procedures in place in relation to recruitment and selection activities that are well understood and implemented.
- Recruitment processes appear to support DSA to select appropriate staff with the right skills and values for the organisation.
- There is an opportunity to improve reflective practice and supervision, however, this does not pose an immediate risk to participants.
- Risk management
  - DSA have a number of policies, procedures and documents available in relation to risk management within the organisation and it is noted these are critical components in maintaining customer safety and wellbeing.
  - DSA have effective critical incident and risk management systems (clinical and organisational), accessible and appropriate complaints and feedback mechanisms, and promotes an organisational culture that focusses on the wellbeing and safety of customers.
- Feedback and complaints management
  - The complaints and feedback policy and procedures articulate where in the organisation the responsibility for each complaint piece or feedback lies and the actions that must be taken.
  - Each participant has knowledge of and access to the provider’s complaints management and resolutions system. Complaints and other feedback made by all parties are welcomed, acknowledged, respected and well-managed.
- Incident management
  - There is comprehensive policy and process documentation, and a system in place which is well known to staff. Broadly, these policies are implemented consistently, and staff have a clear understanding around the process for post-incident management.

## 6.4 Operational strategy – Packaging Solutions

The major trading decisions relating to the packaging business are primarily outlined in **Section 6.2**.

However, the Administrators have also addressed several bespoke considerations specific to these operations, as outlined below.

To the Administrators knowledge, all packaging orders have been predominantly fulfilled, and key customer relationships have been maintained, during the Administration period.

### 6.4.1 Stock

On appointment, the Administrators liaised with management of the Companies’ packaging facilities to ascertain what stock was on hand, both in terms of customer stock that had been delivered for packaging, as well as packaging inputs used by the business.

As it was determined that only a limited amount of stock is generally held on site, the Administrators determined current stock controls in place to be adequate.

Throughout the Administration, the Administrators have reviewed and approved orders for all business-critical consumables, such as boxes and labels, to ensure the business was able to continue operating ‘business as usual.’

### 6.4.2 ROT claims

On appointment, the Administrators were made aware of two potential retention of title claims relating to assets operated by the Companies’ packaging business.

The Administrators had to consider the merit of these claims, determine the necessity of the assets to ongoing operations and liaise with the suppliers to achieve an appropriate outcome which have been resolved as at the date of this report. The Administrators sought legal advice on these matters where necessary.

## 6.5 Operational strategy – Employment Pathways, Enhance and METS

The major trading issues relating to the DES, SLES and METS business divisions are primarily outlined in section 6.2.

The Administrators note that the Group has continued to provide all employment and school leaver support services of DES and SLES, as well as the behavioural and therapy services offered by Enhance Health and student training programs offered by METS.

Notably, new participants seeking these services have continued to be onboarded during the Administration.

The enrolment of new participants and students, and the hire of new trainers, required the Administrators to prepare and enter new contracts and obtain legal advice as required.

The Administrators have also reviewed and approved new venue hire agreements and the purchase of essential training equipment during the Administration period.

## 6.6 Trading performance

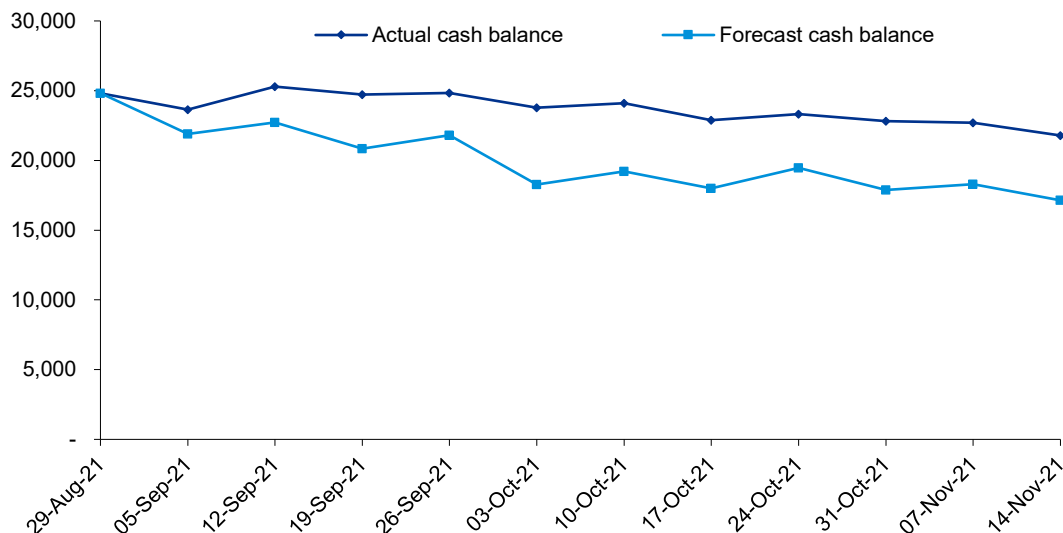
### 6.6.1 Trading summary

#### 6.6.1.1 Cashflow to 14 November 2021

As outlined above, the Administrators have prepared and monitored closely a trading cash flow forecast during the Administration (25 August 2021 to 14 November 2021). From a cash perspective, the Companies' performance during the Administration period to 14 November 2021 (**actual**) has varied favourably from the Administrators original expectations (**forecast**), driven by:

- NDIS receipts have been consistent with forecast expectations;
- The most significant expenses during the Administration were employee wages, labour hire and on-costs, however efficient staff rostering resulted in lower than anticipated payroll costs, notwithstanding additional costs incurred from agency and casual staff given the impact of the PHO's and lockdown in LGA's (as discussed previously);
- Lower than forecast capital expenditure also attributed to the positive cash variance;
- There are some timing differences in terms of expected timing of payments during this period.

#### Forecast vs actual cash balance



#### 6.6.1.2 Forecast cashflow to finalisation of trading

In the chart below we also reflect the forecast cashflow to finalise trading which we include as 13 December 2021 (being the expected date of completion). Note we anticipate a period of time to close out payment and finalisation of invoices for the Administrators trading.

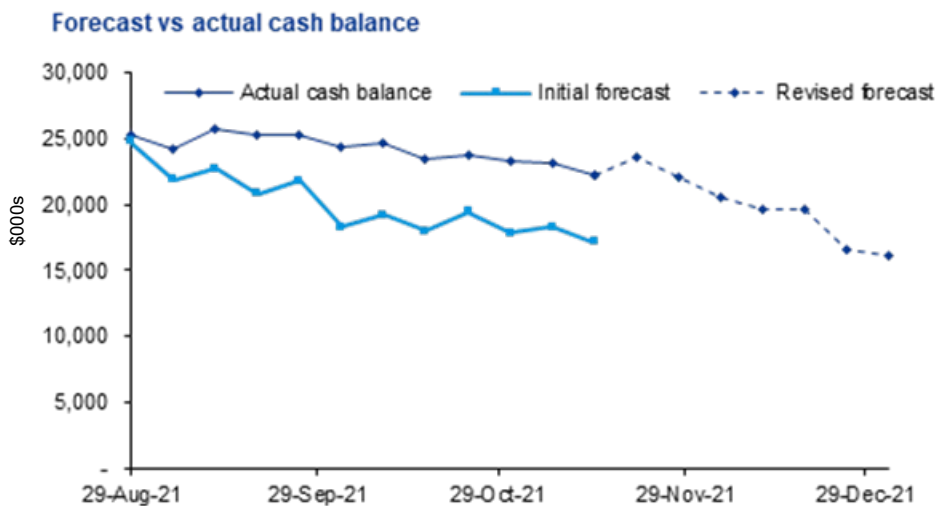
However, whilst improved on forecast and on the cash burn in FY21, there continued to be a depletion of cash from trading during the Administration period given the trading challenges identified earlier in this report. The Administrators sought to mitigate cash depletion from trading operations to the extent possible, however many of the key initiatives to do so require implementation of systems and medium to longer term turnaround initiatives.

We anticipate that there will be a net trading loss during the Administration period of between \$8.5m and \$10.3m driven by the impact of COVID-19, operating losses and underperformance in parts of the Group. As outlined in this report the incurrence of ongoing trading losses was determined as justified by the Administrators to run the expression of interest process, which has delivered a significantly improved outcome than proceeding earlier into liquidation.

The variance in the forecast final Administrators' trading position takes into account:

- The risk that NDIS revenue underperforms against the forecast;
- Potential overrun of staff costs; and
- General contingency for unanticipated costs.

A summary of the Administrators original forecast against actual performance is provided as follows:



## 6.6.2 Trading receipts and payments

The Administrators' trading receipts and payments for the period 25 August 2021 to 12 November 2021 is summarised below:

### 6.6.2.1 DSA

| \$000s   | (incl GST)          |
|--|---------------------|
| <b>Trading receipts</b>                                      |                     |
| NDIS funding   | 16,486,531          |
| Packaging solutions and café sales                           | 853,198             |
| Other Government Funding                                     | 688,604             |
| Client fees  | 432,456             |
| Home Solutions funding                                       | 332,331             |
| Maxxia refunds   | 21,660              |
| Donations  | 3,898               |
| <b>Total trading receipts</b>                                | <b>18,818,678</b>   |
| <b>Trading payments</b>                                      |                     |
| Payroll and on costs paid*                                   | (17,596,554)        |
| Intercompany Service Fees                                    | (1,068,058)         |
| Rent and rates   | (751,023)           |
| Corporate credit cards*                                      | (400,881)           |
| Telephone and fax  | (323,362)           |
| Motor vehicle and equipment expenses                         | (204,113)           |
| Repairs and maintenance                                      | (96,924)            |
| Workplace health and safety expenses*                        | (87,318)            |
| Security system installation                                 | (79,075)            |
| Technology service fees                                      | (78,242)            |
| Office and participant supplies                              | (51,345)            |
| Professional fees*   | (46,934)            |
| Nursing expenses   | (22,911)            |
| Training expenses*   | (21,653)            |
| Raw materials  | (5,511)             |
| Hygiene and PPE  | (1,082)             |
| <b>Total trading payments</b>                                | <b>(20,834,986)</b> |
| <b>Net trading receipts and payments at 12 November 2021</b> | <b>(2,016,309)</b>  |

\*Includes pre-appointment expenses necessary to be paid by the Administrators to sustain ongoing operations.

### 6.6.2.2 DSAM

| \$000s   | (incl GST)      |
|--|-----------------|
| <b>Trading receipts</b>                                      |                 |
| Intercompany service revenue                                 | 1,068,058       |
| Workers compensation reimbursements                          | 116,743         |
| Total trading receipts                                       | 1,184,801       |
| <b>Trading payments</b>                                      |                 |
| Payroll and on costs paid*                                   | (1,218,079)     |
| Total trading payments                                       | (1,218,079)     |
| <b>Net trading receipts and payments at 12 November 2021</b> | <b>(33,277)</b> |

\*Includes pre-appointment expenses necessary to be paid by the Administrators to sustain ongoing operations.

### 6.6.2.3 METS

| \$000s   | (incl GST)     |
|--|----------------|
| <b>Trading receipts</b>                                      |                |
| NSW Department of Education Funding                          | 721,501        |
| Tuition fees   | 33,293         |
| Total trading receipts                                       | 754,794        |
| <b>Trading payments</b>                                      |                |
| Payroll and on costs paid*                                   | (314,765)      |
| Training fees  | (45,506)       |
| Pre-appointment training fees                                | (9,585)        |
| Technology service fees                                      | (1,525)        |
| Total trading payments                                       | (371,381)      |
| <b>Net trading receipts and payments at 12 November 2021</b> | <b>383,412</b> |

\*Includes pre-appointment expenses necessary to be paid by the Administrators to sustain ongoing operations.

Full particulars of the Administrators' receipts and payments are attached as **Annexure B**.

## 6.7 Transaction Overview

Immediately following our appointment, we commenced an EOI Process in relation to a sale or recapitalisation of the Companies. The Administrators' priority, whilst undertaking the EOI Process, was to ensure continuity of support and services for participants, whilst seeking to maximise the chances of the Companies' businesses continuing in existence, or if that was not possible, to achieve a better return for creditors than would result from an immediate winding up of the Companies.

A summary of key milestones achieved in the sale of business and recapitalisation process is provided below:

- 190 parties expressed an initial interest in the EOI Process;
- 111 confidentiality agreements were executed with various interested parties;
- 105 interested parties were granted access to the data room during Phase 1A process to review the IM and data room material;
- 52 NBIO's received during Phase 1A process;
- 23 parties were shortlisted to enter the Phase 1B process to conduct limited due diligence and confirm / clarify their NBIO;
- 4 parties were shortlisted to enter Phase 2 of the EOI Process and conduct further detailed due diligence; and
- a preferred bidder (Scope) was selected.

Supporting the EOI Process was a virtual data room opened for the entirety of the transaction process. Over 320 users were granted access to the data room where over 1,200 documents were uploaded. A virtual Q&A function was also made available to interested parties through the data room with over 600 questions raised by interested parties and responded to by the Administrators' team.

### 6.7.1 Sale strategy and guiding principles

The Administrators sought expressions of interest for the potential acquisition of the operations or assets of the Companies, or the operations and assets of one or more of the divisions of the Group, being the Community & Home Living, Employment Pathways and Enhance Health divisions. The Administrators' preferred transaction structure was a DOCA to recapitalise the Companies against the following transaction guiding principles:

- **Participant first focus:** The consideration of relevant participants across DSA, particularly the continuity of services to participants in the Community & Home Living Division (CHL Participants), including those in SIL
- **Preservation of DSA business:** Consideration regarding the separation of SIL and SDA as per the NDIA guidelines;
- **Structuring:** Preference for a DOCA proposed by a not-for-profit entity (based on stakeholder feedback)
- **Transaction timing:** Completion of the Proposed Transaction in a timely manner, with a clear approach to minimising disruptions to operations, continuity of support and the impact on the CHL Participants and business operations;
- **Employees:** Continuity of employment for all employees, including ADE supported employees (including assuming all employee liabilities);
- **Deal risk:** Execution risk, including certainty of funding and financial capacity; and
- **Regulatory and compliance risk:** Regulatory issues identified and appropriately addressed

### 6.7.2 Sale Timetable

The transaction timetable below sets out the key milestones and activities throughout the EOI Process. The Administrators preference was to complete a transaction under an accelerated timetable before the end of the 2021 year to provide certainty of outcome to participants and employees. The below is the current version of the timetable which was adjusted throughout the EOI Process given the volume of interest.

| Phase | Date                     | Sale program   |
|-------|--------------------------|--|
| 1A    | 31 August 2021           | Distribution of flyer and advertise in the Australian and the Australian Financial Review  |
|       | 14 September 2021        | Distribution of information memorandum and provide interested parties with access to data room   |
|       | 27 September 2021        | Closure date for NBIO's  |
| 1B    | 29 September 2021        | Administrators shortlisted interested parties for Phase 1B and asked parties to confirm their offer through suite of clarifying questions                    |
|       | 8 October 2021           | Shortlisted parties provided responses to clarifying questions and confirmed their NBIO with additional due diligence requirements                           |
| 2     | 12 October 2021          | Administrators further shortlisted parties into the Phase 2 diligence process (four parties invited into Phase 2)  |
|       | 1 November 2021          | Management presentations to shortlisted bidders  |
|       | 8 November 2021          | Closure date for final binding offers  |
|       | 11 November 2021         | Bidder reverse presentations to the Administrators and DSA Management team   |
|       | 17 November 2021         | Administrators advised interested parties of the chosen preferred bidder and executed an exclusivity agreement with the preferred bidder                     |
| 3     | 18 November 2021 onwards | Various activities associated with finalising transaction documents, seeking approval from creditors, transferring membership and completing the transaction |

### 6.7.2.1 Phase 1A

Phase 1A involved various activities that included: establishing the strategy, developing marketing collateral and other sale specific transaction documentation, market screening and reviewing NBIO offers. Further details regarding the Phase 1A process are provided below:

- **Marketing collateral:** The Administrators distributed a copy of the sale flyer to approximately 190 interested parties that included disability service providers, private equity, broader allied health businesses, and employment service providers. Details such as transaction overview, investment highlights, timeline, and instructions in relation to the conduct of the EOI Process were communicated to interested parties.
- **Market screening:** An interested party register was established to collate all information relating to parties who had been engaged in the process and was used by the Administrators to perform an initial market and target screening process to validate interested parties against the transaction guiding principles.
- **Information Memorandum (IM):** A detailed IM was prepared and distributed to interested parties along with access to limited information in a data room for parties to review. During Phase 1A, the data room information provided was restricted due to the significant volume of interested parties engaged in the process.
- **Data room:** A secure virtual data room was hosted via ShieldDocs, which included the ability for the Administrators and interested parties to exchange commercially sensitive information and facilitate Q&A to support the interested parties' due diligence requirements.

- **Other transaction documents:** Non-disclosure agreements were distributed to those parties that requested further information with 111 NDA agreements being fully executed (along with a detailed process letter being distributed).
- **NBIO offers:** The Administrators received 52 NBIO's from interested parties on 27 September 2021. Given the volume of offers received, the Administrators' conducted a detailed offer evaluation process that involved:
  - 1 Establishing a tiering system and categorising each of the 52 offers into one of 9 established tiers; and
  - 2 Developing a scoring system across four broad criteria (transaction structure, strategic fit, financial capacity and risk) to evaluate the tier 1 and 2 NBIO's (representing 23 interested parties).

### 6.7.2.2 Phase 1B

The Administrators received a significant number of conforming NBIO's to acquire the whole Group during Phase 1A. Given these circumstances, the Administrators required further confirmation and greater commitments around assets and liabilities of the Group from interested parties in relation to the following:

- **Structure:** The Administrators' preferred acquisition structure was to execute a DOCA, which would be conditional on, among other things, the interest of all members of the Group being transferred to the acquirer ('Preferred Structure'). Our view is that a DOCA would provide less disruption as compared to executing a sale of business which would require novation of all contracts and employees;
- **Employees (including ADE Supported Employees):** Continuity of employment for all employees and their liabilities by the successful party as part of the Preferred Structure on an unconditional basis with a commitment to preserve the employment of the Companies' existing employees on no less favourable terms;
- **Participants:** Commitments around provision of participants services under similar arrangements for a period of 12 months;
- **Creditors:** All creditor liabilities in respect of lease and trade creditors would be assumed as part of the Preferred Structure on an unconditional basis;
- **Deed Fund:** As part of the Preferred Structure, any creditor liabilities (including employee entitlements) which were not assumed by the successful party would be paid in full; and
- **Timing:** That interested parties were capable to complete due diligence, submit a binding final offer and ultimately complete the proposed transaction within the truncated timeline proposed by the Administrators.

Based on the response to the clarifying questions and feedback from key stakeholder groups the scoring criteria was updated and four interested parties were selected for shortlisting to progress to Phase 2. The four interested parties were shortlisted primarily because they were:

- Experienced NDIS registered parties and not-for-profit organisations;
- Aligned with the Companies from a cultural, strategic and service provision perspective;
- Provided the greatest commitment toward assuming all assets and liabilities of the Group (resulting in the best outcome to creditors);
- Prepared to assume all of DSA's participant cohort;
- Able to demonstrate strong financial capability to support DSA moving forward; and
- Prepared to execute a transaction in the Administrators' Preferred Structure;

Further, the Administrators also sought key stakeholder input to inform the shortlisting process.

### 6.7.2.3 Phase 2

The 4 shortlisted parties were invited to conduct further due diligence in Phase 2 in order to provide a final binding offer by 8 November 2021. Some of the key activities in Phase 2 included:

- **Additional data room material:** Full access to the data material was granted to the shortlisted parties containing over 1,200 documents for review;

- **Q&A:** Shortlisted parties were provided with an opportunity to ask more detailed questions either through the virtual Q&A function in the data room or on a bi-weekly stand-up call with the KPMG EOI team;
- **Management presentations:** The DSA management team conducted a presentation to the shortlisted parties on 1 November 2021. Parties were also invited to a separate management Q&A session where they were able to ask questions directly from the DSA management team; and
- **Reverse Management presentations:** To support the decision-making process and help select the preferred bidder, the shortlisted parties provided reverse presentations to the Administrators and the DSA management team.

The Administrators reviewed the final binding offers received in conjunction with the reverse management presentation, and final negotiations of transaction terms, and selected Scope as the preferred bidder. Scope was selected for the following reasons:

- **Proposal met our key criteria, including** its commitment to meet existing employee entitlements and lease liabilities, and subject to a surplus cash position following the external administration period, to preserve, for a 12 month period, existing services and employment to participants and frontline staff (as applicable);
- **Return to creditors:** its commitment to ensuring unsecured creditors receive 100 cents on the \$. In the unlikely event of a shortfall from the cash reserves to meet creditor liabilities in full, Scope committed to a 'Proponent Contribution' equal to any shortfall so that all creditors receive 100 cents on the \$. This mechanism eliminates the risk of a shortfall to creditors;
- **Reputation in the market:** Scope is a large disability service provider supporting thousands of people across Victoria and New South Wales with complex intellectual and physical disabilities. DSA employees and participants will transition into a business that has a strong reputation and capability of delivering high quality outcomes;
- **Depth of organisational resources:** Scope has resources (including systems, processes, and technology enablers) that can be immediately implemented across the Companies to improve efficiency of its operations;
- **Financial capability:** Scope has the financial capacity to support the Companies post transaction and a larger balance sheet to fund the transaction (and the Companies moving forward) sustainably in the NDIS environment;
- **Prior M&A & CHL integration experience:** Scope has experience in supporting complex SIL and similar participants to the Companies' existing cohort as a result of a recent transfer of services from the Victorian government to Scope;
- **Complex participant support capability:** Scope has a mature clinical governance framework and supporting systems and processes;
- **Depth of stakeholder relationships:** Scope has developed strong government and NDIA relationships that are able to be leveraged;
- **Job preservation of ADE supported employees:** Scope is committed to ongoing employment of all employees, including supported workers, with the view to ensuring the continuity of the Companies' operations; and
- **Adherence to Preferred Structure:** Scope has provided a strong offer in the Preferred Structure with all the commitments around assets and liabilities requested by the Administrators during Phase 1A and Phase 1B of the EOI process.

On 17 November 2021, an exclusivity deed was executed with Scope to apply shortly after Scope's selection as the preferred bidder and until the effectuation of the DOCA. The exclusivity deed Scope Australia made a \$500,000 deposit which will be forfeited if, among other things, Scope Australia fails to complete the transaction within 8 Business Days of the approval of the Scope Australia DOCA at the second creditors' meeting (subject to limited exceptions).

#### **6.7.2.4 Phase 3**

Phase 3 of the transaction process are activities associated with finalising the terms of the DOCA and Creditors' Trust and executing the communication and transition plan with Scope. As part of Phase 3, the Administrators will seek creditor approval to enter into the DOCA and will likely undertake a Court process to transfer control of the Companies to Scope. These activities at the time of writing this Report are ongoing, with Scope anticipated to assume full control of the Companies, subject to the creditors' approval of the DOCA proposal and Court's appetite to make the requisite orders, on or around 13 December 2021.

## 7 Proposal for DOCA

On 8 November 2021, a binding offer in the form of a DOCA proposal was received from Scope. The proposed DOCA provides a significantly better outcome to participants, employees and creditors than liquidation.

| Key takeaways of Scope's offer |   |
|--------------------------------|---|
|                                | <p>The proposal provides for a full return to all creditors and a significantly better outcome for the Companies as compared to a liquidation scenario. Capitalised terms in this section have the meaning given to them in the Scope Australia DOCA proposal unless otherwise defined in this report.</p> <p>The proposal received from Scope includes the assumption of:</p> <ol style="list-style-type: none"><li>i. All continuity of employment accrued and outstanding entitlements of existing employees as at the date of Completion;</li><li>1 ii. All accrued and outstanding liabilities under applicable workers' compensation legislation and liabilities;</li><li>iii. All secured liabilities; and</li><li>iv. All liabilities associated with existing leasing arrangements (property leases, motor vehicle leases and plant and equipment leases).</li></ol> <p>All other creditors will be settled through the Creditors' Trust, which is funded primarily from the residual cash at bank of the Group (discussed further below). Scope will also provide a contribution to the Trust Fund in the event that admitted claims exceed monies constituting the Trust Fund.</p> |
| 2                              | The proposed DOCA allows for ongoing support and services for Participants, ongoing employment for all staff and a full return to all creditors.  |
| 3                              | Scope is a large not-for-profit service provider with the financial and operational capability to complete the acquisition and operate the Group moving forward.  |

### 7.1 Proposal received

A copy of Scope's final binding offer is attached at **Annexure J**.

The key terms of the proposed DOCA are detailed below.

We consider that the proposed DOCA complies with section 25.6.6 of the Code.

### 7.2 Information on Scope

Scope is one of Australia's largest for-purpose providers of disability support services with over 70 years' experience supporting those living with physical and intellectual disabilities and developmental delays. Scope's main operations are in Victoria and has recently commenced operations in NSW. The Acquisition of the Group will further enhance its NSW service offering and ability to leverage its strong capability in Victoria.

Some of the key operational and financial highlights for Scope from its FY21 annual report and website include:

- Supporting 1,298 people to live more independently;
- Achieving a continued customer satisfaction rating of 93%;
- Expanded Scope's mission into New South Wales;
- Completing full certification under the NDIS Quality and Safeguarding Standards; and
- Supporting over 1,000 customers who transferred to Scope from the Victorian Government, to successfully transition their funding to the NDIS.
- Strong financial capacity (Revenue \$441.5m, profit \$92.8m and net assets \$229.4m per published FY21 annual report)

## 7.3 Key features of the proposal

### 7.3.1 DOCA

The key elements of the proposed DOCA/Creditors' Trust are summarised in the table below:

| Key element                                | DOCA  |
|--|---|
| <b>Commencement date</b>                   | <p>The commencement date of the DOCA is expected to be 2 December 2021 (following the second creditors meeting and subject to, among other things, the execution of the DOCA by all parties).</p> <p>The DOCA will effectuate and terminate on or around 13 December 2021 following Court Replacement Orders for the current members of the Group being replaced by Scope as contemplated in the DOCA Proposal.</p>   |
| <b>Deed Administrators</b>                 | <p>Gayle Dickerson and James Dampney, in their capacity as joint and several administrators of this Deed and any replacement deed administrator appointed in accordance with this Deed.</p>   |
| <b>Parties bound by the DOCA</b>           | <ul style="list-style-type: none"> <li>– Disability Services Australia Limited (Administrators Appointed) ACN 002 507 655</li> <li>– DSA Mentoring Services Limited (Administrators Appointed) ACN 629 308 881</li> <li>– Macquarie Employment Training Service Limited (Administrators Appointed) ACN 643 269 112</li> <li>– Gayle Dickerson and James Dampney in their capacity as joint and several voluntary Administrators of the Companies</li> <li>– Scope (Aust) Ltd ACN 004 280 871</li> </ul> |
| <b>Purpose of the DOCA proposal</b>        | <p>To maximise the chances of the Group continuing in existence and to administer the business, property and affairs of the Group in a way that results in a better return for the Creditors than would result from an immediate winding up.</p>  |
| <b>Management of the Company</b>           | <p>The Deed Administrators will retain day to day management and control of the Group's business, assets and affairs during the Deed Period up until the DOCA is effectuated and the Creditors Trust commences. At this point, a board nominated by Scope will assume the day-to-day management and control of the Group (expected to be on or around 13 December 2021). The transfer of membership in DSA to Scope will be effected via a Court application.</p>                                       |
| <b>Monitoring / reporting requirements</b> | <p>The Deed Administrators will report to Creditors (and Scope) on any matters contemplated by this the DOCA or in connection with the Companies' business, property, affairs or financial circumstances as the Deed Administrators see fit.</p>  |

| Key element              | DOCA   |
|--------------------------|--|
| <b>Moratorium period</b> | <p>During the Deed Period, except for the purpose of enforcing its rights under this Deed, a Creditor must not in connection with a Claim:</p> <ol style="list-style-type: none"> <li>1 make an application for an order to or take or concur in the taking of any step to wind up the Companies or to proceed with an application for an order to wind up the Companies made before this Deed became binding on that person;</li> <li>2 commence or take any further step in any proceeding or arbitration against the Companies or in relation to any of its Property, except with leave of the Court or the Deed Administrators' written consent and in accordance with such terms (if any) as the Court or Deed Administrators impose;</li> <li>3 begin or proceed with an Enforcement Process in relation to Property (including any property used or occupied by, or in the possession of the Companies) except with the leave of the Court or the Deed Administrators' written consent and in accordance with such terms (if any) as the Court or Deed Administrators impose;</li> <li>4 exercise or purport to exercise any right of counterclaim, set-off, cross-demand or cross-action to which the Creditor would not have been entitled had the Companies been wound up (with the winding up taken to have begun on the Relevant Date);</li> <li>5 make or proceed with an application for a Court appointed receiver, receiver and manager, or a provisional liquidator to the Companies or any of their Property; or</li> <li>6 institute, proceed or take any action whatsoever against the Companies or their Property to recover or enforce any part of its Claim.</li> </ol> |
|                          | <p>During the Deed Period, the Companies, its Officers and Directors must not act inconsistently with the terms and objects of this Deed and must not make, proceed or take any action in connection with any application to wind up the Companies or pass any resolution pursuant to section 491 of the Act.</p> <p><b>This above has effect in addition to, and not in derogation of, section 444E of the Act (protection of company's property from persons bound by the Deed).</b></p>   |

## Key element

## DOCA

**The payment of a shortfall contribution by Scope Australia is specified in the Creditors' Trust which Scope Australia is contractually bound to pay once the Creditors' Trust is signed.**

As part of the recapitalisation process, we understand from Scope that "as the new owner of the Group, will recapitalise DSA immediately post completion to fund the working capital needs of DSA. Scope is in a strong financial position and has the resources to adequately fund the obligations of the transaction, the working capital for trading, the ongoing obligations per the DOCA and future investment as required." We provide further information in the report on Scope and note that per the latest FY21 annual report that Scope reported: Revenue \$441.5m, profit \$92.8m and net assets \$229.4m.

Scope's DOCA proposal to recapitalise DSA means that it will be immediately funding working capital into DSA and also assuming significant liabilities as outlined below. The liabilities not being assumed by Scope are former employee entitlements both those accrued prior to the date of appointment of Administrators or those that resigned or terminated during the course of the Administration. Unsecured creditors not included in the below have been assumed by Scope.

## Contributions

| Scope Offer summary  | Amount (\$m)        |
|--|---------------------|
| <b>Secured creditors</b>   |                     |
| All secured liabilities owed to CBA including contingent liabilities (bank guarantees)   | 2.6                 |
| All liabilities associated with existing leasing arrangements - other leases, motor and plant and equipment                                    | 0.4                 |
| <b>Priority creditors</b>  |                     |
| All accrued and outstanding entitlements of existing employees as at the date of completion  | 10                  |
| <b>Unsecured creditors</b>   |                     |
| All accrued and outstanding liabilities applicable relating to iCare Workers' compensation as at the date of the appointment of Administrators | 7.8                 |
| <b>Total liabilities assumed on date of acquisition before property leases</b>   | <b>20.8</b>         |
| All liabilities associated with existing leasing arrangements  |                     |
| - property leases (unpaid rent, duration of lease and make good)   | Amount unquantified |
| <b>Total liabilities assumed on date of acquisition</b>  | <b>TBC</b>          |

If there is a surplus of cash post distributions to former employees (priority creditors) and unsecured creditors this cash will remain for the benefit of DSA. We estimate this cash surplus to be in the range of \$4.1m (high) and \$0.5m (low) per the summary of the Trust Fund below.

| Analysis of return to unsecured creditors                                 | Low (\$m)    | High (\$m)   |
|---|--------------|--------------|
| Forecast cash at bank (after VA and legal fees at Dec 2021)               | 8.5          | 10.9         |
| CBA cash back   | (2.6)        | (2.6)        |
| <b>Estimated Net Cash Position (available for distribution)</b>           | <b>5.9</b>   | <b>8.3</b>   |
| Employee entitlements (terminated employees)                              | (1.4)        | (1.1)        |
| Deed administrator costs  | (0.8)        | (0.6)        |
| <b>Estimated Surplus / (shortfall) before unsecured creditor dividend</b> | <b>3.8</b>   | <b>6.6</b>   |
| Unsecured trade creditors   | (3.3)        | (2.5)        |
| <b>Total unsecured, \$</b>  | <b>(3.3)</b> | <b>(2.5)</b> |
| <b>Estimated return, c/\$</b>   | <b>100</b>   | <b>100</b>   |
| <b>Estimated Surplus / (deficit)</b>                                      | <b>0.5</b>   | <b>4.1</b>   |

| Key element   | DOCA  |
|---|---|
| <b>Dividends and order of distribution</b>            | The order of payment of distributions is specified in the Creditors' Trust, which is consistent with the priorities specified by the Act and the Regulations during the Creditors' Trust period.  |
| <b>Meetings</b>                                       | The Deed Administrators can convene a meeting of Creditors at any point to consider a Resolution to terminate the DOCA (or any other resolution requested or ordered).  |
| <b>Administrators'/Deed Administrators' indemnity</b> | <p>In addition to any rights the Deed Administrators and Administrators may have under the Act or at law, the Deed Administrators and Administrators are entitled to be indemnified out of the Assets for:</p> <ol style="list-style-type: none"> <li>1 payment for the Deed Administrators' Liabilities and Administrators' Liabilities;</li> <li>2 the Deed Administrators' Remuneration and the Administrators' Remuneration; and</li> <li>3 any liability referred to in clause 17 relating to: <ul style="list-style-type: none"> <li>– any debts incurred or any claims, obligations, demands, actions, loss, damage, costs, charges, expenses or liabilities caused by any act, omission or default by or on behalf of the Deed Administrators or their Representatives in administering this Deed or exercising their duties and obligations under this Deed;</li> <li>– any debts incurred or any claims, obligations, demands, actions, loss, damage, costs, charges, expenses or liabilities caused by any act, omission or default by or on behalf of the Companies whether before, during or after the period of the operation of this Deed; or</li> <li>– any debts incurred or any claims, obligations, demands, actions, loss, damage, costs, charges, expenses or liabilities suffered or sustained or incurred by any Directors, Officers or Creditors,</li> </ul> </li> </ol> <p><b>Except any loss or damage occasioned by the gross negligence or willful misconduct of the Deed Administrators.</b></p> |
| <b>Termination</b>                                    | <p>The DOCA will terminate on the execution of the notice that the DOCA has been wholly effectuated or the happening of any of the following events:</p> <ol style="list-style-type: none"> <li>1 when the Court under section 445D of the Act makes an order terminating this Deed;</li> <li>2 when the Creditors pass a Resolution terminating the Deed at a meeting that was convened by the Deed Administrators in accordance with clause 14.3 of the DOCA; or</li> <li>3 when the Court declares the DOCA in its entirety to be void under section 445G(2) of the Act.</li> </ol> <p><b>Upon termination of this Deed in accordance with clause, the Deed Administrators will certify to that effect in writing and lodge with ASIC a notice of termination of the Deed in accordance with ASIC form 509G (or such other relevant form as required by ASIC). This step achieves "effectuation" of the DOCA for the purposes of the Act and Regulations.</b></p>  |

### 7.3.2 Creditors' Trust

Creditors should read ASIC's "Regulatory Guide 82 – External Administration: Deeds of company arrangement involving a Creditors Trust" available on the ASIC website.

In accordance with RG82, please see the below information relating to the use of a creditors trust in this proposal

| Item   | Information for creditors   |           |                  |                                   |                 |  |                 |  |                  |  |                  |   |                  |                                     |                  |  |                  |  |                    |  |                  |
|--|---|-----------|------------------|-----------------------------------|-----------------|--|-----------------|--|------------------|--|------------------|---|------------------|-------------------------------------|------------------|--|------------------|--|--------------------|--|------------------|
| <b>Reason</b>  | <p>A Creditors' Trust has been proposed in addition to the DOCA in order to accelerate the Companies' exit from external Administration.</p> <p>The effect of combining the Creditors' Trust with the DOCA will be that it will restrict the further investigation of the Companies' affairs and enable the Companies to be released from all liabilities immediately upon effectuation of the DOCA. Practically, this will allow for the Proponent to take control of the business sooner than it would under a DOCA alone as the DOCA (as proposed) can complete before all claims are adjudicated and a distribution made. With the Proponent taking control of the business sooner, it will be able to begin implementing its strategy for the Companies sooner than without a Creditors' Trust. This is likely to result in a better outcome for all stakeholders.</p>   |           |                  |                                   |                 |  |                 |  |                  |  |                  |   |                  |                                     |                  |  |                  |  |                    |  |                  |
| <b>Key events</b>  | <p>The key events under the proposed DOCA and Creditors' Trust are listed below:</p> <table border="1" data-bbox="466 808 1390 1576"> <thead> <tr> <th data-bbox="472 817 1070 853">Key event</th> <th data-bbox="1070 817 1383 853">Estimated timing</th> </tr> </thead> <tbody> <tr> <td data-bbox="472 853 1070 913"><b>Execution of Proposed DOCA</b></td> <td data-bbox="1070 853 1383 913">2 December 2021</td> </tr> <tr> <td data-bbox="472 913 1070 1028"><b>Commencement of a Court application under sections 447A and 444GA to transfer members' interest in DSA to Scope</b></td> <td data-bbox="1070 913 1383 1028">2 December 2021</td> </tr> <tr> <td data-bbox="472 1028 1070 1093"><b>Obtain s444GA orders from the Court</b></td> <td data-bbox="1070 1028 1383 1093">13 December 2021</td> </tr> <tr> <td data-bbox="472 1093 1070 1158"><b>Complete other conditions precedent</b></td> <td data-bbox="1070 1093 1383 1158">13 December 2021</td> </tr> <tr> <td data-bbox="472 1158 1070 1223"><b>Completion and termination of DOCA</b></td> <td data-bbox="1070 1158 1383 1223">13 December 2021</td> </tr> <tr> <td data-bbox="472 1223 1070 1288"><b>Creation of Creditors' Trust</b></td> <td data-bbox="1070 1223 1383 1288">13 December 2021</td> </tr> <tr> <td data-bbox="472 1288 1070 1402"><b>Creditor claims against Companies released and extinguished and claims converted to rights as beneficiaries of Creditors' Trust</b></td> <td data-bbox="1070 1288 1383 1402">13 December 2021</td> </tr> <tr> <td data-bbox="472 1402 1070 1487"><b>Adjudication of priority creditor claims and distribution</b></td> <td data-bbox="1070 1402 1383 1487">By 31 January 2022</td> </tr> <tr> <td data-bbox="472 1487 1070 1572"><b>Adjudication of unsecured creditor claims and distribution to beneficiaries of Creditors' Trust</b></td> <td data-bbox="1070 1487 1383 1572">By 31 March 2022</td> </tr> </tbody> </table> <p>While there are a number of factors that may impact the timing of the key events, the Administrators anticipate that:</p> <ul style="list-style-type: none"> <li>– Subject to the satisfaction of the conditions precedent the DOCA will be effectuated on or around 13 December 2021 and funds distributed to all beneficiaries of the Creditors Trust prior to the end of March 2022.</li> <li>– Any delays to this timeline are likely to be a result of the completion of some of the conditions precedent, including any court application for orders under sections 444A and 444GA of the Corporations Act.</li> </ul> <p>The DOCA has a sunset date of 13 December 2021 (or longer as agreed in writing by the parties) by which time the conditions precedent must have been met.</p> | Key event | Estimated timing | <b>Execution of Proposed DOCA</b> | 2 December 2021 | <b>Commencement of a Court application under sections 447A and 444GA to transfer members' interest in DSA to Scope</b> | 2 December 2021 | <b>Obtain s444GA orders from the Court</b> | 13 December 2021 | <b>Complete other conditions precedent</b> | 13 December 2021 | <b>Completion and termination of DOCA</b> | 13 December 2021 | <b>Creation of Creditors' Trust</b> | 13 December 2021 | <b>Creditor claims against Companies released and extinguished and claims converted to rights as beneficiaries of Creditors' Trust</b> | 13 December 2021 | <b>Adjudication of priority creditor claims and distribution</b> | By 31 January 2022 | <b>Adjudication of unsecured creditor claims and distribution to beneficiaries of Creditors' Trust</b> | By 31 March 2022 |
| Key event  | Estimated timing  |           |                  |                                   |                 |  |                 |  |                  |  |                  |   |                  |                                     |                  |  |                  |  |                    |  |                  |
| <b>Execution of Proposed DOCA</b>  | 2 December 2021   |           |                  |                                   |                 |  |                 |  |                  |  |                  |   |                  |                                     |                  |  |                  |  |                    |  |                  |
| <b>Commencement of a Court application under sections 447A and 444GA to transfer members' interest in DSA to Scope</b>                 | 2 December 2021   |           |                  |                                   |                 |  |                 |  |                  |  |                  |   |                  |                                     |                  |  |                  |  |                    |  |                  |
| <b>Obtain s444GA orders from the Court</b>   | 13 December 2021  |           |                  |                                   |                 |  |                 |  |                  |  |                  |   |                  |                                     |                  |  |                  |  |                    |  |                  |
| <b>Complete other conditions precedent</b>   | 13 December 2021  |           |                  |                                   |                 |  |                 |  |                  |  |                  |   |                  |                                     |                  |  |                  |  |                    |  |                  |
| <b>Completion and termination of DOCA</b>  | 13 December 2021  |           |                  |                                   |                 |  |                 |  |                  |  |                  |   |                  |                                     |                  |  |                  |  |                    |  |                  |
| <b>Creation of Creditors' Trust</b>  | 13 December 2021  |           |                  |                                   |                 |  |                 |  |                  |  |                  |   |                  |                                     |                  |  |                  |  |                    |  |                  |
| <b>Creditor claims against Companies released and extinguished and claims converted to rights as beneficiaries of Creditors' Trust</b> | 13 December 2021  |           |                  |                                   |                 |  |                 |  |                  |  |                  |   |                  |                                     |                  |  |                  |  |                    |  |                  |
| <b>Adjudication of priority creditor claims and distribution</b>   | By 31 January 2022  |           |                  |                                   |                 |  |                 |  |                  |  |                  |   |                  |                                     |                  |  |                  |  |                    |  |                  |
| <b>Adjudication of unsecured creditor claims and distribution to beneficiaries of Creditors' Trust</b>                                 | By 31 March 2022  |           |                  |                                   |                 |  |                 |  |                  |  |                  |   |                  |                                     |                  |  |                  |  |                    |  |                  |

| Item                                      | Information for creditors  |
|---|--|
| <p><b>Trust Fund and Contribution</b></p> | <p>The Trust Fund will comprise the Cash component of the Available Property on the Commencement Date, plus any subsequent Available Property and income accruing on the Available Property.</p> <p>In the event of a shortfall in the Trust Fund to pay amounts under the Creditors' Trust, the Scope Australia must pay the amount of the shortfall in cleared funds to the Trustees.</p> <p>However should a contribution be required, Scope will no longer be bound by the 12 month continuity period covering requirements to:</p> <ul style="list-style-type: none"> <li>– maintain the Participant support arrangements existing at the Relevant Date unless: <ul style="list-style-type: none"> <li>– there is a change in Participant circumstances or support needs; or</li> <li>– changes are negotiated with the Participant or his or her representative; or</li> <li>– changes are required to ensure the safety of the Participant;</li> </ul> </li> <li>– employ Disability Support Employees on terms no less favourable overall than their employment conditions at the Relevant Date; and</li> <li>– continue, on existing terms, the use, occupation or possession of any property of an Owner or Lessor.</li> </ul> <p>Any residual cash at bank in the Trust Fund after the Trustees have distributed all funds in accordance with the Creditors' Trust will be remitted to the Companies.</p> |
| <p><b>Return</b></p>                      | <p>It is anticipated that the return to creditors will be 100 cents / \$ and paid by the end of March 2022. The Creditors' Trust established the Trust Fund on the Commencement Date (expected 13 December 2021). If there was no Creditors' Trust, there would be no change to the expected return. The anticipated return to creditors is discussed further in <b>Section 10</b>.</p> <p>The Administrators do not believe that use of a Creditors' Trust will result in any difference to the return to creditors when compared to a DOCA without the use of a Creditors' Trust, as the Trustees will undertake similar tasks to a Deed Administrator, and there is no delayed or earn-out component to the Trust Fund contributions. The contribution mechanism will ensure that creditors receive a return in full. The Administrators are satisfied with the financial health of the Proponent to make any 'contribution required to ensure the return contemplated by the DOCA and Creditors' Trust exceeds that of Liquidation (refer <b>Section 10</b>).</p>  |
| <p><b>Trustee particulars</b></p>         | <p>Gayle Dickerson and James Dampney are proposed to be appointed as Trustees of the Creditors' Trust. In this regard, we note that:</p> <ul style="list-style-type: none"> <li>– Each of the proposed Trustees are registered liquidators with extensive experience in the insolvency industry. Each of the proposed Trustees consider that they have the necessary skills and experience to be appointed as Trustees. Whilst the Creditors' Trust does not require the Trustees to be registered liquidators, each of the proposed Trustees are.</li> <li>– Each of the proposed Trustees are acknowledge that ASIC has certain supervisory powers under Div 40 of Sch 2 to the Corporations Act over conduct by the Trustees.</li> <li>– Each of the proposed Trustees do not believe they would have any conflicts of interest when acting as Trustees.</li> <li>– The proposed Trustees have civil liability insurance (including professional indemnity and fidelity) that will cover conduct by them in their capacity as trustees of the proposed trust which reflects their insurance obligations as registered liquidators, the nature and aggregate value of which are confidential.</li> </ul>   |

| Item                       | Information for creditors  |                  |                |                  |       |     |         |         |                |      |       |        |               |      |       |        |               |              |                |                 |                |
|----------------------------|--|------------------|----------------|------------------|-------|-----|---------|---------|----------------|------|-------|--------|---------------|------|-------|--------|---------------|--------------|----------------|-----------------|----------------|
| <p><b>Remuneration</b></p> | <p>The Creditors' Trust will provide for the payment of the Administrators', Deed Administrators' and Trustees' remuneration from the Trust Fund in priority to any payment to admitted creditors.</p> <p>Included in this priority category are:</p> <ul style="list-style-type: none"> <li>(a) payment of the Administrators' Remuneration, Deed Administrators' Remuneration and the Trustees' Remuneration; and</li> <li>(b) payment of the Administrators' Liabilities, Deed Administrators' Liabilities and Trustees' Liabilities.</li> </ul> <p>The Trustees' remuneration will be calculated on the same basis as the Administrators' and Deed Administrators' remuneration; that is, they will be calculated using KPMG's standard hourly rates. Given the Proponent contribution, any remuneration will not impact the anticipated distribution to beneficiaries of the Creditors' Trust. In addition, we do not expect any additional fees and expenses due to the use of the Creditors' Trust.</p> <p>We estimate the future remuneration of the Deed Administrators and Trustees to be as follows:</p> <table border="1" data-bbox="466 913 1366 1104"> <thead> <tr> <th>\$ (excl GST)</th> <th>DOCA</th> <th>Creditors' Trust</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>DSA</td> <td>313,710</td> <td>284,463</td> <td><b>598,173</b></td> </tr> <tr> <td>DSAM</td> <td>7,616</td> <td>11,316</td> <td><b>18,932</b></td> </tr> <tr> <td>METS</td> <td>8,384</td> <td>17,259</td> <td><b>25,643</b></td> </tr> <tr> <td><b>Total</b></td> <td><b>329,710</b></td> <td><b>313,038.</b></td> <td><b>642,748</b></td> </tr> </tbody> </table> <p>This estimate does not take into account any protracted negotiations when adjudicating on creditor claims and will be dependent on the time taken for such adjudication and distribution to beneficiaries of the Creditors' Trust and any finalisation issues in closing out the voluntary Administration trading period. The remuneration is proposed on being paid as it is incurred.</p> <p>The Trustees' fees will be in connection with any work reasonably performed in connection with the:</p> <ul style="list-style-type: none"> <li>(a) calling for and adjudicating upon creditor claims;</li> <li>(b) distribution of the Trust Fund; and</li> <li>(c) exercise of their powers and discretions and performance of their duties, obligations and responsibilities as Trustees pursuant to the Trust Deed.</li> </ul> <p>Whilst in a Creditors' Trust, there are no statutory provisions for approval of remuneration as required under the Corporations Act, the Trustees' Remuneration will require approval by the Court, a committee of creditors or of the Creditors at a meeting of creditors, time (exclusive of GST and disbursements).</p> | \$ (excl GST)    | DOCA           | Creditors' Trust | Total | DSA | 313,710 | 284,463 | <b>598,173</b> | DSAM | 7,616 | 11,316 | <b>18,932</b> | METS | 8,384 | 17,259 | <b>25,643</b> | <b>Total</b> | <b>329,710</b> | <b>313,038.</b> | <b>642,748</b> |
| \$ (excl GST)              | DOCA   | Creditors' Trust | Total          |                  |       |     |         |         |                |      |       |        |               |      |       |        |               |              |                |                 |                |
| DSA                        | 313,710  | 284,463          | <b>598,173</b> |                  |       |     |         |         |                |      |       |        |               |      |       |        |               |              |                |                 |                |
| DSAM                       | 7,616  | 11,316           | <b>18,932</b>  |                  |       |     |         |         |                |      |       |        |               |      |       |        |               |              |                |                 |                |
| METS                       | 8,384  | 17,259           | <b>25,643</b>  |                  |       |     |         |         |                |      |       |        |               |      |       |        |               |              |                |                 |                |
| <b>Total</b>               | <b>329,710</b>   | <b>313,038.</b>  | <b>642,748</b> |                  |       |     |         |         |                |      |       |        |               |      |       |        |               |              |                |                 |                |
| <p><b>Indemnities</b></p>  | <p>The Creditors' Trust will provide the Trustees (including in their capacity as Administrators and Deed Administrators) with a continuing indemnity out of the Trust Fund. The Trustees will be entitled to be indemnified out of the Trust Fund for all actions, suits, proceedings, accounts, claims and demands arising out of or relating to the Creditors' Trust Deed which may be commenced, incurred by or made on the Trustees by any person and against all costs, charges and expenses incurred by the Trustees in respect of them, provided that any such indemnity does not contravene the Corporations Act or Trustee Act 1925 (NSW).</p> <p>While any such actions may reduce the available funds, the return to creditors will not change due to the Proponent contribution mechanism and the Administrators do not foresee any material legal actions other than that detailed in the DOCA</p>   |                  |                |                  |       |     |         |         |                |      |       |        |               |      |       |        |               |              |                |                 |                |

| Item                 | Information for creditors  |
|----------------------|--|
| <p><b>Powers</b></p> | <p>The powers of the Trustees will be defined by the terms of the Creditors Trust and include administering the Trust Fund in accordance with the provisions of the Trust Deed, doing anything incidental to exercising the powers set out in the Creditors' Trust and anything else necessary or convenient for administering the Creditors' Trust more specifically the Trustees' tasks will involve the adjudication of claims and distribution of the Trust Funds.</p> <p>The Trust Deed also incorporates powers that would apply to Deed Administrators. Details of these powers are in the DOCA and Trust Deed to be tabled at the forthcoming creditors' meeting. Accordingly, it is unlikely there will be any significant differences in the powers of the Trustees with the respect to their tasks when compared to those of Deed Administrators.</p> <p>Deed Administrators are governed by the Corporations Act whereas a Trustees in NSW are governed by the Trust Deed and the Trustee Act 1975 (NSW).</p>  |
| <p><b>Claims</b></p> | <p>Claims of Creditors' (except Excluded Creditors) against the Companies arising prior the Relevant Date will be extinguished and replaced with rights to claim as beneficiaries of the Creditors' Trust.</p> <p>Distributions from the Trust Fund will be made by the Trustees in the following order, in general terms:</p> <ul style="list-style-type: none"> <li>(a) first, in payment of the Administrators' Liabilities, Deed Administrators' Liabilities and Trustees' Liabilities;</li> <li>(b) second, in payment of the Administrators' Remuneration, Deed Administrators' Remuneration and Trustees' Remuneration;</li> <li>(c) third, in payment of Admitted Priority Claims; and</li> <li>(d) fourth, in payment of Admitted Claims which are not Admitted Priority Claims; and</li> <li>(e) finally, as a surplus to be remitted to the Companies as working capital.</li> </ul> <p>In other words, the Trust Fund will be distributed in accordance with the priority that would apply if the Companies were placed into liquidation.</p> <p>The Trustees will follow the same process as a Deed Administrator to determine claims and will have unrestricted and free access to all the books and records of the Companies necessary to determine claims.</p> |

| Item   | Information for creditors   |
|--|---|
| <p><b>Other creditor/beneficiary differences</b></p> | <p>There are differences between creditors' rights under Part 5.3 of the Corporations Act, a Creditors' Trust and general trust law.</p> <p>In a DOCA, creditors have the right to request a meeting of creditors or apply to Court to seek orders to amend the DOCA. Under a creditors' trust, creditors may not have this option. A creditors' trust results in the loss of court supervision under the Corporations Act. While the Court can still provide relief under the general law of trusts, the safeguards available to creditors under Part 5.3A of the Corporations Act are no longer available.</p> <p>To note, the beneficiaries of the proposed Creditors' Trust may not have the ability to challenge the decisions or actions of the Trustees as they would have against Deed Administrators.</p> <p>In the event that the Proponent does not make a required contribution to the Trust Fund, the Trustees have the ability to sue the Proponent in their capacity as Trustee for an amount equal to the contribution and be indemnified by the Proponent for any costs in doing so.</p> <p>Creditors will have not less than 14 days to appeal the Trustees' decision to reject their claim and the distribution process will follow that which may ordinarily occur in a DOCA. Accordingly, the Administrators do not believe that creditors will be disadvantaged. As the Trustees are all registered liquidators, creditors have the ability to make any complaints about their conduct to ASIC.</p> |
| <p><b>FEG</b></p>                                    | <p>Should the DOCA and Creditors Trust proceed, employees of the Companies would not have the option of making a claim under the FEG scheme.</p> <p>The FEG scheme may only be available if the Companies are placed into liquidation. However, the Administrators expect that all agreed priority unsecured claims (i.e. employees) will be paid in full (refer to <b>Section 10</b>).</p>   |
| <p><b>Compliance opinion</b></p>                     | <p>The Administrators have received financial information from the Proponent to assess its financial capability and made inquiries of its Management personnel.</p> <p>The Administrators are of the opinion that the Proponent is likely able to comply and is capable of complying with its obligations under the DOCA and Creditors' Trust if the DOCA proposal is approved by creditors.</p>  |
| <p><b>Solvency statement</b></p>                     | <p>The Administrators are of the opinion that the Companies will become solvent at the date of the effectuation of the DOCA as the debts of the Companies (including all creditor claims) will have been extinguished or otherwise assumed by the Companies under the stewardship of the Proponent, who will provide new and necessary funding to the Companies to enable debts to be paid as and when they fall due and to continue trading.</p>   |
| <p><b>Tax (company / trust)</b></p>                  | <p>There may be income tax implications for the Companies if a DOCA is approved by creditors for the use of a creditors' trust. Transfers from companies to the Creditors' Trust sometimes are not at arm's length. This may give rise to a gain on either revenue or capital account for the Companies for income tax purposes, which would be taxable to the Companies.</p> <p>Further, any assignment of the debts of the Companies to the Creditors' Trust, or extinguishment of the rights of the Creditors as against the Companies, could result in the application of the commercial debt forgiveness rules. These rules can result in the erosion of the tax attributes of the Companies (e.g. tax losses, tax-deductible expenses and cost bases of capital assets), which may result in the Companies making a higher gain for tax purposes.</p>   |

| Item                              | Information for creditors  |
|-----------------------------------|--|
| <b>Tax (creditor/beneficiary)</b> | <p>There may be income tax and stamp duty implications for creditors participating in the Creditors' Trust (as beneficiaries). The Administrators are not presently able to provide details of these implications however, some general comments are provided below.</p> <p>Where assets are transferred from the Companies to the Creditors' Trust, and those assets are dutiable property, the trustee for the Creditors' Trust may be liable for stamp duty. What constitutes dutiable property varies from jurisdiction to jurisdiction but generally includes real property, business assets transferred with real property, shares in land rich entities and motor vehicles.</p> <p>It is noted in this case that it is not intended for such property is intended to be transferred. If income is derived by the Creditors' Trust in a given year and the Creditors (as beneficiaries) are not presently entitled to all of the income, the trustee for the Creditors' Trust will be liable to pay income tax at the highest marginal rate.</p> <p>Since the trustee for the Creditors' Trust would ordinarily be entitled to a right of indemnity out of the trust's assets for tax liabilities, the occurrence of tax at the trust level will nonetheless be borne by the Creditors. There may also be income tax and stamp duty implications for Creditors where distributions are received from the Creditors' Trust rather than as a creditor of the Companies.</p> <p>Where a Creditor receives a distribution directly from the Companies, in its capacity as creditor, the tax treatment would generally follow the treatment of the underlying liability discharged. For example, the repayment of an amount in principal would not be subject to income tax in the hands of the Creditor, but the interest would be subject to income tax. However, if the same distribution is received by the Creditors' Trust, the distribution may lose its original character and the entire amount may be subject to income tax (eg principal and interest).</p> <p>Furthermore, if an in-specie distribution is made by the Creditors' Trust to the Creditor, and that distribution consists of dutiable property, the Creditor may be liable for stamp duty. Again, it is not intended in this case for such property to be transferred. Given the possibility for stamp duty to arise on the transfer from the Companies to the Creditors' Trust, this could result in potentially double duty being payable.</p> <p>The above comments are of a general nature only and we recommend that individual creditors seek their own independent tax advice specific to their circumstances prior to voting at a meeting of creditors.</p> |

#### 7.4 Payments from third parties

The Creditors' Trust binds the Proponent to provide an uncapped indemnity to 'top-up' the Trust Fund in the event that creditor claims exceed amounts constituting the Trust Funds. As detailed above, the Administrators have made necessary inquiries and are of the opinion that the Proponent is capable of complying with its obligations under the DOCA and Creditors' Trust.

#### 7.5 Related parties

The proposed DOCA is a pooled DOCA and all related parties are counterparties to the DOCA. The treatment of intercompany debts will be commercially agreed between the Administrators and the DOCA proponent, however this will not impact the return to creditors as it relates to an accounting treatment.

#### 7.6 Further information for creditors

Creditors should seek their own legal advice as to their rights and the effects of their position in entering into the DOCA.

Creditors can obtain further information from the ASIC website at [www.asic.gov.au](http://www.asic.gov.au) under Regulatory Resources – Insolvency – Insolvency for Creditors.

## 8 Statutory investigations

This section provides creditors with information on the preliminary investigations undertaken by the Administrators to date, and whether there have been any potential actions identified that may be pursued by a liquidator, if appointed.

| Key takeaways  | Ref.      |
|--|-----------|
| 1 From the Administrators' investigations to date, it is our preliminary view that the Group was not insolvent prior to our appointment on 25 August 2021. | 8.3       |
| 2 The Administrators' preliminary investigations to date have not identified any potential actions that may be pursued by a liquidator, if appointed.      | 8.4 – 8.6 |

### 8.1 Nature and scope of review

The Corporations Act requires an administrator to carry out preliminary investigations into the Companies' business, property, affairs and financial circumstances.

Investigations centre on transactions entered into by the Companies that a liquidator might seek to have declared void (together with orders for repayment or compensation) if the Companies are wound up. Investigations allow an administrator to advise creditors what funds might become available to a liquidator such that creditors can properly assess whether to accept a DOCA proposal or resolve to wind up the Companies. We investigated matters to the extent possible in the time available.

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.

A deed administrator does not have recourse in relation to pursuing voidable transactions, hence why we provide this information to assist in creditor decision making.

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

- discussions with the Directors, their advisors and key staff members
- the Directors' ROCAPs
- management accounts, books and records, board reports and financial statements
- the Companies' internal accounting system
- correspondence and discussions with the Companies' creditors
- an independent valuation of the Companies' assets
- searches obtained from relevant statutory authorities
- records maintained by the ATO
- publicly available information

### 8.2 Directors' and officers' responsibilities

It is the duty of a company's directors to exercise their powers for proper purposes and having regard to the best interests of the company taken as a whole. The directors of entities registered with the ACNC have duties to comply with Governance Standards established under the ACNC Act and related regulations, in addition to certain Corporations Act duties.

The relevant duties of the Directors (known as 'responsible persons') are set out in Governance Standard 5.

These duties can be summarised as follows:

- to act with reasonable care and diligence;

- to act honestly and fairly in the best interests of the charity and for its charitable purposes;
- not to misuse their position or information gained in their position as a responsible person;
- to disclose perceived or actual material conflicts of interest;
- to ensure that the financial affairs of the charity are managed responsibly; and
- not to allow the charity to operate while insolvent.

The directors' duties under section 180 to 183 of the Corporations Act are excluded for directors of companies registered under the ACNC pursuant to section 111L of the Corporations Act. However, similar duties apply under applicable common law and equitable principles, which require directors to:

- meet the standard of care, skill and due diligence expected of a reasonable director when exercising their powers; and
- act in good faith and in the best interests of the company, and to avoid conflict, such as by using their position or information for an improper purpose.

The duty to prevent insolvent trading under section 588G of the Corporations Act and liability for criminal offences relating to breaches of duties of good faith and acting for a proper purpose and misuse of position or information pursuant to section 184 of the Corporations Act are not excluded and remain applicable to the Directors.

The duties of responsible entities under Governance Standard 5 are the obligation of the charity rather than of the directors individually. Accordingly, while the Directors may be personally liable for breaches of their common law and sections 184 and 588G Corporations Act duties, the Companies are responsible for ensuring that its responsible persons meet the duties set out in Governance Standard 5.

The directors' common law duty to have regard to the best interests of the company involves a consideration of the interests of the company's creditors when the company is insolvent, near-insolvent, of doubtful insolvency, or if a contemplated payment or other course of action could jeopardise its solvency.

In such circumstances, the directors are obliged to take into account the interests of creditors in making decisions, and in particular that they consider whether the interests of creditors are prejudiced.

Further, directors of charities may still be liable for criminal offences relating to breaches of good faith, acting for a proper purpose and misuse of information under Section 184 of the Corporations Act where that offence was reckless.

**Based on our investigations to date, we have not identified any offences the Directors may have committed under the provisions of ACNC Governance Standard 5 or their other statutory or common law duties.**

### 8.3 The Companies' solvency

Some actions available to a liquidator to recover funds through the voiding of certain transactions or through other legal action, such as seeking compensation from directors for insolvent trading, require the Companies' insolvency to be established at the relevant time.

There are two primary tests used in determining a company's solvency, at a particular date, namely:

- balance sheet test; and
- 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.

#### 8.3.1 Preliminary conclusion as to solvency

##### 8.3.1.1 DSA

The following is an overview of the major indicators of insolvency identified as adopted by the Courts and ASIC.

| Indicators of insolvency  | FY19 | FY20 | FY21 | YTD FY22 |
|---|------|------|------|----------|
| Working capital deficiency  | x    | x    | x    | x        |
| Net asset deficiency  | x    | x    | x    | x        |
| Ageing of creditors   | x    | x    | x    | x        |
| Inability to extend finance facilities and breaches of covenants                  | x    | x    | x    | x        |
| Inability to meet other financial commitments / default on finance agreements     | x    | x    | x    | x        |
| Profitability / trading losses  | x    | ✓    | ✓    | ✓        |
| Cash flow difficulties  | x    | x    | x    | x        |
| Access to alternative sources of finance (including equity capital)               | x    | x    | ✓    | ✓        |
| Inability to dispose non-core assets  | x    | x    | x    | x        |
| Dishonoured payments  | x    | x    | x    | x        |
| Overdue Commonwealth and State taxes  | x    | x    | x    | x        |
| No forbearance from creditors / legal action threatened or commenced by creditors | x    | x    | x    | x        |
| <b>Legend:</b>  |      |      |      |          |
| Indicator present   | ✓    |      |      |          |
| Requires further investigation  | ?    |      |      |          |
| Indicator not present   | x    |      |      |          |

A detailed analysis of DSA's solvency is included at **Annexure C**.

Having regard to the above analysis, it is our preliminary view that DSA was not insolvent prior to our appointment on 25 August 2021. However, we concur with the Directors view, that whilst DSA held funds on hand of approximately \$23.4m on appointment of Voluntary Administrators, DSA was likely to become insolvent at some future point if it was unable to return to profitability or seek an alternative source of funding, such as a merger or acquisition.

We note some key observations below regarding DSA:

- Traded at a net loss for approximately 18 months prior to appointment of Administrators (FY20 \$12.4m, FY21 \$20.8m, YTD \$3.9m);
- Had sold various non-core assets during the 18 months prior to appointment (totalling approximately \$29.6m) and there were no further non-core assets available to be sold;
- Was in a net asset position at all times leading up to appointment of at least \$10m;
- There was a significant cash depletion in FY21 of \$5.1m and YTD FY22 of \$4.1m. DSA's forecast cash at bank balance was forecast to deteriorate by approximately \$14.7m during the period to 30 June, noting this base case did not include sensitivities in relation to the impacts of the COVID-19 pandemic from the lockdown in Sydney. Management's turnaround plan did not forecast a return to profitability during FY22;
- DSA's cash at bank balance was \$23.4m on appointment of Administrators; and
- DSA paid its creditors and statutory liabilities on time.

A liquidator, if appointed, would need to conduct further investigations, however based on our indicative analysis there are no material actions to pursue as liquidator. However, it is open to a liquidator to consider the need to possibly conduct public examinations of relevant parties, to ultimately determine whether or not DSA was insolvent at any time prior to the Administrators' appointment.

### 8.3.1.2 DSAM

The following is an overview of the major indicators of insolvency identified as adopted by the Courts and ASIC.

| Indicators of insolvency  | FY19 | FY20 | FY21 | YTD FY22 |
|---|------|------|------|----------|
| Working capital deficiency  | x    | x    | x    | x        |
| Net asset deficiency  | x    | x    | x    | x        |
| Ageing of creditors   | x    | x    | x    | x        |
| Inability to extend finance facilities and breaches of covenants                  | x    | x    | x    | x        |
| Inability to meet other financial commitments / default on finance agreements     | x    | x    | x    | x        |
| Profitability / trading losses  | x    | x    | x    | x        |
| Cash flow difficulties  | x    | x    | x    | x        |
| Access to alternative sources of finance (including equity capital)               | x    | x    | x    | x        |
| Inability to dispose non-core assets  | x    | x    | x    | x        |
| Dishonoured payments  | x    | x    | x    | x        |
| Overdue Commonwealth and State taxes  | x    | x    | x    | x        |
| No forbearance from creditors / legal action threatened or commenced by creditors | x    | x    | x    | x        |
| <b>Legend:</b>  |      |      |      |          |
| Indicator present   | ✓    |      |      |          |
| Requires further investigation  | ?    |      |      |          |
| Indicator not present   | x    |      |      |          |

A detailed analysis of DSAM's solvency is included at **Annexure C**.

DSAM's only business was to provide the services of its employees to DSA, whom in turn would pay DSAM's employee costs as they were due and payable.

As a result, DSAM was solely reliant on funding by DSA. As the Administrators consider that DSA was not insolvent prior to our appointment on 25 August 2021, the Administrators consider that DSAM became insolvent at point that DSA was no longer in a position to provide support (i.e. upon appointment of Voluntary Administrators).

As discussed in **Section 8.3.1.1** above, we consider that without DSA returning to profitability in the short term, without additional funding or being able to successfully execute a sale of the Companies' businesses, DSA would likely have become insolvent and accordingly, DSAM in turn would likely have become insolvent.

A liquidator, if appointed, would need to conduct further investigations, and possibly conduct a public examination of relevant parties, to ultimately determine whether or not DSA (and relevantly, DSAM) was insolvent at any time prior to the Administrators' appointment.

### 8.3.1.3 METS

The following is an overview of the major indicators of insolvency identified as adopted by the Courts and ASIC.

| Indicators of insolvency  | FY19 | FY20 | FY21 | YTD FY22 |
|---|------|------|------|----------|
| Working capital deficiency  | x    | x    | x    | x        |
| Net asset deficiency  | x    | x    | x    | x        |
| Ageing of creditors   | x    | x    | x    | x        |
| Inability to extend finance facilities and breaches of covenants                  | x    | x    | x    | x        |
| Inability to meet other financial commitments / default on finance agreements     | x    | x    | x    | x        |
| Profitability / trading losses  | x    | x    | x    | x        |
| Cash flow difficulties  | x    | x    | x    | x        |
| Access to alternative sources of finance (including equity capital)               | x    | x    | x    | x        |
| Inability to dispose non-core assets  | x    | x    | x    | x        |
| Dishonoured payments  | x    | x    | x    | x        |
| Overdue Commonwealth and State taxes  | x    | x    | x    | x        |
| No forbearance from creditors / legal action threatened or commenced by creditors | x    | x    | x    | x        |
| <b>Legend:</b>  |      |      |      |          |
| Indicator present   | ✓    |      |      |          |
| Requires further investigation  | ?    |      |      |          |
| Indicator not present   | x    |      |      |          |

A detailed analysis of METS' solvency is included at **Annexure C**.

Having regard to the above analysis, it is our preliminary view that METS was not insolvent prior to our appointment on 25 August 2021 as METS showed no indicators of insolvency in its own right leading up to appointment.

However, as historically METS has relied upon funding and operational support from DSA, without the support of the wider Group, METS would likely have become insolvent.

A liquidator, if appointed, would need to conduct further investigations, and possibly conduct a public examination of relevant parties, to ultimately determine whether or not METS was insolvent at any time prior to the Administrators' appointment.

## 8.4 Potential liquidator recoveries – insolvent trading

The following section outlines potential liquidator recoveries in relation to each of the Companies.

### 8.4.1 Directors' liability

Section 588G of the Corporations Act imposes a positive duty upon company directors to prevent insolvent trading. If a director is found to have committed an offence under Section 588G, 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.

The Court may also impose upon the directors 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 is not a right that is 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 are:

- a person is a director of a company at the time when the company incurs a debt;
- the company is insolvent at that time, or becomes insolvent by incurring that debt (or by incurring, at that time, debts including that debt); and
- at that time, there are reasonable grounds for suspecting that the company is insolvent or would so become insolvent (as the case may be).

## 8.4.2 Directors' defences

### 8.4.2.1 Section 588H defences

The defences available to directors contained in Section 588H are:

- at the time when the debt was incurred, the person had reasonable grounds to expect, and did expect, that the company was solvent and would remain solvent even if it incurred that debt or any other debts that it incurred at that time;
- at the time that the debt was incurred, the person had reasonable grounds to believe, and did believe, that a competent and reliable person (the **other person**) was responsible for providing to the first-mentioned person adequate information about whether the company was solvent, and that the other person was fulfilling that responsibility, and expected, on the basis of information provided to the first-mentioned person by the other person, that the company was solvent at that time and would remain solvent even if it incurred that debt and any other debts that it incurred at that time;
- because of illness or for some other good reason, the person did not take part in the management of the company;
- the person took all reasonable steps to prevent the company from incurring the debt.

### 8.4.2.2 Safe harbour defences – insolvent trading moratorium

On 25 March 2020, the Federal Government inserted a new section 588GAAA into the Corporations Act titled 'Safe harbour—temporary relief in response to the coronavirus'.

Section 588GAAA of the Corporations Act gives directors a safe harbour from the insolvent trading provisions contained in Section 588G of the Corporations Act for incurring debts in the ordinary course of business from 25 March 2020 to 31 December 2020.

The Corporations Act states that directors can be made personally liable for debts incurred when the director should have suspected the company to be insolvent, that is not to apply to debts incurred during a period of at least six months from 25 March 2020 in the 'ordinary course of the company's business'.

Based on our preliminary investigations, the Directors did not incur any material liabilities outside the ordinary course of business from 25 March 2020 to 31 December 2020.

### 8.4.2.3 Safe harbour defences

Section 588GA gives directors a safe harbour from the insolvent trading provisions contained in Section 588G whilst attempting to restructure or turnaround the business.

Safe harbour provisions apply if (and subject to certain conditions being met) after the person starts to suspect the company may become or is insolvent, the person starts developing one or more courses of action that are reasonably likely to lead to a better outcome for the company.

The period of safe harbour continues from the time at which the person starts developing the course of action and ends at the earliest of any of the following times:

- if the person fails to take any such course of action within a reasonable period after that time – the end of that reasonable period;

- when the person ceases to take any such course of action;
- when any such course of action ceases to be reasonably likely to lead to a better outcome for the company; or
- the appointment of an administrator or liquidator to the company.

During the period of safe harbour, the following conditions must be met:

- the debt must be incurred directly or indirectly in connection with the course of action reasonably likely to lead to a better outcome for the company;
- the company must continue to pay all employee entitlements (including superannuation) by the time they fall due; and
- the company must continue to comply with all tax reporting obligations.

Based on our preliminary investigations, as the Administrators do not consider the Companies were insolvent prior to appointment on 25 August 2021, we consider the Directors do not need to rely on the safe harbour defence up to the date of Administration in the event of an insolvent trading claim as there is no basis for a claim from our preliminary review.

### 8.4.3 Pursuing an insolvent trading claim

A liquidator must form an opinion as to the date of insolvency and determine the debts incurred from that date; thereby quantifying the loss to the company.

The costs of proceeding with an insolvent trading action, which are usually considerable, particularly given the need for expert evidence as to insolvency, must be considered.

From the Administrators' preliminary investigations, we do not consider the Companies were insolvent prior to the appointment of Administrators. Accordingly, we do not consider that there is a claim against the Directors for insolvent trading.

Any decision to commence an action against the Directors or any former directors for insolvent trading must have regard to the following:

- the costs of litigation and the uncertainty of success inherent in any complex litigation; and
- the Directors'/former directors' capacity to meet a claim for compensation.

In determining a course of action, a liquidator would consider the costs and risks of any proceedings and the ability to fund any proceedings, including whether creditors are prepared to forgo any scheduled dividends and/or the cost of litigation funding as an alternative.

A liquidator may write to the Directors and any former directors setting out the results of the investigations and the conclusions in relation to insolvent trading and requesting payment of compensation for debts incurred by the Companies at a time when they were insolvent.

Subject to a response, if any, being received from the Directors and any former directors to progress the insolvent trading claims, it would probably be necessary, in the first instance, to conduct public examinations of Directors and any former directors. The purpose of these examinations would be to further investigate the examinable affairs of the Companies and obtain further information and documentation in relation to the matters raised at **Sections 8 and 9** of this report.

If a settlement is not forthcoming in answer to any letter of demand, a liquidator may commence recovery proceedings against the Directors and any former directors (and entities associated with them, if applicable) for amounts relating to insolvent trading, unfair preference payments, uncommercial transactions and/or director-related transactions.

The analysis of an insolvent trading claim is complex and would require a detailed calculation by a liquidator and legal advice.

#### 8.4.3.1 Insurance policy

On appointment, the Administrators were aware of a pre-appointment D&O Policy held by DSA, which was due to expire on 30 September 2021.

The Administrators purchased run-off cover for a one year period to 30 September 2022.

The Administrators made notification of certain events leading up to the appointment of Administrators to the insurer on 30 September 2021.

## 8.5 Adequacy of books and records

Section 286 of the Corporations 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.

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

**We are of the opinion that the Companies' books and records were maintained in accordance with Section 286 of the Corporations Act to 25 August 2021.**

## 8.6 Other matters arising from investigations

### 8.6.1 Falsification of books

Pursuant to Section 1307(1) of the Corporations 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 Corporations Act and that contravention could give rise to a claim for damages. Further, conduct falling within either Section 1307(1) or Section 1307(2) 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.

**The Administrators' preliminary investigations do not reveal any evidence of falsification of books.**

### 8.6.2 False or misleading statements

Pursuant to Section 1308 of the Corporations 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.

**The Administrators' preliminary investigations do not reveal any evidence of any false or misleading statements.**

### 8.6.3 False information

Pursuant to Section 1309 of the Corporations 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 to the knowledge of the officer or employee:

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

**The Administrators' preliminary investigations do not reveal any evidence of any false information.**

## 9 Voidable transactions

This section informs creditors about potential voidable transactions that occurred prior to the appointment of the Administrators, and where the property of the Companies was disposed of or dealt with, may be recovered by a liquidator.

### Key takeaways

- 1 The Administrators' preliminary investigations have not identified any potential voidable transactions.
- 2 A liquidator, if appointed, would conduct a more detailed investigation into the Companies' affairs to identify any potential voidable transactions.

A liquidator has the power to take steps to have declared void certain transactions which are either not beneficial, or are detrimental, to a company. An administrator must identify any transactions that appear to be voidable by a liquidator. Apart from seeking to have a voidable transaction declared void, a liquidator may seek related orders, including the payment of compensation.

Enclosed at **Annexure G** is a creditor information sheet published by ARITA. This information sheet details the types of transactions which a liquidator can seek to have declared void, which include:

- unfair preference payments;
- uncommercial transactions;
- unfair loans;
- unreasonable director-related transactions;
- inappropriate related party transactions;
- creation of circulating security interests within 6 months of commencement of liquidation; and
- transactions for the purpose of defeating creditors.

For the purposes of examining voidable transactions, the Liquidator would review transactions that occurred during the relevant time period (as prescribed under the Corporations Act), taking into consideration the "relation back day". The relation back day for the Companies is 25 August 2021, being the date the Administrators were appointed as determined by Section 91 of the Corporations Act.

### 9.1 Summary of potential antecedent transactions

At this stage, the Administrators do not consider that there will be any potential recoveries by a liquidator in the event that the Companies are wound up.

### 9.2 Unfair preferences – section 588FA

An unfair preference payment is a transaction, generally occurring in the six months prior to the relation back day, between the company and a creditor, resulting in the creditor receiving from the company, in respect of an unsecured debt that the company owes to the creditor, more than the creditor would receive from the company in respect of the debt if the transaction were set aside and the creditor were to prove for the debt in a winding up of the company. This period is extended up to four years for transactions entered into with a related entity.

A transaction can only be considered an unfair preference if the company was insolvent at the time the transaction took place, or the company became insolvent as a result of the transaction.

**Given the Administrators do not consider the Companies were insolvent at any time prior to appointment, the Administrators have not identified any transactions which may constitute unfair preference payments.**

Unfair preference payments are voidable against a liquidator, and further investigations would be undertaken in a liquidation to determine the likelihood of action for the recovery of unfair preference payments being successful. We

note that successful action for unfair preference payments includes establishing the date of insolvency, and the costs of pursuing an unfair preference payment can sometimes outweigh the potential returns.

### 9.2.1 Unfair preferences – defences

The creditor may defend an unfair preference claim brought by a liquidator if it proves that it became a party to the transaction in good faith and, at the time when the person became a party to the transaction:

- the creditor had no reasonable grounds for suspecting that the company was insolvent at that time or would become insolvent because of entering into the transaction or a person doing an, or making an omission, for the purpose of giving effect to the transaction; and
- a reasonable person in the creditor’s circumstances would have had no such grounds for so suspecting,

and the creditor provided valuable consideration under the transaction or has changed his, her or its position in reliance on the transaction.

### 9.3 Uncommercial transactions – section 588FB

An uncommercial transaction is a transaction which a reasonable person in the company’s circumstances would not have entered into, having regard to:

- the benefits (if any) to the company entering into the transaction
- the detriment to the company of entering into the transactions
- the respective benefits to other parties to the transaction of entering into it
- any other relevant matters

A liquidator will investigate transactions to determine if they are uncommercial, where those transactions have occurred in the period two years prior to the date of liquidation.

**Based on the books and records in our possession we have not identified any transactions which would constitute uncommercial transactions.**

### 9.4 Unfair loans – section 588FD

A liquidator will investigate any loans to the company which may be considered unfair due to extortionate interest rates or charges. **Based on the books and records in our possession we have not identified any transactions which would constitute unfair loans to the Companies.**

### 9.5 Unreasonable director-related transactions – section 588FDA

Section 588FDA of the Corporations Act refers to “unreasonable director-related transactions” and requires the liquidator to investigate such transactions, having regard to the detriment to the company (if any) suffered as a consequence of the transaction.

The transaction must satisfy the criteria set out in section 588FDA, and have been entered into, or an act was done for the purpose of giving effect to it, during the four years prior to the relation back day, regardless of the solvency at the time the transaction occurred. Unreasonable director-related transactions can potentially include payments by the company to, dispositions of property by the company to, issuances of securities by the company to and incurrence of obligations by the company in favour of:

- a director of the company;
- a close associate of a director of the company; or
- a person on behalf of, or for the benefit of, a director of the company or a close associate of a director of the company.

An unreasonable director related transaction must be a transaction which a reasonable person in the company’s circumstances would not have entered into, having regard to:

- the benefits (if any) to the company of entering into the transaction;
- the detriment to the company of entering into the transaction;

- the respective benefits to other parties to the transaction of entering into it; and
- any other relevant matter.

**Based on the books and records in our possession, we have not identified any transactions which would constitute unreasonable director-related transactions.**

## 9.6 Voidable charges

A circulating security interest is void, as against the company's liquidator, if the security interest was created during the six months ending on the relation back day except so far as it secures:

- an advance paid to the company, or at its direction, at or after the it was created and as consideration for the creation of the circulating security interest;
- interest on such an advance;
- the amount of a liability under a guarantee or other obligation undertaken at or after that time on behalf of, or for the benefit of, the company;
- an amount payable for property or services supplied to the company undertaken at or after that time on behalf of, or for the benefit of, the company; or
- interest on an amount so payable.

**Based on the books and records in our possession, we have not identified any voidable charges.**

## 9.7 Arrangements to avoid employee entitlements

Part 5.8A of the Corporations Act aims to protect the entitlements of a company's employees from agreements that deliberately defeat the recovery of those entitlements upon insolvency. Under Section 596AB(1) of the Corporations Act, it is an offence for a person to enter into a transaction or relevant agreement with the intention of, or with intentions that include the intention of:

- avoiding or preventing the recovery the entitlements of employees of a company; or
- significantly reducing the entitlements of employees of a company that can be recovered.

**The Administrators have not identified any contravention of Part 5.8A of the Corporations Act.**

## 9.8 Directors' ability to pay a liquidator's claims

Given the Administrators do not consider there will be any potential recoveries from the Directors by a liquidator, they have not made any assessment as to the financial capacity of the Directors to meet any potential liquidator action.

## 9.9 Reports to the ASIC

Section 438D of the Corporations Act requires an administrator of a company to lodge a report with ASIC (and give ASIC such information, and access to and facilities for inspecting and taking copies of documents, as ASIC requires) should it appear to the administrator that:

- a past or present officer or employee, or a member, of the company may have been guilty of an offence in relation to the company; or
- a person who has taken part in the formation, promotion, Administration, management or winding up of the company:
  - may have misapplied or retained, or may have become liable or accountable for, money or property (in Australia or elsewhere) of the company; or
  - may have been guilty of negligence, default, breach of duty or breach of trust in relation to the company.

**We have not identified any offences that require reporting to the ASIC pursuant to Section 438D of the Corporations Act.**

## 10 Return to creditors

This section provides creditors with information on the estimated financial outcome to creditors together with the anticipated timing of any dividend.

| Key takeaways |  | Ref. |
|---------------|--|------|
| 1             | Under the proposed DOCA (as recommended by the Administrators), all classes of creditors are expected to receive a return of 100c/\$.  |      |
| 2             | In a liquidation, a small return to priority creditors in DSA and METS. DSAM creditors receive no return. Secured creditors are expected to receive a return in full.  |      |
| 3             | To the extent there are insufficient realisations available for priority employee creditors, in a liquidation, employees may be eligible for <b>payment of their outstanding employee entitlements (excluding unpaid superannuation) under FEG</b> , a scheme operated by the Department of Jobs and Small Business. |      |
| 4             | The estimated outcome presented incorporates many assumptions which are <b>subject to significant potential change</b> .   |      |

### 10.1 Return to creditors

The table below outlines an estimated Low and High return for each class of creditor in both a DOCA and a liquidation scenario. Further detail is available at **Annexure D**.

| Creditor class     | DOCA ERV |         | Liquidation ERV |          |      |      |      |          |
|--------------------|----------|---------|-----------------|----------|------|------|------|----------|
|                    |          |         | DSA             |          | DSAM |      | METS |          |
|                    | Low      | High    | Low             | High     | Low  | High | Low  | High     |
| Priority employees | 100c/\$  | 100c/\$ | 0.4c/\$         | 38.6c/\$ | -    | -    | -    | 94.8c/\$ |
| Secured            | 100c/\$  | 100c/\$ | 100c/\$         | 100c/\$  | N/A* | N/A* | N/A* | N/A*     |
| Unsecured          | 100c/\$  | 100c/\$ | -               | -        | -    | -    | -    | -        |
| Related party      | N/A**    | N/A**   | -               | -        | N/A  | N/A  | N/A  | N/A      |

\*N/A as no secured creditors in these entities

\*\*N/A as related parties are excluded under a DOCA

#### 10.1.1 Return to creditors - DOCA

In a DOCA, all creditors are expected to receive a 100c/\$ return due to the cash held by the Administrators.

In the unlikely event that there is a shortfall to unsecured creditors in the Creditors' trust (noting that both our 'high' and 'low' scenarios in the estimated outcome statement do not forecast a shortfall), there is a 'top-up' mechanism in the Creditors' Trust whereby Scope will make a contribution equal to the shortfall. However should a contribution be required, Scope will no longer be bound by the 12 month continuity period covering requirements to:

- maintain the Participant support arrangements existing at the Relevant Date unless:
  - there is a change in Participant circumstances or support needs; or
  - changes are negotiated with the Participant or his or her representative; or
  - changes are required to ensure the safety of the Participant;

- employ Disability Support Employees on terms no less favourable overall than their employment conditions at the Relevant Date; and
- continue, on existing terms, the use, occupation or possession of any property of an Owner or Lessor.

### 10.1.2 Return to creditors - Liquidation

In general, the return to creditors in a liquidation is significantly reduced by the crystallisation of employee and lease contingent claims.

The above calculations are an estimate only and may change due to:

- the final amount of cash available after the finalisation of the Administrators' and Deed Administrators' trading periods;
- final proving of creditor claims;
- the net return of any litigation to recover any potential voidable transactions.

If the Companies are placed into liquidation, employees may be eligible for payment of their outstanding employee entitlements (excluding unpaid superannuation) under FEG, a scheme operated by the Department of Employment.

Employees can obtain further information on the eligibility requirements of FEG at <https://docs.jobs.gov.au/documents/eligibility-feg-assistance-fact-sheet>.

If any surplus exists after payment of creditors, there would not be a return to members, with any surplus being transferred to another organisation with objects similar to a Public Benevolent Institution in accordance with the Constitution.

#### 10.1.2.1 Liquidation - DSA

There is likely to be only a small return to priority creditors from DSA, however employees may have recourse to the FEG scheme, subject to meeting the operational guidelines of the scheme.

#### 10.1.2.2 Liquidation - DSAM

There is likely to be no return to any class of creditor as DSAM's primary asset is a receivable from DSA. As there is no return to unsecured creditors in DSA, DSAM's limited assets will only partially satisfy the Administrators'/Liquidators' costs. However, employees may have recourse to the FEG scheme, subject to meeting the operational guidelines of the scheme.

#### 10.1.2.3 Liquidation - METS

A return of up to 38 cents in the Dollar is estimated to METS' priority (employee) creditors based upon:

- Cash at bank on appointment of \$260k
- Trading during the Voluntary Administration has been profitable

## 10.2 Timing of dividend

In a DOCA, it is anticipated that the distribution to creditors will occur by 31 March 2022.

In a liquidation, the timing of a distribution to creditors (if any) is unclear and will depend on asset realisations.

## 11 Statement by Administrators

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

- execute a DOCA;
- be wound up; or
- end their respective Administrations.

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

### 11.1 DSA

#### 11.1.1 Administration to end

Absent acceptance of the DOCA proposal, as discussed in **Section 7**, we consider DSA is likely to become insolvent and will become unable to pay debts as and when they fall due. Accordingly, returning control of DSA to its Directors would be inappropriate and is not recommended.

#### 11.1.2 DOCA

**We are of the opinion that the DOCA proposal should be accepted by creditors as it:**

- provides a full recovery and more certain return to all creditors than a liquidation, as well as a distribution at an earlier date due to it being a pooled DOCA where all of the assets of the Companies are grouped together to meet all of the liabilities of the Companies. This results that no creditor will be worse off under the DOCA;
- allows for ongoing services to participants;
- allows ongoing employment of DSA's current employees;
- Continuity of lease obligations; and
- DSA continuing as a whole and going concern.

The Administrators reserve the right to change their recommendation based on developments between the date of this Report and the Concurrent Second Meetings.

Under a DOCA the Deed Administrators are unable to pursue any voidable transactions or insolvent trading claims, therefore creditors will relinquish any recoveries that may otherwise be available in a liquidation, noting that the Administrators' preliminary investigations have not revealed any claims against the Directors or voidable transactions.

#### 11.1.3 Winding up of the Company

**As the DOCA proposal provides a significantly greater return to creditors, it is our opinion that DSA should not be placed in liquidation.**

A liquidator would be in a position to conduct detailed investigations into the conduct of directors and the financial affairs of DSA. A liquidator would also:

- Seek to complete the sale of assets, noting significant potential operational and compliance complexities under a liquidation scenario which may limit the ability to provide ongoing continuity of services;
- assist employees in applying for FEG for the payment of certain employee entitlements that cannot otherwise be funded by DSA;
- pursue various potential recoveries under the Corporations Act;
- distribute recoveries made in accordance with the priority provisions of the Corporations Act; and
- report to the ASIC on the results of investigations into DSA's affairs.

We note that recoveries available to a liquidator require additional funding to pursue and ultimately may not provide a greater return to creditors. We note that the Administrators' preliminary investigations have not revealed any claims against the Directors of DSA.

## 11.2 DSAM

### 11.2.1 Administration to end

Absent acceptance of the DOCA proposal, as discussed in **Section 7**, we consider DSAM is likely to become insolvent and will become unable to pay debts as and when they fall due. Accordingly, returning control of DSAM to its Directors would be inappropriate and is not recommended.

### 11.2.2 DOCA

**We are of the opinion that the DOCA proposal should be accepted by creditors as it:**

- provides a full recovery and more certain return to all creditors than a liquidation, as well as a distribution at an earlier date;
- allows ongoing employment of the DSAM's current employees; and
- DSA continuing as a whole and going concern.

Under a DOCA the Deed Administrators are unable to pursue any voidable transactions or insolvent trading claims, therefore creditors will relinquish any recoveries that may otherwise be available in a liquidation, noting that the Administrators' preliminary investigations have not revealed any claims against the Directors or voidable transactions.

### 11.2.3 Winding up of the Company

**As the DOCA proposal provides a significantly greater return to creditors, it is our opinion that DSAM should not be placed in liquidation.**

A liquidator would be in a position to conduct detailed investigations into the conduct of directors and the financial affairs of DSAM. A liquidator will also be empowered to:

- assist employees in applying for FEG for the payment of certain employee entitlements that cannot otherwise be funded by DSAM
- pursue various potential recoveries under the Corporations Act
- distribute recoveries made in accordance with the priority provisions of the Corporations Act
- report to the ASIC on the results of investigations into DSAM's affairs

We note that recoveries available to a liquidator require additional funding to pursue and ultimately may not provide a greater return to creditors. We note that the Administrators' preliminary investigations have not revealed any claims against the Directors of DSAM.

## 11.3 METS

### 11.3.1 Administration to end

Absent acceptance of the DOCA proposal, as discussed in **Section 7**, we consider METS is likely to become insolvent and will become unable to pay debts as and when they fall due. Accordingly, returning control of METS to its Directors would be inappropriate and is not recommended.

### 11.3.2 DOCA

**We are of the opinion that the DOCA proposal should be accepted by creditors as it:**

- provides a full recovery and more certain return to all creditors than a liquidation, as well as a distribution at an earlier date;
- allows ongoing employment of METS' current employees; and
- DSA continuing as a whole and going concern.

The Administrators reserve the right to change their recommendation based on developments between the date of this Report and the Concurrent Second Meetings

Under a DOCA the Deed Administrators are unable to pursue any voidable transactions or insolvent trading claims, therefore creditors will relinquish any recoveries that may otherwise be available in a liquidation, noting that the Administrators' preliminary investigations have not revealed any claims against the Directors or voidable transactions.

### 11.3.3 Winding up of the Company

**As the DOCA proposal provides a significantly greater return to creditors, it is our opinion that METS should not be placed in liquidation.**

A liquidator would be in a position to conduct detailed investigations into the conduct of directors and the financial affairs of METS. A liquidator would also:

- Seek to complete the sale of assets, noting significant potential operational and compliance complexities under a liquidation scenario which may limit the ability to provide ongoing continuity of services;
- assist employees in applying for FEG for the payment of certain employee entitlements that cannot otherwise be funded by METS;
- pursue various potential recoveries under the Corporations Act;
- distribute recoveries made in accordance with the priority provisions of the Corporations Act; and
- report to the ASIC on the results of investigations into METS' affairs.

We note that recoveries available to a liquidator require additional funding to pursue and ultimately may not provide a greater return to creditors. We note that the Administrators' preliminary investigations have not revealed any claims against the Directors of METS.

## 12 Further information and enquiries

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](http://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.

Should you have any enquiries, please contact **Hamish Foley** on (07) 3233 9726 or by email at [AU-FMDSA@kpmg.com.au](mailto:AU-FMDSA@kpmg.com.au).

Dated this 24<sup>th</sup> day of November 2021



**Gayle Dickerson**  
Joint and Several Administrator



**James Dampney**  
Joint and Several Administrator

## Annexures

## A – Statutory information

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Statutory details for the Company extracted from ASIC's national database at the time of our appointment are summarised below.

### DSA

| Disability Services Australia Limited            |  |
|--|--|
| ACN  | 002 507 655                              |
| Incorporation date                               | 23 July 1982                             |
| Registered address / principal place of business | 104 Vanessa Street, Kingsgrove, NSW 2208 |

DSA's directors over the past 3 years were:

| Name                | Appointment date | Cease date       |
|---------------------|------------------|------------------|
| Kenneth George Gabb | 29 May 2005      | Current          |
| Thomas Leahy        | 29 July 2010     | Current          |
| Matthew Payne       | 27 November 2014 | Current          |
| Gary Myles Bailey   | 25 February 2016 | Current          |
| Linda Smith         | 18 October 2019  | Current          |
| Lisa Maffina        | 13 January 2020  | Current          |
| Barbara Jones       | 13 February 2014 | 25 November 2020 |
| Bernhard Liebmann   | 28 February 2013 | 6 September 2019 |
| Margaret Palmer     | 28 June 2012     | 4 July 2019      |
| Maryann Dalton      | 28 June 2012     | 8 May 2019       |

Source: Infotrack 4 November 2021

## DSAM

| DSA Mentoring Services Limited                   |  |
|--|--|
| ACN  | 629 308 881                              |
| Incorporation date                               | 5 November 2018                          |
| Registered address / principal place of business | 104 Vanessa Street, Kingsgrove, NSW 2208 |

DSAM's directors over the past 3 years were:

| Name                | Appointment date | Cease date       |
|---------------------|------------------|------------------|
| Gary Myles Bailey   | 13 December 2018 | Current          |
| Kenneth George Gabb | 13 December 2018 | Current          |
| Matthew Payne       | 13 December 2018 | Current          |
| Linda Smith         | 18 October 2019  | Current          |
| Lisa Maffina        | 13 January 2020  | Current          |
| Thomas Leahy        | 13 December 2018 | Current          |
| Barbara Jones       | 13 December 2018 | 25 November 2020 |
| Bernhard Liebmann   | 13 December 2018 | 6 September 2019 |
| Kevin Delbridge     | 13 December 2018 | 5 September 2019 |
| Margaret Palmer     | 13 December 2018 | 12 July 2019     |
| Maryann Dalton      | 13 December 2018 | 12 July 2019     |
| Pamela Brunner      | 5 November 2018  | 13 December 2018 |
| Paul O'Reilly       | 5 November 2018  | 13 December 2018 |
| Paul Vevers         | 5 November 2018  | 13 December 2018 |

Source: Infotrack 4 November 2021

## METS

| Macquarie Employment Training Service Limited    |  |
|--|--|
| ACN  | 643 269 112  |
| Incorporation date                               | 6 August 2020  |
| Registered address / principal place of business | 104 Vanessa Street, Kingsgrove, NSW 2208<br>Level 1, 247 King Street, Mascot, NSW 2020 |

METS' directors over the past 3 years were:

| Name                | Appointment date | Cease date       |
|---------------------|------------------|------------------|
| Gary Myles Bailey   | 6 August 2020    | Current          |
| Kenneth George Gabb | 6 August 2020    | Current          |
| Matthew Payne       | 6 August 2020    | Current          |
| Thomas Leahy        | 6 August 2020    | Current          |
| Linda Smith         | 5 September 2020 | Current          |
| Lisa Maffina        | 5 September 2020 | Current          |
| Barbara Jones       | 6 August 2020    | 25 November 2020 |

Source: Infotrack 4 November 2021

A search of the National Personal Insolvency Index on 16 September 2021, maintained by the Australian Financial Security Authority shows that the Companies' current directors are not bankrupt or subject to a Personal Insolvency Agreement under Part X.

## B – Receipts and payments

### DSA

|   | (incl GST)          |
|---|---------------------|
| <b>Receipts</b>                         |                     |
| Pre-appointment cash at bank            | 23,224,468          |
| NDIS funding                            | 16,486,531          |
| Packaging solutions and café sales      | 853,198             |
| Other Government Funding                | 688,604             |
| Client fees                             | 432,456             |
| Home Solutions funding                  | 332,331             |
| Maxxia refunds                          | 21,660              |
| Interest Income                         | 5,587               |
| Dividends received                      | 5,262               |
| Donations                               | 3,898               |
| <b>Total receipts</b>                   | <b>42,053,995</b>   |
| <b>Payments</b>                         |                     |
| Payroll and on costs paid*              | (17,596,554)        |
| Intercompany Service Fees               | (1,068,058)         |
| Insurance                               | (852,117)           |
| Rent and rates                          | (751,023)           |
| Corporate credit cards*                 | (400,881)           |
| Telephone and fax                       | (323,362)           |
| Motor vehicle and equipment expenses    | (204,113)           |
| Repairs and maintenance                 | (96,924)            |
| Workplace health and safety expenses*   | (87,318)            |
| Security system installation            | (79,075)            |
| Technology service fees                 | (78,242)            |
| Office and participant supplies         | (51,345)            |
| Professional fees*                      | (46,934)            |
| Marketing Costs                         | (24,356)            |
| Nursing expenses                        | (22,911)            |
| Training expenses*                      | (21,653)            |
| Raw materials                           | (5,511)             |
| Bank charges                            | (3,625)             |
| Legal fees                              | (3,351)             |
| Hygiene and PPE                         | (1,082)             |
| <b>Total payments</b>                   | <b>(21,718,435)</b> |
| <b>Cash at bank at 12 November 2021</b> | <b>20,335,559</b>   |

\*Includes pre-appointment expenses necessary to be paid by the Administrators to sustain ongoing operations.

## DSAM

| \$000s                                  | (incl GST)         |
|---|--------------------|
| <b>Receipts</b>                         |                    |
| Intercompany service revenue            | 1,068,058          |
| Pre-appointment cash at bank            | 126,056            |
| Workers compensation reimbursements     | 116,743            |
| Interest income                         | 4                  |
| <b>Total receipts</b>                   | <b>1,310,861</b>   |
| <b>Payments</b>                         |                    |
| Payroll and on costs paid*              | (1,218,079)        |
| Bank Charges                            | (34)               |
| <b>Total payments</b>                   | <b>(1,218,113)</b> |
| <b>Cash at bank at 12 November 2021</b> | <b>92,748</b>      |

\* Includes pre-appointment expenses necessary to be paid by the Administrators to sustain ongoing operations.

## METS

| \$000s                                  | (incl GST)       |
|---|------------------|
| <b>Receipts</b>                         |                  |
| NSW Department of Education Funding     | 721,501          |
| Pre-appointment cash at bank            | 260,716          |
| Tuition fees                            | 33,293           |
| GST received                            | 270              |
| Interest income                         | 19               |
| <b>Total receipts</b>                   | <b>1,015,799</b> |
| <b>Payments</b>                         |                  |
| Payroll and on costs paid*              | (314,765)        |
| Training fees                           | (45,506)         |
| Pre-appointment training fees           | (9,585)          |
| Technology service fees                 | (1,525)          |
| Bank charges                            | (24)             |
| <b>Total payments</b>                   | <b>(371,405)</b> |
| <b>Cash at bank at 12 November 2021</b> | <b>644,393</b>   |

\* Includes pre-appointment expenses necessary to be paid by the Administrators to sustain ongoing operations.

## C – Detailed solvency analysis

### DSA

The following table summarises the key insolvency indicators and our comments on those indicators where relevant to DSA:

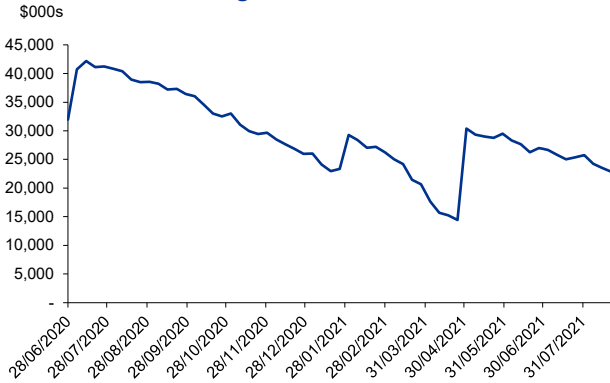
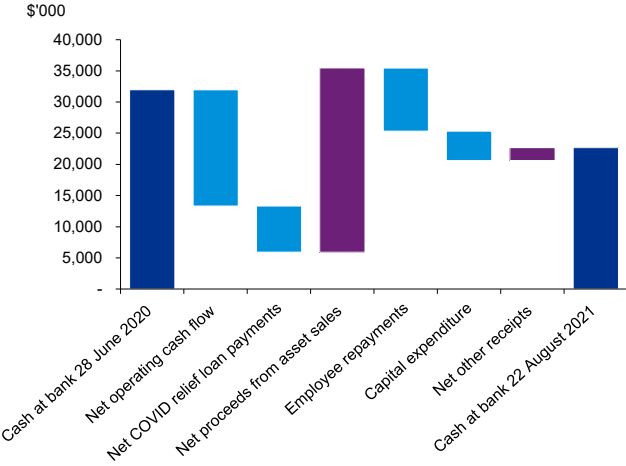
| Insolvency indicator  | Present    | Date relevant to insolvency | Administrators' comments   |      |            |     |       |           |         |        |      |           |         |       |      |           |            |        |      |      |     |       |           |         |      |           |         |      |           |       |      |           |       |      |           |       |      |           |         |      |           |         |      |
|---|------------|-----------------------------|--|------|------------|-----|-------|-----------|---------|--------|------|-----------|---------|-------|------|-----------|------------|--------|------|------|-----|-------|-----------|---------|------|-----------|---------|------|-----------|-------|------|-----------|-------|------|-----------|-------|------|-----------|---------|------|-----------|---------|------|
| <b>Endemic shortage of working capital - balance sheet test</b> |            |                             |  |      |            |     |       |           |         |        |      |           |         |       |      |           |            |        |      |      |     |       |           |         |      |           |         |      |           |       |      |           |       |      |           |       |      |           |         |      |           |         |      |
| Working capital deficiency                                      | No         | Not applicable              | <p>Working capital ratios can be used as a general indicator of liquid assets available to pay debts as and when they fall due within 12 months.</p> <p>A working capital ratio of less than 1.0 indicates a company may not be able to pay its debts as and when they fall due.</p> <p>The table below outlines working capital ratios over the last three financial years, based on DSA's financial statements</p> <p>Based on DSA's financials, it recorded the following working capital ratios:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Financials</th> <th>NWC</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>30-Jun-19</td> <td>Audited</td> <td>14,677</td> <td>1.97</td> </tr> <tr> <td>30-Jun-20</td> <td>Audited</td> <td>6,504</td> <td>1.17</td> </tr> <tr> <td>30-Jun-21</td> <td>Management</td> <td>(-976)</td> <td>0.96</td> </tr> </tbody> </table> <p><i>*We note that current liabilities included current lease liabilities.</i></p> <p>A further review of DSA's working capital ratios as reported in the management accounts for the six months leading up to our appointment identified a fluctuating working capital position driven predominantly by movements in cash, debtors and creditors.</p> <table border="1"> <thead> <tr> <th>Date</th> <th>NWC</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>28-Feb-21</td> <td>(7,045)</td> <td>0.77</td> </tr> <tr> <td>31-Mar-21</td> <td>(9,616)</td> <td>0.61</td> </tr> <tr> <td>30-Apr-21</td> <td>4,088</td> <td>1.18</td> </tr> <tr> <td>31-May-21</td> <td>2,747</td> <td>1.12</td> </tr> <tr> <td>30-Jun-21</td> <td>(976)</td> <td>0.96</td> </tr> <tr> <td>31-Jul-21</td> <td>(1,980)</td> <td>0.92</td> </tr> <tr> <td>25-Aug-21</td> <td>(3,966)</td> <td>0.85</td> </tr> </tbody> </table> <p><i>*We note that current liabilities included current lease liabilities of between \$3.5-\$4.1m.</i></p> | Date | Financials | NWC | Ratio | 30-Jun-19 | Audited | 14,677 | 1.97 | 30-Jun-20 | Audited | 6,504 | 1.17 | 30-Jun-21 | Management | (-976) | 0.96 | Date | NWC | Ratio | 28-Feb-21 | (7,045) | 0.77 | 31-Mar-21 | (9,616) | 0.61 | 30-Apr-21 | 4,088 | 1.18 | 31-May-21 | 2,747 | 1.12 | 30-Jun-21 | (976) | 0.96 | 31-Jul-21 | (1,980) | 0.92 | 25-Aug-21 | (3,966) | 0.85 |
| Date  | Financials | NWC                         | Ratio  |      |            |     |       |           |         |        |      |           |         |       |      |           |            |        |      |      |     |       |           |         |      |           |         |      |           |       |      |           |       |      |           |       |      |           |         |      |           |         |      |
| 30-Jun-19   | Audited    | 14,677                      | 1.97   |      |            |     |       |           |         |        |      |           |         |       |      |           |            |        |      |      |     |       |           |         |      |           |         |      |           |       |      |           |       |      |           |       |      |           |         |      |           |         |      |
| 30-Jun-20   | Audited    | 6,504                       | 1.17   |      |            |     |       |           |         |        |      |           |         |       |      |           |            |        |      |      |     |       |           |         |      |           |         |      |           |       |      |           |       |      |           |       |      |           |         |      |           |         |      |
| 30-Jun-21   | Management | (-976)                      | 0.96   |      |            |     |       |           |         |        |      |           |         |       |      |           |            |        |      |      |     |       |           |         |      |           |         |      |           |       |      |           |       |      |           |       |      |           |         |      |           |         |      |
| Date  | NWC        | Ratio                       |  |      |            |     |       |           |         |        |      |           |         |       |      |           |            |        |      |      |     |       |           |         |      |           |         |      |           |       |      |           |       |      |           |       |      |           |         |      |           |         |      |
| 28-Feb-21   | (7,045)    | 0.77                        |  |      |            |     |       |           |         |        |      |           |         |       |      |           |            |        |      |      |     |       |           |         |      |           |         |      |           |       |      |           |       |      |           |       |      |           |         |      |           |         |      |
| 31-Mar-21   | (9,616)    | 0.61                        |  |      |            |     |       |           |         |        |      |           |         |       |      |           |            |        |      |      |     |       |           |         |      |           |         |      |           |       |      |           |       |      |           |       |      |           |         |      |           |         |      |
| 30-Apr-21   | 4,088      | 1.18                        |  |      |            |     |       |           |         |        |      |           |         |       |      |           |            |        |      |      |     |       |           |         |      |           |         |      |           |       |      |           |       |      |           |       |      |           |         |      |           |         |      |
| 31-May-21   | 2,747      | 1.12                        |  |      |            |     |       |           |         |        |      |           |         |       |      |           |            |        |      |      |     |       |           |         |      |           |         |      |           |       |      |           |       |      |           |       |      |           |         |      |           |         |      |
| 30-Jun-21   | (976)      | 0.96                        |  |      |            |     |       |           |         |        |      |           |         |       |      |           |            |        |      |      |     |       |           |         |      |           |         |      |           |       |      |           |       |      |           |       |      |           |         |      |           |         |      |
| 31-Jul-21   | (1,980)    | 0.92                        |  |      |            |     |       |           |         |        |      |           |         |       |      |           |            |        |      |      |     |       |           |         |      |           |         |      |           |       |      |           |       |      |           |       |      |           |         |      |           |         |      |
| 25-Aug-21   | (3,966)    | 0.85                        |  |      |            |     |       |           |         |        |      |           |         |       |      |           |            |        |      |      |     |       |           |         |      |           |         |      |           |       |      |           |       |      |           |       |      |           |         |      |           |         |      |

| Insolvency indicator | Present    | Date relevant to insolvency | Administrators' comments  |        |            |          |           |         |        |           |         |        |           |            |        |        |          |           |        |           |        |           |        |           |        |           |        |           |        |           |       |
|----------------------|------------|-----------------------------|---|--------|------------|----------|-----------|---------|--------|-----------|---------|--------|-----------|------------|--------|--------|----------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|-----------|-------|
|                      |            |                             | <p><b>Working capital analysis for the period from 28 February 2021 to 31 August 2021</b></p> <p>Based on our analysis, DSA has operated with a deteriorating working capital deficiency since 28 February 2021.</p> <p>However, despite the working capital deficiency throughout in February 2021, March 2021, June 2021, July 2021 and August 2021, DSA:</p> <ul style="list-style-type: none"> <li>– held sufficient cash at bank to cover employee entitlements accrued on the balance sheet;</li> <li>– was paying its debts as they became due and payable; and</li> <li>– was forecast to have a positive cash balance until at least 30 June 2022.</li> </ul>  |        |            |          |           |         |        |           |         |        |           |            |        |        |          |           |        |           |        |           |        |           |        |           |        |           |        |           |       |
| Net asset deficiency | No         | Not applicable              | <p>Based on DSA's financials, DSA recorded the following net asset position over the last three financial years:</p> <table border="1"> <thead> <tr> <th>\$000s</th> <th>Financials</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>30-Jun-19</td> <td>Audited</td> <td>36,754</td> </tr> <tr> <td>30-Jun-20</td> <td>Audited</td> <td>30,961</td> </tr> <tr> <td>30-Jun-21</td> <td>Management</td> <td>12,406</td> </tr> </tbody> </table> <p>A further review of DSA's net asset position as reported in the management accounts for the six months leading up to our appointment is set out below:</p> <table border="1"> <thead> <tr> <th>\$000s</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>28-Feb-21</td> <td>20,685</td> </tr> <tr> <td>31-Mar-21</td> <td>20,123</td> </tr> <tr> <td>30-Apr-21</td> <td>18,690</td> </tr> <tr> <td>31-May-21</td> <td>17,377</td> </tr> <tr> <td>30-Jun-21</td> <td>12,406</td> </tr> <tr> <td>31-Jul-21</td> <td>10,946</td> </tr> <tr> <td>25-Aug-21</td> <td>8,496</td> </tr> </tbody> </table> | \$000s | Financials | Position | 30-Jun-19 | Audited | 36,754 | 30-Jun-20 | Audited | 30,961 | 30-Jun-21 | Management | 12,406 | \$000s | Position | 28-Feb-21 | 20,685 | 31-Mar-21 | 20,123 | 30-Apr-21 | 18,690 | 31-May-21 | 17,377 | 30-Jun-21 | 12,406 | 31-Jul-21 | 10,946 | 25-Aug-21 | 8,496 |
| \$000s               | Financials | Position                    |   |        |            |          |           |         |        |           |         |        |           |            |        |        |          |           |        |           |        |           |        |           |        |           |        |           |        |           |       |
| 30-Jun-19            | Audited    | 36,754                      |   |        |            |          |           |         |        |           |         |        |           |            |        |        |          |           |        |           |        |           |        |           |        |           |        |           |        |           |       |
| 30-Jun-20            | Audited    | 30,961                      |   |        |            |          |           |         |        |           |         |        |           |            |        |        |          |           |        |           |        |           |        |           |        |           |        |           |        |           |       |
| 30-Jun-21            | Management | 12,406                      |   |        |            |          |           |         |        |           |         |        |           |            |        |        |          |           |        |           |        |           |        |           |        |           |        |           |        |           |       |
| \$000s               | Position   |                             |   |        |            |          |           |         |        |           |         |        |           |            |        |        |          |           |        |           |        |           |        |           |        |           |        |           |        |           |       |
| 28-Feb-21            | 20,685     |                             |   |        |            |          |           |         |        |           |         |        |           |            |        |        |          |           |        |           |        |           |        |           |        |           |        |           |        |           |       |
| 31-Mar-21            | 20,123     |                             |   |        |            |          |           |         |        |           |         |        |           |            |        |        |          |           |        |           |        |           |        |           |        |           |        |           |        |           |       |
| 30-Apr-21            | 18,690     |                             |   |        |            |          |           |         |        |           |         |        |           |            |        |        |          |           |        |           |        |           |        |           |        |           |        |           |        |           |       |
| 31-May-21            | 17,377     |                             |   |        |            |          |           |         |        |           |         |        |           |            |        |        |          |           |        |           |        |           |        |           |        |           |        |           |        |           |       |
| 30-Jun-21            | 12,406     |                             |   |        |            |          |           |         |        |           |         |        |           |            |        |        |          |           |        |           |        |           |        |           |        |           |        |           |        |           |       |
| 31-Jul-21            | 10,946     |                             |   |        |            |          |           |         |        |           |         |        |           |            |        |        |          |           |        |           |        |           |        |           |        |           |        |           |        |           |       |
| 25-Aug-21            | 8,496      |                             |   |        |            |          |           |         |        |           |         |        |           |            |        |        |          |           |        |           |        |           |        |           |        |           |        |           |        |           |       |

| Insolvency indicator | Present | Date relevant to insolvency | Administrators' comments   |                |         |            |            |                |           |     |   |     |     |           |    |   |    |   |           |    |   |   |   |   |         |            |            |                |           |    |   |   |    |           |    |   |   |    |           |    |   |     |    |           |    |   |   |   |           |    |    |   |   |           |    |    |   |   |
|----------------------|---------|-----------------------------|--|----------------|---------|------------|------------|----------------|-----------|-----|---|-----|-----|-----------|----|---|----|---|-----------|----|---|---|---|---|---------|------------|------------|----------------|-----------|----|---|---|----|-----------|----|---|---|----|-----------|----|---|-----|----|-----------|----|---|---|---|-----------|----|----|---|---|-----------|----|----|---|---|
|                      |         |                             | <p>Based on our review, DSA has had a net asset surplus at all times leading up to appointment.</p> <p>DSA's net asset position deteriorated over the period following trading losses throughout FY20 and FY21 as well as the payment of significant once-off events discussed in the cash flow section below.</p>   |                |         |            |            |                |           |     |   |     |     |           |    |   |    |   |           |    |   |   |   |   |         |            |            |                |           |    |   |   |    |           |    |   |   |    |           |    |   |     |    |           |    |   |   |   |           |    |    |   |   |           |    |    |   |   |
| Ageing of creditors  | No      | Not applicable              | <p>The historical ageing of DSA's creditors per DSA's management accounts is as follows:</p> <table border="1"> <thead> <tr> <th>%</th> <th>Current</th> <th>31-60 Days</th> <th>61-90 Days</th> <th>91 Days &amp; Over</th> </tr> </thead> <tbody> <tr> <td>30-Jun-19</td> <td>107</td> <td>4</td> <td>(2)</td> <td>(8)</td> </tr> <tr> <td>30-Jun-20</td> <td>71</td> <td>7</td> <td>19</td> <td>3</td> </tr> <tr> <td>30-Jun-21</td> <td>90</td> <td>9</td> <td>1</td> <td>0</td> </tr> </tbody> </table> <p><b>Aged payables for the period from 30 June 2019 to 30 June 2021</b></p> <p>(\$000)</p> <p>Further, an analysis of DSA's creditors in the months leading up to our appointment is as follows:</p> <table border="1"> <thead> <tr> <th>%</th> <th>Current</th> <th>31-60 Days</th> <th>61-90 Days</th> <th>91 Days &amp; Over</th> </tr> </thead> <tbody> <tr> <td>31-Mar-21</td> <td>32</td> <td>4</td> <td>0</td> <td>64</td> </tr> <tr> <td>30-Apr-21</td> <td>54</td> <td>3</td> <td>0</td> <td>43</td> </tr> <tr> <td>31-May-21</td> <td>76</td> <td>3</td> <td>(4)</td> <td>25</td> </tr> <tr> <td>30-Jun-21</td> <td>90</td> <td>9</td> <td>1</td> <td>0</td> </tr> <tr> <td>31-Jul-21</td> <td>77</td> <td>13</td> <td>9</td> <td>1</td> </tr> <tr> <td>25-Aug-21</td> <td>74</td> <td>19</td> <td>2</td> <td>5</td> </tr> </tbody> </table> | %              | Current | 31-60 Days | 61-90 Days | 91 Days & Over | 30-Jun-19 | 107 | 4 | (2) | (8) | 30-Jun-20 | 71 | 7 | 19 | 3 | 30-Jun-21 | 90 | 9 | 1 | 0 | % | Current | 31-60 Days | 61-90 Days | 91 Days & Over | 31-Mar-21 | 32 | 4 | 0 | 64 | 30-Apr-21 | 54 | 3 | 0 | 43 | 31-May-21 | 76 | 3 | (4) | 25 | 30-Jun-21 | 90 | 9 | 1 | 0 | 31-Jul-21 | 77 | 13 | 9 | 1 | 25-Aug-21 | 74 | 19 | 2 | 5 |
| %                    | Current | 31-60 Days                  | 61-90 Days   | 91 Days & Over |         |            |            |                |           |     |   |     |     |           |    |   |    |   |           |    |   |   |   |   |         |            |            |                |           |    |   |   |    |           |    |   |   |    |           |    |   |     |    |           |    |   |   |   |           |    |    |   |   |           |    |    |   |   |
| 30-Jun-19            | 107     | 4                           | (2)  | (8)            |         |            |            |                |           |     |   |     |     |           |    |   |    |   |           |    |   |   |   |   |         |            |            |                |           |    |   |   |    |           |    |   |   |    |           |    |   |     |    |           |    |   |   |   |           |    |    |   |   |           |    |    |   |   |
| 30-Jun-20            | 71      | 7                           | 19   | 3              |         |            |            |                |           |     |   |     |     |           |    |   |    |   |           |    |   |   |   |   |         |            |            |                |           |    |   |   |    |           |    |   |   |    |           |    |   |     |    |           |    |   |   |   |           |    |    |   |   |           |    |    |   |   |
| 30-Jun-21            | 90      | 9                           | 1  | 0              |         |            |            |                |           |     |   |     |     |           |    |   |    |   |           |    |   |   |   |   |         |            |            |                |           |    |   |   |    |           |    |   |   |    |           |    |   |     |    |           |    |   |   |   |           |    |    |   |   |           |    |    |   |   |
| %                    | Current | 31-60 Days                  | 61-90 Days   | 91 Days & Over |         |            |            |                |           |     |   |     |     |           |    |   |    |   |           |    |   |   |   |   |         |            |            |                |           |    |   |   |    |           |    |   |   |    |           |    |   |     |    |           |    |   |   |   |           |    |    |   |   |           |    |    |   |   |
| 31-Mar-21            | 32      | 4                           | 0  | 64             |         |            |            |                |           |     |   |     |     |           |    |   |    |   |           |    |   |   |   |   |         |            |            |                |           |    |   |   |    |           |    |   |   |    |           |    |   |     |    |           |    |   |   |   |           |    |    |   |   |           |    |    |   |   |
| 30-Apr-21            | 54      | 3                           | 0  | 43             |         |            |            |                |           |     |   |     |     |           |    |   |    |   |           |    |   |   |   |   |         |            |            |                |           |    |   |   |    |           |    |   |   |    |           |    |   |     |    |           |    |   |   |   |           |    |    |   |   |           |    |    |   |   |
| 31-May-21            | 76      | 3                           | (4)  | 25             |         |            |            |                |           |     |   |     |     |           |    |   |    |   |           |    |   |   |   |   |         |            |            |                |           |    |   |   |    |           |    |   |   |    |           |    |   |     |    |           |    |   |   |   |           |    |    |   |   |           |    |    |   |   |
| 30-Jun-21            | 90      | 9                           | 1  | 0              |         |            |            |                |           |     |   |     |     |           |    |   |    |   |           |    |   |   |   |   |         |            |            |                |           |    |   |   |    |           |    |   |   |    |           |    |   |     |    |           |    |   |   |   |           |    |    |   |   |           |    |    |   |   |
| 31-Jul-21            | 77      | 13                          | 9  | 1              |         |            |            |                |           |     |   |     |     |           |    |   |    |   |           |    |   |   |   |   |         |            |            |                |           |    |   |   |    |           |    |   |   |    |           |    |   |     |    |           |    |   |   |   |           |    |    |   |   |           |    |    |   |   |
| 25-Aug-21            | 74      | 19                          | 2  | 5              |         |            |            |                |           |     |   |     |     |           |    |   |    |   |           |    |   |   |   |   |         |            |            |                |           |    |   |   |    |           |    |   |   |    |           |    |   |     |    |           |    |   |   |   |           |    |    |   |   |           |    |    |   |   |

| Insolvency indicator  | Present | Date relevant to insolvency | Administrators' comments  |                |         |            |            |                |       |           |     |     |   |     |     |           |     |     |   |     |     |           |     |     |   |     |     |           |      |     |   |    |      |           |     |     |    |   |     |           |     |     |   |    |     |
|---|---------|-----------------------------|---|----------------|---------|------------|------------|----------------|-------|-----------|-----|-----|---|-----|-----|-----------|-----|-----|---|-----|-----|-----------|-----|-----|---|-----|-----|-----------|------|-----|---|----|------|-----------|-----|-----|----|---|-----|-----------|-----|-----|---|----|-----|
|   |         |                             | <p style="text-align: center;"><b>Aged payables for the period from 31 March 2021 to 31 August 2021</b></p> <table border="1"> <caption>Data for Aged payables chart (\$000)</caption> <thead> <tr> <th>Date</th> <th>Current</th> <th>31-60 Days</th> <th>61-90 Days</th> <th>91 Days &amp; Over</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>31-Mar-21</td> <td>250</td> <td>100</td> <td>0</td> <td>450</td> <td>800</td> </tr> <tr> <td>30-Apr-21</td> <td>400</td> <td>100</td> <td>0</td> <td>250</td> <td>750</td> </tr> <tr> <td>31-May-21</td> <td>550</td> <td>100</td> <td>0</td> <td>150</td> <td>800</td> </tr> <tr> <td>30-Jun-21</td> <td>1100</td> <td>100</td> <td>0</td> <td>50</td> <td>1250</td> </tr> <tr> <td>31-Jul-21</td> <td>300</td> <td>100</td> <td>20</td> <td>0</td> <td>420</td> </tr> <tr> <td>25-Aug-21</td> <td>450</td> <td>100</td> <td>0</td> <td>20</td> <td>670</td> </tr> </tbody> </table> <p>Apart from March 2021, the majority of DSA's trade payables were aged as current. DSA's trade payables totals fluctuated during the months leading up to appointment.</p>  | Date           | Current | 31-60 Days | 61-90 Days | 91 Days & Over | Total | 31-Mar-21 | 250 | 100 | 0 | 450 | 800 | 30-Apr-21 | 400 | 100 | 0 | 250 | 750 | 31-May-21 | 550 | 100 | 0 | 150 | 800 | 30-Jun-21 | 1100 | 100 | 0 | 50 | 1250 | 31-Jul-21 | 300 | 100 | 20 | 0 | 420 | 25-Aug-21 | 450 | 100 | 0 | 20 | 670 |
| Date  | Current | 31-60 Days                  | 61-90 Days  | 91 Days & Over | Total   |            |            |                |       |           |     |     |   |     |     |           |     |     |   |     |     |           |     |     |   |     |     |           |      |     |   |    |      |           |     |     |    |   |     |           |     |     |   |    |     |
| 31-Mar-21   | 250     | 100                         | 0   | 450            | 800     |            |            |                |       |           |     |     |   |     |     |           |     |     |   |     |     |           |     |     |   |     |     |           |      |     |   |    |      |           |     |     |    |   |     |           |     |     |   |    |     |
| 30-Apr-21   | 400     | 100                         | 0   | 250            | 750     |            |            |                |       |           |     |     |   |     |     |           |     |     |   |     |     |           |     |     |   |     |     |           |      |     |   |    |      |           |     |     |    |   |     |           |     |     |   |    |     |
| 31-May-21   | 550     | 100                         | 0   | 150            | 800     |            |            |                |       |           |     |     |   |     |     |           |     |     |   |     |     |           |     |     |   |     |     |           |      |     |   |    |      |           |     |     |    |   |     |           |     |     |   |    |     |
| 30-Jun-21   | 1100    | 100                         | 0   | 50             | 1250    |            |            |                |       |           |     |     |   |     |     |           |     |     |   |     |     |           |     |     |   |     |     |           |      |     |   |    |      |           |     |     |    |   |     |           |     |     |   |    |     |
| 31-Jul-21   | 300     | 100                         | 20  | 0              | 420     |            |            |                |       |           |     |     |   |     |     |           |     |     |   |     |     |           |     |     |   |     |     |           |      |     |   |    |      |           |     |     |    |   |     |           |     |     |   |    |     |
| 25-Aug-21   | 450     | 100                         | 0   | 20             | 670     |            |            |                |       |           |     |     |   |     |     |           |     |     |   |     |     |           |     |     |   |     |     |           |      |     |   |    |      |           |     |     |    |   |     |           |     |     |   |    |     |
| Inability to extend finance facilities and breaches of covenants              | No      | Not applicable              | <p>As an NFP, DSA's policy was not to adopt debt to fund any restructure.</p> <p>At appointment, DSA maintained the following facilities with CBA. The facilities did not have covenants and we are not aware of any breaches on the facilities.</p> <p><b>Overdraft facility</b></p> <p>DSA maintains an overdraft facility with CBA with a limit of \$100k which was not drawn at the date of appointment of Administrators.</p> <p>The overdraft facility was not utilised by DSA except one instance in September 2020, when payroll brought the account into a deficit. DSA immediately transferred money from another bank account to cover the deficit that same day.</p> <p><b>Credit card facility</b></p> <p>DSA maintains a credit card facility with CBA with a limit of \$255k. On appointment DSA had drawn the credit card facility to \$81k. DSA tops up its credit card facility on a monthly basis.</p> <p><b>Contingent liability limit</b></p> <p>DSA maintained a contingent liability facility with CBA in relation to bank guarantees provided to landlords under various lease agreements with a limit of \$2.0m. On appointment, DSA's landlords held bank guarantees totaling \$1.7m which had not been called upon.</p> <p><b>Asset finance facility</b></p> <p>DSA maintains an asset finance facility with CBA in relation to 29 motor vehicle contracts with Fleetplus with a limit of \$1.5m. On appointment the facility was drawn to \$664k.</p> |                |         |            |            |                |       |           |     |     |   |     |     |           |     |     |   |     |     |           |     |     |   |     |     |           |      |     |   |    |      |           |     |     |    |   |     |           |     |     |   |    |     |
| Inability to meet other financial commitments / default on finance agreements | No      | Not applicable              | <p>We understand that the other secured parties relating to the leasing of plant and equipment were paid up to July 2021 or August 2021, depending on the lessor's invoice due date.</p>  |                |         |            |            |                |       |           |     |     |   |     |     |           |     |     |   |     |     |           |     |     |   |     |     |           |      |     |   |    |      |           |     |     |    |   |     |           |     |     |   |    |     |

| Insolvency indicator   | Present       | Date relevant to insolvency | Administrators' comments   |        |            |               |      |         |       |      |         |          |      |            |          |        |               |        |         |        |         |        |         |        |         |        |         |        |         |
|--|---------------|-----------------------------|--|--------|------------|---------------|------|---------|-------|------|---------|----------|------|------------|----------|--------|---------------|--------|---------|--------|---------|--------|---------|--------|---------|--------|---------|--------|---------|
| <b>Availability of other cash resources – cash flow test</b> |               |                             |  |        |            |               |      |         |       |      |         |          |      |            |          |        |               |        |         |        |         |        |         |        |         |        |         |        |         |
| Profitability / trading losses                               | Yes           | March 2020                  | <p>We have undertaken a review of the profitability reported in the past two financial reports and as per the management report as at 30 June 2021.</p> <p>Based on the financial statements and management accounts, DSA recorded the following net profit/(loss) after income tax:</p> <table border="1"> <thead> <tr> <th>Period</th> <th>Financials</th> <th>Profit/(loss)</th> </tr> </thead> <tbody> <tr> <td>FY19</td> <td>Audited</td> <td>2,411</td> </tr> <tr> <td>FY20</td> <td>Audited</td> <td>(12,438)</td> </tr> <tr> <td>FY21</td> <td>Management</td> <td>(20,845)</td> </tr> </tbody> </table> <p>Further, we have undertaken a review of the profitability in the six months leading up to 25 August 2021. Based on the management accounts, DSA recorded the following net profit/(loss) after income tax:</p> <table border="1"> <thead> <tr> <th>Period</th> <th>Profit/(loss)</th> </tr> </thead> <tbody> <tr> <td>Mar-21</td> <td>(1,176)</td> </tr> <tr> <td>Apr-21</td> <td>(1,702)</td> </tr> <tr> <td>May-21</td> <td>(1,312)</td> </tr> <tr> <td>Jun-21</td> <td>(5,029)</td> </tr> <tr> <td>Jul-21</td> <td>(1,460)</td> </tr> <tr> <td>Aug-21</td> <td>(2,449)</td> </tr> </tbody> </table> <p>Based on our analysis, DSA has operated with consistent trading losses since March 2020 for various reasons, including:</p> <ul style="list-style-type: none"> <li>– Poor ongoing trading from FACS1 sites, contributed to by vacancies, insufficient NDIS plan income approved, workers compensation claims and workforce issues</li> <li>– Impacts from the COVID-19 pandemic, however DSA did not qualify for JobKeeper and costs did not drop in line with income falls.</li> <li>– The FACS2 sites traded at significant losses from July 2020, primarily due to poor operational management of wages</li> </ul> <p>In October 2020, the Alliance 20 Group engaged PwC to prepare submissions to the NDIS regarding the adequacy of the changes in NDIS pricing structure discussed at <b>Section 3.4</b>. No substantial changes to NDIS pricing structures have resulted to date from the submissions.</p> <p>During the period May 2021 to July 2021, DSA held meetings with FACS and the NDIS to discuss the changed pricing structure.</p> <p>During this period, DSA also held meetings with other disability service providers to discuss their results and actions taken to date to request additional funding.</p> | Period | Financials | Profit/(loss) | FY19 | Audited | 2,411 | FY20 | Audited | (12,438) | FY21 | Management | (20,845) | Period | Profit/(loss) | Mar-21 | (1,176) | Apr-21 | (1,702) | May-21 | (1,312) | Jun-21 | (5,029) | Jul-21 | (1,460) | Aug-21 | (2,449) |
| Period   | Financials    | Profit/(loss)               |  |        |            |               |      |         |       |      |         |          |      |            |          |        |               |        |         |        |         |        |         |        |         |        |         |        |         |
| FY19   | Audited       | 2,411                       |  |        |            |               |      |         |       |      |         |          |      |            |          |        |               |        |         |        |         |        |         |        |         |        |         |        |         |
| FY20   | Audited       | (12,438)                    |  |        |            |               |      |         |       |      |         |          |      |            |          |        |               |        |         |        |         |        |         |        |         |        |         |        |         |
| FY21   | Management    | (20,845)                    |  |        |            |               |      |         |       |      |         |          |      |            |          |        |               |        |         |        |         |        |         |        |         |        |         |        |         |
| Period   | Profit/(loss) |                             |  |        |            |               |      |         |       |      |         |          |      |            |          |        |               |        |         |        |         |        |         |        |         |        |         |        |         |
| Mar-21   | (1,176)       |                             |  |        |            |               |      |         |       |      |         |          |      |            |          |        |               |        |         |        |         |        |         |        |         |        |         |        |         |
| Apr-21   | (1,702)       |                             |  |        |            |               |      |         |       |      |         |          |      |            |          |        |               |        |         |        |         |        |         |        |         |        |         |        |         |
| May-21   | (1,312)       |                             |  |        |            |               |      |         |       |      |         |          |      |            |          |        |               |        |         |        |         |        |         |        |         |        |         |        |         |
| Jun-21   | (5,029)       |                             |  |        |            |               |      |         |       |      |         |          |      |            |          |        |               |        |         |        |         |        |         |        |         |        |         |        |         |
| Jul-21   | (1,460)       |                             |  |        |            |               |      |         |       |      |         |          |      |            |          |        |               |        |         |        |         |        |         |        |         |        |         |        |         |
| Aug-21   | (2,449)       |                             |  |        |            |               |      |         |       |      |         |          |      |            |          |        |               |        |         |        |         |        |         |        |         |        |         |        |         |
| Cash flow difficulties                                       | No            | Not applicable              | <p>The Companies prepared cash flow statements on a weekly basis.</p> <p>DSA prepared a cash flow forecast each financial year in line with the budget for the next financial year.</p>  |        |            |               |      |         |       |      |         |          |      |            |          |        |               |        |         |        |         |        |         |        |         |        |         |        |         |

| Insolvency indicator | Present | Date relevant to insolvency | Administrators' comments  |
|----------------------|---------|-----------------------------|---|
|                      |         |                             | <p>The DSA and DSAM cash flows are merged for the purposes of this analysis.</p> <p>During FY21 and YTD FY22, DSA's cash flow deteriorated by \$9.9m, as shown in the graph below.</p> <p><b>DSA cash at bank balance for the period 28 June 2020 to 22 August 2021</b></p>  <p><b>Cash waterfall for the period 28 June 2020 to 22 August 2021</b></p>  <p>Based on our analysis, DSA had a net trading cash deficit of approximately \$18.7m in FY21.</p> <p>Further, DSA was required to make a number of significant one-off payments during FY21, including:</p> <ul style="list-style-type: none"> <li>– A net \$7.4m repaid to government entities in relation to loans advanced during the COVID pandemic in FY20, in accordance with the terms of those loans.</li> <li>– \$9.6m to employees in relation to the enforceable undertaking discussed at <b>Section 3.4</b>.</li> <li>– DSA's capital expenditure for FY21 amounted to \$4.7m.</li> </ul> |

| Insolvency indicator  | Present   | Date relevant to insolvency | Administrators' comments   |       |           |                          |            |          |    |  |           |       |   |           |       |            |           |    |                                |           |        |              |  |               |
|---|-----------|-----------------------------|--|-------|-----------|--------------------------|------------|----------|----|--|-----------|-------|---|-----------|-------|------------|-----------|----|--------------------------------|-----------|--------|--------------|--|---------------|
|   |           |                             | <p>It is noted that DSA cleared all its liabilities in relation to the enforceable undertaking and COVID-19 loan advances in FY21.</p> <p>We note that due to the large outflows discussed above, DSA was able to sell a number of non-core assets totalling \$29.6m to increase cash flow, which are discussed separately below.</p> <p>DSA was generally cash flow negative in each week in FY21 except when proceeds from asset sales were received.</p>  |       |           |                          |            |          |    |  |           |       |   |           |       |            |           |    |                                |           |        |              |  |               |
| Access to alternative sources of finance (including equity capital) | Yes       | October 2020                | <p>Management have advised that due to DSA's Limited by Guarantee structure and NFP status that no funding was sought from DSA's members.</p> <p>Management have also advised that while debt funding was considered in relation to funding the fit-out of the new Head Office in Kingsgrove in August 2020, it was likely that no financier would consider providing debt funding as DSA's cash flow forecast did not show a cash flow surplus.</p> <p>DSA also minimized the use of debt funding, noting the unused overdraft facility with CBA.</p>   |       |           |                          |            |          |    |  |           |       |   |           |       |            |           |    |                                |           |        |              |  |               |
| Inability to dispose non-core assets                                | No        | Not applicable              | <p>In the two years leading up to appointment, DSA sold a number of assets in FY20, FY21 and YTD FY22, summarised as follows:</p> <table border="1"> <thead> <tr> <th>Asset</th> <th>Date sold</th> <th>Amount realised (\$000s)</th> </tr> </thead> <tbody> <tr> <td>Kia Cerato</td> <td>1-Jan-20</td> <td>15</td> </tr> <tr> <td>Shares in Plan Management Partners Pty Ltd</td> <td>23-Jun-20</td> <td>8,000</td> </tr> <tr> <td>76 Harley Crescent, Condell Park (less costs of sale)</td> <td>24-Sep-20</td> <td>5,807</td> </tr> <tr> <td>Kia Cerato</td> <td>31-Dec-20</td> <td>17</td> </tr> <tr> <td>Macquarie investment portfolio</td> <td>12-Apr-21</td> <td>15,765</td> </tr> <tr> <td><b>Total</b></td> <td></td> <td><b>29,604</b></td> </tr> </tbody> </table> <p>There were a number of other immaterial disposals throughout the period.</p> <p>The Administrators have not identified any further non-core assets which could have disposed of to support trading losses.</p> | Asset | Date sold | Amount realised (\$000s) | Kia Cerato | 1-Jan-20 | 15 | Shares in Plan Management Partners Pty Ltd | 23-Jun-20 | 8,000 | 76 Harley Crescent, Condell Park (less costs of sale) | 24-Sep-20 | 5,807 | Kia Cerato | 31-Dec-20 | 17 | Macquarie investment portfolio | 12-Apr-21 | 15,765 | <b>Total</b> |  | <b>29,604</b> |
| Asset   | Date sold | Amount realised (\$000s)    |  |       |           |                          |            |          |    |  |           |       |   |           |       |            |           |    |                                |           |        |              |  |               |
| Kia Cerato  | 1-Jan-20  | 15                          |  |       |           |                          |            |          |    |  |           |       |   |           |       |            |           |    |                                |           |        |              |  |               |
| Shares in Plan Management Partners Pty Ltd                          | 23-Jun-20 | 8,000                       |  |       |           |                          |            |          |    |  |           |       |   |           |       |            |           |    |                                |           |        |              |  |               |
| 76 Harley Crescent, Condell Park (less costs of sale)               | 24-Sep-20 | 5,807                       |  |       |           |                          |            |          |    |  |           |       |   |           |       |            |           |    |                                |           |        |              |  |               |
| Kia Cerato  | 31-Dec-20 | 17                          |  |       |           |                          |            |          |    |  |           |       |   |           |       |            |           |    |                                |           |        |              |  |               |
| Macquarie investment portfolio                                      | 12-Apr-21 | 15,765                      |  |       |           |                          |            |          |    |  |           |       |   |           |       |            |           |    |                                |           |        |              |  |               |
| <b>Total</b>  |           | <b>29,604</b>               |  |       |           |                          |            |          |    |  |           |       |   |           |       |            |           |    |                                |           |        |              |  |               |
| Dishonoured payments  | No        | Not applicable              | <p>A review of DSA's banking records did not identify any dishonoured payments for the period 1 July 2020 to 24 August 2021.</p>   |       |           |                          |            |          |    |  |           |       |   |           |       |            |           |    |                                |           |        |              |  |               |
| Overdue Commonwealth and State taxes                                | No        | Not applicable              | <p>On appointment, no amounts were owing to the ATO for PAYG or GST or to Revenue NSW for payroll or land tax.</p> <p>In August 2020, DSA engaged Deloitte to perform a review of its historical superannuation obligations in response to the ATO offering a superannuation guarantee amnesty.</p> <p>Deloitte's review revealed superannuation guarantee shortfalls totaling \$367k, which were paid to the ATO by September 2020.</p> <p>We understand that at appointment, approximately \$39k of superannuation guarantee was owed to employees of DSA for the period August 2019 to</p>  |       |           |                          |            |          |    |  |           |       |   |           |       |            |           |    |                                |           |        |              |  |               |

| Insolvency indicator  | Present | Date relevant to insolvency | Administrators' comments  |
|---|---------|-----------------------------|---|
|   |         |                             | March 2021, which was not paid as a result of error or where employees had not provided their superannuation account details.   |
| No forbearance from creditors / legal action threatened or commenced by creditors | No      | Not applicable              | DSA has confirmed that: <ul style="list-style-type: none"> <li>– no creditors have served any statutory demands, writs or winding up applications (the Administrators confirm no winding up applications were filed at the date of appointment); and</li> <li>– DSA has not entered into any payment plans with creditors.</li> </ul> |

## DSAM

The following table summarises the key insolvency indicators and our comments on those indicators where relevant to DSAM:

| Insolvency indicator  | Present | Date relevant to insolvency | Administrators' comments  |
|---|---------|-----------------------------|---|
| <b>Endemic shortage of working capital - balance sheet test</b>               |         |                             |   |
| Working capital deficiency  | No      | Not applicable              | DSAM's liabilities consisted of only employee costs payable, while DSAM's only assets included cash at bank and intercompany receivables from DSA to offset DSAM's employee costs.<br><br>The allocation between current and non-current is largely irrelevant as DSA would pay DSAM's employee costs as they were due and payable. |
| Net asset deficiency  | No      | Not applicable              | Over the period FY19 to YTD FY22, DSAM's net assets were Nil.   |
| Ageing of creditors   | No      | Not applicable              | DSAM did not have any trade creditors.  |
| Inability to extend finance facilities and breaches of covenants              | No      | Not applicable              | There were no registrations against DSAM on the PPSR at appointment.  |
| Inability to meet other financial commitments / default on finance agreements | No      | Not applicable              | There were no registrations against DSAM on the PPSR at appointment.  |
| <b>Availability of other cash resources – cash flow test</b>                  |         |                             |   |
| Profitability / trading losses  | No      | Not applicable              | As discussed in <b>Section 3.2.2</b> , the only income DSAM received was income from DSA to pay DSAM's employee costs. Accordingly, over the period FY19 to FY21, DSAM's net profit was Nil (or very close to Nil).   |
| Cash flow difficulties  | No      | Not applicable              | At appointment, DSAM maintained one bank account with CBA. The bank account was solely used to receipt Workers' Compensation refunds for claims made by DSAM employees.<br><br>During FY21 and YTD FY22, DSAM's cash flow deteriorated by \$682k, as shown in the graph below.  |

| Insolvency indicator   | Present                       | Date relevant to insolvency | Administrators' comments   |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |
|--|-------------------------------|-----------------------------|--|------|-------------------------------|------------|-----|------------|-----|------------|-----|------------|-----|------------|-----|------------|-----|------------|----|------------|----|------------|-----|------------|----|------------|----|------------|-----|------------|----|------------|-----|
| <p style="text-align: center;"><b>DSAM cash at bank balance for the period 28 June 2020 to 22 August 2021</b></p> <p style="text-align: center;">\$000s</p> <table border="1"> <caption>Approximate data points from the DSAM cash at bank balance graph</caption> <thead> <tr> <th>Date</th> <th>Cash at Bank Balance (\$000s)</th> </tr> </thead> <tbody> <tr><td>28/06/2020</td><td>800</td></tr> <tr><td>28/07/2020</td><td>100</td></tr> <tr><td>28/08/2020</td><td>100</td></tr> <tr><td>28/09/2020</td><td>100</td></tr> <tr><td>28/10/2020</td><td>100</td></tr> <tr><td>28/11/2020</td><td>100</td></tr> <tr><td>28/12/2020</td><td>50</td></tr> <tr><td>28/01/2021</td><td>50</td></tr> <tr><td>28/02/2021</td><td>100</td></tr> <tr><td>31/03/2021</td><td>50</td></tr> <tr><td>30/04/2021</td><td>50</td></tr> <tr><td>31/05/2021</td><td>150</td></tr> <tr><td>30/06/2021</td><td>50</td></tr> <tr><td>31/07/2021</td><td>100</td></tr> </tbody> </table> |                               |                             |  | Date | Cash at Bank Balance (\$000s) | 28/06/2020 | 800 | 28/07/2020 | 100 | 28/08/2020 | 100 | 28/09/2020 | 100 | 28/10/2020 | 100 | 28/11/2020 | 100 | 28/12/2020 | 50 | 28/01/2021 | 50 | 28/02/2021 | 100 | 31/03/2021 | 50 | 30/04/2021 | 50 | 31/05/2021 | 150 | 30/06/2021 | 50 | 31/07/2021 | 100 |
| Date   | Cash at Bank Balance (\$000s) |                             |  |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |
| 28/06/2020   | 800                           |                             |  |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |
| 28/07/2020   | 100                           |                             |  |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |
| 28/08/2020   | 100                           |                             |  |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |
| 28/09/2020   | 100                           |                             |  |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |
| 28/10/2020   | 100                           |                             |  |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |
| 28/11/2020   | 100                           |                             |  |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |
| 28/12/2020   | 50                            |                             |  |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |
| 28/01/2021   | 50                            |                             |  |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |
| 28/02/2021   | 100                           |                             |  |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |
| 31/03/2021   | 50                            |                             |  |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |
| 30/04/2021   | 50                            |                             |  |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |
| 31/05/2021   | 150                           |                             |  |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |
| 30/06/2021   | 50                            |                             |  |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |
| 31/07/2021   | 100                           |                             |  |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |
| Access to alternative sources of finance (including equity capital)  | No                            | Not applicable              | <p>DSAM was solely reliant on funding from DSA.</p> <p>Management have advised that due to DSAM's Limited by Guarantee structure and NFP status that no funding was sought from DSA's members.</p>   |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |
| Inability to dispose non-core assets   | No                            | Not applicable              | All assets were held by DSA, DSAM did not hold any saleable assets in its own right.   |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |
| Dishonoured payments   | No                            | Not applicable              | A review of DSAM's banking records did not identify any dishonoured payments for the period 1 July 2020 to 24 August 2021.   |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |
| Overdue Commonwealth and State taxes   | No                            | Not applicable              | <p>On appointment, no amounts were owing to the ATO for PAYG or GST or to Revenue NSW for payroll or land tax.</p> <p>In August 2020, DSA engaged Deloitte to perform a review of its historical superannuation obligations in response to the ATO offering a superannuation guarantee amnesty.</p> <p>Deloitte's review revealed superannuation guarantee shortfalls totaling \$6k, which were paid to the ATO by September 2020.</p> |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |
| No forbearance from creditors / legal action threatened or commenced by creditors  | No                            | Not applicable              | <p>DSAM has confirmed that:</p> <ul style="list-style-type: none"> <li>– no creditors have served any statutory demands, writs or winding up applications (the Administrators confirm no winding up applications were filed at the date of appointment); and</li> <li>– DSAM has not entered into any payment plans with creditors.</li> </ul>   |      |                               |            |     |            |     |            |     |            |     |            |     |            |     |            |    |            |    |            |     |            |    |            |    |            |     |            |    |            |     |

## METS

The following table summarises the key insolvency indicators and our comments on those indicators where relevant to METS:

| Insolvency indicator  | Present    | Date relevant to insolvency | Administrators' comments  |      |            |          |       |           |         |       |       |           |         |       |      |           |            |       |       |      |     |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |
|---|------------|-----------------------------|---|------|------------|----------|-------|-----------|---------|-------|-------|-----------|---------|-------|------|-----------|------------|-------|-------|------|-----|-------|-----------|-------|-------|-----------|-------|-------|-----------|-------|-------|-----------|-------|-------|-----------|-------|-------|-----------|-------|-------|-----------|-------|-------|
| <b>Endemic shortage of working capital - balance sheet test</b> |            |                             |   |      |            |          |       |           |         |       |       |           |         |       |      |           |            |       |       |      |     |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |
| Working capital deficiency                                      | No         | Not applicable              | <p>Working capital ratios can be used as a general indicator of liquid assets available to pay debts as and when they fall due within 12 months.</p> <p>A working capital ratio of less than 1.0 indicates a company may not be able to pay its debts as and when they fall due.</p> <p>The table below outlines working capital ratios over the last three financial years, based on METS' financial statements</p> <p>Based on METS' financials, it recorded the following working capital ratios (being current assets divided by current liabilities):</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Financials</th> <th>NWC</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>30-Jun-19</td> <td>Audited</td> <td>3,505</td> <td>28.93</td> </tr> <tr> <td>30-Jun-20</td> <td>Audited</td> <td>3,684</td> <td>7.80</td> </tr> <tr> <td>30-Jun-21</td> <td>Management</td> <td>3,968</td> <td>22.83</td> </tr> </tbody> </table> <p>A further review of METS' working capital ratios as reported in the management accounts for the six months leading up to our appointment is detailed below::</p> <table border="1"> <thead> <tr> <th>Date</th> <th>NWC</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>28-Feb-21</td> <td>3,880</td> <td>12.44</td> </tr> <tr> <td>31-Mar-21</td> <td>3,873</td> <td>13.87</td> </tr> <tr> <td>30-Apr-21</td> <td>3,807</td> <td>11.31</td> </tr> <tr> <td>31-May-21</td> <td>3,812</td> <td>11.66</td> </tr> <tr> <td>30-Jun-21</td> <td>3,968</td> <td>22.83</td> </tr> <tr> <td>31-Jul-21</td> <td>4,022</td> <td>27.26</td> </tr> <tr> <td>25-Aug-21</td> <td>4,071</td> <td>18.94</td> </tr> </tbody> </table> <p>Based on our analysis, at all times leading up to appointment, METS had a net working capital ratio significantly above 1.</p> | Date | Financials | NWC      | Ratio | 30-Jun-19 | Audited | 3,505 | 28.93 | 30-Jun-20 | Audited | 3,684 | 7.80 | 30-Jun-21 | Management | 3,968 | 22.83 | Date | NWC | Ratio | 28-Feb-21 | 3,880 | 12.44 | 31-Mar-21 | 3,873 | 13.87 | 30-Apr-21 | 3,807 | 11.31 | 31-May-21 | 3,812 | 11.66 | 30-Jun-21 | 3,968 | 22.83 | 31-Jul-21 | 4,022 | 27.26 | 25-Aug-21 | 4,071 | 18.94 |
| Date  | Financials | NWC                         | Ratio   |      |            |          |       |           |         |       |       |           |         |       |      |           |            |       |       |      |     |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |
| 30-Jun-19   | Audited    | 3,505                       | 28.93   |      |            |          |       |           |         |       |       |           |         |       |      |           |            |       |       |      |     |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |
| 30-Jun-20   | Audited    | 3,684                       | 7.80  |      |            |          |       |           |         |       |       |           |         |       |      |           |            |       |       |      |     |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |
| 30-Jun-21   | Management | 3,968                       | 22.83   |      |            |          |       |           |         |       |       |           |         |       |      |           |            |       |       |      |     |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |
| Date  | NWC        | Ratio                       |   |      |            |          |       |           |         |       |       |           |         |       |      |           |            |       |       |      |     |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |
| 28-Feb-21   | 3,880      | 12.44                       |   |      |            |          |       |           |         |       |       |           |         |       |      |           |            |       |       |      |     |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |
| 31-Mar-21   | 3,873      | 13.87                       |   |      |            |          |       |           |         |       |       |           |         |       |      |           |            |       |       |      |     |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |
| 30-Apr-21   | 3,807      | 11.31                       |   |      |            |          |       |           |         |       |       |           |         |       |      |           |            |       |       |      |     |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |
| 31-May-21   | 3,812      | 11.66                       |   |      |            |          |       |           |         |       |       |           |         |       |      |           |            |       |       |      |     |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |
| 30-Jun-21   | 3,968      | 22.83                       |   |      |            |          |       |           |         |       |       |           |         |       |      |           |            |       |       |      |     |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |
| 31-Jul-21   | 4,022      | 27.26                       |   |      |            |          |       |           |         |       |       |           |         |       |      |           |            |       |       |      |     |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |
| 25-Aug-21   | 4,071      | 18.94                       |   |      |            |          |       |           |         |       |       |           |         |       |      |           |            |       |       |      |     |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |
| Net asset deficiency  | No         | Not applicable              | <p>Based on METS' financials, METS recorded the following net asset position over the last three financial years:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Financials</th> <th>Position</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>30-Jun-19</td> <td>Audited</td> <td>3,499</td> <td>0.96</td> </tr> <tr> <td>30-Jun-20</td> <td>Audited</td> <td>3,672</td> <td>0.87</td> </tr> <tr> <td>30-Jun-21</td> <td>Management</td> <td>3,960</td> <td>0.95</td> </tr> </tbody> </table> <p>A further review of METS' net asset position as reported in the management accounts for the six months leading up to our appointment is set out below:</p>  | Date | Financials | Position | Ratio | 30-Jun-19 | Audited | 3,499 | 0.96  | 30-Jun-20 | Audited | 3,672 | 0.87 | 30-Jun-21 | Management | 3,960 | 0.95  |      |     |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |
| Date  | Financials | Position                    | Ratio   |      |            |          |       |           |         |       |       |           |         |       |      |           |            |       |       |      |     |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |
| 30-Jun-19   | Audited    | 3,499                       | 0.96  |      |            |          |       |           |         |       |       |           |         |       |      |           |            |       |       |      |     |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |
| 30-Jun-20   | Audited    | 3,672                       | 0.87  |      |            |          |       |           |         |       |       |           |         |       |      |           |            |       |       |      |     |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |
| 30-Jun-21   | Management | 3,960                       | 0.95  |      |            |          |       |           |         |       |       |           |         |       |      |           |            |       |       |      |     |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |           |       |       |

| Insolvency indicator   | Present | Date relevant to insolvency | Administrators' comments  |           |       |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
|--|---------|-----------------------------|---|-----------|-------|---|---------|------------|------------|-----------|-----------|----|---|---|----|-----------|-----|---|---|----|-----------|----|----|---|----|-----------|----|----|---|---|-----------|---|----|----|---|-----------|----|----|---|---|
|  |         |                             | Date  | Position  | Ratio |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
|  |         |                             | 28-Feb-21   | 3,866     | 0.92  |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
|  |         |                             | 31-Mar-21   | 3,858     | 0.93  |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
|  |         |                             | 30-Apr-21   | 3,851     | 0.91  |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
|  |         |                             | 31-May-21   | 3,863     | 0.92  |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
|  |         |                             | 30-Jun-21   | 3,960     | 0.95  |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
|  |         |                             | 31-Jul-21   | 4,012     | 0.96  |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
|  |         |                             | 25-Aug-21   | 4,063     | 0.94  |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
| Based on our review, METS has been in a net asset surplus at all times leading up to appointment.  |         |                             |   |           |       |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
| Ageing of creditors  | No      | Not applicable              | The historical ageing of METS' creditors per METS' management accounts is as follows: |           |       |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
| <table border="1"> <thead> <tr> <th>%</th> <th>Current</th> <th>31-60 Days</th> <th>61-90 Days</th> <th>91 Days +</th> </tr> </thead> <tbody> <tr> <td>30-Jun-19</td> <td>71</td> <td>2</td> <td>8</td> <td>19</td> </tr> <tr> <td>30-Jun-20</td> <td>100</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>30-Jun-21</td> <td>89</td> <td>11</td> <td>-</td> <td>-</td> </tr> </tbody> </table>  |         |                             |   |           |       | % | Current | 31-60 Days | 61-90 Days | 91 Days + | 30-Jun-19 | 71 | 2 | 8 | 19 | 30-Jun-20 | 100 | - | - | -  | 30-Jun-21 | 89 | 11 | - | -  |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
| %  | Current | 31-60 Days                  | 61-90 Days  | 91 Days + |       |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
| 30-Jun-19  | 71      | 2                           | 8   | 19        |       |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
| 30-Jun-20  | 100     | -                           | -   | -         |       |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
| 30-Jun-21  | 89      | 11                          | -   | -         |       |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
| <p><b>Aged payables for the period from 30 June 2019 to 30 June 2021</b></p>   |         |                             |   |           |       |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
| Further, an analysis of METS' creditors in the months leading up to our appointment is as follows:   |         |                             |   |           |       |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
| <table border="1"> <thead> <tr> <th>%</th> <th>Current</th> <th>31-60 Days</th> <th>61-90 Days</th> <th>91 Days +</th> </tr> </thead> <tbody> <tr> <td>31-Mar-21</td> <td>5</td> <td>-</td> <td>-</td> <td>95</td> </tr> <tr> <td>30-Apr-21</td> <td>61</td> <td>-</td> <td>-</td> <td>39</td> </tr> <tr> <td>31-May-21</td> <td>77</td> <td>-</td> <td>-</td> <td>23</td> </tr> <tr> <td>30-Jun-21</td> <td>89</td> <td>11</td> <td>-</td> <td>-</td> </tr> <tr> <td>31-Jul-21</td> <td>-</td> <td>69</td> <td>31</td> <td>-</td> </tr> <tr> <td>31-Aug-21</td> <td>53</td> <td>47</td> <td>-</td> <td>-</td> </tr> </tbody> </table> |         |                             |   |           |       | % | Current | 31-60 Days | 61-90 Days | 91 Days + | 31-Mar-21 | 5  | - | - | 95 | 30-Apr-21 | 61  | - | - | 39 | 31-May-21 | 77 | -  | - | 23 | 30-Jun-21 | 89 | 11 | - | - | 31-Jul-21 | - | 69 | 31 | - | 31-Aug-21 | 53 | 47 | - | - |
| %  | Current | 31-60 Days                  | 61-90 Days  | 91 Days + |       |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
| 31-Mar-21  | 5       | -                           | -   | 95        |       |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
| 30-Apr-21  | 61      | -                           | -   | 39        |       |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
| 31-May-21  | 77      | -                           | -   | 23        |       |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
| 30-Jun-21  | 89      | 11                          | -   | -         |       |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
| 31-Jul-21  | -       | 69                          | 31  | -         |       |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |
| 31-Aug-21  | 53      | 47                          | -   | -         |       |   |         |            |            |           |           |    |   |   |    |           |     |   |   |    |           |    |    |   |    |           |    |    |   |   |           |   |    |    |   |           |    |    |   |   |

| Insolvency indicator  | Present    | Date relevant to insolvency | Administrators' comments  |                |            |               |            |                |           |    |    |    |     |           |      |    |    |     |           |      |    |    |     |           |    |    |    |    |           |    |    |    |    |           |    |    |    |    |
|---|------------|-----------------------------|---|----------------|------------|---------------|------------|----------------|-----------|----|----|----|-----|-----------|------|----|----|-----|-----------|------|----|----|-----|-----------|----|----|----|----|-----------|----|----|----|----|-----------|----|----|----|----|
|   |            |                             | <p><b>Aged payables for the period from 31 March 2021 to 31 August 2021</b></p> <p>(\$000)</p> <table border="1"> <caption>Aged Payables Data (\$000)</caption> <thead> <tr> <th>Date</th> <th>Current</th> <th>31-60 Days</th> <th>61-90 Days</th> <th>91 Days &amp; Over</th> </tr> </thead> <tbody> <tr> <td>31-Mar-21</td> <td>~5</td> <td>~5</td> <td>~5</td> <td>~95</td> </tr> <tr> <td>30-Apr-21</td> <td>~100</td> <td>~5</td> <td>~5</td> <td>~60</td> </tr> <tr> <td>31-May-21</td> <td>~110</td> <td>~5</td> <td>~5</td> <td>~20</td> </tr> <tr> <td>30-Jun-21</td> <td>~5</td> <td>~5</td> <td>~5</td> <td>~5</td> </tr> <tr> <td>31-Jul-21</td> <td>~5</td> <td>~5</td> <td>~5</td> <td>~5</td> </tr> <tr> <td>31-Aug-21</td> <td>~5</td> <td>~5</td> <td>~5</td> <td>~5</td> </tr> </tbody> </table> <p>We comment on this analysis as follows:</p> <ul style="list-style-type: none"> <li>– In March 2021, 95% of payables were aged over 91 days, being the balance of the Smart &amp; Skilled COVID-19 loan account with the NSW DoE to be repaid over 9 months. At March 2021, METS had three repayments to make.</li> <li>– As a result of paying down the Smart &amp; Skilled COVID-19 loan NSW DoE account, in the three months leading up to appointment, aged payables significantly reduced to total balances owing under \$9k. Management has advised that the payable was treated as a trade payable.</li> <li>– The Administrators do not consider the ageing to be an indicator of insolvency.</li> <li>– Apart from the above, other payables were generally aged as current or 31 to 61 days.</li> </ul> | Date           | Current    | 31-60 Days    | 61-90 Days | 91 Days & Over | 31-Mar-21 | ~5 | ~5 | ~5 | ~95 | 30-Apr-21 | ~100 | ~5 | ~5 | ~60 | 31-May-21 | ~110 | ~5 | ~5 | ~20 | 30-Jun-21 | ~5 | ~5 | ~5 | ~5 | 31-Jul-21 | ~5 | ~5 | ~5 | ~5 | 31-Aug-21 | ~5 | ~5 | ~5 | ~5 |
| Date  | Current    | 31-60 Days                  | 61-90 Days  | 91 Days & Over |            |               |            |                |           |    |    |    |     |           |      |    |    |     |           |      |    |    |     |           |    |    |    |    |           |    |    |    |    |           |    |    |    |    |
| 31-Mar-21   | ~5         | ~5                          | ~5  | ~95            |            |               |            |                |           |    |    |    |     |           |      |    |    |     |           |      |    |    |     |           |    |    |    |    |           |    |    |    |    |           |    |    |    |    |
| 30-Apr-21   | ~100       | ~5                          | ~5  | ~60            |            |               |            |                |           |    |    |    |     |           |      |    |    |     |           |      |    |    |     |           |    |    |    |    |           |    |    |    |    |           |    |    |    |    |
| 31-May-21   | ~110       | ~5                          | ~5  | ~20            |            |               |            |                |           |    |    |    |     |           |      |    |    |     |           |      |    |    |     |           |    |    |    |    |           |    |    |    |    |           |    |    |    |    |
| 30-Jun-21   | ~5         | ~5                          | ~5  | ~5             |            |               |            |                |           |    |    |    |     |           |      |    |    |     |           |      |    |    |     |           |    |    |    |    |           |    |    |    |    |           |    |    |    |    |
| 31-Jul-21   | ~5         | ~5                          | ~5  | ~5             |            |               |            |                |           |    |    |    |     |           |      |    |    |     |           |      |    |    |     |           |    |    |    |    |           |    |    |    |    |           |    |    |    |    |
| 31-Aug-21   | ~5         | ~5                          | ~5  | ~5             |            |               |            |                |           |    |    |    |     |           |      |    |    |     |           |      |    |    |     |           |    |    |    |    |           |    |    |    |    |           |    |    |    |    |
| Inability to extend finance facilities and breaches of covenants              | No         | Not applicable              | At the date of appointment, no amounts were owed to secured lenders by METS.  |                |            |               |            |                |           |    |    |    |     |           |      |    |    |     |           |      |    |    |     |           |    |    |    |    |           |    |    |    |    |           |    |    |    |    |
| Inability to meet other financial commitments / default on finance agreements | No         | Not applicable              | At the date of appointment, no amounts were owed to secured lenders by METS.  |                |            |               |            |                |           |    |    |    |     |           |      |    |    |     |           |      |    |    |     |           |    |    |    |    |           |    |    |    |    |           |    |    |    |    |
| <b>Availability of other cash resources – cash flow test</b>                  |            |                             |   |                |            |               |            |                |           |    |    |    |     |           |      |    |    |     |           |      |    |    |     |           |    |    |    |    |           |    |    |    |    |           |    |    |    |    |
| Profitability / trading losses  | No         | Not applicable              | <p>We have undertaken a review of the profitability reported in the past two financial reports and as per the management report as at 30 June 2021.</p> <p>Based on the financial statements and management accounts, METS recorded the following net profit/(loss) after income tax:</p> <table border="1"> <thead> <tr> <th>\$000s</th> <th>Financials</th> <th>Profit/(loss)</th> </tr> </thead> <tbody> <tr> <td>FY19</td> <td>Audited</td> <td>528</td> </tr> </tbody> </table>  | \$000s         | Financials | Profit/(loss) | FY19       | Audited        | 528       |    |    |    |     |           |      |    |    |     |           |      |    |    |     |           |    |    |    |    |           |    |    |    |    |           |    |    |    |    |
| \$000s  | Financials | Profit/(loss)               |   |                |            |               |            |                |           |    |    |    |     |           |      |    |    |     |           |      |    |    |     |           |    |    |    |    |           |    |    |    |    |           |    |    |    |    |
| FY19  | Audited    | 528                         |   |                |            |               |            |                |           |    |    |    |     |           |      |    |    |     |           |      |    |    |     |           |    |    |    |    |           |    |    |    |    |           |    |    |    |    |

| Insolvency indicator  | Present       | Date relevant to insolvency | Administrators' comments   |      |         |     |      |            |     |        |               |        |     |        |     |        |    |        |    |        |    |        |    |
|---|---------------|-----------------------------|--|------|---------|-----|------|------------|-----|--------|---------------|--------|-----|--------|-----|--------|----|--------|----|--------|----|--------|----|
|   |               |                             | <table border="1"> <tr> <td>FY20</td> <td>Audited</td> <td>174</td> </tr> <tr> <td>FY21</td> <td>Management</td> <td>288</td> </tr> </table> <p>Further, we have undertaken a review of the profitability in the six months leading up to 25 August 2021. Based on the management accounts, METS recorded the following net profit/(loss) after income tax:</p> <table border="1"> <thead> <tr> <th>\$000s</th> <th>Profit/(loss)</th> </tr> </thead> <tbody> <tr> <td>Mar-21</td> <td>(8)</td> </tr> <tr> <td>Apr-21</td> <td>(7)</td> </tr> <tr> <td>May-21</td> <td>12</td> </tr> <tr> <td>Jun-21</td> <td>97</td> </tr> <tr> <td>Jul-21</td> <td>52</td> </tr> <tr> <td>Aug-21</td> <td>51</td> </tr> </tbody> </table> <p>From the period from March 2021 to April 2021, METS traded at a loss, however from May 2021, METS began trading profitably up to the appointment of Administrators.</p> | FY20 | Audited | 174 | FY21 | Management | 288 | \$000s | Profit/(loss) | Mar-21 | (8) | Apr-21 | (7) | May-21 | 12 | Jun-21 | 97 | Jul-21 | 52 | Aug-21 | 51 |
| FY20  | Audited       | 174                         |  |      |         |     |      |            |     |        |               |        |     |        |     |        |    |        |    |        |    |        |    |
| FY21  | Management    | 288                         |  |      |         |     |      |            |     |        |               |        |     |        |     |        |    |        |    |        |    |        |    |
| \$000s  | Profit/(loss) |                             |  |      |         |     |      |            |     |        |               |        |     |        |     |        |    |        |    |        |    |        |    |
| Mar-21  | (8)           |                             |  |      |         |     |      |            |     |        |               |        |     |        |     |        |    |        |    |        |    |        |    |
| Apr-21  | (7)           |                             |  |      |         |     |      |            |     |        |               |        |     |        |     |        |    |        |    |        |    |        |    |
| May-21  | 12            |                             |  |      |         |     |      |            |     |        |               |        |     |        |     |        |    |        |    |        |    |        |    |
| Jun-21  | 97            |                             |  |      |         |     |      |            |     |        |               |        |     |        |     |        |    |        |    |        |    |        |    |
| Jul-21  | 52            |                             |  |      |         |     |      |            |     |        |               |        |     |        |     |        |    |        |    |        |    |        |    |
| Aug-21  | 51            |                             |  |      |         |     |      |            |     |        |               |        |     |        |     |        |    |        |    |        |    |        |    |
| Cash flow difficulties  | No            | Not applicable              | <p>The Companies prepared cash flow statements on a weekly basis.</p> <p>During FY21 and YTD FY22, METS' cash flow deteriorated by \$622k, as shown in the graph.</p> <p><b>METS cash at bank balance for the period 28 June 2020 to 22 August 2021</b></p> <p>We comment as follows:</p> <ul style="list-style-type: none"> <li>– METS collected debtors of \$3.5m</li> <li>– METS paid \$1.2m in payroll</li> <li>– METS paid \$1.1m to DSA in relation to a percentage allocation of DSA's support office costs</li> <li>– METS made further net transfers of \$1.1m to DSA</li> </ul>  |      |         |     |      |            |     |        |               |        |     |        |     |        |    |        |    |        |    |        |    |
| Access to alternative sources of finance (including equity capital) | No            | Not applicable              | <p>Management have advised that due to METS' Limited by Guarantee structure and NFP status that no funding was sought from METS' members.</p>  |      |         |     |      |            |     |        |               |        |     |        |     |        |    |        |    |        |    |        |    |

| Insolvency indicator  | Present | Date relevant to insolvency | Administrators' comments  |
|---|---------|-----------------------------|---|
| Inability to dispose non-core assets  | No      | Not applicable              | METS sold an immaterial amount of shares for \$9k in February 2020.   |
| Dishonoured payments  | No      | Not applicable              | A review of METS' banking records did not identify any dishonoured payments for the period 1 July 2020 to 24 August 2021.   |
| Overdue Commonwealth and State taxes  | No      | Not applicable              | <p>On appointment, no amounts were owing to the ATO for PAYG or GST or to Revenue NSW for payroll or land tax.</p> <p>In August 2020, DSA engaged Deloitte to perform a review of its historical superannuation obligations in response to the ATO offering a superannuation guarantee amnesty.</p> <p>Deloitte's review revealed superannuation guarantee shortfalls totaling \$2k, which were paid to the ATO by September 2020.</p> <p>On appointment as Administrators, we have become aware of superannuation owing to employees totaling \$5k, which was missed due to error.</p> |
| No forbearance from creditors / legal action threatened or commenced by creditors | No      | Not applicable              | <p>METS has confirmed that:</p> <ul style="list-style-type: none"> <li>– no creditors have served any statutory demands, writs or winding up applications (the Administrators confirm no winding up applications were filed at the date of appointment); and</li> <li>– METS has not entered into any payment plans with creditors.</li> </ul>  |

## D – Estimated outcome statement

| Estimated Outcome Statement<br>\$000s                                     | Note   | DOCA          |               | DSA             |                 | Liquidation<br>DSAM |                | METS         |             |
|---|--------|---------------|---------------|-----------------|-----------------|---------------------|----------------|--------------|-------------|
|   |        | Low           | High          | Low             | High            | Low                 | High           | Low          | High        |
| <b>Non-circulating assets</b>   |        |               |               |                 |                 |                     |                |              |             |
| Real property   | 1, 11  | -             | -             | Withheld        | Withheld        | -                   | -              | -            | -           |
| Less: Appointees' remuneration and disbursements                          | 2, 12  | (30)          | (20)          | (30)            | (20)            | -                   | -              | -            | -           |
| Less: Liquidators' fees and disbursements                                 | 16     | -             | -             | (100)           | (53)            | -                   | -              | -            | -           |
| <b>Funds available to secured creditor from non-circulating assets</b>    |        | -             | -             | <b>Withheld</b> | <b>Withheld</b> | -                   | -              | -            | -           |
| Restricted cash   | 3, 13  | 2,586         | 2,586         | 2,586           | 2,586           | -                   | -              | -            | -           |
| Secured creditor claim  |        | (2,586)       | (2,586)       | (2,586)         | (2,586)         | -                   | -              | -            | -           |
| Unrestricted cash   |        | 21,179        | 21,179        | 20,793          | 20,793          | 126                 | 126            | 260          | 260         |
| Debtors   | 4, 14  | Withheld      | Withheld      | Withheld        | Withheld        | -                   | -              | 58           | 78          |
| Stock   |        | -             | -             | -               | -               | -                   | -              | -            | -           |
| <b>Circulating asset realisations</b>                                     |        | <b>21,877</b> | <b>22,011</b> | <b>23,731</b>   | <b>25,044</b>   | <b>126</b>          | <b>126</b>     | <b>318</b>   | <b>338</b>  |
| Less: Appointees' remuneration and disbursements                          | 2, 12  | (3,977)       | (3,788)       | (3,475)         | (3,309)         | (118)               | (112)          | (385)        | (367)       |
| Less: Net trading position  | 5, 15  | (10,320)      | (8,484)       | (15,826)        | (12,129)        | -                   | -              | 385          | 454         |
| Less: DOCA administrators' fees and disbursements                         | 6      | (790)         | (659)         | -               | -               | -                   | -              | -            | -           |
| Less: Liquidators' fees and disbursements                                 | 16     | -             | -             | (2,568)         | (1,269)         | (103)               | (44)           | (310)        | (146)       |
| Less: Legal fees and other professional costs                             | 7, 17  | (1,720)       | (1,495)       | (1,795)         | (1,561)         | (48)                | (42)           | (67)         | (58)        |
| <b>Net proceeds from circulating assets</b>                               |        | <b>5,069</b>  | <b>7,585</b>  | <b>68</b>       | <b>6,776</b>    | <b>(143)</b>        | <b>(72)</b>    | <b>(58)</b>  | <b>221</b>  |
| Less: Priority employee entitlements                                      | 8, 18  | (1,354)       | (1,074)       | (17,538)        | (17,538)        | (2,796)             | (2,796)        | (233)        | (233)       |
| <b>Funds available to secured creditor from circulating assets</b>        |        | <b>3,716</b>  | <b>6,511</b>  | <b>(17,471)</b> | <b>(10,762)</b> | <b>(2,939)</b>      | <b>(2,868)</b> | <b>(291)</b> | <b>(12)</b> |
| <b>Total funds available to secured creditors</b>                         |        | <b>3,716</b>  | <b>6,511</b>  | <b>(15,172)</b> | <b>(7,265)</b>  | <b>(2,939)</b>      | <b>(2,868)</b> | <b>(291)</b> | <b>(12)</b> |
| Less: Other secured creditor claims (PPSR contingent)                     | 19     | -             | -             | (415)           | (415)           | -                   | -              | -            | -           |
| <b>Funds available to unsecured creditors</b>                             |        | <b>3,716</b>  | <b>6,511</b>  | <b>(15,588)</b> | <b>(7,680)</b>  | <b>(2,939)</b>      | <b>(2,868)</b> | <b>(291)</b> | <b>(12)</b> |
| Unsecured claims  | 9, 20  | (3,273)       | (2,477)       | (17,082)        | (15,582)        | (119)               | (119)          | (16)         | (16)        |
| Contingent claims   | 10, 21 | -             | -             | (22,598)        | -               | -                   | -              | -            | -           |
| <b>Estimated surplus / (deficiency) to unsecured creditors</b>            |        | <b>442</b>    | <b>4,034</b>  | <b>(55,268)</b> | <b>(23,263)</b> | <b>(3,057)</b>      | <b>(2,987)</b> | <b>(307)</b> | <b>(28)</b> |
| <b>Estimated dividend to priority employee entitlements (cents in \$)</b> |        | <b>100.0</b>  | <b>100.0</b>  | <b>0.4</b>      | <b>38.6</b>     | <b>-</b>            | <b>-</b>       | <b>-</b>     | <b>94.8</b> |
| <b>Estimated dividend to unsecured creditors (cents in \$)</b>            |        | <b>100.0</b>  | <b>100.0</b>  | <b>-</b>        | <b>-</b>        | <b>-</b>            | <b>-</b>       | <b>-</b>     | <b>-</b>    |

### Notes

#### DOCA

- The Administrators engaged a third-party valuer to provide an independent valuation. We have withheld due to it being commercially sensitive information that was not provided to interested parties during the expression of interest process.
- Represents voluntary administrators' fees and disbursements, allocated between circulating and non-circulating assets.
- The cash balance of \$21.2m is the unrestricted cash balance. The restricted cash amount of \$2.6m has been included as an offset against the secured creditor claim of \$2.6m as it is held in a restricted access account.
- Amount withheld due as it is commercially sensitive information that would disclose our expected realisation of debtors.
- Estimated trading costs is based on the actual trading costs to date plus a forecast out to completion. As referenced in the trading section of this report, there is a high / low variance of approximately \$3m for the final actual trading loss which includes a contingency for variations in the NDIS revenue, wages, workers' compensation and overhead costs.
- Represents the Deed Administrators' fees and disbursements in a DOCA scenario.
- Amount is based on estimated professional costs incurred during the Voluntary Administration plus a forecast for legal matters to completion of the DOCA and wind up of the Creditors Trust.
- Based on employee entitlement claims relating to employees who resigned or were terminated prior the Administrators being appointed.
- Based on the higher of unsecured creditors' claims lodged or book value, plus a contingency amount in a low outcome.

- 10 There are no claims from landlords in a DOCA on the assumption the lease obligations continue with DSA under the new owners Scope.

## Liquidation

- 11 This has been withheld as it is commercially sensitive that was not provided to interested parties during the expression of interest process.
- 12 Represents voluntary administrators' fees and disbursements, allocated between circulating and non-circulating assets.
- 13 The cash balance of \$21.2m is the unrestricted cash balance. The restricted cash amount of \$2.6m has been included as an offset against the secured creditor claim of \$2.6m as it is held in a restricted access account.
- 14 Amount withheld due as it is commercially sensitive information that would disclose our expected realisation of debtors.
- 15 Estimated trading costs is based on the actual trading costs to date plus a forecast assuming a managed wind-down of all the business units. It is estimated the closure of SIL will result in the transfer of all sites and/or participants to other providers up to Feb'22, with the most complex sites taking the longest to transfer. The non-SIL business units would be closed immediately. This transfer process could take up to 6 – 9 months.
- 16 Represents the liquidators' fees and disbursements, allocated between circulating and non-circulating assets in a liquidation scenario based on the above assumptions.
- 17 Amount is based on estimated professional costs incurred during the Voluntary Administration plus a forecast for legal matters to completion of the liquidation. This could be significantly higher.
- 18 Based on employee entitlement claims relating to employees who resigned or were terminated prior the Administrators being appointed, this includes redundancy, PILN and assumes all employees are terminated.
- 19 Amount is based on PPSR contingent claims received currently under consideration.
- 20 Based on the higher of unsecured creditors' claims lodged or book value, plus contractual and other creditor claims not assumed per the DOCA such as workers compensation.
- 21 Amount includes estimated claims from landlords and lessors in relation to future rent and make-good liabilities.

## E – Notice of meetings of creditors

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### Notice of meetings of creditors

*Insolvency Practice Rules (Corporations) 2016 (IPR), Section 75-225*

**Disability Services Australia Limited ACN 002 507 655 (DSA)**  
**DSA Mentoring Services Limited ACN 629 308 881 (DSAM)**  
**Macquarie Employment Training Services Limited ACN 643 269 112 (METS)**  
**(All Administrators Appointed)**  
**(collectively “the Companies”)**

NOTICE is given that meetings of creditors of the Companies will be held on 2 December 2021 at 10:00AM (AEDT) via teleconference.

### Agenda

- 1 To consider a statement by the Directors about the Companies’ businesses, property, affairs and financial circumstances.
- 2 To consider the circumstances leading to the appointment of the Administrators to the Companies, details of the proposed Deed of Company Arrangement and the various options available to creditors.
- 3 To consider the report of the Administrators.
- 4 To resolve that:
  - The Company execute a Deed of Company Arrangement; or
  - The Administration should end; or
  - The Company be wound up.
- 5 If it is resolved that the Companies be wound up, and an alternate Liquidator is proposed, consider whether creditors wish to appoint the alternate Liquidator.
- 6 If it is resolved that the Companies be wound up, consider whether Committees of Inspection are to be appointed, and if so, the members of those Committees.
- 7 If it is resolved that the Companies be wound up, consider whether, pursuant to Section 477(2A) of the Corporations Act 2001 (**the Act**), creditors authorise the Liquidators to compromise a debt owed to the Company up to a maximum limit of \$100,000.
- 8 If it is resolved that the Companies be wound up, consider whether, pursuant to Section 477(2B) of the Corporations Act 2001, creditors authorise the Liquidators to enter into any agreement on the Companies’ behalf where:
  - the term of the agreement may end; or
  - obligations of a party to the agreement may, according to the terms of the agreement, be discharged by performance; more than three months after the agreement is entered into.
- 9 If it is resolved that the Companies be wound up, consider whether, subject to obtaining the approval of the Australian Securities & Investments Commission (**ASIC**) pursuant to Section 70-35 of Schedule 2 to the Act, the books and records of the Companies and of the Liquidators may be disposed of by the Liquidators 12 months after the dissolution of the Companies or earlier at the discretion of ASIC.
- 10 To fix the remuneration and internal disbursements of the Administrators.
- 11 If it is resolved that the Companies execute a Deed of Company Arrangement and Creditors’ Trust, to fix the remuneration and internal disbursements of the Deed Administrators and Trustees of the Creditors’ Trust.
- 12 If it is resolved that the Companies be wound up, to fix the remuneration and internal disbursements of the Liquidators.
- 13 Any other business that may be lawfully brought forward.

Creditors wishing to vote at the meetings, who will not be attending in person or are a company, must complete and return a Proxy Form (and lodge a Proof of Debt form electronically via the Creditors’ Portal if one has not already been lodged) by no later than 4pm on the last business day prior to the meeting by email to AU-FMDSA@kpmg.com.au or by telephone to 07 3233 9726. A Proxy Form is **enclosed**.

As the Concurrent Second Meetings are being held virtually, a conference call facility will be available. If you wish to vote or participate, you must attend in person or by proxy. Creditors are not entitled to vote at the meetings unless they lodge particulars of the debt or claim via the Creditors' Portal before the meeting. Please contact KPMG by email at AU-FMDSA@kpmg.com.au or by telephone to 07 3233 9726 at least one business day prior to the meeting to advise that you will be using the conference facilities and to be provided with the conference call code.

We will be using the Creditors' Portal to conduct a poll for all resolutions put forward at the Concurrent Second Meetings of creditors. Creditors who will be attending will be required to log in via the Creditors' Portal and attend the meetings via the teleconference facilities.

Dated this 24<sup>th</sup> day of November 2021



**Gayle Dickerson**  
Administrator

Note: In accordance with IPR Section 75-15(1)(c) please see effect of IPR Section 75-85 Entitlement to vote at the meetings of creditors on the following page.

## Effect of IPR Section 75-85 – Entitlement to vote at meetings of creditors

1. A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
2. Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
3. A person is not entitled to vote as a creditor at a meeting of creditors unless:
  - his or her debt or claim has been admitted wholly or in part by the external administrator; or
  - 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.

## F – Remuneration approval request

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

**Disability Services Australia Limited ACN 002 507 655 (DSA)**  
**DSA Mentoring Services Limited ACN 629 308 881 (DSAM)**  
**Macquarie Employment Training Service Limited ACN 643 269 112 (METS)**  
**(All Administrators Appointed)**  
**(collectively “the Companies”)**

### 1 Summary

We are asking creditors to approve the following remuneration and disbursements:

|   | Remuneration<br>\$(ex GST) | Disbursements<br>\$(ex GST) |
|---|----------------------------|-----------------------------|
| Voluntary Administration – DSA                            | 3,295,358                  | 33,800                      |
| Voluntary Administration – DSAM                           | 111,128                    | 1,000                       |
| Voluntary Administration – METS                           | 364,514                    | 2,000                       |
| If a DOCA is accepted – DSA (including Creditors’ Trust)  | 598,173                    | 10,000                      |
| If a DOCA is accepted – DSAM (including Creditors’ Trust) | 18,931                     | 2,000                       |
| If a DOCA is accepted – METS (including Creditors’ Trust) | 25,642                     | 4,000                       |
| If company is placed into liquidation – DSA               | 2,617,847                  | 50,000                      |
| If company is placed into liquidation – DSAM              | 88,173                     | 15,000                      |
| If company is placed into liquidation – METS              | 289,565                    | 20,000                      |

Details of remuneration and disbursements can be found in sections 3 and 4 of this remuneration approval request.

- Please review the contents of this report, which sets out the resolutions to be approved by creditors at the meeting of creditors on 1 December 2021.
- Refer to **Section 2.7** of the report to creditors dated 24 November 2021 for details as to how you can attend the meeting of creditors in person or by proxy in order to vote on the resolutions contained in this report.

Creditors have not previously approved any remuneration.

This estimate has increased from our previous estimate provided to creditors in the Initial Remuneration Notice (IRN) included in our letter dated 27 August 2021, which estimated a cost to completion of the Administration of \$1,400,000 (excluding GST):

| Entity       | Estimated Remuneration<br>\$(ex GST) |
|--------------|--------------------------------------|
| DSA          | 1,200,000                            |
| DSAM         | 50,000                               |
| METS         | 150,000                              |
| <b>Total</b> | <b>1,400,000</b>                     |

This estimate has increased for the following reasons:

- Our IRN assumed that the Administration would be confined to the default statutory period of five weeks. Based on the complexity of the engagement and level of interest expressed in the business it quickly became evident that the Administration period needed to be extended. On 17 September 2021, the Federal Court of Australia made orders extending the Convening Period for the Concurrent Second Meetings to 27 December 2021.
- Whilst our remuneration exceeds the IRN we note:
  - the complex operational challenges faced by the Administrators during the trading period, including responding to multiple PHO’s, COVID-19 lockdowns increasing risk and resourcing at an operational level in DSA, as well as requiring all Administrators’ activity to be undertaken remotely for the majority of the Administration period.

- Ensuring the continuity of services to participants, including reviews of safeguarding measures and policies in DSA.
- Extensive communication and stakeholder management was required during the extended Administration process given the nature of the support services provided by DSA.
- The robust and competitive sale process undertaken, which generated an exceptional volume of interest with over 190 parties participating that ultimately resulted in an outstanding outcome for all stakeholders.
- By way of comparison our IRN estimated weekly fees of c.\$280,000 compared to our actual weekly run rate of c.\$269,000.

Please refer to **Section 6** of our report for additional context on the work performed during our appointment.

In preparing this report, we have made our best estimate at what we believe the Administration will cost to complete and we do not anticipate that we will have to ask creditors to approve any further remuneration. However, should the Administration, DOCA or Creditors' Trust not proceed as expected or we are appointed as Liquidators, we may seek approval of further remuneration and provide details on why the remuneration has changed. Matters that may affect the progress and the cost of the Administration, include:

- Complications or delays in obtaining the necessary approvals to effectuate the DOCA (including delays of applications to Court);
- If the Companies are placed into liquidation, managing the complex managed wind down and relocation of CHL participants.

## 2 Declaration

We, Gayle Dickerson, Peter Gothard and James Dampney of KPMG, have undertaken an assessment of this remuneration and disbursements claim for our appointment as Administrators of the Companies in accordance with the law and applicable professional standards. We are satisfied that the remuneration and disbursements claimed is necessary and proper.

We have reviewed the work in progress report for the Administration to ensure that remuneration is only being claimed for necessary and proper work performed and adjustments were made to ensure that there were sufficient narrations for the work performed.

## 3 Remuneration sought

The remuneration we are asking creditors to approve is as follows. We will only seek approval of resolutions for the DOCA if creditors agree to the proposal offered. Similarly, we will only seek approval of the resolution for the liquidation if creditors vote to place the Companies into liquidation.

| For  | Period                              | Amount<br>(ex GST)<br>\$ | Rates to apply  | When it will be<br>drawn               |
|--|-------------------------------------|--------------------------|---|--|
| Work already completed – DSA               | 25 August 2021 to 19 November 2021  | 2,945,700                |   |  |
| Work already completed – DSAM              | 25 August 2021 to 19 November 2021  | 99,803                   |   |  |
| Work already completed – METS              | 25 August 2021 to 19 November 2021  | 325,868                  | Please refer to IRN sent to creditors on 27 August 2021 | Immediately, when funds are available. |
| Work to be completed to meeting date – DSA | 20 November 2021 to 1 December 2021 | 349,658                  |   |  |
| Work to be completed to                    | 20 November 2021 to 1 December 2021 | 11,325                   |   |  |

| For  | Period   | Amount<br>(ex GST)<br>\$ | Rates to apply   | When it will be<br>drawn   |
|--|--|--------------------------|--|--|
| meeting date –<br>DSAM                               |  |                          |  |  |
| Work to be<br>completed to<br>meeting date –<br>METS | 20 November 2021 to<br>1 December 2021                                 | 38,647                   |  |  |
| <b>Voluntary Administration total</b>                |  | <b>\$3,771,000</b>       |  |  |
| Future work –<br>DOCA – DSA                          | Execution of DOCA to<br>finalisation of DOCA                           | 313,710                  | Please refer to<br>IRN sent to<br>creditors on 27<br>August 2021 | Periodically, on<br>account of accruing<br>remuneration and<br>when funds are<br>available |
| Future work –<br>DOCA – DSAM                         | Execution of DOCA to<br>finalisation of DOCA                           | 7,616                    |  |  |
| Future work –<br>DOCA – METS                         | Execution of DOCA to<br>finalisation of DOCA                           | 8,384                    |  |  |
| <b>DOCA total</b>                                    |  | <b>\$329,709</b>         |  |  |
| Future work –<br>Creditors' trust –<br>DSA           | Execution of Creditors'<br>Trust to finalisation of<br>Creditors Trust | 284,463                  | Please refer to<br>IRN sent to<br>creditors on 27<br>August 2021 | Periodically, on<br>account of accruing<br>remuneration and<br>when funds are<br>available |
| Future work –<br>Creditors' trust –<br>DSAM          | Execution of Creditors'<br>Trust to finalisation of<br>Creditors Trust | 11,316                   |  |  |
| Future work –<br>Creditors' trust –<br>METS          | Execution of Creditors'<br>Trust to finalisation of<br>Creditors Trust | 17,259                   |  |  |
| <b>Creditors' Trust<br/>total</b>                    |  | <b>\$313,037</b>         |  |  |
| Future work –<br>Liquidation -<br>DSA                | 2 December 2021 to<br>finalisation of<br>liquidation                   | 2,617,847                | Please refer to<br>IRN sent to<br>creditors on 27<br>August 2021 | Periodically, on<br>account of accruing<br>remuneration and<br>when funds are<br>available |
| Future work –<br>Liquidation -<br>DSAM               | 2 December 2021 to<br>finalisation of<br>liquidation                   | 88,173                   |  |  |
| Future work –<br>Liquidation -<br>METS               | 2 December 2021 to<br>finalisation of<br>liquidation                   | 289,565                  |  |  |
| <b>Liquidation<br/>total</b>                         |  | <b>\$2,995,584</b>       |  |  |

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 resolutions to be put to the meeting are set out at **Schedule D** for your information. These resolutions also appear in the proxy form for the meeting that have been provided to you.

**In the event that the creditors determine that the DOCA proposal will not be accepted, we will consider our options for obtaining remuneration which may include, adjourning this meeting for a period of time, holding a subsequent creditors' meeting or COI meeting (if appointed) or approval through the Courts.**

## 4 Disbursements sought

We are not required to seek creditor approval for costs paid to third parties or where we are recovering a cost incurred on behalf of the Administration, but we must provide details to creditors. Details of these amounts are included in the summary of receipts and payments (refer Part 7 below) in Section 6 of the Voluntary Administrators' Report.

We are required to obtain creditor's consent for the payment of a disbursement where we, or a related entity, may directly or indirectly obtain a profit. For more information about disbursements, please refer to the IRN sent to you on 27 August 2021.

The disbursements we would like creditors to approve is as follows:

| For   | Period   | Amount<br>(ex GST)<br>\$ |
|---|--|--------------------------|
| Future disbursements – VA – DSA   | 25 August 2021 to 19 November 2021                               | 28,800                   |
| Future disbursements – VA – DSA   | 20 November 2021 to 2 December 2021                              | 5,000                    |
| Future disbursements – VA – DSAM  | 20 November 2021 to 2 December 2021                              | 1,000                    |
| Future disbursements – VA – METS  | 20 November 2021 to 2 December 2021                              | 2,000                    |
| <b>Total disbursements to be approved - VA</b>                          |  | <b>36,800</b>            |
| Future disbursements – DOCA – DSA                                       | Execution of DOCA to finalisation of DOCA                        | 5,000                    |
| Future disbursements – DOCA – DSAM                                      | Execution of DOCA to finalisation of DOCA                        | 1,000                    |
| Future disbursements – DOCA – METS                                      | Execution of DOCA to finalisation of DOCA                        | 2,000                    |
| Future disbursements – Creditors' Trust – DSA                           | Execution of Creditors' Trust to finalisation of Creditors Trust | 5,000                    |
| Future disbursements – Creditors' Trust – DSAM                          | Execution of Creditors' Trust to finalisation of Creditors Trust | 1,000                    |
| Future disbursements – Creditors' Trust – METS                          | Execution of Creditors' Trust to finalisation of Creditors Trust | 2,000                    |
| <b>Total disbursements to be approved – DOCA &amp; Creditors' Trust</b> |  | <b>16,000</b>            |
| Future disbursements – Liquidation - DSA                                | 2 December 2021 to finalisation of liquidation                   | 50,000                   |
| Future disbursements – Liquidation - DSAM                               | 2 December 2021 to finalisation of liquidation                   | 15,000                   |
| Future disbursements – Liquidation - METS                               | 2 December 2021 to finalisation of liquidation                   | 20,000                   |
| <b>Total disbursements to be approved - Liquidation</b>                 |  | <b>85,000</b>            |

Details of the disbursements incurred and future disbursements are included at **Schedule C**. Actual resolutions to be put to the meeting are also included at **Schedule D**. These resolutions also appear in the proxy form for the meeting that have been provided to you.

## 5 Likely impact on dividends

The Corporations Act sets the order for payment of claims against the Companies and it provides for remuneration of the Administrators to be paid in priority to other claims. This ensures that when there are sufficient funds, the

Administrators receive payment for the work done to recover assets, investigate the Companies' affairs, report to creditors and ASIC and distribute any available funds.

Based on:

- Trading performance during the Voluntary Administration period;
- The proposed terms of the Deed of Company Arrangement and Creditors' Trust;
- Our estimated remuneration; and
- The estimated total of creditor claims based on the Companies' records and claims lodged to date

We estimate that a dividend of 100 cents in the dollar will be paid in the Creditors' Trust to creditors albeit this is subject to a range of variables including the ultimate level of creditor claims.

## 6 Report on progress of Administration

This Remuneration Approval Request must be read in conjunction with the report to creditors dated 24 November 2021 which outlines the progress of the Administration.

## 7 Summary of receipts and payments

A summary of receipts and payments for the period 25 August 2021 to 12 November 2021 is set out in **Annexure B** to the report to creditors dated 24 November 2021.

## 8 Approval of remuneration and internal disbursements

For information about how approval of the resolutions for remuneration and internal disbursements will be sought, refer to **Section 2.8** of the report to creditors dated 24 November 2021.

## 9 Questions

If you require further information in relation to the information in this report, please contact this office at AU-FMDSA@kpmg.com.au or on (07) 3233 9726.

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

- ARITA at [www.arita.com.au/creditors](http://www.arita.com.au/creditors)
- ASIC at [www.asic.gov.au](http://www.asic.gov.au) (search for INFO 85)

Dated this 24<sup>th</sup> day of November 2021



**Gayle Dickerson**  
Administrator

### Attachments:

- Schedule A – Details of work
- Schedule B – Time spent by staff on each major task already completed
- Schedule C – Disbursements
- Schedule D – Resolutions

## Schedule A – Details of work

The below table contains more detailed descriptions of the tasks performed within each task area by the Administrators and their staff, which is referred to in Part 3 and supports remuneration Resolutions 1 to 5 for each entity set out in **Schedule D**.

|                        |  | DSA<br>Tasks   |   |   |   |   |
|------------------------|--|--|---|---|---|---|
|                        |  | Voluntary Administration   |   | If DOCA approved                                      |   | If Company Wound Up                                   |
|                        |  | Work already done  | Future work to meeting date   | DOCA work   | Creditors' Trust work   | Liquidation work                                      |
| <b>Period</b>          |  | <b>25 August 2021 to 19 November 2021</b>  | <b>20 November 2021 to 2 December 2021</b>  | <b>From execution of DOCA to finalisation of DOCA</b> | <b>From execution of Creditors' Trust to finalisation of Creditors' Trust</b>   | <b>2 December 2021 to finalisation of liquidation</b> |
| <b>Amount (ex GST)</b> |  | <b>\$2,945,700</b>   | <b>\$349,658</b>  | <b>\$313,710</b>                                      | <b>\$284,463</b>  | <b>\$2,617,847</b>                                    |
| <b>Task Area</b>       | <b>General Description</b>   |  |   |   |   |   |
| <b>Assets</b>          |  | <b>1,358.90 hours<br/>\$764,105.00</b>   | <b>90.86 hours<br/>\$52,078.32</b>  | <b>124.25 hours<br/>\$68,820.65</b>                   |   | <b>730.15 hours<br/>\$392,677.00</b>                  |
|                        | <p><b>Sale of business as a going concern</b></p> <ul style="list-style-type: none"> <li>– Set up data room with interested parties' user access and information on DSA business to be used by interested parties</li> <li>– Preparing a detailed information memorandum and other marketing collateral on DSA's business</li> </ul> | <ul style="list-style-type: none"> <li>– Liaising with solicitors to agree the content of the DOCA and Creditors' Trust</li> <li>– Preparation for applications pursuant to s447A and s444GA of the Corporations Act to effect transfer of members to successful bidder</li> <li>– Liaising with successful bidder to implement</li> </ul> | <ul style="list-style-type: none"> <li>– Liaising with successful bidder to implement comprehensive transition plan</li> <li>– Providing updated information to lawyers and the Court for applications pursuant to s447A and s444GA of the Corporations Act to effect transfer of members to successful bidder</li> </ul> |   | <ul style="list-style-type: none"> <li>– Determining strategy for relocation of CHL participants and managed wind down of CHL business</li> <li>– Determining strategy for immediate sale of Employment Pathways business</li> <li>– Preparing an information memorandum</li> </ul> |   |

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| <ul style="list-style-type: none"> <li>– Advertising the business for sale through media channels</li> <li>– Liaising with market participants, funds and other parties to determine their interest in the business</li> <li>– Preparing management presentations and preparing for presentations to interested parties</li> <li>– Liaising with interested parties and holding Management Q&amp;A sessions</li> <li>– Ongoing data room maintenance and management in respect of responding to interested parties Q&amp;A and update of information used to present DSA business for sale</li> <li>– Shortlisting and ranking non-binding indicative offers</li> <li>– Liaising with key stakeholders as part of providing regular communications on the sale of business</li> <li>– Regular communications with external legal counsel in respect of the sale transaction structure</li> </ul> | <ul style="list-style-type: none"> <li>comprehensive transition plan</li> <li>– Preparing for the transfer of directorships to successful bidder</li> </ul> | <ul style="list-style-type: none"> <li>– Liaising with valuers, auctioneers and interested parties</li> <li>– Liaising with interested parties</li> <li>– Internal meetings to discuss / review offers received</li> <li>– Preparing advertising material for the sale of business/assets</li> </ul> |
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|   | <ul style="list-style-type: none"> <li>and other pertinent legal matters as needed</li> <li>– Facilitating reverse management presentations between DSA Management and interested parties</li> <li>– Negotiating with interested parties for binding offers</li> <li>– Negotiating a commitment agreement with successful bidder</li> <li>– Preparing and executing a detailed communications strategy to announce the successful bidder</li> </ul> |   |   |
| <b>Plant and equipment</b>                | <ul style="list-style-type: none"> <li>– Liaising with valuers, Reviewing asset listings</li> </ul>   |   | <ul style="list-style-type: none"> <li>– Liaising with valuers, auctioneers and interested parties</li> <li>– Reviewing asset listings</li> <li>– Executing realisation strategy</li> </ul>   |
| <b>Assets subject to specific charges</b> | <ul style="list-style-type: none"> <li>– Correspondence with secured parties regarding continued use of assets</li> </ul>   | <ul style="list-style-type: none"> <li>– Correspondence with secured parties regarding continued use of assets</li> </ul> | <ul style="list-style-type: none"> <li>– All tasks associated with realising a charged asset</li> </ul>   |
| <b>Debtors</b>                            | <ul style="list-style-type: none"> <li>– Correspondence with debtors</li> <li>– Reviewing and assessing debtors ledgers</li> <li>– Monitoring of debtor receipts</li> </ul>   | <ul style="list-style-type: none"> <li>– Monitoring of debtor receipts</li> </ul>   | <ul style="list-style-type: none"> <li>– Correspondence with debtors</li> <li>– Reviewing and assessing debtors ledgers</li> <li>– Liaising with debt collectors and solicitors</li> <li>– Negotiating payment terms for debtors</li> </ul> |

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|  |  |  |  |  |  | Monitoring of debtor receipts  |
| <b>Real property</b>                               | – Liaising with valuers,<br>Reviewing asset listings   |  |  |  |  | – Liaising with valuers,<br>Reviewing asset listings<br>– Executing realisation strategy   |
| <b>Leased assets</b>                               | – Reviewing leasing documents<br>– Liaising with owners / lessors<br>– Tasks associated with disclaiming leases  |  |  |  |  | – Reviewing leasing documents<br>– Liaising with owners / lessors<br>– Tasks associated with disclaiming leases  |
| <b>Circulating Assets</b>                          | – Conducting bank sweeps<br>– Modelling of cash at bank statuses to develop funding runway   |  |  |  |  | – Conducting bank sweeps   |
| <b>Creditors</b>                                   | <b>219.20 hours</b><br><b>\$111,864.50</b>   | <b>51.90 hours</b><br><b>\$24,993.27</b>   | <b>42.00 hours</b><br><b>\$20,863.48</b>   | <b>112.50 hours</b><br><b>\$56,892.50</b>  | <b>486.77 hours</b><br><b>\$261,784.66</b>   |  |
| <b>Creditor enquiries, requests and directions</b> | – Review and prepare initial correspondence to creditors and their representatives<br>– Receive and respond to creditor enquiries<br>– Maintaining creditor request log<br>– Considering reasonableness of creditor requests<br>– Documenting reasons for complying or not complying with requests or directions<br>– Compiling information requested by creditors | – Receive and respond to creditor enquiries<br>– Maintaining creditor request log<br>– Considering reasonableness of creditor requests<br>– Documenting reasons for complying or not complying with requests or directions<br>– Obtaining legal advice on requests<br>– Compiling information requested by creditors | – Review and prepare initial correspondence to creditors and their representatives<br>– Receive and respond to creditor enquiries<br>– Maintaining creditor request log<br>– Considering reasonableness of creditor requests<br>– Obtaining legal advice on requests<br>– Documenting reasons for complying or not complying with requests or directions | – Review and prepare initial correspondence to creditors and their representatives<br>– Receive and respond to creditor enquiries<br>– Maintaining creditor request log<br>– Considering reasonableness of creditor requests<br>– Obtaining legal advice on requests<br>– Documenting reasons for complying or not complying with requests or directions | – Review and prepare initial correspondence to creditors and their representatives<br>– Receive and respond to creditor enquiries<br>– Maintaining creditor request log<br>– Considering reasonableness of creditor requests<br>– Obtaining legal advice on requests<br>– Documenting reasons for complying or not complying with requests or directions | – Review and prepare initial correspondence to creditors and their representatives<br>– Receive and respond to creditor enquiries<br>– Maintaining creditor request log<br>– Considering reasonableness of creditor requests<br>– Obtaining legal advice on requests<br>– Documenting reasons for complying or not complying with requests or directions |

|                                 |   |   | – Compiling information requested by creditors  | – Compiling information requested by creditors | – Compiling information requested by creditors   |
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| <b>Security interest claims</b> | <ul style="list-style-type: none"> <li>– Search the PPSR register</li> <li>– Notify PMSI creditors identified from PPSR register</li> <li>– Reconcile asset lists to determine assets subject to PPSR registrations</li> <li>– Liaising and negotiating with the various parties for the continued use of the assets subject to retention claims</li> </ul> | <ul style="list-style-type: none"> <li>– Liaising with the various parties for the continued use of the assets subject to retention claims</li> </ul> | <ul style="list-style-type: none"> <li>– Liaising with the various parties for the continued use of the assets subject to retention claims</li> </ul> |  | <ul style="list-style-type: none"> <li>– Search the PPSR register</li> <li>– Notify PMSI creditors identified from PPSR register</li> <li>– Receive initial notification of creditors' intention to claim</li> <li>– Provision of retention of title claim form to creditor</li> <li>– Receive completed retention of title claim form</li> <li>– Maintain retention of title file</li> <li>– Meeting claimant on site to identify goods</li> <li>– Adjudicate retention of title claim</li> <li>– Forward correspondence to claimant notifying outcome of adjudication</li> <li>– Preparation of payment vouchers to satisfy valid claim</li> <li>– Preparation of correspondence to claimant to accompany payment of claim (if valid)</li> </ul> |
| <b>Secured creditor</b>         | <ul style="list-style-type: none"> <li>– Immediate and ongoing discussions with CBA in</li> </ul>   |   |   |  | <ul style="list-style-type: none"> <li>– Notifying PPSR registered creditors of appointment</li> </ul>   |

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|  | <ul style="list-style-type: none"> <li>their capacity as secured lender</li> <li>– Notifying PPSR registered creditors of appointment</li> <li>– Preparing updates to secured creditor</li> <li>– Responding to secured creditor's queries</li> </ul>   |   |  |   | <ul style="list-style-type: none"> <li>– Preparing reports to secured creditor</li> <li>– Responding to secured creditor's queries</li> </ul>   |
| <b>Reports to creditors</b>              | <ul style="list-style-type: none"> <li>– Preparing reports on results of investigation (including statutory reports) and convening meetings</li> <li>– General reports to creditors</li> </ul>  | <ul style="list-style-type: none"> <li>– Preparing reports on results of investigation (including statutory reports) and convening meetings</li> <li>– General reports to creditors</li> </ul>  | <ul style="list-style-type: none"> <li>– Preparing meeting reports</li> <li>– General reports to creditors</li> </ul>  | <ul style="list-style-type: none"> <li>– Preparing meeting</li> <li>– General reports to creditors</li> </ul> | <ul style="list-style-type: none"> <li>– Preparing reports on results of investigation (including statutory reports) and convening meetings</li> <li>– General reports to creditors</li> </ul>  |
| <b>Dealing with proofs of debt (POD)</b> | <ul style="list-style-type: none"> <li>– Receipting and filing POD when not related to a dividend</li> <li>– Corresponding with OSR and ATO regarding POD when not related to a dividend</li> </ul>   | <ul style="list-style-type: none"> <li>– Receipting and filing POD when not related to a dividend</li> </ul>  | <ul style="list-style-type: none"> <li>– Receipting and filing POD when not related to a dividend</li> </ul>   |   | <ul style="list-style-type: none"> <li>– Receipting and filing POD when not related to a dividend</li> <li>– Corresponding with OSR and ATO regarding POD when not related to a dividend</li> </ul>   |
| <b>Meeting of creditors</b>              | <ul style="list-style-type: none"> <li>– Preparation of meeting notices, proxies and advertisements</li> <li>– Forward notice of meeting to all known creditors</li> <li>– Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.</li> </ul> | <ul style="list-style-type: none"> <li>– Preparation of meeting notices, proxies and advertisements</li> <li>– Forward notice of meeting to all known creditors</li> <li>– Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.</li> </ul> | <ul style="list-style-type: none"> <li>– Preparation and lodgement of minutes of meetings with ASIC</li> <li>– Respond to stakeholder queries and questions immediately following meeting</li> </ul> |   | <ul style="list-style-type: none"> <li>– Preparation of meeting notices, proxies and advertisements</li> <li>– Forward notice of meeting to all known creditors</li> <li>– Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.</li> </ul> |

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|                               | <ul style="list-style-type: none"> <li>– Preparation and lodgement of minutes of meetings with ASIC</li> <li>– Respond to stakeholder queries and questions immediately following meeting</li> </ul>  |  |   |   | <ul style="list-style-type: none"> <li>– Preparation and lodgement of minutes of meetings with ASIC</li> <li>– Respond to stakeholder queries and questions immediately following meeting</li> </ul>  |
| <b>Proposals to creditors</b> |   |  | <ul style="list-style-type: none"> <li>– Preparing proposal notices and voting forms</li> <li>– Forward notice of proposal to all known creditors</li> <li>– Reviewing votes and determining outcome of proposal</li> <li>– Preparation and lodgement of proposal outcome with ASIC</li> </ul>                          | <ul style="list-style-type: none"> <li>– Preparing proposal notices and voting forms</li> <li>– Forward notice of proposal to all known creditors</li> <li>– Reviewing votes and determining outcome of proposal</li> <li>– Preparation and lodgement of proposal outcome with ASIC</li> </ul>                          | <ul style="list-style-type: none"> <li>– Preparing proposal notices and voting forms</li> <li>– Forward notice of proposal to all known creditors</li> <li>– Reviewing votes and determining outcome of proposal</li> <li>– Preparation and lodgement of proposal outcome with ASIC</li> </ul>  |
| <b>Employees</b>              | <b>562.50 hours</b><br><b>\$311,841.50</b>  | <b>84.17 hours</b><br><b>\$43,510.25</b>   | <b>80.86 hours</b><br><b>\$43,344.28</b>  | <b>112.50 hours</b><br><b>\$56,892.50</b>   | <b>486.77 hours</b><br><b>\$261,784.66</b>  |
| <b>Employee enquiries</b>     | <ul style="list-style-type: none"> <li>– Receive and follow up employee enquiries via telephone and email</li> <li>– Review and prepare correspondence to employees and their representatives via virtual webex, email and post</li> <li>– Review and consider employee leave requests for approval</li> <li>– Receive and prepare correspondence in response to employees' objections to leave entitlements</li> </ul> | <ul style="list-style-type: none"> <li>– Receive and follow up employee enquiries via telephone</li> <li>– Review and consider employee leave requests for approval</li> <li>– Prepare for and host employee Town Hall sessions</li> <li>– Preparation of letters to employees advising of their entitlements and options available</li> </ul> | <ul style="list-style-type: none"> <li>– Receive and follow up employee enquiries via telephone</li> <li>– Receive and prepare correspondence in response to employees' objections to leave entitlements</li> <li>– Preparation of letters to employees advising of their entitlements and options available</li> </ul> | <ul style="list-style-type: none"> <li>– Receive and follow up employee enquiries via telephone</li> <li>– Receive and prepare correspondence in response to employees' objections to leave entitlements</li> <li>– Preparation of letters to employees advising of their entitlements and options available</li> </ul> | <ul style="list-style-type: none"> <li>– Receive and follow up employee enquiries via telephone</li> <li>– Maintain employee enquiry register</li> <li>– Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> <li>– Preparation of letters to employees advising of their entitlements and options available</li> <li>– Receive and prepare correspondence in</li> </ul> |

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|  | <ul style="list-style-type: none"> <li>– Prepare correspondence with employees regarding NSW Government Public Health Orders in relation to COVID-19.</li> <li>– Preparation and conducting weekly employee townhalls with management to provide update on Administration</li> <li>– Liaising with P&amp;C to consider policies and procedures and to discuss employee related matters</li> <li>– Review and sign off employment contracts</li> </ul> |  |  |  | response to employees' objections to leave entitlements  |
| <b>Fair Entitlements Guarantee (FEG)</b> | <ul style="list-style-type: none"> <li>– Initial correspondence with FEG</li> </ul>   |  |  |  | <ul style="list-style-type: none"> <li>– Correspondence with FEG</li> <li>– Preparing notification spreadsheet</li> <li>– Preparing FEG quotations</li> <li>– Preparing FEG verification</li> <li>– Completing FEG questionnaires</li> </ul> |
| <b>Calculation of entitlements</b>       | <ul style="list-style-type: none"> <li>– Calculating employee entitlements</li> <li>– Reviewing employee files and company books and records</li> <li>– Reconciling superannuation accounts</li> </ul>  | <ul style="list-style-type: none"> <li>– Calculating employee entitlements</li> <li>– Reconciling superannuation accounts</li> <li>– Reviewing awards and contracts</li> </ul> | <ul style="list-style-type: none"> <li>– Calculating employee entitlements</li> <li>– Reconciling superannuation accounts</li> <li>– Reviewing awards and contracts</li> </ul> | <ul style="list-style-type: none"> <li>– Calculating employee entitlements</li> <li>– Reconciling superannuation accounts</li> <li>– Reviewing awards and contracts</li> </ul> | <ul style="list-style-type: none"> <li>– Calculating employee entitlements</li> <li>– Reviewing employee files and Company's books and records</li> <li>– Reconciling superannuation accounts</li> </ul>                                     |

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|                                       | <ul style="list-style-type: none"> <li>– Reviewing awards and contracts</li> <li>– Reviewing claims by former employees for outstanding claims</li> <li>– Liaising with solicitors regarding entitlements</li> </ul>   | <ul style="list-style-type: none"> <li>– Reviewing claims by former employees for outstanding claims</li> <li>– Liaising with solicitors regarding entitlements</li> </ul>   | <ul style="list-style-type: none"> <li>– Reviewing claims by former employees for outstanding claims</li> <li>– Liaising with solicitors regarding entitlements</li> </ul>   | <ul style="list-style-type: none"> <li>– Reviewing claims by former employees for outstanding claims</li> <li>– Liaising with solicitors regarding entitlements</li> </ul>   | <ul style="list-style-type: none"> <li>– Reviewing awards and contracts</li> <li>– Reviewing claims by former employees for outstanding claims</li> <li>– Liaising with solicitors regarding entitlements</li> </ul>   |
| <b>Employee dividend distribution</b> | <ul style="list-style-type: none"> <li>– Receipting POD</li> </ul>   | <ul style="list-style-type: none"> <li>– Receipting POD</li> </ul>   | <ul style="list-style-type: none"> <li>– Receipting POD</li> </ul>   | <ul style="list-style-type: none"> <li>– Receipting POD</li> <li>– Correspondence with employees regarding dividend</li> <li>– Correspondence with ATO regarding SGC POD</li> <li>– Calculating dividend rate</li> <li>– Preparing dividend file</li> <li>– Advertising dividend notice</li> <li>– Preparing distribution</li> <li>– Adjudicating POD</li> <li>– Ensuring PAYG is remitted to ATO</li> </ul> | <ul style="list-style-type: none"> <li>– Receipting POD</li> <li>– Correspondence with employees regarding dividend</li> <li>– Correspondence with ATO regarding SGC POD</li> <li>– Calculating dividend rate</li> <li>– Preparing dividend file</li> <li>– Advertising dividend notice</li> <li>– Preparing distribution</li> <li>– Adjudicating POD</li> <li>– Ensuring PAYG is remitted to ATO</li> </ul> |
| <b>Workers' compensation</b>          | <ul style="list-style-type: none"> <li>– Review insurance policies</li> <li>– Receipt of claim</li> <li>– Liaising with claimant</li> <li>– Liaising with insurers and solicitors regarding claims</li> <li>– Identification of potential issues requiring attention of insurance specialists</li> <li>– Correspondence with insurer regarding initial and ongoing workers'</li> </ul> | <ul style="list-style-type: none"> <li>– Receipt of claim</li> <li>– Liaising with claimant</li> <li>– Liaising with insurers and solicitors regarding claims</li> <li>– Correspondence with insurer regarding ongoing workers' compensation insurance requirements</li> </ul> | <ul style="list-style-type: none"> <li>– Receipt of claim</li> <li>– Liaising with claimant</li> <li>– Liaising with insurers and solicitors regarding claims</li> <li>– Correspondence with insurer regarding ongoing workers' compensation insurance requirements</li> </ul> | <ul style="list-style-type: none"> <li>– Liaising with claimant</li> <li>– Liaising with insurers and solicitors regarding claims</li> </ul>   | <ul style="list-style-type: none"> <li>– Receipt of claim</li> <li>– Liaising with claimant</li> <li>– Liaising with insurers and solicitors regarding claims</li> <li>– Correspondence with insurer regarding ongoing workers' compensation insurance requirements</li> <li>– Correspondence with previous brokers</li> </ul>   |

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|                              | compensation insurance requirements   |  |  |  |
| <b>Other employee issues</b> | <ul style="list-style-type: none"> <li>– Correspondence with Child Support</li> <li>– Correspondence with Centrelink</li> </ul>   |  | <ul style="list-style-type: none"> <li>– Correspondence with Child Support</li> <li>– Correspondence with Centrelink</li> </ul>  | <ul style="list-style-type: none"> <li>– Correspondence with Child Support</li> <li>– Correspondence with Centrelink</li> </ul>  |
| <b>Trade on</b>              | <b>2,486.00 hours</b><br><b>\$1,356,681.50</b>  | <b>361.46 hours</b><br><b>\$190,123.44</b>   | <b>271.36 hours</b><br><b>\$148,847.19</b>   | <b>1,581.99 hours</b><br><b>\$850,800.16</b>   |
| <b>Trade on management</b>   | <ul style="list-style-type: none"> <li>– Writing to all participants, guardians, regulators, customers, suppliers, landlords and other key stakeholders on appointment;</li> <li>– continuing employment of staff and overseeing ongoing recruitment of new staff</li> <li>– Liaising with suppliers and reviewing contracts, and entering into arrangements where necessary</li> <li>– Liaising with Landlords and Lessors in relation to properties occupied and equipment utilised by the Companies</li> <li>– Liaising with authorities and unions</li> <li>– Liaising with management and staff</li> <li>– Maintaining a functional mailbox for all supplier correspondence</li> <li>– Monitoring NDIS funding and working with management to lodge</li> </ul> | <ul style="list-style-type: none"> <li>– Liaising with management and staff</li> <li>– Authorising purchase orders</li> <li>– Maintaining purchase order register</li> <li>– Reviewing and approving payroll</li> <li>– Maintaining and updating the trading cash flow forecast</li> <li>– Liaising with operations team to ensure that participants are receiving the required services and care</li> <li>– Preparing for and holding weekly working group meetings to inform key stakeholders of key issues impacting trading</li> <li>– Liaising with suppliers as required in relation to ongoing services</li> <li>– Liaising with key commercial customers</li> <li>– Ongoing consideration of COVID-19 matters</li> </ul> | <ul style="list-style-type: none"> <li>– Liaising with management and staff</li> <li>– Authorising purchase orders</li> <li>– Maintaining purchase order register</li> <li>– Reviewing and approving payroll</li> <li>– Maintaining and updating trading cash flow forecast</li> <li>– Liaising with operations team to ensure that participants are receiving the required services and care</li> <li>– Preparing for and holding weekly working group meetings to inform key stakeholders of key issues impacting trading</li> <li>– Liaising with suppliers as required in relation to ongoing services</li> <li>– Liaising with key commercial customers</li> <li>– Ongoing consideration of COVID-19 matters</li> </ul> | <ul style="list-style-type: none"> <li>– Planning and executing managed wind down strategy</li> <li>– Liaising with suppliers</li> <li>– Liaising with management and staff</li> <li>– Authorising purchase orders</li> <li>– Maintaining purchase order register</li> <li>– Preparing and authorising receipt vouchers</li> <li>– Preparing and authorising payment vouchers</li> <li>– Liaising with superannuation funds regarding contributions, termination of employees' employment</li> <li>– Attending meetings with participants and their guardians to provide them with updates on the progress of the liquidation</li> <li>– Liaising with operations team to ensure that</li> </ul> |

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|  | <p>claims and grant acquittals</p> <ul style="list-style-type: none"> <li>– Considering and implementing strategies to maintain SIL pipeline and achieve operational</li> <li>– Considering key property issues, including the consolidation of certain sites, and the location of certain day centre operations</li> <li>– Implementing a purchase order process and associated business procedures</li> <li>– Preparing and authorising purchase orders</li> <li>– Maintaining purchase order register</li> <li>– Maintaining a trading cash flow forecast for the Administration period</li> <li>– Considering the financial performance of the business during the Administration period</li> <li>– Liaising with superannuation funds regarding contributions, termination of employees' employment</li> <li>– Attending meetings with participants and their guardians to provide them with updates on</li> </ul> | <p>which may impact operations</p> <ul style="list-style-type: none"> <li>– Consideration of operational, trading and property matters to hand over to the incoming purchaser</li> <li>– Planning work associated with finalising trading accounts and position</li> </ul> | <p>which may impact operations</p> <ul style="list-style-type: none"> <li>– Progressing the operational, trading and property matters to hand over to the incoming purchaser</li> <li>– Progressing the finalisation of trading accounts and position</li> </ul> | <p>participants are receiving the required services and care during the wind down period</p> <ul style="list-style-type: none"> <li>– Preparing for and holding weekly working group meetings to inform key stakeholders of key issues impacting trading</li> </ul> |
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- the progress of the Administration and obtain their on-going support
- Liaising with operations team to ensure that participants are receiving the required services and care
  - Preparing for and holding weekly working group meetings to inform key stakeholders of key issues impacting trading
  - Reviewing property compliance and preventative maintenance works
  - Considering performance and viability of certain SIL properties and assess options
  - Reviewing and processing payroll
  - Considering the impact of the Public Health Orders on workforce planning
  - Liaising with Labour Hire Agencies and management to fulfill staffing shortages, as required
  - Undertaking oversight of ongoing recruitment of additional staff, as well as considering change

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|   | <ul style="list-style-type: none"> <li>of duties where required and appropriate</li> <li>– Considering the impact of COVID-19 on operations, and the appropriateness of the business's COVID-19 response</li> <li>– Liaising with management in relation to addressing COVID-19 related challenges</li> <li>– Undertaking a review of DSA's quality, safeguarding and participant support arrangements</li> <li>– Preparing an application to the NSW Government for consideration of JobSaver payments</li> </ul> |   |   |   |   |
| <b>Processing receipts and payments</b> | <ul style="list-style-type: none"> <li>– Implementing business rules regarding payment runs during Administration period</li> <li>– Liaising with finance team in relation to weekly and ad-hoc payment runs and payroll</li> <li>– Preparing and authorising receipt vouchers</li> <li>– Preparing and authorising payment vouchers</li> </ul>  | <ul style="list-style-type: none"> <li>– Preparing and authorising receipt vouchers</li> <li>– Preparing and authorising payment vouchers</li> <li>– Entering receipts and payments into accounting system</li> </ul> | <ul style="list-style-type: none"> <li>– Preparing and authorising receipt vouchers</li> <li>– Preparing and authorising payment vouchers</li> <li>– Entering receipts and payments into accounting system</li> </ul> | <ul style="list-style-type: none"> <li>– Preparing and authorising receipt vouchers</li> <li>– Preparing and authorising payment vouchers</li> <li>– Entering receipts and payments into accounting system</li> </ul> | <ul style="list-style-type: none"> <li>– Preparing and authorising receipt vouchers</li> <li>– Preparing and authorising payment vouchers</li> <li>– Entering receipts and payments into accounting system</li> </ul> |

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|  | <ul style="list-style-type: none"> <li>– Entering receipts and payments into accounting system</li> </ul>  |   |   |  |
| <b>Budgeting and financial reporting</b> | <ul style="list-style-type: none"> <li>– Reviewing Companies' budgets and financial statements</li> <li>– Preparing 3-way integrated model for potential bidders</li> <li>– Preparing budgets</li> <li>– Preparing weekly financial reports</li> <li>– Meetings to discuss trading position</li> </ul>   | <ul style="list-style-type: none"> <li>– Preparing budgets</li> <li>– Preparing weekly and monthly financial reports</li> <li>– Meetings to discuss trading position</li> </ul> | <ul style="list-style-type: none"> <li>– Finalising trading profit and loss analysis</li> </ul> | <ul style="list-style-type: none"> <li>– Preparing budgets</li> <li>– Preparing weekly financial reports</li> <li>– Meetings to discuss trading position</li> </ul>  |
| <b>Investigation</b>                     | <b>83.40 hours</b><br><b>\$43,512.50</b>   |   |   | <b>486.77 hours</b><br><b>\$261,784.66</b>   |
| <b>Conducting investigation</b>          | <ul style="list-style-type: none"> <li>– Reviewing company books and records</li> <li>– Review of corporate structure and preparation of trading history</li> <li>– Conducting and summarising statutory searches</li> <li>– Preparation of comparative financial statements</li> <li>– Review of specific transactions and liaising with directors regarding certain transactions</li> <li>– Preparation of investigation file</li> </ul> |   |   | <ul style="list-style-type: none"> <li>– Collection of company books and records</li> <li>– Reviewing company books and records</li> <li>– Review of specific transactions and liaising with directors regarding certain transactions</li> <li>– Preparation of investigation file</li> <li>– Lodgement of investigation with ASIC</li> <li>– Preparation and lodgement of supplementary report if required</li> </ul> |
| <b>ASIC reporting</b>                    | <ul style="list-style-type: none"> <li>– Liaising with ASIC</li> </ul>   |   |   | <ul style="list-style-type: none"> <li>– Preparing statutory investigation reports</li> <li>– Liaising with ASIC</li> </ul>  |

| Dividend                                      | 253.13 hours<br>\$128,008.13   | 486.77 hours<br>\$261,784.66   |
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| <p><b>Processing proofs of debt (POD)</b></p> | <ul style="list-style-type: none"> <li>– Preparation of correspondence to potential creditors inviting lodgement of POD</li> <li>– Receipt of POD</li> <li>– Maintain POD register</li> <li>– Adjudicating POD</li> <li>– Request further information from claimants regarding POD</li> <li>– Preparation of correspondence to claimant advising outcome of adjudication</li> </ul>  | <ul style="list-style-type: none"> <li>– Preparation of correspondence to potential creditors inviting lodgement of POD</li> <li>– Receipt of POD</li> <li>– Maintain POD register</li> <li>– Adjudicating POD</li> <li>– Request further information from claimants regarding POD</li> <li>– Preparation of correspondence to claimant advising outcome of adjudication</li> </ul>  |
| <p><b>Dividend procedures</b></p>             | <ul style="list-style-type: none"> <li>– Preparation of correspondence to creditors advising of intention to declare dividend</li> <li>– Advertisement of intention to declare dividend</li> <li>– Obtain clearance from ATO to allow distribution of Company's assets</li> <li>– Preparation of dividend calculations</li> <li>– Preparation of correspondence to creditors announcing declaration of dividend</li> </ul> | <ul style="list-style-type: none"> <li>– Preparation of correspondence to creditors advising of intention to declare dividend</li> <li>– Advertisement of intention to declare dividend</li> <li>– Obtain clearance from ATO to allow distribution of Company's assets</li> <li>– Preparation of dividend calculations</li> <li>– Preparation of correspondence to creditors announcing declaration of dividend</li> </ul> |

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|   |   |   |   | <ul style="list-style-type: none"> <li>– Advertise announcement of dividend</li> <li>– Preparation of distribution</li> <li>– Preparation of dividend file</li> <li>– Preparation of payment vouchers to pay dividend</li> <li>– Preparation of correspondence to creditors enclosing payment of dividend</li> </ul> | <ul style="list-style-type: none"> <li>– Advertise announcement of dividend</li> <li>– Preparation of distribution</li> <li>– Preparation of dividend file</li> <li>– Preparation of payment vouchers to pay dividend</li> <li>– Preparation of correspondence to creditors enclosing payment of dividend</li> </ul>    |
| <b>Administration</b>                               | <b>733.80 hours</b><br><b>\$357,695.00</b>  | <b>87.55 hours</b><br><b>\$38,952.35</b>  | <b>72.53 hours</b><br><b>\$31,834.40</b>  | <b>84.38 hours</b><br><b>\$42,669.38</b>   | <b>608.46 hours</b><br><b>\$327,230.83</b>  |
| <b>Correspondence</b>                               | – General correspondence  | – General correspondence  | – General correspondence  | – General correspondence   | – General correspondence  |
| <b>Document maintenance, file review, checklist</b> | <ul style="list-style-type: none"> <li>– Administration reviews</li> <li>– Filing of documents</li> <li>– File reviews</li> <li>– Updating checklists</li> </ul>  | <ul style="list-style-type: none"> <li>– Administration reviews</li> <li>– Filing of documents</li> <li>– File reviews</li> <li>– Updating checklists</li> </ul>  | <ul style="list-style-type: none"> <li>– Administration reviews</li> <li>– Filing of documents</li> <li>– File reviews</li> <li>– Updating checklists</li> </ul>  | <ul style="list-style-type: none"> <li>– Administration reviews</li> <li>– Filing of documents</li> <li>– File reviews</li> <li>– Updating checklists</li> </ul>   | <ul style="list-style-type: none"> <li>– Administration reviews</li> <li>– Filing of documents</li> <li>– File reviews</li> <li>– Updating checklists</li> </ul>  |
| <b>Insurance</b>                                    | <ul style="list-style-type: none"> <li>– Identification of potential issues requiring attention of insurance specialists</li> <li>– Correspondence with insurer regarding initial and ongoing insurance requirements</li> <li>– Reviewing insurance policies</li> <li>– Correspondence with previous brokers</li> </ul> | <ul style="list-style-type: none"> <li>– Identification of potential issues requiring attention of insurance specialists</li> <li>– Correspondence with insurer regarding ongoing insurance requirements</li> </ul> | <ul style="list-style-type: none"> <li>– Identification of potential issues requiring attention of insurance specialists</li> <li>– Correspondence with insurer regarding ongoing insurance requirements</li> </ul> | <ul style="list-style-type: none"> <li>– Identification of potential issues requiring attention of insurance specialists</li> <li>– Correspondence with insurer regarding ongoing insurance requirements</li> </ul>  | <ul style="list-style-type: none"> <li>– Identification of potential issues requiring attention of insurance specialists</li> <li>– Correspondence with insurer regarding initial and ongoing insurance requirements</li> <li>– Reviewing insurance policies</li> <li>– Correspondence with previous brokers</li> </ul> |

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| <b>Bank account Administration</b>       | <ul style="list-style-type: none"> <li>– Preparing correspondence opening and closing accounts</li> <li>– Requesting bank statements</li> <li>– Bank account reconciliations</li> <li>– Correspondence with bank regarding specific transfers</li> </ul> | <ul style="list-style-type: none"> <li>– Preparing correspondence opening and closing accounts</li> <li>– Requesting bank statements</li> <li>– Bank account reconciliations</li> <li>– Correspondence with bank regarding specific transfers</li> </ul> | <ul style="list-style-type: none"> <li>– Preparing correspondence opening and closing accounts</li> <li>– Requesting bank statements</li> <li>– Bank account reconciliations</li> <li>– Correspondence with bank regarding specific transfers</li> </ul> | <ul style="list-style-type: none"> <li>– Preparing correspondence opening and closing accounts</li> <li>– Requesting bank statements</li> <li>– Bank account reconciliations</li> <li>– Correspondence with bank regarding specific transfers</li> </ul> | <ul style="list-style-type: none"> <li>– Preparing correspondence opening and closing accounts</li> <li>– Requesting bank statements</li> <li>– Bank account reconciliations</li> <li>– Correspondence with bank regarding specific transfers</li> </ul> |
| <b>ASIC forms and lodgements</b>         | <ul style="list-style-type: none"> <li>– Preparing and lodging ASIC forms</li> </ul>   | <ul style="list-style-type: none"> <li>– Preparing and lodging ASIC forms</li> </ul>   | <ul style="list-style-type: none"> <li>– Preparing and lodging ASIC forms</li> </ul>   | <ul style="list-style-type: none"> <li>– Preparing and lodging ASIC forms</li> </ul>   | <ul style="list-style-type: none"> <li>– Preparing and lodging ASIC forms</li> <li>– Correspondence with ASIC regarding statutory forms</li> </ul>   |
| <b>ATO and other statutory reporting</b> | <ul style="list-style-type: none"> <li>– Notification of appointment</li> <li>– Preparing BASs</li> <li>– Completing STP reporting obligations</li> </ul>  | <ul style="list-style-type: none"> <li>– Preparing BASs</li> <li>– Completing STP reporting obligations</li> </ul>   | <ul style="list-style-type: none"> <li>– Notification of appointment</li> <li>– Preparing BASs</li> <li>– Completing STP reporting obligations</li> </ul>  | <ul style="list-style-type: none"> <li>– Notification of appointment</li> <li>– Preparing BASs</li> <li>– Completing STP reporting obligations</li> </ul>  | <ul style="list-style-type: none"> <li>– Notification of appointment</li> <li>– Preparing BASs</li> <li>– Completing STP reporting obligations</li> </ul>  |
| <b>Finalisation</b>                      |  | <ul style="list-style-type: none"> <li>– Completing checklists</li> <li>– Notifying ATO of finalisation</li> <li>– Finalising WIP</li> </ul>   | <ul style="list-style-type: none"> <li>– Completing checklists</li> <li>– Notifying ATO of finalisation</li> <li>– Finalising WIP</li> </ul>   | <ul style="list-style-type: none"> <li>– Completing checklists</li> <li>– Notifying ATO of finalisation</li> <li>– Finalising WIP</li> </ul>   | <ul style="list-style-type: none"> <li>– Completing checklists</li> <li>– Notifying ATO of finalisation</li> <li>– Cancelling ABN / GST / PAYG registration</li> <li>– Finalising WIP</li> </ul>   |
| <b>Planning / Review</b>                 | <ul style="list-style-type: none"> <li>– Discussions regarding status / strategy of Administration</li> </ul>  | <ul style="list-style-type: none"> <li>– Discussions regarding status / strategy of Administration</li> </ul>  | <ul style="list-style-type: none"> <li>– Discussions regarding status / strategy of Deed Administration</li> </ul>   | <ul style="list-style-type: none"> <li>– Discussions regarding status / strategy of Creditors' Trust</li> </ul>  | <ul style="list-style-type: none"> <li>– Discussions regarding status / strategy of liquidation</li> </ul>   |
| <b>Books and records / storage</b>       |  |  |  | <ul style="list-style-type: none"> <li>– Sending job files to storage</li> </ul>   | <ul style="list-style-type: none"> <li>– Sending job files to storage</li> </ul>   |

| DSAM            |  |                                     |  |  |   |
|-----------------|--|-------------------------------------|--|--|---|
| Tasks           |  |                                     |  |  |   |
|                 | Voluntary Administration                   |                                     | If DOCA approved                               |  | If Company Wound Up   |
|                 | Work already done                          | Future work to meeting date         | DOCA work                                      | Creditors' Trust work  | Liquidation Work  |
| Period          | 25 August 2021 to 19 November 2021         | 20 November 2021 to 2 December 2021 | From execution of DOCA to finalisation of DOCA | From execution of Creditors' Trust to finalisation of Creditors' Trust | 2 December 2021 to finalisation of liquidation  |
| Amount (ex GST) | \$99,803                                   | \$11,325                            | \$7,616  | \$11,316   | \$88,173  |
| Task Area       | General Description                        |                                     |  |  |   |
| Assets          |  |                                     |  |  | 23.81 hours<br>\$13,226.00  |
|                 | <b>Sale of business as a going concern</b> |                                     |  |  | <ul style="list-style-type: none"> <li>– Preparing an information memorandum</li> <li>– Liaising with valuers, auctioneers and interested parties</li> <li>– Liaising with interested parties</li> <li>– Internal meetings to discuss / review offers received</li> <li>– Preparing advertising material for the sale of business/assets</li> </ul> |
| Creditors       | 17.40 hours<br>\$9,454.00                  | 8.67 hours<br>\$4,609.03            | 5.32 hours<br>\$2,955.45                       | 4.21 hours<br>\$2,263.10   | 15.87 hours<br>\$8,817.33   |

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| <p><b>Creditor enquiries, requests and directions</b></p> | <ul style="list-style-type: none"> <li>– Review and prepare initial correspondence to creditors and their representatives</li> </ul>   | <ul style="list-style-type: none"> <li>– Receive and respond to creditor enquiries</li> <li>– Maintaining creditor request log</li> <li>– Considering reasonableness of creditor requests</li> <li>– Obtaining legal advice on requests</li> <li>– Documenting reasons for complying or not complying with requests or directions</li> <li>– Compiling information requested by creditors</li> </ul> | <ul style="list-style-type: none"> <li>– Receive and respond to creditor enquiries</li> <li>– Maintaining creditor request log</li> <li>– Considering reasonableness of creditor requests</li> <li>– Obtaining legal advice on requests</li> <li>– Documenting reasons for complying or not complying with requests or directions</li> <li>– Compiling information requested by creditors</li> </ul> | <ul style="list-style-type: none"> <li>– Receive and respond to creditor enquiries</li> <li>– Maintaining creditor request log</li> <li>– Considering reasonableness of creditor requests</li> <li>– Obtaining legal advice on requests</li> <li>– Documenting reasons for complying or not complying with requests or directions</li> <li>– Compiling information requested by creditors</li> </ul> | <ul style="list-style-type: none"> <li>– Receive and respond to creditor enquiries</li> <li>– Maintaining creditor request log</li> <li>– Review and prepare initial correspondence to creditors and their representatives</li> <li>– Considering reasonableness of creditor requests</li> <li>– Obtaining legal advice on requests</li> <li>– Documenting reasons for complying or not complying with requests or directions</li> <li>– Compiling information requested by creditors</li> </ul> |
| <p><b>Reports to creditors</b></p>                        | <ul style="list-style-type: none"> <li>– Preparing reports on results of investigation (including statutory reports) and convening meetings</li> <li>– General reports to creditors</li> </ul> | <ul style="list-style-type: none"> <li>– Preparing reports on results of investigation (including statutory reports) and convening meetings</li> <li>– General reports to creditors</li> </ul>   | <ul style="list-style-type: none"> <li>– Preparing meeting reports</li> <li>– General reports to creditors</li> </ul>  | <ul style="list-style-type: none"> <li>– Preparing meeting</li> <li>– General reports to creditors</li> </ul>  | <ul style="list-style-type: none"> <li>– Preparing reports on results of investigation (including statutory reports) and convening meetings</li> <li>– General reports to creditors</li> </ul>   |
| <p><b>Dealing with proofs of debt (POD)</b></p>           |  |  | <ul style="list-style-type: none"> <li>– Receipting and filing POD when not related to a dividend</li> </ul>   |  | <ul style="list-style-type: none"> <li>– Receipting and filing POD when not related to a dividend</li> <li>– Corresponding with OSR and ATO regarding POD when not related to a dividend</li> </ul>  |
| <p><b>Meeting of creditors</b></p>                        | <ul style="list-style-type: none"> <li>– Preparation of meeting notices, proxies and advertisements</li> <li>– Forward notice of meeting to all known creditors</li> </ul>                     | <ul style="list-style-type: none"> <li>– Preparation of meeting notices, proxies and advertisements</li> <li>– Forward notice of meeting to all known creditors</li> </ul>   | <ul style="list-style-type: none"> <li>– Preparation and lodgement of minutes of meetings with ASIC</li> <li>– Respond to stakeholder queries and questions</li> </ul>   |  | <ul style="list-style-type: none"> <li>– Preparation of meeting notices, proxies and advertisements</li> <li>– Forward notice of meeting to all known creditors</li> </ul>   |

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|                               | <ul style="list-style-type: none"> <li>– Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.</li> <li>– Preparation and lodgement of minutes of meetings with ASIC</li> <li>– Respond to stakeholder queries and questions immediately following meeting</li> </ul> | <ul style="list-style-type: none"> <li>– Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.</li> </ul> | immediately following meeting  |  | <ul style="list-style-type: none"> <li>– Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.</li> <li>– Preparation and lodgement of minutes of meetings with ASIC</li> <li>– Respond to stakeholder queries and questions immediately following meeting</li> </ul> |
| <b>Proposals to creditors</b> |   |   | <ul style="list-style-type: none"> <li>– Preparing proposal notices and voting forms</li> <li>– Forward notice of proposal to all known creditors</li> <li>– Reviewing votes and determining outcome of proposal</li> <li>– Preparation and lodgement of proposal outcome with ASIC</li> </ul> | <ul style="list-style-type: none"> <li>– Preparing proposal notices and voting forms</li> <li>– Forward notice of proposal to all known creditors</li> <li>– Reviewing votes and determining outcome of proposal</li> <li>– Preparation and lodgement of proposal outcome with ASIC</li> </ul> | <ul style="list-style-type: none"> <li>– Preparing proposal notices and voting forms</li> <li>– Forward notice of proposal to all known creditors</li> <li>– Reviewing votes and determining outcome of proposal</li> <li>– Preparation and lodgement of proposal outcome with ASIC</li> </ul>  |
| <b>Employees</b>              | <b>36.30 hours</b><br><b>\$21,261.00</b>  | <b>2.82 hours</b><br><b>\$1,567.41</b>  | <b>1.41 hours</b><br><b>\$783.70</b>   | <b>4.21 hours</b><br><b>\$2,263.10</b>   | <b>11.90 hours</b><br><b>\$6,613.00</b>   |
| <b>Employee enquiries</b>     | <ul style="list-style-type: none"> <li>– Receive and follow up employee enquiries via telephone and email</li> <li>– Review and prepare correspondence to employees and their representatives via, email and post</li> </ul>  | <ul style="list-style-type: none"> <li>– Receive and follow up employee enquiries via telephone</li> <li>– Review and consider employee leave requests for approval</li> <li>– Prepare for and host employee Town Hall sessions</li> </ul>      | <ul style="list-style-type: none"> <li>– Receive and follow up employee enquiries via telephone</li> <li>– Receive and prepare correspondence in response to employees' objections to leave entitlements</li> <li>– Preparation of letters to employees advising of</li> </ul>                 | <ul style="list-style-type: none"> <li>– Receive and follow up employee enquiries via telephone</li> <li>– Receive and prepare correspondence in response to employees' objections to leave entitlements</li> <li>– Preparation of letters to employees advising of</li> </ul>                 | <ul style="list-style-type: none"> <li>– Receive and follow up employee enquiries via telephone</li> <li>– Maintain employee enquiry register</li> <li>– Review and prepare correspondence to creditors and their</li> </ul>  |

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|---|---|--|---|---|--|
|   | <ul style="list-style-type: none"> <li>– Review and consider employee leave requests for approval</li> <li>– Receive and prepare correspondence in response to employees' objections to leave entitlements</li> <li>– Prepare correspondence with employees regarding NSW Government Public Health Orders in relation to COVID-19.</li> <li>– Preparation and conducting regular employee Town Halls with management to provide update on Administration</li> <li>– Liaising with P&amp;C to consider policies and procedures and to discuss employee related matters</li> <li>– Preparing employee FAQs and weekly email updates on Administration progress</li> <li>– Review and sign off employment contracts</li> </ul> | <ul style="list-style-type: none"> <li>– Preparation of letters to employees advising of their entitlements and options available</li> </ul> | <p>their entitlements and options available</p> | <p>their entitlements and options available</p> | <p>representatives via facsimile, email and post</p> <ul style="list-style-type: none"> <li>– Preparation of letters to employees advising of their entitlements and options available</li> <li>– Receive and prepare correspondence in response to employees' objections to leave entitlements</li> </ul> |
| <p><b>Fair Entitlements Guarantee (FEG)</b></p> |   |  |   |   | <ul style="list-style-type: none"> <li>– Correspondence with FEG</li> <li>– Preparing notification spreadsheet</li> <li>– Preparing FEG quotations</li> <li>– Preparing FEG verification</li> </ul>  |

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|---------------------------------------|--|--|--|--|--|
|                                       |  |  |  |  | – Completing FEG questionnaires  |
| <b>Calculation of entitlements</b>    | <ul style="list-style-type: none"> <li>– Calculating employee entitlements</li> <li>– Reviewing employee files and Company's books and records</li> <li>– Reconciling superannuation accounts</li> <li>– Reviewing awards and contracts</li> <li>– Reviewing claims by former employees for outstanding claims</li> <li>– Liaising with solicitors regarding entitlements</li> </ul> | <ul style="list-style-type: none"> <li>– Calculating employee entitlements</li> <li>– Reconciling superannuation accounts</li> <li>– Reviewing awards and contracts</li> <li>– Reviewing claims by former employees for outstanding claims</li> <li>– Liaising with solicitors regarding entitlements</li> </ul> | <ul style="list-style-type: none"> <li>– Calculating employee entitlements</li> <li>– Reconciling superannuation accounts</li> <li>– Reviewing awards and contracts</li> <li>– Reviewing claims by former employees for outstanding claims</li> <li>– Liaising with solicitors regarding entitlements</li> </ul> | <ul style="list-style-type: none"> <li>– Calculating employee entitlements</li> <li>– Reconciling superannuation accounts</li> <li>– Reviewing awards and contracts</li> <li>– Reviewing claims by former employees for outstanding claims</li> <li>– Liaising with solicitors regarding entitlements</li> </ul>   | <ul style="list-style-type: none"> <li>– Calculating employee entitlements</li> <li>– Reviewing employee files and Company's books and records</li> <li>– Reconciling superannuation accounts</li> <li>– Reviewing awards and contracts</li> <li>– Reviewing claims by former employees for outstanding claims</li> <li>– Liaising with solicitors regarding entitlements</li> </ul>                         |
| <b>Employee dividend distribution</b> |  | – Receipting POD   | – Receipting POD   | <ul style="list-style-type: none"> <li>– Correspondence with employees regarding dividend</li> <li>– Correspondence with ATO regarding SGC POD</li> <li>– Calculating dividend rate</li> <li>– Preparing dividend file</li> <li>– Advertising dividend notice</li> <li>– Preparing distribution</li> <li>– Adjudicating POD</li> <li>– Ensuring PAYG is remitted to ATO</li> </ul> | <ul style="list-style-type: none"> <li>– Correspondence with employees regarding dividend</li> <li>– Correspondence with ATO regarding SGC POD</li> <li>– Calculating dividend rate</li> <li>– Preparing dividend file</li> <li>– Advertising dividend notice</li> <li>– Preparing distribution</li> <li>– Receipting POD</li> <li>– Adjudicating POD</li> <li>– Ensuring PAYG is remitted to ATO</li> </ul> |
| <b>Other employee issues</b>          | – Correspondence with Child Support  |  |  | <ul style="list-style-type: none"> <li>– Correspondence with Child Support</li> <li>– Correspondence with Centrelink</li> </ul>  | <ul style="list-style-type: none"> <li>– Correspondence with Child Support</li> <li>– Correspondence with Centrelink</li> </ul>  |

| Trade on                                | 77.60 hours<br>\$47,707.00  | 6.33 hours<br>\$4,098.62  | 5.04 hours<br>\$3,351.46  |   | 51.58 hours<br>\$28,656.33  |
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| <b>Trade on management</b>              | <ul style="list-style-type: none"> <li>– Liaising with suppliers</li> <li>– Liaising with management and staff</li> <li>– Reviewing and processing payroll</li> </ul>   | <ul style="list-style-type: none"> <li>– Liaising with suppliers</li> <li>– Liaising with management and staff</li> <li>– Reviewing and processing payroll</li> </ul>   | <ul style="list-style-type: none"> <li>– Liaising with suppliers</li> <li>– Liaising with management and staff</li> <li>– Reviewing and processing payroll</li> </ul>   |   | <ul style="list-style-type: none"> <li>– Finalising trading position</li> <li>– Preparation of a closure strategy, and undertaking tasks to implement same</li> <li>– Preparing correspondence to customers and suppliers regarding the cessation of trade</li> <li>– Advising relevant authorities, as required</li> </ul> |
| <b>Processing receipts and payments</b> | <ul style="list-style-type: none"> <li>– Preparing and authorising receipt vouchers</li> <li>– Preparing and authorising payment vouchers</li> <li>– Entering receipts and payments into accounting system</li> </ul> | <ul style="list-style-type: none"> <li>– Preparing and authorising receipt vouchers</li> <li>– Preparing and authorising payment vouchers</li> <li>– Entering receipts and payments into accounting system</li> </ul> | <ul style="list-style-type: none"> <li>– Preparing and authorising receipt vouchers</li> <li>– Preparing and authorising payment vouchers</li> <li>– Entering receipts and payments into accounting system</li> </ul> | <ul style="list-style-type: none"> <li>– Preparing and authorising receipt vouchers</li> <li>– Preparing and authorising payment vouchers</li> <li>– Entering receipts and payments into accounting system</li> </ul> | <ul style="list-style-type: none"> <li>– Preparing and authorising receipt vouchers</li> <li>– Preparing and authorising payment vouchers</li> <li>– Entering receipts and payments into accounting system</li> </ul>   |
| <b>Investigation</b>                    | <b>9.30 hours<br/>\$4,929.00</b>  |   |   |   | <b>15.87 hours<br/>\$8,817.33</b>   |
| <b>Conducting investigation</b>         | <ul style="list-style-type: none"> <li>– Reviewing Company's books and records</li> <li>– Review and preparation of Company nature and history</li> <li>– Conducting and summarising statutory searches</li> </ul>    |   |   |   | <ul style="list-style-type: none"> <li>– Collection of Company books and records</li> <li>– Reviewing Company's books and records</li> <li>– Review of specific transactions and liaising with directors regarding certain transactions</li> </ul>  |

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|  | <ul style="list-style-type: none"> <li>– Preparation of comparative financial statements</li> <li>– Review of specific transactions and liaising with directors regarding certain transactions</li> <li>– Preparation of investigation file</li> </ul> | <ul style="list-style-type: none"> <li>– Preparation of investigation file</li> <li>– Lodgement of investigation with ASIC</li> <li>– Preparation and lodgement of supplementary report if required</li> </ul>  |   |
| <b>ASIC reporting</b>                  | <ul style="list-style-type: none"> <li>– Liaising with ASIC</li> </ul>   | <ul style="list-style-type: none"> <li>– Preparing statutory investigation reports</li> <li>– Liaising with ASIC</li> </ul>   |   |
| <b>Dividend</b>                        |  | <b>9.47 hours</b><br><b>\$5,091.98</b>  | <b>15.87 hours</b><br><b>\$8,817.33</b>   |
| <b>Processing proofs of debt (POD)</b> |  | <ul style="list-style-type: none"> <li>– Preparation of correspondence to potential creditors inviting lodgement of POD</li> <li>– Receipt of POD</li> <li>– Maintain POD register</li> <li>– Adjudicating POD</li> <li>– Request further information from claimants regarding POD</li> <li>– Preparation of correspondence to claimant advising outcome of adjudication</li> </ul> | <ul style="list-style-type: none"> <li>– Preparation of correspondence to potential creditors inviting lodgement of POD</li> <li>– Receipt of POD</li> <li>– Maintain POD register</li> <li>– Adjudicating POD</li> <li>– Request further information from claimants regarding POD</li> <li>– Preparation of correspondence to claimant advising outcome of adjudication</li> </ul> |
| <b>Dividend procedures</b>             |  | <ul style="list-style-type: none"> <li>– Preparation of correspondence to creditors advising of intention to declare dividend</li> <li>– Advertisement of intention to declare dividend</li> </ul>  | <ul style="list-style-type: none"> <li>– Preparation of correspondence to creditors advising of intention to declare dividend</li> <li>– Advertisement of intention to declare dividend</li> </ul>  |

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|   |  |  |  | <ul style="list-style-type: none"> <li>– Obtain clearance from ATO to allow distribution of Company's assets</li> <li>– Preparation of dividend calculations</li> <li>– Preparation of correspondence to creditors announcing declaration of dividend</li> <li>– Advertise announcement of dividend</li> <li>– Preparation of distribution</li> <li>– Preparation of dividend file</li> <li>– Preparation of payment vouchers to pay dividend</li> <li>– Preparation of correspondence to creditors enclosing payment of dividend</li> </ul> | <ul style="list-style-type: none"> <li>– Obtain clearance from ATO to allow distribution of Company's assets</li> <li>– Preparation of dividend calculations</li> <li>– Preparation of correspondence to creditors announcing declaration of dividend</li> <li>– Advertise announcement of dividend</li> <li>– Preparation of distribution</li> <li>– Preparation of dividend file</li> <li>– Preparation of payment vouchers to pay dividend</li> <li>– Preparation of correspondence to creditors enclosing payment of dividend</li> </ul> |
| <b>Administration</b>                               | <b>39.30 hours<br/>\$16,452.00</b>   | <b>2.39 hours<br/>\$1,049.95</b>   | <b>1.19 hours<br/>\$524.97</b>   | <b>3.16 hours<br/>\$1,697.33</b>   | <b>23.81 hours<br/>\$13,226.00</b>   |
| <b>Correspondence</b>                               | – General correspondence   | - General correspondence   | - General correspondence   | - General correspondence   | - General correspondence   |
| <b>Document maintenance, file review, checklist</b> | <ul style="list-style-type: none"> <li>– Administration reviews</li> <li>– Filing of documents</li> <li>– File reviews</li> <li>– Updating checklists</li> </ul>                             | <ul style="list-style-type: none"> <li>– Administration reviews</li> <li>– Filing of documents</li> <li>– File reviews</li> <li>– Updating checklists</li> </ul>                     | <ul style="list-style-type: none"> <li>– Administration reviews</li> <li>– Filing of documents</li> <li>– File reviews</li> <li>– Updating checklists</li> </ul>                     | <ul style="list-style-type: none"> <li>– Administration reviews</li> <li>– Filing of documents</li> <li>– File reviews</li> <li>– Updating checklists</li> </ul>   | <ul style="list-style-type: none"> <li>– Administration reviews</li> <li>– Filing of documents</li> <li>– File reviews</li> <li>– Updating checklists</li> </ul>   |
| <b>Insurance</b>                                    | <ul style="list-style-type: none"> <li>– Identification of potential issues requiring attention of insurance specialists</li> <li>– Correspondence with insurer regarding initial</li> </ul> | <ul style="list-style-type: none"> <li>– Identification of potential issues requiring attention of insurance specialists</li> <li>– Correspondence with insurer regarding</li> </ul> | <ul style="list-style-type: none"> <li>– Identification of potential issues requiring attention of insurance specialists</li> <li>– Correspondence with insurer regarding</li> </ul> | <ul style="list-style-type: none"> <li>– Identification of potential issues requiring attention of insurance specialists</li> <li>– Correspondence with insurer regarding</li> </ul>   | <ul style="list-style-type: none"> <li>– Identification of potential issues requiring attention of insurance specialists</li> <li>– Correspondence with insurer regarding initial</li> </ul>   |

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|  | and ongoing insurance requirements<br>– Reviewing insurance policies<br>–  | ongoing insurance requirements   | ongoing insurance requirements   | ongoing insurance requirements   | and ongoing insurance requirements<br>– Reviewing insurance policies<br>– Correspondence with previous brokers   |
| <b>Bank account Administration</b>       | – Preparing correspondence opening and closing accounts<br>– Requesting bank statements<br>– Bank account reconciliations<br>– Correspondence with bank regarding specific transfers | – Preparing correspondence opening and closing accounts<br>– Requesting bank statements<br>– Bank account reconciliations<br>– Correspondence with bank regarding specific transfers | – Preparing correspondence opening and closing accounts<br>– Requesting bank statements<br>– Bank account reconciliations<br>– Correspondence with bank regarding specific transfers | – Preparing correspondence opening and closing accounts<br>– Requesting bank statements<br>– Bank account reconciliations<br>– Correspondence with bank regarding specific transfers | – Preparing correspondence opening and closing accounts<br>– Requesting bank statements<br>– Bank account reconciliations<br>– Correspondence with bank regarding specific transfers |
| <b>ASIC forms and lodgements</b>         | – Preparing and lodging ASIC forms   | – Preparing and lodging ASIC forms   | – Preparing and lodging ASIC forms   | – Preparing and lodging ASIC forms   | – Preparing and lodging ASIC forms<br>– Correspondence with ASIC regarding statutory forms   |
| <b>ATO and other statutory reporting</b> | – Notification of appointment<br>– Preparing BASs<br>– Completing STP reporting obligations  | – Preparing BASs<br>– Completing STP reporting obligations   | – Notification of appointment<br>– Preparing BASs<br>– Completing STP reporting obligations  | – Notification of appointment<br>– Preparing BASs<br>– Completing STP reporting obligations  | – Notification of appointment<br>– Preparing BASs<br>– Completing STP reporting obligations  |
| <b>Finalisation</b>                      |  |  | – Completing checklists<br>– Notifying ATO of finalisation<br>– Finalising WIP   | – Completing checklists<br>– Notifying ATO of finalisation<br>– Finalising WIP   | – Notifying ATO of finalisation<br>– Cancelling ABN / GST / PAYG registration<br>– Completing checklists<br>– Finalising WIP   |
| <b>Planning / Review</b>                 | – Discussions regarding status / strategy of Administration  | – Discussions regarding status / strategy of Administration  | – Discussions regarding status / strategy of Administration  | – Discussions regarding status / strategy of Administration  | – Discussions regarding status / strategy of liquidation   |

**Books and records /  
storage**

– Sending job files to  
storage

– Sending job files to  
storage

| METS                   |  |  |   |   |   |
|------------------------|--|--|---|---|---|
| Tasks                  |  |  |   |   |   |
|                        | Voluntary Administration   |  | If DOCA approved  |   | If Company Wound Up   |
|                        | Work already done  | Future work to meeting date  | DOCA work   | Creditors' Trust work   | Liquidation Work  |
| <b>Period</b>          | <b>25 August 2021 to 19 November 2021</b>  | <b>20 November 2021 to 2 December 2021</b>   | <b>From execution of DOCA to finalisation of DOCA</b>   | <b>From execution of Creditors' Trust to finalisation of Creditors' Trust</b> | <b>2 December 2021 to finalisation of liquidation</b>   |
| <b>Amount (ex GST)</b> | <b>\$325,868</b>   | <b>\$38,647</b>  | <b>\$8,384</b>  | <b>\$17,259</b>   | <b>\$289,565</b>  |
| <b>Task Area</b>       | <b>General Description</b>   |  |   |   |   |
| <b>Assets</b>          | <b>267.30 hours<br/>\$143,231.50</b>   | <b>13.29 hours<br/>\$7,926.66</b>  | <b>2.46 hours<br/>\$1,491.13</b>  |   | <b>86.12 hours<br/>\$43,434.68</b>  |
|                        | <ul style="list-style-type: none"> <li>– Preparing an information memorandum</li> <li>– Preparing data room with information to be used by interested parties</li> <li>– Meetings with management</li> </ul> | <ul style="list-style-type: none"> <li>– Liaising with solicitors to discuss the content of the DOCA and Creditors' Trust</li> <li>– Negotiation of DOCA and Creditors' Trust with potential buyer</li> <li>– Liaising with successful bidder to implement comprehensive transition plan</li> <li>– Preparation for applications pursuant to s447A and s444GA of the Corporations Act to effect transfer of</li> </ul> | <ul style="list-style-type: none"> <li>– Liaising with successful bidder to implement comprehensive transition plan</li> <li>– Providing updated information to lawyers and the Court for applications pursuant to s447A and s444GA of the Corporations Act to effect transfer of members to successful bidder</li> </ul> |   | <ul style="list-style-type: none"> <li>– Determining strategy for immediate sale of METS business</li> <li>– Preparing an information memorandum</li> <li>– Liaising with valuers, auctioneers and interested parties</li> <li>– Liaising with interested parties</li> <li>– Internal meetings to discuss / review offers received</li> <li>– Preparing advertising material for the sale of business/assets</li> </ul> |

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|  |   | members to successful bidder   |  |  |  |  |
|  |   | – Preparing for the transfer of directorships to successful bidder   |  |  |  |  |
| <b>Assets subject to specific charges</b>          | – Correspondence with secured parties   | –  |  |  |  |  |
| <b>Debtors</b>                                     |   |  |  |  |  | <ul style="list-style-type: none"> <li>– Correspondence with debtors</li> <li>– Reviewing and assessing debtors ledgers</li> <li>– Liaising with debt collectors and solicitors</li> <li>– Negotiating payment terms for debtors</li> <li>– Monitoring of debtor receipts</li> </ul> |
| <b>Circulating Assets</b>                          | – Conducting bank sweeps  |  |  |  |  |  |
| <b>Creditors</b>                                   | <b>30.40 hours</b><br><b>\$16,354.00</b>  | <b>16.75 hours</b><br><b>\$7,944.44</b>  | <b>2.48 hours</b><br><b>\$1,179.60</b>   | <b>6.61 hours</b><br><b>\$3,451.70</b>   | <b>57.41 hours</b><br><b>\$28,956.45</b>   |  |
| <b>Creditor enquiries, requests and directions</b> | <ul style="list-style-type: none"> <li>– Review and prepare initial correspondence to creditors and their representatives</li> <li>– Receive and respond to creditor enquiries</li> <li>– Maintaining creditor request log</li> </ul> | <ul style="list-style-type: none"> <li>– Receive and respond to creditor enquiries</li> <li>– Maintaining creditor request log</li> <li>– Considering reasonableness of creditor requests</li> <li>– Obtaining legal advice on requests</li> <li>– Documenting reasons for complying or not complying with requests or directions</li> <li>– Compiling information requested by creditors</li> </ul> | <ul style="list-style-type: none"> <li>– Receive and respond to creditor enquiries</li> <li>– Maintaining creditor request log</li> <li>– Considering reasonableness of creditor requests</li> <li>– Obtaining legal advice on requests</li> <li>– Documenting reasons for complying or not complying with requests or directions</li> <li>– Compiling information requested by creditors</li> </ul> | <ul style="list-style-type: none"> <li>– Receive and respond to creditor enquiries</li> <li>– Maintaining creditor request log</li> <li>– Considering reasonableness of creditor requests</li> <li>– Obtaining legal advice on requests</li> <li>– Documenting reasons for complying or not complying with requests or directions</li> <li>– Compiling information requested by creditors</li> </ul> | <ul style="list-style-type: none"> <li>– Receive and respond to creditor enquiries</li> <li>– Maintaining creditor request log</li> <li>– Review and prepare initial correspondence to creditors and their representatives</li> <li>– Considering reasonableness of creditor requests</li> <li>– Obtaining legal advice on requests</li> <li>– Documenting reasons for complying or not</li> </ul> |  |

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|  |  |  |  |   |  | <ul style="list-style-type: none"> <li>complying with requests or directions</li> <li>– Compiling information requested by creditors</li> </ul> |
| <b>Security interest claims</b>          | <ul style="list-style-type: none"> <li>– Search the PPSR register</li> <li>– Notify PMSI creditors identified from PPSR register</li> <li>– Reconcile asset lists to determine assets subject to PPSR registrations</li> </ul>       |  |  |   |  |   |
| <b>Secured creditor</b>                  | <ul style="list-style-type: none"> <li>– Notifying PPSR registered creditors of appointment</li> <li>–</li> </ul>  |  |  |   |  |   |
| <b>Reports to creditors</b>              | <ul style="list-style-type: none"> <li>– Preparing voluntary administrators' report</li> </ul>   | <ul style="list-style-type: none"> <li>– Preparing voluntary administrators' report</li> </ul>   | <ul style="list-style-type: none"> <li>– Preparing meeting reports</li> <li>– General reports to creditors</li> </ul>  | <ul style="list-style-type: none"> <li>– Preparing meeting</li> <li>– General reports to creditors</li> </ul> | <ul style="list-style-type: none"> <li>– Preparing reports on results of investigation (including statutory reports) and convening meetings</li> <li>– General reports to creditors</li> </ul>                                       |   |
| <b>Dealing with proofs of debt (POD)</b> | <ul style="list-style-type: none"> <li>– Receipting and filing POD when not related to a dividend</li> <li>–</li> </ul>  | <ul style="list-style-type: none"> <li>– Receipting and filing POD when not related to a dividend</li> </ul>   | <ul style="list-style-type: none"> <li>– Receipting and filing POD when not related to a dividend</li> </ul>   |   | <ul style="list-style-type: none"> <li>– Receipting and filing POD when not related to a dividend</li> <li>– Corresponding with OSR and ATO regarding POD when not related to a dividend</li> </ul>                                  |   |
| <b>Meeting of creditors</b>              | <ul style="list-style-type: none"> <li>– Preparation of meeting notices, proxies and advertisements</li> <li>– Forward notice of meeting to all known creditors</li> <li>– Preparation of meeting file, including agenda,</li> </ul> | <ul style="list-style-type: none"> <li>– Preparation of meeting notices, proxies and advertisements</li> <li>– Forward notice of meeting to all known creditors</li> <li>– Preparation of meeting file, including agenda,</li> </ul> | <ul style="list-style-type: none"> <li>– Preparation and lodgement of minutes of meetings with ASIC</li> <li>– Respond to stakeholder queries and questions immediately following meeting</li> </ul> |   | <ul style="list-style-type: none"> <li>– Preparation of meeting notices, proxies and advertisements</li> <li>– Forward notice of meeting to all known creditors</li> <li>– Preparation of meeting file, including agenda,</li> </ul> |   |

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|                               | certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.<br>– Preparation and lodgement of minutes of meetings with ASIC<br>– Respond to stakeholder queries and questions immediately following meeting | certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.  |   |   | certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.<br>– Preparation and lodgement of minutes of meetings with ASIC<br>– Respond to stakeholder queries and questions immediately following meeting |
| <b>Proposals to creditors</b> | –  | –   | – Preparing proposal notices and voting forms<br>– Forward notice of proposal to all known creditors<br>– Reviewing votes and determining outcome of proposal<br>– Preparation and lodgement of proposal outcome with ASIC                                | – Preparing proposal notices and voting forms<br>– Forward notice of proposal to all known creditors<br>– Reviewing votes and determining outcome of proposal<br>– Preparation and lodgement of proposal outcome with ASIC                                | – Preparing proposal notices and voting forms<br>– Forward notice of proposal to all known creditors<br>– Reviewing votes and determining outcome of proposal<br>– Preparation and lodgement of proposal outcome with ASIC   |
| <b>Employees</b>              | <b>21.40 hours</b><br><b>\$12,685.00</b>   | <b>6.75 hours</b><br><b>\$3,661.78</b>  | <b>0.99 hours</b><br><b>\$536.52</b>  | <b>6.61 hours</b><br><b>\$3,451.70</b>  | <b>43.06 hours</b><br><b>\$21,717.34</b>   |
| <b>Employee enquiries</b>     | – Receive and follow up employee enquiries via telephone and email<br>– Review and prepare correspondence to employees and their representatives via, email and post<br>– Review and consider employee leave requests for approval   | – Receive and follow up employee enquiries via telephone<br>– Receive and prepare correspondence in response to employees' objections to leave entitlements<br>– Prepare for and host employee Town Hall sessions | – Receive and follow up employee enquiries via telephone<br>– Receive and prepare correspondence in response to employees' objections to leave entitlements<br>– Preparation of letters to employees advising of their entitlements and options available | – Receive and follow up employee enquiries via telephone<br>– Receive and prepare correspondence in response to employees' objections to leave entitlements<br>– Preparation of letters to employees advising of their entitlements and options available | – Receive and follow up employee enquiries via telephone<br>– Maintain employee enquiry register<br>– Review and prepare correspondence to creditors and their representatives via facsimile, email and post   |

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|  | <ul style="list-style-type: none"> <li>– Preparation and conducting regular employee Town Halls with management to provide update on the Administration</li> <li>– Liaising with P&amp;C to consider policies and procedures and to discuss employee related matters</li> <li>– Preparing employee FAQs and weekly email updates on Administration progress</li> <li>– Review and sign off employment contracts</li> <li>–</li> </ul> | <ul style="list-style-type: none"> <li>– Preparation of letters to employees advising of their entitlements and options available</li> </ul>  |   |   | <ul style="list-style-type: none"> <li>– Preparation of letters to employees advising of their entitlements and options available</li> <li>– Receive and prepare correspondence in response to employees' objections to leave entitlements</li> </ul> |
| <b>Fair Entitlements Guarantee (FEG)</b> | –   |   |   |   | <ul style="list-style-type: none"> <li>– Correspondence with FEG</li> <li>– Preparing notification spreadsheet</li> <li>– Preparing FEG quotations</li> <li>– Preparing FEG verification</li> <li>– Completing FEG questionnaires</li> </ul>          |
| <b>Calculation of entitlements</b>       | <ul style="list-style-type: none"> <li>– Calculating employee entitlements</li> <li>– Reviewing employee files and Company's books and records</li> <li>– Reconciling superannuation accounts</li> <li>– Reviewing awards and contracts</li> </ul>  | <ul style="list-style-type: none"> <li>– Calculating employee entitlements</li> <li>– Reconciling superannuation accounts</li> <li>– Reviewing awards and contracts</li> <li>– Reviewing claims by former employees for outstanding claims</li> </ul> | <ul style="list-style-type: none"> <li>– Calculating employee entitlements</li> <li>– Reconciling superannuation accounts</li> <li>– Reviewing awards and contracts</li> <li>– Reviewing claims by former employees for outstanding claims</li> </ul> | <ul style="list-style-type: none"> <li>– Calculating employee entitlements</li> <li>– Reconciling superannuation accounts</li> <li>– Reviewing awards and contracts</li> <li>– Reviewing claims by former employees for outstanding claims</li> </ul> | <ul style="list-style-type: none"> <li>– Calculating employee entitlements</li> <li>– Reviewing employee files and Company's books and records</li> <li>– Reconciling superannuation accounts</li> <li>– Reviewing awards and contracts</li> </ul>    |

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|                                       | <ul style="list-style-type: none"> <li>– Reviewing claims by former employees for outstanding claims</li> <li>–</li> </ul> | <ul style="list-style-type: none"> <li>– Liaising with solicitors regarding entitlements</li> </ul>  | <ul style="list-style-type: none"> <li>– Liaising with solicitors regarding entitlements</li> </ul>  | <ul style="list-style-type: none"> <li>– Liaising with solicitors regarding entitlements</li> </ul>  | <ul style="list-style-type: none"> <li>– Reviewing claims by former employees for outstanding claims</li> <li>– Liaising with solicitors regarding entitlements</li> </ul>  |
| <b>Employee dividend distribution</b> |  |  | <ul style="list-style-type: none"> <li>– Receipting POD</li> </ul>   | <ul style="list-style-type: none"> <li>– Correspondence with employees regarding dividend</li> <li>– Correspondence with ATO regarding SGC POD</li> <li>– Calculating dividend rate</li> <li>– Preparing dividend file</li> <li>– Advertising dividend notice</li> <li>– Preparing distribution</li> <li>– Adjudicating POD</li> <li>– Ensuring PAYG is remitted to ATO</li> </ul> | <ul style="list-style-type: none"> <li>– Correspondence with employees regarding dividend</li> <li>– Correspondence with ATO regarding SGC POD</li> <li>– Calculating dividend rate</li> <li>– Preparing dividend file</li> <li>– Advertising dividend notice</li> <li>– Preparing distribution</li> <li>– Receipting POD</li> <li>– Adjudicating POD</li> <li>– Ensuring PAYG is remitted to ATO</li> </ul>                          |
| <b>Workers' compensation</b>          |  | <ul style="list-style-type: none"> <li>– Receipt of claim</li> <li>– Liaising with claimant</li> <li>– Liaising with insurers and solicitors regarding claims</li> <li>– Correspondence with insurer regarding ongoing workers' compensation insurance requirements</li> </ul> | <ul style="list-style-type: none"> <li>– Receipt of claim</li> <li>– Liaising with claimant</li> <li>– Liaising with insurers and solicitors regarding claims</li> <li>– Correspondence with insurer regarding ongoing workers' compensation insurance requirements</li> </ul> | <ul style="list-style-type: none"> <li>– Liaising with claimant</li> <li>– Liaising with insurers and solicitors regarding claims</li> <li>– Correspondence with insurer regarding ongoing workers' compensation insurance requirements</li> </ul>   | <ul style="list-style-type: none"> <li>– Receipt of claim</li> <li>– Liaising with claimant</li> <li>– Liaising with insurers and solicitors regarding claims</li> <li>– Identification of potential issues requiring attention of insurance specialists</li> <li>– Correspondence with insurer regarding initial and ongoing workers' compensation insurance requirements</li> <li>– Correspondence with previous brokers</li> </ul> |

|                              |   |   |  |   |  |
|------------------------------|---|---|--|---|--|
| <b>Other employee issues</b> | –   |   |  | – Correspondence with Child Support<br>– Correspondence with Centrelink | – Correspondence with Child Support<br>– Correspondence with Centrelink  |
| <b>Trade on</b>              | <b>257.80 hours</b><br><b>\$119,669.00</b>  | <b>24.67 hours</b><br><b>\$15,855.50</b>  | <b>7.00 hours</b><br><b>\$4,698.88</b>   |   | <b>186.59 hours</b><br><b>\$94,108.47</b>  |
| <b>Trade on management</b>   | <ul style="list-style-type: none"> <li>– Liaising with management and staff in relation to operational matters</li> <li>– Authorising purchase orders</li> <li>– Maintaining purchase order register</li> <li>– Reviewing and processing payroll</li> <li>– Notification of authorities as required, including arranging access to key systems</li> <li>– Reviewing contracts and onboarding documents, including instructing a legal review</li> <li>– Liaising with commercial customers as required</li> <li>– Considering the engagement of new trainers and expenditure requirements on existing trainers</li> <li>– Liaising with the provider of the customer relationship management platform, and settling amended terms and conditions</li> </ul> | <ul style="list-style-type: none"> <li>– Liaising with management and staff in relation to operational matters</li> <li>– Authorising purchase orders</li> <li>– Maintaining purchase order register</li> <li>– Reviewing and processing payroll</li> <li>– Considering matters to handover to the incoming purchaser</li> <li>– Planning work associated with the finalisation of trading accounts and position</li> </ul> | <ul style="list-style-type: none"> <li>– Liaising with management and staff in relation to operational matters</li> <li>– Authorising purchase orders</li> <li>– Maintaining purchase order register</li> <li>– Reviewing and processing payroll</li> <li>– Progressing the handover of operational and trading matters to the incoming purchaser</li> <li>– Finalising trading accounts and position</li> </ul> |   | <ul style="list-style-type: none"> <li>– Finalising trading position</li> <li>– Preparation of a closure strategy, and undertaking tasks to implement same</li> <li>– Liaising with staff in relation to implementing the wind down strategy</li> <li>– Preparing correspondence to customers and suppliers regarding the cessation of trade</li> <li>–</li> </ul> |

|   |  |   |   |  |
|---|--|---|---|--|
| <b>Processing receipts and payments</b> | <ul style="list-style-type: none"> <li>– Preparing and authorising receipt vouchers</li> <li>– Preparing and authorising payment vouchers</li> <li>– Entering receipts and payments into accounting system</li> </ul>  | <ul style="list-style-type: none"> <li>– Preparing and authorising receipt vouchers</li> <li>– Preparing and authorising payment vouchers</li> <li>– Entering receipts and payments into accounting system</li> </ul> | <ul style="list-style-type: none"> <li>– Preparing and authorising receipt vouchers</li> <li>– Preparing and authorising payment vouchers</li> <li>– Entering receipts and payments into accounting system</li> </ul> | <ul style="list-style-type: none"> <li>– Preparing and authorising receipt vouchers</li> <li>– Preparing and authorising payment vouchers</li> <li>– Entering receipts and payments into accounting system</li> </ul>  |
| <b>Investigation</b>                    | <b>31.50 hours</b><br><b>\$13,610.50</b>   |   |   | <b>57.41 hours</b><br><b>\$28,956.45</b>   |
| <b>Conducting investigation</b>         | <ul style="list-style-type: none"> <li>– Reviewing Company's books and records</li> <li>– Review and preparation of Company nature and history</li> <li>– Conducting and summarising statutory searches</li> <li>– Preparation of comparative financial statements</li> <li>– Review of specific transactions and liaising with directors regarding certain transactions</li> <li>– Preparation of investigation file</li> </ul> |   |   | <ul style="list-style-type: none"> <li>– Collection of Company books and records</li> <li>– Reviewing Company's books and records</li> <li>– Review of specific transactions and liaising with directors regarding certain transactions</li> <li>– Preparation of investigation file</li> <li>– Lodgement of investigation with ASIC</li> <li>– Preparation and lodgement of supplementary report if required</li> </ul> |
| <b>ASIC reporting</b>                   | <ul style="list-style-type: none"> <li>– Liaising with ASIC</li> </ul>   |   |   | <ul style="list-style-type: none"> <li>– Preparing statutory investigation reports</li> <li>– Liaising with ASIC</li> </ul>  |
| <b>Dividend</b>                         |  |   | <b>14.87 hours</b><br><b>\$7,766.33</b>   | <b>57.41 hours</b><br><b>\$28,956.45</b>   |

|   |   |   |
|---|---|---|
| <p><b>Processing proofs of debt (POD)</b></p> | <ul style="list-style-type: none"> <li>– Preparation of correspondence to potential creditors inviting lodgement of POD</li> <li>– Receipt of POD</li> <li>– Maintain POD register</li> <li>– Adjudicating POD</li> <li>– Request further information from claimants regarding POD</li> <li>– Preparation of correspondence to claimant advising outcome of adjudication</li> </ul>   | <ul style="list-style-type: none"> <li>– Preparation of correspondence to potential creditors inviting lodgement of POD</li> <li>– Receipt of POD</li> <li>– Maintain POD register</li> <li>– Adjudicating POD</li> <li>– Request further information from claimants regarding POD</li> <li>– Preparation of correspondence to claimant advising outcome of adjudication</li> </ul>   |
| <p><b>Dividend procedures</b></p>             | <ul style="list-style-type: none"> <li>– Preparation of correspondence to creditors advising of intention to declare dividend</li> <li>– Advertisement of intention to declare dividend</li> <li>– Obtain clearance from ATO to allow distribution of Company's assets</li> <li>– Preparation of dividend calculations</li> <li>– Preparation of correspondence to creditors announcing declaration of dividend</li> <li>– Advertise announcement of dividend</li> <li>– Preparation of distribution</li> <li>– Preparation of dividend file</li> </ul> | <ul style="list-style-type: none"> <li>– Preparation of correspondence to creditors advising of intention to declare dividend</li> <li>– Advertisement of intention to declare dividend</li> <li>– Obtain clearance from ATO to allow distribution of Company's assets</li> <li>– Preparation of dividend calculations</li> <li>– Preparation of correspondence to creditors announcing declaration of dividend</li> <li>– Advertise announcement of dividend</li> <li>– Preparation of distribution</li> <li>– Preparation of dividend file</li> </ul> |

|   |   |  |  |  |  |
|---|---|--|--|--|--|
|   |   |  |  | – Preparation of payment vouchers to pay dividend  | – Preparation of payment vouchers to pay dividend  |
|   |   |  |  | – Preparation of correspondence to creditors enclosing payment of dividend   | – Preparation of correspondence to creditors enclosing payment of dividend   |
| <b>Administration</b>                               | <b>47.70 hours</b><br><b>\$20,317.50</b>  | <b>7.48 hours</b><br><b>\$3,258.18</b>   | <b>1.10 hours</b><br><b>\$477.39</b>   | <b>4.96 hours</b><br><b>\$2,588.78</b>   | <b>86.12 hours</b><br><b>\$43,434.68</b>   |
| <b>Correspondence</b>                               | – General correspondence  | – General correspondence   | – General correspondence   | – General correspondence   | – General correspondence   |
| <b>Document maintenance, file review, checklist</b> | – Administration reviews<br>– Filing of documents<br>– File reviews<br>– Updating checklists  | – Administration reviews<br>– Filing of documents<br>– File reviews<br>– Updating checklists   | – Administration reviews<br>– Filing of documents<br>– File reviews<br>– Updating checklists   | – Administration reviews<br>– Filing of documents<br>– File reviews<br>– Updating checklists   | – Administration reviews<br>– Filing of documents<br>– File reviews<br>– Updating checklists<br>–  |
| <b>Insurance</b>                                    | – Identification of potential issues requiring attention of insurance specialists<br>– Correspondence with insurer regarding initial and ongoing insurance requirements<br>– Reviewing insurance policies | – Identification of potential issues requiring attention of insurance specialists<br>– Correspondence with insurer regarding ongoing insurance requirements                          | – Identification of potential issues requiring attention of insurance specialists<br>– Correspondence with insurer regarding ongoing insurance requirements                          | – Identification of potential issues requiring attention of insurance specialists<br>– Correspondence with insurer regarding ongoing insurance requirements                          | – Identification of potential issues requiring attention of insurance specialists<br>– Correspondence with insurer regarding ongoing insurance requirements<br>–                     |
| <b>Bank account Administration</b>                  | – Preparing correspondence opening and closing accounts<br>– Requesting bank statements<br>– Bank account reconciliations<br>– Correspondence with bank regarding specific transfers                      | – Preparing correspondence opening and closing accounts<br>– Requesting bank statements<br>– Bank account reconciliations<br>– Correspondence with bank regarding specific transfers | – Preparing correspondence opening and closing accounts<br>– Requesting bank statements<br>– Bank account reconciliations<br>– Correspondence with bank regarding specific transfers | – Preparing correspondence opening and closing accounts<br>– Requesting bank statements<br>– Bank account reconciliations<br>– Correspondence with bank regarding specific transfers | – Preparing correspondence opening and closing accounts<br>– Requesting bank statements<br>– Bank account reconciliations<br>– Correspondence with bank regarding specific transfers |

|  |   |   |   |   |  |
|--|---|---|---|---|--|
| <b>ASIC forms and lodgements</b>         | – Preparing and lodging ASIC forms  | – Preparing and lodging ASIC forms                          | – Preparing and lodging ASIC forms  | – Preparing and lodging ASIC forms  | – Preparing and lodging ASIC forms   |
| <b>ATO and other statutory reporting</b> | – Notification of appointment<br>– Preparing BASs<br>– Completing STP reporting obligations | – Preparing BASs<br>– Completing STP reporting obligations  | – Notification of appointment<br>– Preparing BASs<br>– Completing STP reporting obligations | – Notification of appointment<br>– Preparing BASs<br>– Completing STP reporting obligations | – Notification of appointment<br>– Preparing BASs<br>– Completing STP reporting obligations                                  |
| <b>Finalisation</b>                      |   |   | – Completing checklists<br>– Notifying ATO of finalisation<br>– Finalising WIP              | – Completing checklists<br>– Notifying ATO of finalisation<br>– Finalising WIP              | – Notifying ATO of finalisation<br>– Cancelling ABN / GST / PAYG registration<br>– Completing checklists<br>– Finalising WIP |
| <b>Planning / Review</b>                 | – Discussions regarding status / strategy of Administration                                 | - Discussions regarding status / strategy of Administration | - Discussions regarding status / strategy of Administration                                 | - Discussions regarding status / strategy of Administration                                 | Discussions regarding status / strategy of liquidation   |
| <b>Books and records / storage</b>       |   |   |   | – Sending job files to storage  | – Sending job files to storage   |

## Schedule B: Time spent by staff on each major task already completed

The below table sets out time charged to each major task area performed by the Administrators and their staff for the period 25 August 2021 to 19 November 2021, which is the basis of the Resolution 1 claim referred to in **Schedule D**. Please refer to **Schedule A** for further details with respect to the tasks performed.

### DSA

| Employee        | Position           | Rate | Task Areas |            |        |            |           |           |           |           |          |            |               |          |                |           |
|-----------------|--------------------|------|------------|------------|--------|------------|-----------|-----------|-----------|-----------|----------|------------|---------------|----------|----------------|-----------|
|                 |                    |      | Total      |            | Assets |            | Creditors |           | Employees |           | Trade On |            | Investigation |          | Administration |           |
|                 |                    |      | \$/Hr      | hrs        | \$     | hrs        | \$        | hrs       | \$        | hrs       | \$       | hrs        | \$            | hrs      | \$             | hrs       |
| Gayle Dickerson | Partner            | 725  | 197.40     | 143,115.00 | 69.50  | 50,387.50  | 5.70      | 4,132.50  | 37.40     | 27,115.00 | 82.50    | 59,812.50  | 1.50          | 1,087.50 | 0.80           | 580.00    |
| David Hardy     | Partner            | 725  | 1.40       | 1,015.00   | 1.40   | 1,015.00   | -         | -         | -         | -         | -        | -          | -             | -        | -              | -         |
| Michael Khoury  | Partner            | 725  | 41.50      | 30,087.50  | -      | -          | -         | -         | -         | -         | -        | -          | -             | -        | 41.50          | 30,087.50 |
| James Dampney   | Partner            | 725  | 212.70     | 154,207.50 | 1.30   | 942.50     | -         | -         | -         | -         | 211.40   | 153,265.00 | -             | -        | -              | -         |
| Peter Gothard   | Partner            | 725  | 62.30      | 45,167.50  | 4.00   | 2,900.00   | -         | -         | 30.80     | 22,330.00 | 24.00    | 17,400.00  | -             | -        | 3.50           | 2,537.50  |
| Tim Michael     | Partner            | 725  | 0.10       | 72.50      | -      | -          | -         | -         | 0.10      | 72.50     | -        | -          | -             | -        | -              | -         |
| James Dickson   | Director           | 630  | 334.70     | 210,861.00 | 0.90   | 567.00     | 7.70      | 4,851.00  | 0.30      | 189.00    | 316.60   | 199,458.00 | -             | -        | 9.20           | 5,796.00  |
| Scott Gartrell  | Director           | 630  | 13.00      | 8,190.00   | -      | -          | -         | -         | -         | -         | -        | -          | -             | -        | 13.00          | 8,190.00  |
| Ian Sutherland  | Director           | 630  | 283.90     | 178,857.00 | 65.30  | 41,139.00  | -         | -         | 30.10     | 18,963.00 | 178.00   | 112,140.00 | -             | -        | 10.50          | 6,615.00  |
| Darsun Naran    | Director           | 630  | 197.70     | 124,551.00 | 196.80 | 123,984.00 | -         | -         | -         | -         | -        | -          | -             | -        | 0.90           | 567.00    |
| David Kay       | Director           | 630  | 187.20     | 117,936.00 | 85.50  | 53,865.00  | -         | -         | -         | -         | 94.40    | 59,472.00  | -             | -        | 7.30           | 4,599.00  |
| Robyn Duggan    | Director           | 630  | 9.10       | 5,733.00   | 0.30   | 189.00     | 2.30      | 1,449.00  | 4.20      | 2,646.00  | 0.90     | 567.00     | -             | -        | 1.40           | 882.00    |
| Tim Hoskin      | Associate Director | 595  | 366.20     | 217,889.00 | 364.70 | 216,996.50 | -         | -         | -         | -         | -        | -          | -             | -        | 1.50           | 892.50    |
| Melanie Khoo    | Associate Director | 595  | 98.00      | 58,310.00  | 96.50  | 57,417.50  | -         | -         | -         | -         | -        | -          | -             | -        | 1.50           | 892.50    |
| Scott Arnold    | Associate Director | 595  | 17.40      | 10,353.00  | -      | -          | -         | -         | -         | -         | -        | -          | -             | -        | 17.40          | 10,353.00 |
| Martie Livanos  | Associate Director | 595  | 83.70      | 49,801.50  | -      | -          | 18.00     | 10,710.00 | 6.40      | 3,808.00  | 21.20    | 12,614.00  | -             | -        | 38.10          | 22,669.50 |
| Sean Powell     | Associate Director | 595  | 28.60      | 17,017.00  | -      | -          | -         | -         | -         | -         | -        | -          | -             | -        | 28.60          | 17,017.00 |

|                     |                    |     |        |            |       |           |       |           |        |            |        |           |       |           |        |           |
|---------------------|--------------------|-----|--------|------------|-------|-----------|-------|-----------|--------|------------|--------|-----------|-------|-----------|--------|-----------|
| Greg Pitt           | Associate Director | 595 | 93.50  | 55,632.50  | 0.70  | 416.50    | 45.80 | 27,251.00 | 3.90   | 2,320.50   | 9.90   | 5,890.50  | -     | -         | 33.20  | 19,754.00 |
| Helie Clark         | Associate Director | 595 | 289.60 | 172,312.00 | 21.60 | 12,852.00 | 0.30  | 178.50    | 220.00 | 130,900.00 | 26.60  | 15,827.00 | -     | -         | 21.10  | 12,554.50 |
| Thomas Austin       | Associate Director | 595 | 324.30 | 192,958.50 | 86.30 | 51,348.50 | 9.30  | 5,533.50  | 8.80   | 5,236.00   | 157.50 | 93,712.50 | 15.20 | 9,044.00  | 47.20  | 28,084.00 |
| Julian Shii         | Associate Director | 595 | 114.50 | 68,127.50  | 15.00 | 8,925.00  | 8.00  | 4,760.00  | -      | -          | 91.50  | 54,442.50 | -     | -         | -      | -         |
| Julian Shii         | Manager            | 530 | 141.50 | 74,995.00  | 10.50 | 5,565.00  | -     | -         | -      | -          | 131.00 | 69,430.00 | -     | -         | -      | -         |
| Phoebe Noon         | Manager            | 530 | 285.30 | 151,209.00 | 0.40  | 212.00    | 31.50 | 16,695.00 | 9.80   | 5,194.00   | 151.10 | 80,083.00 | 53.70 | 28,461.00 | 38.80  | 20,564.00 |
| Sam Stewart         | Manager            | 530 | 88.50  | 46,905.00  | 47.00 | 24,910.00 | -     | -         | 34.50  | 18,285.00  | 3.00   | 1,590.00  | -     | -         | 4.00   | 2,120.00  |
| Samuel Cohen-Cooke  | Manager            | 530 | 4.10   | 2,173.00   | 4.10  | 2,173.00  | -     | -         | -      | -          | -      | -         | -     | -         | -      | -         |
| Kelsey Gill         | Manager            | 530 | 9.00   | 4,770.00   | -     | -         | -     | -         | -      | -          | 9.00   | 4,770.00  | -     | -         | -      | -         |
| Jackson Adcock      | Manager            | 530 | 128.80 | 68,264.00  | -     | -         | 12.80 | 6,784.00  | -      | -          | 116.00 | 61,480.00 | -     | -         | -      | -         |
| Samuel Cohen-Cooke  | Executive          | 450 | 8.00   | 3,600.00   | 8.00  | 3,600.00  | -     | -         | -      | -          | -      | -         | -     | -         | -      | -         |
| Kelsey Gill         | Executive          | 450 | 41.50  | 18,675.00  | -     | -         | -     | -         | -      | -          | 41.50  | 18,675.00 | -     | -         | -      | -         |
| Jackson Adcock      | Executive          | 450 | 159.30 | 71,685.00  | -     | -         | 1.60  | 720.00    | 0.60   | 270.00     | 155.60 | 70,020.00 | -     | -         | 1.50   | 675.00    |
| Rajat Porwal        | Executive          | 450 | 206.70 | 93,015.00  | 10.50 | 4,725.00  | 3.00  | 1,350.00  | 112.20 | 50,490.00  | 12.00  | 5,400.00  | 0.60  | 270.00    | 68.40  | 30,780.00 |
| Ella Bricknell      | Executive          | 450 | 75.50  | 33,975.00  | 57.50 | 25,875.00 | -     | -         | -      | -          | 16.50  | 7,425.00  | -     | -         | 1.50   | 675.00    |
| Christopher Boudlev | Executive          | 450 | 65.30  | 29,385.00  | -     | -         | -     | -         | -      | -          | -      | -         | -     | -         | 65.30  | 29,385.00 |
| Shirley Ruan        | Executive          | 450 | 3.30   | 1,485.00   | -     | -         | -     | -         | 3.30   | 1,485.00   | -      | -         | -     | -         | -      | -         |
| Haydn Williams      | Executive          | 450 | 38.00  | 17,100.00  | -     | -         | -     | -         | -      | -          | -      | -         | -     | -         | 38.00  | 17,100.00 |
| Nathan Gelb         | Executive          | 450 | 197.10 | 88,695.00  | -     | -         | -     | -         | -      | -          | 197.10 | 88,695.00 | -     | -         | -      | -         |
| Alexandra Lloyd     | Analyst            | 375 | 8.30   | 3,112.50   | -     | -         | 6.80  | 2,550.00  | -      | -          | 1.50   | 562.50    | -     | -         | -      | -         |
| Nathan Gelb         | Analyst            | 375 | 52.50  | 19,687.50  | -     | -         | -     | -         | -      | -          | 52.50  | 19,687.50 | -     | -         | -      | -         |
| Mitchell Grimmond   | Analyst            | 375 | 10.10  | 3,787.50   | -     | -         | -     | -         | -      | -          | -      | -         | -     | -         | 10.10  | 3,787.50  |
| Hamish Foley        | Analyst            | 375 | 238.20 | 89,325.00  | -     | -         | 35.90 | 13,462.50 | 7.60   | 2,850.00   | 92.70  | 34,762.50 | 0.60  | 225.00    | 101.40 | 38,025.00 |
| Tommy Lee           | Analyst            | 375 | 1.50   | 562.50     | 0.90  | 337.50    | 0.40  | 150.00    | -      | -          | -      | -         | -     | -         | 0.20   | 75.00     |

|                              |                |     |                 |                     |                 |                   |               |                   |               |                   |                 |                     |              |                  |               |                   |
|------------------------------|----------------|-----|-----------------|---------------------|-----------------|-------------------|---------------|-------------------|---------------|-------------------|-----------------|---------------------|--------------|------------------|---------------|-------------------|
| Ian Foo                      | Analyst        | 375 | 205.00          | 76,875.00           | 167.50          | 62,812.50         | -             | -                 | -             | -                 | -               | -                   | -            | -                | 37.50         | 14,062.50         |
| Claudia Bishop               | Analyst        | 375 | 295.70          | 110,887.50          | -               | -                 | -             | -                 | -             | -                 | 286.70          | 107,512.50          | -            | -                | 9.00          | 3,375.00          |
| Sophie Liu                   | Analyst        | 375 | 97.30           | 36,487.50           | -               | -                 | 24.50         | 9,187.50          | 46.00         | 17,250.00         | 0.30            | 112.50              | 11.80        | 4,425.00         | 14.70         | 5,512.50          |
| Lucy Grierson                | Analyst        | 375 | 34.90           | 13,087.50           | 2.20            | 825.00            | 5.60          | 2,100.00          | -             | -                 | 5.00            | 1,875.00            | -            | -                | 22.10         | 8,287.50          |
| Mim Pritchard                | Analyst        | 375 | 6.90            | 2,587.50            | -               | -                 | -             | -                 | 6.50          | 2,437.50          | -               | -                   | -            | -                | 0.40          | 150.00            |
| Jakki Civeriati              | Administration | 250 | 24.50           | 6,125.00            | 24.50           | 6,125.00          | -             | -                 | -             | -                 | -               | -                   | -            | -                | -             | -                 |
| Ramkumar Vinju Ramarao       | Administration | 250 | 16.00           | 4,000.00            | 16.00           | 4,000.00          | -             | -                 | -             | -                 | -               | -                   | -            | -                | -             | -                 |
| Astra Delaguado              | Administration | 250 | 34.40           | 8,600.00            | -               | -                 | -             | -                 | -             | -                 | -               | -                   | -            | -                | 34.40         | 8,600.00          |
| Lisa Brandt                  | Administration | 250 | 5.30            | 1,325.00            | -               | -                 | -             | -                 | -             | -                 | -               | -                   | -            | -                | 5.30          | 1,325.00          |
| Sue Choi                     | Administration | 250 | 4.50            | 1,125.00            | -               | -                 | -             | -                 | -             | -                 | -               | -                   | -            | -                | 4.50          | 1,125.00          |
| <b>Total (excluding GST)</b> |                |     | <b>5,443.80</b> | <b>2,945,700.00</b> | <b>1,358.90</b> | <b>764,105.00</b> | <b>219.20</b> | <b>111,864.50</b> | <b>562.50</b> | <b>311,841.50</b> | <b>2,486.00</b> | <b>1,356,681.50</b> | <b>83.40</b> | <b>43,512.50</b> | <b>733.80</b> | <b>357,695.00</b> |
| <b>GST</b>                   |                |     |                 | <b>294,570.00</b>   |                 | <b>76,410.50</b>  |               | <b>11,186.45</b>  |               | <b>31,184.15</b>  |                 | <b>135,668.15</b>   |              | <b>4,351.25</b>  |               | <b>35,769.50</b>  |
| <b>Total (including GST)</b> |                |     |                 | <b>3,240,270.00</b> |                 | <b>840,515.50</b> |               | <b>123,050.95</b> |               | <b>343,025.65</b> |                 | <b>1,492,349.65</b> |              | <b>47,863.75</b> |               | <b>393,464.50</b> |
| <b>Average Hourly Rate</b>   |                |     |                 | <b>595.22</b>       |                 | <b>618.53</b>     |               | <b>561.36</b>     |               | <b>609.82</b>     |                 | <b>600.30</b>       |              | <b>573.91</b>    |               | <b>536.20</b>     |

Notes:

- 1) Employees names which appear twice have undergone a rate change during the course of the Administration.

## DSAM

| Employee                     | Position           | Rate | Task Areas    |                   |              |                  |              |                  |              |                  |               |                 |                |                  |
|------------------------------|--------------------|------|---------------|-------------------|--------------|------------------|--------------|------------------|--------------|------------------|---------------|-----------------|----------------|------------------|
|                              |                    |      | Total         |                   | Creditors    |                  | Employees    |                  | Trade On     |                  | Investigation |                 | Administration |                  |
|                              |                    |      | \$/Hr         | hrs               | \$           | hrs              | \$           | hrs              | \$           | hrs              | \$            | hrs             | \$             |                  |
| Gayle Dickerson              | Partner            | 725  | 23.10         | 16,747.50         | -            | -                | -            | -                | 23.10        | 16,747.50        | -             | -               | -              | -                |
| James Dampney                | Partner            | 725  | 2.50          | 1,812.50          | -            | -                | -            | -                | 2.50         | 1,812.50         | -             | -               | -              | -                |
| James Dickson                | Director           | 630  | 15.90         | 10,017.00         | -            | -                | -            | -                | 15.90        | 10,017.00        | -             | -               | -              | -                |
| Ian Sutherland               | Director           | 630  | 10.20         | 6,426.00          | -            | -                | -            | -                | 10.20        | 6,426.00         | -             | -               | -              | -                |
| Martie Livanos               | Associate Director | 595  | 2.30          | 1,368.50          | 1.30         | 773.50           | -            | -                | -            | -                | -             | -               | 1.00           | 595.00           |
| Greg Pitt                    | Associate Director | 595  | 9.70          | 5,771.50          | 3.70         | 2,201.50         | 0.10         | 59.50            | -            | -                | -             | -               | 5.90           | 3,510.50         |
| Helie Clark                  | Associate Director | 595  | 33.10         | 19,694.50         | -            | -                | 33.10        | 19,694.50        | -            | -                | -             | -               | -              | -                |
| Phoebe Noon                  | Manager            | 530  | 50.60         | 26,818.00         | 11.80        | 6,254.00         | 1.40         | 742.00           | 19.30        | 10,229.00        | 9.30          | 4,929.00        | 8.80           | 4,664.00         |
| Rajat Porwal                 | Executive          | 450  | 4.80          | 2,160.00          | -            | -                | 1.70         | 765.00           | -            | -                | -             | -               | 3.10           | 1,395.00         |
| Alexandra Lloyd              | Analyst            | 375  | 0.60          | 225.00            | 0.60         | 225.00           | -            | -                | -            | -                | -             | -               | -              | -                |
| Hamish Foley                 | Analyst            | 375  | 6.00          | 2,250.00          | -            | -                | -            | -                | -            | -                | -             | -               | 6.00           | 2,250.00         |
| Tommy Lee                    | Analyst            | 375  | 0.20          | 75.00             | -            | -                | -            | -                | -            | -                | -             | -               | 0.20           | 75.00            |
| Claudia Bishop               | Analyst            | 375  | 7.30          | 2,737.50          | -            | -                | -            | -                | 6.60         | 2,475.00         | -             | -               | 0.70           | 262.50           |
| Lucy Grierson                | Analyst            | 375  | 2.40          | 900.00            | -            | -                | -            | -                | -            | -                | -             | -               | 2.40           | 900.00           |
| Astra Delaguiado             | Administration     | 250  | 10.10         | 2,525.00          | -            | -                | -            | -                | -            | -                | -             | -               | 10.10          | 2,525.00         |
| Lisa Brandt                  | Administration     | 250  | 0.50          | 125.00            | -            | -                | -            | -                | -            | -                | -             | -               | 0.50           | 125.00           |
| Sue Choi                     | Administration     | 250  | 0.60          | 150.00            | -            | -                | -            | -                | -            | -                | -             | -               | 0.60           | 150.00           |
| <b>Total (excluding GST)</b> |                    |      | <b>179.90</b> | <b>99,803.00</b>  | <b>17.40</b> | <b>9,454.00</b>  | <b>36.30</b> | <b>21,261.00</b> | <b>77.60</b> | <b>47,707.00</b> | <b>9.30</b>   | <b>4,929.00</b> | <b>39.30</b>   | <b>16,452.00</b> |
| <b>GST</b>                   |                    |      |               | <b>9,980.30</b>   |              | <b>945.40</b>    |              | <b>2,126.10</b>  |              | <b>4,770.70</b>  |               | <b>492.90</b>   |                | <b>1,645.20</b>  |
| <b>Total (including GST)</b> |                    |      |               | <b>109,783.30</b> |              | <b>10,399.40</b> |              | <b>23,387.10</b> |              | <b>52,477.70</b> |               | <b>5,421.90</b> |                | <b>18,097.20</b> |
| <b>Average Hourly Rate</b>   |                    |      |               | <b>610.25</b>     |              | <b>597.67</b>    |              | <b>644.27</b>    |              | <b>676.26</b>    |               | <b>583.00</b>   |                | <b>460.49</b>    |

## METS

| Employee        | Position           | Rate | Task Areas |           |        |           |           |          |           |          |          |           |               |          |                |          |
|-----------------|--------------------|------|------------|-----------|--------|-----------|-----------|----------|-----------|----------|----------|-----------|---------------|----------|----------------|----------|
|                 |                    |      | Total      |           | Assets |           | Creditors |          | Employees |          | Trade On |           | Investigation |          | Administration |          |
|                 |                    |      | \$/Hr      | hrs       | \$     | hrs       | \$        | hrs      | \$        | hrs      | \$       | hrs       | \$            | hrs      | \$             | hrs      |
| Gayle Dickerson | Partner            | 725  | 9.00       | 6,525.00  | 1.00   | 725.00    | -         | -        | -         | -        | 8.00     | 5,800.00  | -             | -        | -              | -        |
| James Dampney   | Partner            | 725  | 39.60      | 28,710.00 | -      | -         | -         | -        | -         | -        | 39.60    | 28,710.00 | -             | -        | -              | -        |
| James Dickson   | Director           | 630  | 4.80       | 3,024.00  | -      | -         | 0.10      | 63.00    | -         | -        | 4.70     | 2,961.00  | -             | -        | -              | -        |
| Ian Sutherland  | Director           | 630  | 14.30      | 9,009.00  | -      | -         | -         | -        | 13.80     | 8,694.00 | 0.50     | 315.00    | -             | -        | -              | -        |
| Darsun Naran    | Director           | 630  | 118.10     | 74,403.00 | 118.10 | 74,403.00 | -         | -        | -         | -        | -        | -         | -             | -        | -              | -        |
| Tim Hoskin      | Associate Director | 595  | 6.00       | 3,570.00  | 6.00   | 3,570.00  | -         | -        | -         | -        | -        | -         | -             | -        | -              | -        |
| Melanie Khoo    | Associate Director | 595  | 49.80      | 29,631.00 | 49.80  | 29,631.00 | -         | -        | -         | -        | -        | -         | -             | -        | -              | -        |
| Martie Livanos  | Associate Director | 595  | 8.10       | 4,819.50  | -      | -         | 6.10      | 3,629.50 | -         | -        | -        | -         | -             | -        | 2.00           | 1,190.00 |
| Greg Pitt       | Associate Director | 595  | 11.50      | 6,842.50  | -      | -         | 3.40      | 2,023.00 | -         | -        | -        | -         | -             | -        | 8.10           | 4,819.50 |
| Helie Clark     | Associate Director | 595  | 6.80       | 4,046.00  | 0.80   | 476.00    | 1.70      | 1,011.50 | 4.30      | 2,558.50 | -        | -         | -             | -        | -              | -        |
| Phoebe Noon     | Manager            | 530  | 43.10      | 22,843.00 | 0.30   | 159.00    | 13.90     | 7,367.00 | -         | -        | 10.70    | 5,671.00  | 11.60         | 6,148.00 | 6.60           | 3,498.00 |
| Jackson Adcock  | Manager            | 530  | 5.90       | 3,127.00  | -      | -         | 2.00      | 1,060.00 | -         | -        | 3.90     | 2,067.00  | -             | -        | -              | -        |
| Jackson Adcock  | Executive          | 450  | 9.10       | 4,095.00  | -      | -         | -         | -        | -         | -        | 9.10     | 4,095.00  | -             | -        | -              | -        |
| Rajat Porwal    | Executive          | 450  | 7.30       | 3,285.00  | 0.40   | 180.00    | -         | -        | 2.60      | 1,170.00 | -        | -         | -             | -        | 4.30           | 1,935.00 |
| Nathan Gelb     | Executive          | 450  | 27.50      | 12,375.00 | -      | -         | -         | -        | -         | -        | 27.50    | 12,375.00 | -             | -        | -              | -        |
| Alexandra Lloyd | Analyst            | 375  | 0.80       | 300.00    | -      | -         | 0.80      | 300.00   | -         | -        | -        | -         | -             | -        | -              | -        |
| Nathan Gelb     | Analyst            | 375  | 138.50     | 51,937.50 | -      | -         | -         | -        | -         | -        | 138.50   | 51,937.50 | -             | -        | -              | -        |
| Hamish Foley    | Analyst            | 375  | 21.50      | 8,062.50  | -      | -         | -         | -        | 0.70      | 262.50   | 1.20     | 450.00    | 3.50          | 1,312.50 | 16.10          | 6,037.50 |
| Tommy Lee       | Analyst            | 375  | 0.20       | 75.00     | -      | -         | -         | -        | -         | -        | -        | -         | -             | -        | 0.20           | 75.00    |
| Ian Foo         | Analyst            | 375  | 90.90      | 34,087.50 | 90.90  | 34,087.50 | -         | -        | -         | -        | -        | -         | -             | -        | -              | -        |

|                              |                |     |               |                   |               |                   |              |                  |              |                  |               |                   |              |                  |              |                  |
|------------------------------|----------------|-----|---------------|-------------------|---------------|-------------------|--------------|------------------|--------------|------------------|---------------|-------------------|--------------|------------------|--------------|------------------|
| Claudia Bishop               | Analyst        | 375 | 14.80         | 5,550.00          | -             | -                 | -            | -                | -            | -                | 14.10         | 5,287.50          | -            | -                | 0.70         | 262.50           |
| Sophie Liu                   | Analyst        | 375 | 18.80         | 7,050.00          | -             | -                 | 2.40         | 900.00           | -            | -                | -             | -                 | 16.40        | 6,150.00         | -            | -                |
| Lucy Grierson                | Analyst        | 375 | 0.60          | 225.00            | -             | -                 | -            | -                | -            | -                | -             | -                 | -            | -                | 0.60         | 225.00           |
| Astra Delaquiado             | Administration | 250 | 7.80          | 1,950.00          | -             | -                 | -            | -                | -            | -                | -             | -                 | -            | -                | 7.80         | 1,950.00         |
| Lisa Brandt                  | Administration | 250 | 0.70          | 175.00            | -             | -                 | -            | -                | -            | -                | -             | -                 | -            | -                | 0.70         | 175.00           |
| Sue Choi                     | Administration | 250 | 0.60          | 150.00            | -             | -                 | -            | -                | -            | -                | -             | -                 | -            | -                | 0.60         | 150.00           |
| <b>Total (excluding GST)</b> |                |     | <b>656.10</b> | <b>325,867.50</b> | <b>267.30</b> | <b>143,231.50</b> | <b>30.40</b> | <b>16,354.00</b> | <b>21.40</b> | <b>12,685.00</b> | <b>257.80</b> | <b>119,669.00</b> | <b>31.50</b> | <b>13,610.50</b> | <b>47.70</b> | <b>20,317.50</b> |
| <b>GST</b>                   |                |     |               | <b>32,586.75</b>  |               | <b>14,323.15</b>  |              | <b>1,635.40</b>  |              | <b>1,268.50</b>  |               | <b>11,966.90</b>  |              | <b>1,361.05</b>  |              | <b>2,031.75</b>  |
| <b>Total (including GST)</b> |                |     |               | <b>358,454.25</b> |               | <b>157,554.65</b> |              | <b>17,989.40</b> |              | <b>13,953.50</b> |               | <b>131,635.90</b> |              | <b>14,971.55</b> |              | <b>22,349.25</b> |
| <b>Average Hourly Rate</b>   |                |     |               | <b>546.34</b>     |               | <b>589.43</b>     |              | <b>591.76</b>    |              | <b>652.03</b>    |               | <b>510.61</b>     |              | <b>475.29</b>    |              | <b>468.54</b>    |

## Schedule C – Disbursements

| Period  | Disbursements already incurred (approve actual amount) | Future disbursements (approve basis to a capped amount) If DOCA approved |   |  | If coy wound up Liquidation disbursements      |
|---|--|--|---|--|--|
|   |  | Future disbursements to meeting date                                     | Future disbursements from meeting to ex of DOCA | DOCA disbursements   |  |
|   | 25 August 2021 to 19 November 2021                     | 20 November 2021 to 2 December 2021                                      | From execution of DOCA to finalisation of DOCA  | From execution of Creditors' Trust to finalisation of Creditors' Trust | 2 December 2021 to finalisation of liquidation |
| <b>Amount (ex GST)</b>                                    | <b>\$28,800</b>  | <b>\$8,000 (CAP)</b>   | <b>\$8,000 (CAP)</b>                            | <b>\$8,000 (CAP)</b>   | <b>\$85,000 (CAP)</b>                          |
| <b>Disbursement type</b>                                  | <b>Basis</b>   |  |   |  |  |
| Advertising   | At cost  |  | At cost   |  |  |
| ASIC Charges for appointments and notifiable events       | Refer below  |  | Refer below                                     |  |  |
| Couriers  | At cost  |  | At cost   |  |  |
| Data room hosting (incl 100GB of data + 40 users)         | \$3,500 per month                                      |  | \$3,500 per month                               |  |  |
| Data room hosting (burst user fees above 40 users)        | \$50 per user per month                                |  | \$50 per user per month                         |  |  |
| Data room hosting (burst storage fees per GB above 100GB) | \$10 per GB per month                                  |  | \$10 per GB per month                           |  |  |
| eDiscovery services                                       | Variable   |  | Variable  |  |  |
| Photocopying / printing (outsourced)                      | At cost  |  | At cost   |  |  |
| Postage   | At cost  |  | At cost   |  |  |
| Searches  | At cost  |  | At cost   |  |  |
| Staff travel reimbursement                                | Up to \$100/day  |  | Up to \$100/day                                 |  |  |
| Staff vehicle use   | At prescribed ATO rates                                |  | At prescribed ATO rates                         |  |  |
| Storage and storage transit                               | At cost  |  | At cost   |  |  |
| Telephone calls   | At cost  |  | At cost   |  |  |

## Schedule D – Resolutions

### Remuneration - DSA

#### **Resolution 1 – for work already completed:**

*"That the remuneration of the Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 25 August 2021 to 19 November 2021 be fixed in the amount of \$2,945,700.00, plus any applicable GST, and may be paid."*

#### **Resolution 2 – for work to be completed up to the date of the meeting:**

*"That the future remuneration of the Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 20 November 2021 to 2 December 2021 be fixed up to a maximum amount of \$349,658.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."*

#### **Resolution 3 – for work to be completed during the DOCA (if applicable):**

*"That the future remuneration of the Deed Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Deed of Company Arrangement to the effectuation of the Deed of Company Arrangement be fixed up to a maximum amount of \$313,710.00, plus any applicable GST, but subject to upward revision by resolution of creditors the Committee of Inspection, and that the Deed Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."*

#### **Resolution 4 – for work to be completed during the Creditors Trust (if applicable):**

*"That the future remuneration of the Trustees, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Creditors' Trust to the effectuation of the Creditors' Trust be fixed up to a maximum amount of \$284,463.00, plus any applicable GST, but subject to upward revision by resolution of creditors the Committee of Inspection, and that the Trustees be authorised to make periodic payments on account of such accruing remuneration as incurred."*

#### **Resolution 5 – for work to be completed during the liquidation (if applicable):**

*"That the future remuneration of the Liquidators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 2 December 2021 to the completion of the liquidation be fixed up to a maximum amount of \$2,617,847.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred."*

### Disbursements - DSA

#### **Resolution 1 – for disbursements already incurred:**

*"That the internal disbursements of the Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 25 August 2021 to 19 November 2021 be fixed up to a maximum amount of \$28,800.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make periodic payments on account of such accruing disbursements as incurred."*

#### **Resolution 2 – for disbursements up to the date of the meeting:**

*"That the future internal disbursements of the Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 20 November 2021 to 2 December 2021 be fixed up to a maximum amount of \$5,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make periodic payments on account of such accruing disbursements as incurred."*

#### **Resolution 3 – for future disbursements during the DOCA (if applicable):**

*"That the future internal disbursements of the Deed Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Deed of Company Arrangement to the effectuation of*

the Deed of Company Arrangement be fixed up to a maximum amount of \$5,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Deed Administrators be authorised to make periodic payments on account of such accruing disbursements as incurred."

**Resolution 4 – for future disbursements during the Creditors' Trust (if applicable):**

"That the future internal disbursements of Trustees, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Creditors' Trust to the effectuation of the Creditors' Trust be fixed up to a maximum amount of \$5,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Trustees be authorised to make periodic payments on account of such accruing disbursements as incurred."

**Resolution 5 – for future disbursements during the Liquidation (if applicable):**

"That the future internal disbursements of the Liquidators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 2 December 2021 to the completion of the liquidation be fixed up to a maximum amount of \$50,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make periodic payments on account of such accruing disbursements as incurred."

**Remuneration - DSAM**

**Resolution 1 – for work already completed:**

"That the remuneration of the Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 25 August 2021 to 19 November 2021 be fixed in the amount of \$99,803.00, plus any applicable GST, and may be paid."

**Resolution 2 – for work to be completed up to the date of the meeting:**

"That the future remuneration of the Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 20 November 2021 to 2 December 2021 be fixed up to a maximum amount of \$11,325.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."

**Resolution 3 – for work to be completed during the DOCA (if applicable):**

"That the future remuneration of the Deed Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Deed of Company Arrangement to the effectuation of the Deed of Company Arrangement be fixed up to a maximum amount of \$7,616.00, plus any applicable GST, but subject to upward revision by resolution of creditors the Committee of Inspection, and that the Deed Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."

**Resolution 4 – for work to be completed during the Creditors Trust (if applicable):**

"That the future remuneration of the Trustees, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Creditors' Trust to the effectuation of the Creditors' Trust be fixed up to a maximum amount of \$11,316.00, plus any applicable GST, but subject to upward revision by resolution of creditors the Committee of Inspection, and that the Trustees be authorised to make periodic payments on account of such accruing remuneration as incurred."

**Resolution 5 – for work to be completed during the liquidation (if applicable):**

"That the future remuneration of the Liquidators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 2 December 2021 to the completion of the liquidation be fixed up to a maximum amount of \$88,173.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred."

**Disbursements - DSAM**

**Resolution 1 – for disbursements up to the date of the meeting**

*"That the internal disbursements of the Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 25 August 2021 to 2 December 2021 be fixed up to a maximum amount of \$1,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make periodic payments on account of such accruing disbursements as incurred."*

**Resolution 2 – for future disbursements during the DOCA (if applicable):**

*"That the future internal disbursements of the Deed Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Deed of Company Arrangement to the effectuation of the Deed of Company Arrangement be fixed up to a maximum amount of \$1,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Deed Administrators be authorised to make periodic payments on account of such accruing disbursements as incurred."*

**Resolution 3 – for future disbursements during the Creditors' Trust (if applicable):**

*"That the future internal disbursements of Trustees, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Creditors' Trust to the effectuation of the Creditors' Trust be fixed up to a maximum amount of \$1,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Trustees be authorised to make periodic payments on account of such accruing disbursements as incurred."*

**Resolution 4 – for future disbursements during the Liquidation (if applicable):**

*"That the future internal disbursements of the Liquidators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 2 December 2021 to the completion of the liquidation be fixed up to a maximum amount of \$15,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make periodic payments on account of such accruing disbursements as incurred."*

## **Remuneration - METS**

**Resolution 1 – for work already completed:**

*"That the remuneration of the Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 25 August 2021 to 19 November 2021 be fixed in the amount of \$325,868.00, plus any applicable GST, and may be paid."*

**Resolution 2 – for work to be completed up to the date of the meeting:**

*"That the future remuneration of the Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 20 November 2021 to 2 December 2021 be fixed up to a maximum amount of \$38,647.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."*

**Resolution 3 – for work to be completed during the DOCA (if applicable):**

*"That the future remuneration of the Deed Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Deed of Company Arrangement to the effectuation of the Deed of Company Arrangement be fixed up to a maximum amount of \$8,384.00, plus any applicable GST, but subject to upward revision by resolution of creditors the Committee of Inspection, and that the Deed Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."*

**Resolution 4 – for work to be completed during the Creditors Trust (if applicable):**

*"That the future remuneration of the Trustees, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Creditors' Trust to the effectuation of the Creditors' Trust be fixed up to a maximum amount of \$17,259.00, plus any applicable GST, but subject to upward revision by resolution of creditors the Committee of Inspection, and that the Trustees be authorised to make periodic payments on account of such accruing remuneration as incurred."*

**Resolution 5 – for work to be completed during the liquidation (if applicable):**

*"That the future remuneration of the Liquidators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 2 December 2021 to the completion of the liquidation be fixed up to a maximum amount of \$289,565.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred."*

**Disbursements - METS**

**Resolution 1 – for disbursements up to the date of the meeting**

*"That the internal disbursements of the Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 25 August 2021 to 2 December 2021 be fixed up to a maximum amount of \$2,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make periodic payments on account of such accruing disbursements as incurred."*

**Resolution 2 – for future disbursements during the DOCA (if applicable):**

*"That the future internal disbursements of the Deed Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Deed of Company Arrangement to the effectuation of the Deed of Company Arrangement be fixed up to a maximum amount of \$2,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Deed Administrators be authorised to make periodic payments on account of such accruing disbursements as incurred."*

**Resolution 3 – for future disbursements during the Creditors' Trust (if applicable):**

*"That the future internal disbursements of Trustees, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Creditors' Trust to the effectuation of the Creditors' Trust be fixed up to a maximum amount of \$2,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Trustees be authorised to make periodic payments on account of such accruing disbursements as incurred."*

**Resolution 4 – for future disbursements during the Liquidation (if applicable):**

*"That the future internal disbursements of the Liquidators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 2 December 2021 to the completion of the liquidation be fixed up to a maximum amount of \$20,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make periodic payments on account of such accruing disbursements as incurred."*

## G – ARITA creditor information sheet

### Creditor Information Sheet

#### Offences, Recoverable transactions and Insolvent Trading



##### Offences

A summary of offences that may be identified by the administrator:

| Section | Offence  |
|---------|--|
| 180     | Failure by officer to exercise a reasonable degree of care and diligence in the exercise of his powers and the discharge of his duties.  |
| 181     | Failure to act in good faith.  |
| 182     | Making improper use of position as an officer or employee, to gain, directly or indirectly, an advantage.  |
| 183     | Making improper use of information acquired by virtue of his position.   |
| 184     | Reckless or intentional dishonesty in failing to exercise duties in good faith for proper purpose. Use of position or information dishonestly to gain advantage or cause detriment.  |
| 206A    | Contravening an order against taking part in management of a corporation.  |
| 206A, B | Taking part in management of corporation while being an insolvent under an administration.   |
| 206A, B | Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.  |
| 209(3)  | Dishonest failure to observe requirements on making loans to directors or related companies.   |
| 254T    | Paying dividends except out of profits.  |
| 286     | Failure to keep proper accounting records.   |
| 312     | Obstruction of auditor.  |
| 314-7   | Failure to comply with requirements for financial statement preparation.   |
| 437C    | Performing or exercising a function or power as officer while a company is under administration.   |
| 437D(5) | Unauthorised dealing with company's property during administration.  |
| 438B(4) | Failure by directors to assist administrator, deliver records and provide information.   |
| 438C(5) | Failure to deliver up books and records to administrator.  |
| 590     | Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors. |

##### Voidable Transactions

###### Preferences

A preference is a transaction such as a payment between the company and one or more of its creditors, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant time period is six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Where a creditor receives a preferred payment, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under either the Corporations Act.

###### Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation.

However, if a related entity is a party to the transaction, the time period is four years and if the intention of the transaction is to defeat creditors, the time period is ten years.

The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

#### *Unfair Loan*

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only have to have been entered into any time on or before the day when the winding up began.

#### *Arrangements to avoid employee entitlements*

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

#### *Unreasonable payments to directors*

Liquidators have the power to reclaim "unreasonable payments" made to directors by companies prior to liquidation. The provision relates to transactions made to, on behalf of, or for the benefit of, a director or close associate of a director. To fall within the scope of the section, the transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

#### *Voidable charges*

Certain charges are voidable by a liquidator:

- Circulating security interest created with six months of the liquidation unless it secures a subsequent advance;
- Unregistered charges; and
- Charges in favour of related parties who attempt to enforce the charge within 6 months of its creation.

#### *Insolvent Trading*

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they actually did so expect;
- they did not take part in management for illness or some other good reason; or,
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.

## H – Short guide to the Creditors’ Portal

---

We are using the Creditors’ Portal as the primary tool for communicating with creditors and managing claims.

We have prepared this short guide to assist you as a creditor to understand the process that you must undertake to ensure you are appropriately registered as a creditor of the Company.

Please note, the email registered on the Creditors’ Portal will receive all notifications including circulars and reports issued by the Administrators.

Please refer to the following link for further guidance on how to register, submit and manage a claim:

<https://creditors.accountants/Help>

### Step 1: Register



- Register as a user at the following link: <https://creditors.accountants/> (use chrome, edge or firefox).
- You will receive a confirmation email to verify your account (verify your email address within 24 hours of registering as a user).
- Once verified, you will be redirected to the Portal.
- If you are already a registered user, please skip to “Login” below.

### Step 2: Log in



- Log into the Portal using your username and password.
- You will be redirected to a screen where you need to input the following details:
  - Company creditor – an ABN; or
  - Individual creditor – first and last name.
- You will be prompted to make a declaration to confirm that you are authorised to act on behalf of the company or individual and agree on how you wish to receive future correspondence.

### Step 3: Link creditor



- Once you have completed your declaration, you will be redirected to the Portal landing page where you can view the Company under “Recent Interactions”.
- If you cannot view the Company listed on the landing page you may need a creditor code to link your profile to the Company.
- Please contact the Administrators for a unique code to register your claim.
- Once you receive your creditor code, log in and click on your user name in the top right hand side and click on “Creditor Admin” and input your code and click “Link”
- There will be an option to provide an ABN (if relevant) for company creditors, click “I do not have an ABN” (individuals) and then click “continue”

#### Step 4: View company and documents



- You will be able to view the Company on the landing page or under the “Debtors” tab and click “My debtors” or “My claims”. Click on “Details” to be directed to the Company.
- You will be able to view any documents uploaded under the “Documents” tab that relate to the Company.
- There are additional resources that you can also access under the “Resources” tab.

#### Step 5: Submit a Formal Proof of Debt Form (POD)



- You will be able to view the Company on the landing page or under the “Debtors” tab and click “My debtors” or “My claims”. Click on “Details” to be directed to the Company.
- Click on the “Proof of Debt” tab.
- Click on the “Submit” button and start completing the POD form.
- Tick “No” to the question “Is your proof of debt informal”. If you are an employee creditor, this will not be an option.
- Upload any supporting documentation for consideration.
- Press “Next” and “Submit”

#### Step 6: Be admitted for voting (performed by the Administrators)



- Once you have submitted a POD with supporting documentation, we will evaluate your claim to admit for voting purposes at the online meeting .
- If necessary, the Administrators will request further information with respect to your claim.
- The Administrators will announce your admission status once the online meeting commences.

#### Step 7: Appoint a proxy (required for company creditors, optional for individuals)



- If you are a company creditor or individual that is appointing the Chairperson or an alternative person to vote (alternate email to the email registered initially) please complete a proxy form attached to the report to creditors and submit **via email** to the Administrators
- The Administrators will provide the nominated proxy holder with a unique creditor code prior to the meeting for voting purposes only.
- The nominated proxy holder will need to register on the Portal (**Step 1 to Step 3**) to be provided with access to vote at the online meeting on behalf of the creditor.

#### Step 8: Voting at the online meeting



- You will only be able to vote from the time the online meeting commences (one hour before).
- Log into the Portal and click on “Open for voting” on the landing page or the “Debtors” tab and “My debtors” and click on the relevant company.
- You will be able to view the online meeting under the “Polls” tab.
- You will be able to view the resolutions on the screen with the option to vote “in favour, against or abstain”.
- If you are a nominated proxy holder, you will be able to view the resolutions and the creditor that you are acting on behalf of.
- The chairperson will read the resolutions, allow you to vote prior to locking the resolutions.
- Please ensure you click “Submit” after placing your votes.

## I – Forms to be completed for the Concurrent Second Meetings

Creditors should review the contents of this report and complete the following forms by **4:00pm** on 1 December 2021:

| Form/ voting   | Where to submit  |
|--|--|
| Appointment of proxy – DSA (form 532)<br>(Annexure I1)           |  |
| Appointment of proxy – DSAM (form 532)<br>(Annexure I2)          | <b>Email:</b> AU-FMDSA@kpmg.com.au   |
| Appointment of proxy – METS (form 532)<br>(Annexure I3)          | <b>Post:</b> PO Box H67, AUSTRALIA SQUARE NSW 1215   |
| COI nomination form<br>(Annexure I4)                             |  |
| Proof of debt - (form 535)* (if one has not been lodged already) | Via Creditors' Portal<br><a href="https://creditors.accountants/">https://creditors.accountants/</a>   |
| Online voting at the meeting of creditors                        | <b>Please contact KPMG by email at AU-FMDSA@kpmg.com.au or by telephone to (07) 3233 9726 at least one business day prior to the Concurrent Second Meetings to advise that you will be using the conference facilities and to be provided with the conference call code.</b> |

*\*Employees do not need to lodge a proof of debt*

# 11 – Appointment of Proxy - DSA

**Form 532 - Appointment of Proxy**  
*Insolvency Practice Rules (Corporations) 2016, Section 75-25*

Return to no later than 1 December 2021 to:  
 KPMG PO Box H67, AUSTRALIA SQUARE NSW 1215  
 Tel: +61 2 9335 7000  
 Fax: +61 2 9335 7001  
 Email: AU-FMDSA@kpmg.com.au

**Indebted Company: Disability Services Australia Limited ACN 002 507 655**

**Date of Appointment: 25/08/2021**

## A. Name and Contact Details of Person or Entity Entitled to Attend Meeting

1

(if entitled in a personal capacity, given name and surname; if a corporate entity, full name of company, etc)

2 of

(address)

3 Tel:

4 Email:

## B. Appointment of Person to Act as Proxy

Note: You may nominate "the Chairperson of the meeting" as your proxy (or your alternate proxy in the event that the first-named proxy is not in attendance).

1 I/We, as named in Section A above, a creditor/employee/contributory/member of the Company, appoint

2

(name of person appointed as proxy)

3

4 or in his / her absence

(address of person appointed as proxy)

5

(name of person appointed as alternate proxy)

6

7 as \*my / \*our proxy

(address of person appointed as alternate proxy)

to vote via the Creditors' Portal at the meeting of creditors to be held on 2 December 2021 at 10:00AM via teleconference, or at any adjournment of that meeting in accordance with the instructions in Section C below.

## C. Voting Instructions

1 \*My / \*Our proxy, as named in Section B above, is entitled to act as \*my / \*our :

2 **general proxy**, to vote on \*my / \*our behalf **and / or**

3 **special proxy**, to vote on \*my / \*our behalf specifically as follows:

| Resolution   | For                      | Against                  | Abstain                  |
|--|--------------------------|--------------------------|--------------------------|
| 1. That the remuneration of the Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 25 August 2021 to 19 November 2021 be fixed in the amount of \$2,945,700.00, plus any applicable GST, and may be paid.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. That the future remuneration of the Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 20 November 2021 to 2 December 2021 be fixed up to a maximum amount of \$349,658.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| Resolution  | For                      | Against                  | Abstain                  |
|---|--------------------------|--------------------------|--------------------------|
| periodic payments on account of such accruing remuneration as incurred.   |                          |                          |                          |
| 3. That the internal disbursements of the Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 25 August 2021 to 19 November 2021 be fixed up to a maximum amount of \$28,800.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make periodic payments on account of such accruing disbursements as incurred.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. That the future internal disbursements of the Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 20 November 2021 to 2 December 2021 be fixed up to a maximum amount of \$5,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make periodic payments on account of such accruing disbursements as incurred.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. That, pursuant to Section 439C of the Corporations Act 2001 (the Act), the Company execute a Deed of Company Arrangement, under Part 5.3A of the Act, in the same form as the proposal statement presented to the meeting (even if it differs from the proposed Deed (if any) details of which accompanied the notice of meeting).   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. That the Company be wound up.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. That the Administration should end.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. That the future remuneration of the Deed Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Deed of Company Arrangement to the effectuation of the Deed of Company Arrangement be fixed up to a maximum amount of \$313,710.00, plus any applicable GST, but subject to upward revision by resolution of creditors the Committee of Inspection, and that the Deed Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred.             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. That the future internal disbursements of the Deed Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Deed of Company Arrangement to the effectuation of the Deed of Company Arrangement be fixed up to a maximum amount of \$5,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Deed Administrators be authorised to make periodic payments on account of such accruing disbursements as incurred. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. That the future remuneration of the Trustees, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Creditors' Trust to the effectuation of the Creditors' Trust be fixed up to a maximum amount of \$284,463.00, plus any applicable GST, but subject to upward revision by resolution of creditors the Committee of Inspection, and that the Trustees be authorised to make periodic payments on account of such accruing remuneration as incurred.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. That the future internal disbursements of Trustees, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Creditors' Trust to the effectuation of the Creditors' Trust be fixed up to a maximum amount of \$5,000.00, plus any applicable GST, but subject to upward revision by resolution  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| Resolution  | For                      | Against                  | Abstain                  |
|---|--------------------------|--------------------------|--------------------------|
| of creditors or the Committee of Inspection, and that the Trustees be authorised to make periodic payments on account of such accruing disbursements as incurred.   |                          |                          |                          |
| 12. <i>Committee of inspection resolution to be determined and voted on at the meeting by creditors (if applicable).</i>  |                          |                          |                          |
| 13. <i>Alternative liquidator resolution to be determined and voted on at the meeting by creditors (if applicable).</i>   |                          |                          |                          |
| 14. That, pursuant to Section 477(2A) of the Corporations Act 2001, creditors authorise the Liquidators to compromise a debt owed to the Company up to a maximum limit of \$100,000.00.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. That, pursuant to Section 477(2B) of the Corporations Act 2001, creditors authorise the Liquidators to enter into any agreement on the Company's behalf where:<br>a) the term of the agreement may end; or<br>b) obligations of a party to the agreement may, according to the terms of the agreement, be discharged by performance; more than three months after the agreement is entered into.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. That, subject to obtaining the approval of the Australian Securities & Investments Commission ( <b>ASIC</b> ) pursuant to Section 70-35 of Schedule 2 to the Act, the books and records of the Company and of the Liquidators be disposed of by the Liquidators 12 months after the dissolution of the Company or earlier at the discretion of ASIC.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. That the future remuneration of the Liquidators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 2 December 2021 to the completion of the liquidation be fixed up to a maximum amount of \$2,617,847.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred.            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 18. That the future internal disbursements of the Liquidators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 2 December 2021 to the completion of the liquidation be fixed up to a maximum amount of \$50,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make periodic payments on account of such accruing disbursements as incurred. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

#### D. Signature

<sup>1</sup> Dated:

<sup>2</sup> Signature:

<sup>3</sup> Name / Capacity:

## I2 – Appointment of Proxy - DSAM

**Form 532 - Appointment of Proxy**  
*Insolvency Practice Rules (Corporations) 2016, Section 75-25*

Return to no later than 1 December 2021 to:  
 KPMG PO Box H67, AUSTRALIA SQUARE NSW 1215  
 Tel: +61 2 9335 7000  
 Fax: +61 2 9335 7001  
 Email: AU-FMDSA@kpmg.com.au

**Indebted Company: DSA Mentoring Services Limited ACN 629 308 881**

**Date of Appointment: 25/08/2021**

### A. Name and Contact Details of Person or Entity Entitled to Attend Meeting

1

(if entitled in a personal capacity, given name and surname; if a corporate entity, full name of company, etc)

2 of

(address)

3 Tel:

4 Email:

### B. Appointment of Person to Act as Proxy

Note: You may nominate "the Chairperson of the meeting" as your proxy (or your alternate proxy in the event that the first-named proxy is not in attendance).

1 I/We, as named in Section A above, a creditor/employee/contributory/member of the Company, appoint

2

(name of person appointed as proxy)

3

4 or in his / her absence

(address of person appointed as proxy)

5

(name of person appointed as alternate proxy)

6

7 as \*my / \*our proxy

(address of person appointed as alternate proxy)

to vote via the Creditors' Portal at the meeting of creditors to be held on 2 December 2021 at 10:00AM via teleconference, or at any adjournment of that meeting in accordance with the instructions in Section C below.

### C. Voting Instructions

1 \*My / \*Our proxy, as named in Section B above, is entitled to act as \*my / \*our :

2 **general proxy**, to vote on \*my / \*our behalf **and / or**

3 **special proxy**, to vote on \*my / \*our behalf specifically as follows:

| Resolution  | For                      | Against                  | Abstain                  |
|---|--------------------------|--------------------------|--------------------------|
| 1. That the remuneration of the Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 25 August 2021 to 19 November 2021 be fixed in the amount of \$99,803.00, plus any applicable GST, and may be paid.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. "That the future remuneration of the Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 20 November 2021 to 2 December 2021 be fixed up to a maximum amount of \$11,325.00 , plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| Resolution  | For                      | Against                  | Abstain                  |
|---|--------------------------|--------------------------|--------------------------|
| periodic payments on account of such accruing remuneration as incurred.   |                          |                          |                          |
| 3. That the future internal disbursements of the Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 25 August 2021 to 2 December 2021 be fixed up to a maximum amount of \$1,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make periodic payments on account of such accruing disbursements as incurred.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. That, pursuant to Section 439C of the Corporations Act 2001 (the Act), the Company execute a Deed of Company Arrangement, under Part 5.3A of the Act, in the same form as the proposal statement presented to the meeting (even if it differs from the proposed Deed (if any) details of which accompanied the notice of meeting).   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. That the Company be wound up.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. That the Administration should end.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. That the future remuneration of the Deed Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Deed of Company Arrangement to the effectuation of the Deed of Company Arrangement be fixed up to a maximum amount of \$7,616.00 , plus any applicable GST, but subject to upward revision by resolution of creditors the Committee of Inspection, and that the Deed Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred.              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. That the future internal disbursements of the Deed Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Deed of Company Arrangement to the effectuation of the Deed of Company Arrangement be fixed up to a maximum amount of \$1,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Deed Administrators be authorised to make periodic payments on account of such accruing disbursements as incurred. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. That the future remuneration of the Trustees, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Creditors' Trust to the effectuation of the Creditors' Trust be fixed up to a maximum amount of \$11,316.00, plus any applicable GST, but subject to upward revision by resolution of creditors the Committee of Inspection, and that the Trustees be authorised to make periodic payments on account of such accruing remuneration as incurred.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. That the future internal disbursements of Trustees, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Creditors' Trust to the effectuation of the Creditors' Trust be fixed up to a maximum amount of \$1,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Trustees be authorised to make periodic payments on account of such accruing disbursements as incurred.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. <i>Committee of inspection resolution to be determined and voted on at the meeting by creditors (if applicable).</i>  |                          |                          |                          |
| 12. <i>Alternative liquidator resolution to be determined and voted on at the meeting by creditors (if applicable).</i>   |                          |                          |                          |
| 13. That, pursuant to Section 477(2A) of the Corporations Act 2001, creditors authorise the Liquidators to compromise a debt owed to the Company up to a maximum limit of \$100,000.00.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| Resolution  | For                      | Against                  | Abstain                  |
|---|--------------------------|--------------------------|--------------------------|
| 14. That, pursuant to Section 477(2B) of the Corporations Act 2001, creditors authorise the Liquidators to enter into any agreement on the Company's behalf where:<br>a) the term of the agreement may end; or<br>b) obligations of a party to the agreement may, according to the terms of the agreement, be discharged by performance; more than three months after the agreement is entered into.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. That, subject to obtaining the approval of the Australian Securities & Investments Commission (ASIC) pursuant to Section 70-35 of Schedule 2 to the Act, the books and records of the Company and of the Liquidators be disposed of by the Liquidators 12 months after the dissolution of the Company or earlier at the discretion of ASIC.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. That the future remuneration of the Liquidators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 2 December 2021 to the completion of the liquidation be fixed up to a maximum amount of \$88,173.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred.               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. That the future internal disbursements of the Liquidators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 2 December 2021 to the completion of the liquidation be fixed up to a maximum amount of \$15,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make periodic payments on account of such accruing disbursements as incurred. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

#### D. Signature

<sup>1</sup> Dated:

<sup>2</sup> Signature:

<sup>3</sup> Name / Capacity:

## 13 – Appointment of Proxy - METS

**Form 532 - Appointment of Proxy**  
*Insolvency Practice Rules (Corporations) 2016, Section 75-25*

Return to no later than 1 December 2021 to:  
 KPMG PO Box H67, AUSTRALIA SQUARE NSW 1215  
 Tel: +61 2 9335 7000  
 Fax: +61 2 9335 7001  
 Email: AU-FMDSA@kpmg.com.au

**Indebted Company: Macquarie Employment Training Service Limited ACN 643 269 112**

**Date of Appointment: 25/08/2021**

### A. Name and Contact Details of Person or Entity Entitled to Attend Meeting

<sup>1</sup>

(if entitled in a personal capacity, given name and surname; if a corporate entity, full name of company, etc)

<sup>2</sup> of

(address)

<sup>3</sup> Tel:

<sup>4</sup> Email:

### B. Appointment of Person to Act as Proxy

Note: You may nominate "the Chairperson of the meeting" as your proxy (or your alternate proxy in the event that the first-named proxy is not in attendance).

<sup>1</sup> I/We, as named in Section A above, a creditor/employee/contributory/member of the Company, appoint

<sup>2</sup>

(name of person appointed as proxy)

<sup>3</sup>

<sup>4</sup> or in his / her absence

(address of person appointed as proxy)

<sup>5</sup>

(name of person appointed as alternate proxy)

<sup>6</sup>

<sup>7</sup> as \*my / \*our proxy

(address of person appointed as alternate proxy)

to vote via the Creditors' Portal at the meeting of creditors to be held on 2 December 2021 at 10:00AM via teleconference, or at any adjournment of that meeting in accordance with the instructions in Section C below.

### C. Voting Instructions

<sup>1</sup> \*My / \*Our proxy, as named in Section B above, is entitled to act as \*my / \*our :

<sup>2</sup> **general proxy**, to vote on \*my / \*our behalf **and / or**

<sup>3</sup> **special proxy**, to vote on \*my / \*our behalf specifically as follows:

| Resolution  | For                      | Against                  | Abstain                  |
|---|--------------------------|--------------------------|--------------------------|
| 1. That the remuneration of the Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 25 August 2021 to 19 November 2021 be fixed in the amount of \$325,868.00, plus any applicable GST, and may be paid.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. That the future remuneration of the Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 20 November 2021 to 2 December 2021 be fixed up to a maximum amount of \$38,647.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| Resolution  | For                      | Against                  | Abstain                  |
|---|--------------------------|--------------------------|--------------------------|
| periodic payments on account of such accruing remuneration as incurred.   |                          |                          |                          |
| 3. That the future internal disbursements of the Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 25 August 2021 to 2 December 2021 be fixed up to a maximum amount of \$2,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make periodic payments on account of such accruing disbursements as incurred.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. That, pursuant to Section 439C of the Corporations Act 2001 (the Act), the Company execute a Deed of Company Arrangement, under Part 5.3A of the Act, in the same form as the proposal statement presented to the meeting (even if it differs from the proposed Deed (if any) details of which accompanied the notice of meeting).   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. That the Company be wound up.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. That the Administration should end.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. That the future remuneration of the Deed Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Deed of Company Arrangement to the effectuation of the Deed of Company Arrangement be fixed up to a maximum amount of \$8,384.00, plus any applicable GST, but subject to upward revision by resolution of creditors the Committee of Inspection, and that the Deed Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred.               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. That the future internal disbursements of the Deed Administrators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Deed of Company Arrangement to the effectuation of the Deed of Company Arrangement be fixed up to a maximum amount of \$2,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Deed Administrators be authorised to make periodic payments on account of such accruing disbursements as incurred. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. That the future remuneration of the Trustees, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Creditors' Trust to the effectuation of the Creditors' Trust be fixed up to a maximum amount of \$17,259.00, plus any applicable GST, but subject to upward revision by resolution of creditors the Committee of Inspection, and that the Trustees be authorised to make periodic payments on account of such accruing remuneration as incurred.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. That the future internal disbursements of Trustees, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from the execution of the Creditors' Trust to the effectuation of the Creditors' Trust be fixed up to a maximum amount of \$2,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Trustees be authorised to make periodic payments on account of such accruing disbursements as incurred.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. <i>Committee of inspection resolution to be determined and voted on at the meeting by creditors (if applicable).</i>  |                          |                          |                          |
| 12. <i>Alternative liquidator resolution to be determined and voted on at the meeting by creditors (if applicable).</i>   |                          |                          |                          |
| 13. That, pursuant to Section 477(2A) of the Corporations Act 2001, creditors authorise the Liquidators to compromise a debt owed to the Company up to a maximum limit of \$100,000.00.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| Resolution  | For                      | Against                  | Abstain                  |
|---|--------------------------|--------------------------|--------------------------|
| 14. That, pursuant to Section 477(2B) of the Corporations Act 2001, creditors authorise the Liquidators to enter into any agreement on the Company's behalf where:<br>a) the term of the agreement may end; or<br>b) obligations of a party to the agreement may, according to the terms of the agreement, be discharged by performance; more than three months after the agreement is entered into.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. That, subject to obtaining the approval of the Australian Securities & Investments Commission ( <b>ASIC</b> ) pursuant to Section 70-35 of Schedule 2 to the Act, the books and records of the Company and of the Liquidators be disposed of by the Liquidators 12 months after the dissolution of the Company or earlier at the discretion of ASIC.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. That the future remuneration of the Liquidators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 2 December 2021 to the completion of the liquidation be fixed up to a maximum amount of \$289,565.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred.              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. That the future internal disbursements of the Liquidators, as set out in the Remuneration Approval Request dated 24 November 2021, for the period from 2 December 2021 to the completion of the liquidation be fixed up to a maximum amount of \$20,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make periodic payments on account of such accruing disbursements as incurred. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**D. Signature**

<sup>1</sup> Dated:

<sup>2</sup> Signature:

<sup>3</sup> Name / Capacity:

## Creditor Assistance Sheet: Completing a Proxy Form

### Section A – Name and Contact Details of Person or Entity Entitled to Attend Meeting

1. Insert the full name of the employee, individual, sole trader, partnership or company that the debt is owed to.
2. Insert the address of the employee, individual, sole trader, partnership or company that the debt is owed to.
3. Insert the telephone number of the employee, individual, sole trader, partnership or company that the debt is owed to.
4. Insert the email address of the employee, individual, sole trader, partnership or company that the debt is owed to.

### Section B – Appointment of Person to Act as Proxy

1. Cross out any wording that is **not** applicable. For example, if the employee/individual/sole trader/partnership/company is a creditor, cross out “\*eligible employee creditor”, “\*contributory”, “\*debenture holder” and “\*member”.
2. Insert the name of the person who will be exercising the creditor’s vote at the meeting. If someone is attending the meeting in person, that person’s name should be inserted. Alternatively, if someone is unable to attend, but you still want to cast a vote at the meeting, then you can appoint the Chairperson of the meeting to vote on your behalf by inserting the words ‘the Chairperson’ here.
3. Insert the address of the person nominated at (2) that will be attending the meeting as proxy. If you have elected ‘the Chairperson’ because no one is attending in person, leave this row blank.
4. Cross out any wording that is **not** applicable.
5. If the person you have elected to attend is unavailable on the day, you may nominate a second person to attend in their absence. Alternatively, you can appoint the Chairperson of the meeting to vote on your behalf by inserting ‘the Chairperson’.
6. Insert the address of the second person here. If you have elected ‘the Chairperson’, leave this row blank.
7. Cross out any wording that is not applicable.

### Section C – Voting Instructions

1. Cross out any wording that is not applicable.
2. Insert an ‘X’ in this box if you want the person who is attending the meeting to vote as they see fit on each of the resolutions in the ‘Resolution’ table. If you select this option, proceed to Section D, **unless** you wish to vote specifically on certain resolutions, in which case you also insert an ‘X’ in the special proxy box and select ‘For’, ‘Against’ or ‘Abstain’ on the resolutions. The person voting at the meeting will have discretion to vote as they see fit on any resolutions where you have **not** selected ‘For’, ‘Against’ or ‘Abstain’.
3. Insert an ‘X’ in this box if you want the person who is attending the meeting, to vote exactly in accordance with your instructions. If you select this option, you must select ‘For’, ‘Against’ or ‘Abstain’ for each of the resolutions in the ‘Resolution’ table. Do not tick more than one box for each resolution.

### Section D – Signature Instructions

1. Insert the date that the proxy form is being signed.
2. The form should be signed by **one** of the following persons:
  - a. If the debt is owed to an employee/individual, then the individual that the debt is owed to; or
  - b. If the debt is owed to a sole trader, then the sole trader that the debt is owed to; or
  - c. If the debt is owed to a partnership, then one of the partners of the partnership; or
  - d. If the debt is owed to a company, then a duly authorised office of the company (normally a director or secretary of the company).
3. Insert the name of the person signing the form, and note their capacity (that is, their role):
  - If the debt is owed to a sole trader, note their capacity as proprietor, eg: “[Full name], proprietor”; or
  - If the debt is owed to a partnership, note their capacity as partner, eg: “[Full name], partner of the firm named in Section A above”; or
  - If the debt is owed to a company, note their capacity as director or secretary, eg: “[Full name], director/secretary of the company named in Section A above”]

# 14 – Nomination Form – COI

**Nomination Form – Committee of Inspection**  
*Section 80-55 of Schedule to the Corporations Act 2001*

Return no later than 1 December 2021 to:  
KPMG PO Box H67, AUSTRALIA SQUARE NSW 1215  
Tel: +61 2 9335 7000  
Fax: +61 2 9335 7001  
Email: AU-FMDSA@kpmg.com.au

**Creditors please note – only to be completed if you wish to nominate a member to the COI**

**Indebted Company:**

- Disability Services Australia Limited ACN 002 507 655 (DSA)
- DSA Mentoring Services Limited ACN 629 308 881 (DSAM)
- Macquarie Employment Training Services Limited ACN 643 269 112 (METS)

**Date of Appointment: 25/08/2021**

**A. Name and Contact Details of Person or Entity Entitled to Attend Meeting**

<sup>1</sup> \_\_\_\_\_  
*(if entitled in a personal capacity, given name and surname; if a corporate entity, full name of company, etc)*  
<sup>2</sup> of \_\_\_\_\_  
*(address)*  
<sup>3</sup> Tel: \_\_\_\_\_ <sup>4</sup> Email: \_\_\_\_\_

**B. Nomination of Person as Member of Committee of Inspection, if one is appointed**

I/We, as named in Section A above, nominate  
<sup>1</sup> \_\_\_\_\_  
*(name of person nominated as member of Committee of Inspection, if one is appointed)*  
<sup>2</sup> \_\_\_\_\_  
*(address of person nominated as member of Committee of Inspection, if one is appointed)*  
<sup>3</sup> \_\_\_\_\_  
*(email address of person nominated as member of Committee of Inspection, if one is appointed)*

**C. Declaration in relation to Transactions with the Indebted Company**

During the external administration, I/We, as named in Section A above, contemplate entering into the following transactions with the Indebted Company during the external administration<sup>1</sup>:

- continuance of service and/or supply agreements** as detailed below:  
.....  
.....  
.....
- potential acquisition of the business and/or assets** of the Indebted Company
- other** – please provide details below:  
.....  
.....

**D. Signature**

<sup>1</sup> Dated: \_\_\_\_\_  
<sup>2</sup> Signature: \_\_\_\_\_  
<sup>3</sup> Name / Capacity: \_\_\_\_\_

## Creditor Assistance Sheet: Completing a Committee of Inspection Nomination Form

### Section A – Name and Contact Details of Person or Entity Entitled to Attend Meeting

1. Insert the full name of the employee, individual, sole trader, partnership or company that the debt is owed to.
2. Insert the address of the employee, individual, sole trader, partnership or company that the debt is owed to.
3. Insert the telephone number of the employee, individual, sole trader, partnership or company that the debt is owed to.
4. Insert the email address of the employee, individual, sole trader, partnership or company that the debt is owed to.

### Section B – Nomination of Person as Member of Committee of Inspection, if one is appointed

1. Insert the name of the person who is being nominated by the creditor as the member of the Committee of Inspection.
2. Insert the address of the person nominated at (1).
3. Insert the email address of the person nominated at (1).

### Section C – Declaration in relation to Transactions with the Indebted Company

1. Indicate the type of transactions contemplated between the person/entity named in Section A and the Indebted Company during the course of the external administration.

### Section D – Signature Instructions

1. Insert the date that the nomination form is being signed.
2. The form should be signed by **one** of the following persons:
  - e. If the debt is owed to an employee/individual, then the individual that the debt is owed to; or
  - f. If the debt is owed to a sole trader, then the sole trader that the debt is owed to; or
  - g. If the debt is owed to a partnership, then one of the partners of the partnership; or
  - h. If the debt is owed to a company, then a duly authorised office of the company (normally a director or secretary of the company).
3. Insert the name of the person signing the form, and note their capacity (that is, their role):
  - If the debt is owed to a sole trader, note their capacity as proprietor, eg: “[Full name], proprietor”; or
  - If the debt is owed to a partnership, note their capacity as partner, eg: “[Full name], partner of the firm named in Section A above”; or
  - If the debt is owed to a company, note their capacity as director or secretary, eg: “[Full name], director/secretary of the company named in Section A above”]

# J – Scope’s final binding offer

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8 November 2021

Disability Services Australia Limited (administrators appointed)  
DSA Mentoring Services Limited (administrators appointed)  
Macquarie Employment Training Service Limited (administrators appointed)  
c/- KPMG  
Level 38, Tower Three  
International Towers Sydney  
300 Barangaroo Avenue  
Sydney, NSW, 2000

ABN 63 004 280 871

Level 2, 302 Burwood Road  
Hawthorn, VIC 3122

PO Box 5094

Glenferrie South, VIC 3122

 [contact@scopeaust.org.au](mailto:contact@scopeaust.org.au)

 (03) 9843 3000

 (03) 9843 2030

[scopeaust.org.au](http://scopeaust.org.au)

*disability support services*

Via email: [gdickerson@kpmg.com.au](mailto:gdickerson@kpmg.com.au)  
[jdampney@kpmg.com.au](mailto:jdampney@kpmg.com.au)  
[pgothard@kpmg.com.au](mailto:pgothard@kpmg.com.au)

Dear Ms Dickerson

### **Project Belgrade Final Binding Offer**

I refer to your letter dated October 2021, and on behalf of Scope (Aust) Ltd ("Scope") I attach our final binding offer, and Bid Documents for the entirety of Disability Services Australia Limited (Administrators Appointed) (ACN 002 507 655) ("DSA") and its subsidiaries, DSA Mentoring Services Limited (Administrators Appointed) (ACN 629 308 881) and Macquarie Employment Training Service Limited (Administrators Appointed) (ACN 643 269 112) (together with DSA, the "DSA Group").

### **Scope**

Scope is one of the largest for-purpose disability service providers in Australia. We were founded in 1948 by a small group of families who wanted to build a better future for their sons and daughters. Our Mission is to enable each person we support to live as an empowered and equal citizen.

The Scope Approach articulates the values that underpin every decision, every action and the way we interact with each person we support. To See the Person, Do it Right, Do it Better and Do it Together articulates what is at the heart of our culture.

We are an organisation that strives to deliver better outcomes for our customers and drive business efficiency and productivity in order to build a sustainable future. Scope understands how to balance head and heart to achieve our Mission and Purpose. We seek to play a leadership role in driving societal change and in influencing public policy for the benefit of Australians with a disability.

When like-minded people work together to push aside the barriers to inequality and opportunity, great things can be achieved. We view the opportunity to share the combined knowledge and skills of Scope and Disability Services Australia to be a pivotal moment in driving societal change.

## **Our Offer**

We refer to our non-binding indicative offer ("NBIO") dated 27 September 2021 and are pleased to submit this Binding Offer ("Offer") which sets out the main terms and conditions on which Scope offers to acquire the DSA Group.

Our Offer is made on the same terms as the NBIO, with the following amendments, and with reference to the proposed Deed of Company Arrangement ("DOCA") attached as Annexure A to this letter.

We are committed to this Offer and we are excited by the opportunity to partner with the DSA Group going forward. We look forward to working with you to finalise any remaining open items in the DOCA and to execute an exclusivity deed as soon as possible.

*Terms capitalised and not defined in this Offer have the meaning set out in the NBIO and/or the DOCA, as applicable, and all references to items below are references to items in the NBIO.*

## **Item 4. Offer Price**

The nominal purchase price of **\$21.0m** for the entirety of the DSA Group remains unchanged. However, the liabilities to be assumed by Scope are now as follows:

- i. All accrued and outstanding entitlements of existing employees as at the date of Completion;
- ii. All accrued and outstanding liabilities under applicable workers' compensation legislation and liabilities relating to iCare Workers Compensation premiums, in each case as at the date of the appointment of Administrators;
- iii. All secured liabilities owed to Commonwealth Bank of Australia including contingent liabilities such as bank guarantees;<sup>1</sup> and
- iv. All liabilities associated with existing leasing arrangements (property leases, motor vehicle leases and plant and equipment leases).<sup>2</sup>

Given the estimated value of the Assets will significantly exceed the estimated value of Admitted Claims, there will be no Deed Fund Contribution and therefore the Deed Fund will comprise of the residual cash at bank the Administrators hold after extinguishing all their

---

<sup>1</sup> Note: We anticipate that CBA, as a Secured Creditor, will not vote in favour of the DOCA resolution and will therefore not have its Claims released. If the Administrators intend for CBA to vote on the DOCA resolution, we can amend the DOCA to exclude release of CBA's Claims.

<sup>2</sup> Note: We anticipate that Lessors will not vote in favour of the DOCA resolution and will therefore not have their Claims released. If the Administrators intend for Lessors to vote on the DOCA resolution, we can amend the DOCA to exclude Lessors' Claims.

trading obligations and professional fees and disbursements ("VA Surplus Funds"). Based on information made available to us, the VA Surplus Funds will be sufficient to repay all remaining unsecured creditors in full, subsequent to which, any residual funds will be returned to DSA.

**Item 9. Internal approvals**

We confirm that Scope has board approval to enter into this arrangement and does not require any further internal or external approvals.

**Item 11. Conditions**

As set out in the enclosed DOCA.

In addition, this Offer is subject to Scope, acting in its sole discretion, agreeing to the 'NDIA Arrangements' referred to in clause 3.1(b) of the DOCA. Scope is committed to working with the Administrators and the NDIA as necessary to reach mutually agreeable arrangements and will respond promptly upon receiving any proposal in respect thereof.

**Item 16. Due Diligence**

This Offer is subject to Scope reviewing and being satisfied, in its sole discretion, as to the content of the Black Box Information. We agree to either confirm that we are so satisfied or to withdraw this Offer within 24 hours of receiving access to the Black Box Information.

**Item 23. Transition Plan**

As set out in the enclosed DOCA. If we are selected as the preferred bidder, we would like to work with you to incorporate our proposed transitional support provisions into the exclusivity deed so that the transition process can commence as soon as possible.

**Acceptance of this Offer**

This Offer is open for acceptance by you in writing for 14 days from the date that both of the following have occurred:

- i. we confirm to you in writing that the Black Box Information is acceptable to us;  
and
- ii. we confirm to you in writing that the 'NDIA Arrangements' and any other term of the DOCA that is not included in the draft DOCA attached to this Offer are acceptable to us.

We look forward to hearing from you at your earliest convenience.

**SIGNED** by an authorised representative of  
**SCOPE (AUST) LTD:**



.....  
Signature of authorised representative

**PROFESSOR SANCHIA ARANDA AM**  
**CHAIR OF THE BOARD**  
**SCOPE (AUST) LTD**

.....  
Name of authorised representative (block  
letters)

## K – Correspondence with ASIC

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ASIC sought additional detail on the Administrators' position that KPMG was not a creditor of DSA in relation to the invoice for the pre-appointment engagement charged by KPMG to DSA totalling \$182k (excluding GST). Noting the funds for which were placed on Trust with KWM (under a binding authorisation) on 12 August 2021, invoice issued on 24 August 2021 and paid to KPMG on 25 August 2021.

We further note that:

- KPMG's view is that it was never a creditor of DSA,
- the Administrators do not consider that DSA was insolvent prior to appointment. Pursuant to Section 588FE of the Act, an unfair preference pursuant to Section 588FA of the Act requires that a company be insolvent at the date of a voidable transaction, the Administrators do not consider there are any claims against creditors of DSA for unfair preferences.
- even if KPMG were a creditor of DSA and the payment of the invoice in relation to the pre-appointment engagement constituted a voidable preference, given that in the DOCA scenario, creditors will receive a 100 cent in the Dollar return, no creditors will be disadvantaged in relation to the payment. For completeness we reject this assertion.

## NOON, Phoebe

---

**From:** Carl Sibilía <Carl.Sibilía@asic.gov.au>  
**Sent:** Tuesday, 12 October 2021 5:53 PM  
**To:** Dickerson, Gayle  
**Cc:** Vy Dang; Sutherland, Ian  
**Subject:** [EXTERNAL] RE: Disability Services Australia - in confidence [SEC=OFFICIAL]

**CAUTION:** This Email is from an EXTERNAL source. Ensure you trust this sender before clicking on any links or attachments.

Dear Gayle

We acknowledge your response and anticipate receiving your report to creditors in due course.

To ensure adequate transparency for creditors, ASIC requests that all correspondence between DSA's Administrators and ASIC regarding your independence is included in your report to creditors.

Regards

**Carl Sibilía**

Senior Manager, Registered Liquidators

**Australian Securities and Investments Commission**

Level 5, 100 Market Street, Sydney, 2001

Tel: +61 2 9911 2994

[carl.sibilía@asic.gov.au](mailto:carl.sibilía@asic.gov.au)



(I work flexible hours and at different times of the day - I do not expect that you will respond to this email outside your regular working hours)

---

**From:** Dickerson, Gayle <gdickerson@kpmg.com.au>  
**Sent:** Friday, 8 October 2021 7:29 AM  
**To:** Carl Sibilía <Carl.Sibilía@asic.gov.au>  
**Cc:** Vy Dang <Vy.Dang@asic.gov.au>; Sutherland, Ian <isutherland@kpmg.com.au>  
**Subject:** Disability Services Australia - in confidence

Dear Carl

Thank you for your letter dated 23 September 2021 and detailed contents.

We note ASIC's expectation that the *"administrators' report will include reference to the payment received by KPMG and an explanation as to why you do not consider it a preference payment"*.

We agree to address those matters in our report to creditors, which will be issued to creditors in due course in accordance with the Insolvency Practice Rules. ASIC will be provided with a copy of that report when issued, which we expect will be at the end of November subject to timing of the EOI process.

For completeness, we note that we have provided a detailed explanation to ASIC of the basis on which we disagree with ASIC's view that KPMG was a creditor of DSA. The analysis in ASIC's letter does not change our views or the basis for those views. We do not propose to repeat our views in this correspondence and acknowledge the above agreement to disclose this information in our report.

As always, we remain happy to discuss the matter with ASIC at any time.

Apologies for the delay in the response.

Kind regards

Gayle

**Gayle Dickerson**  
Partner  
Deals, Tax and Legal

KPMG  
Tower Three  
International Towers Sydney  
300 Barangaroo Avenue  
Sydney NSW 2000 Australia

Tel +61 2 9295 3982  
Mob +61 405 670 171  
[gdickerson@kpmg.com.au](mailto:gdickerson@kpmg.com.au)

[kpmg.com.au](http://kpmg.com.au)



---

**From:** Carl Sibilía <[Carl.Sibilía@asic.gov.au](mailto:Carl.Sibilía@asic.gov.au)>  
**Sent:** Thursday, 23 September 2021 6:13 PM  
**To:** Dickerson, Gayle <[gdickerson@kpmg.com.au](mailto:gdickerson@kpmg.com.au)>; Sutherland, Ian <[isutherland@kpmg.com.au](mailto:isutherland@kpmg.com.au)>  
**Cc:** Vy Dang <[Vy.Dang@asic.gov.au](mailto:Vy.Dang@asic.gov.au)>  
**Subject:** [EXTERNAL] RE: Disability Services Australia - in confidence [SEC=OFFICIAL]

**CAUTION:** This Email is from an EXTERNAL source. Ensure you trust this sender before clicking on any links or attachments.

Dear Gayle

Please refer attached.

Regards

**Carl Sibilía**  
Senior Manager, Registered Liquidators  
**Australian Securities and Investments Commission**  
Level 5, 100 Market Street, Sydney, 2001  
Tel: +61 2 9911 2994  
[carl.sibilía@asic.gov.au](mailto:carl.sibilía@asic.gov.au)



(I work flexible hours and at different times of the day - I do not expect that you will respond to this email outside your regular working hours)

---

**From:** Dickerson, Gayle <[gdickerson@kpmg.com.au](mailto:gdickerson@kpmg.com.au)>  
**Sent:** Wednesday, 8 September 2021 6:02 PM  
**To:** Carl Sibilila <[Carl.Sibilila@asic.gov.au](mailto:Carl.Sibilila@asic.gov.au)>; Sutherland, Ian <[isutherland@kpmg.com.au](mailto:isutherland@kpmg.com.au)>  
**Cc:** Vy Dang <[Vy.Dang@asic.gov.au](mailto:Vy.Dang@asic.gov.au)>  
**Subject:** RE: Disability Services Australia - in confidence [SEC=OFFICIAL]

Dear Carl

Our previous response has made it clear that KPMG has never been a creditor of DSA. There is no basis on which KPMG should repay any funds paid to it under its pre-appointment engagement, whether in the period from 16 July 2021 to 13 August 2021 or otherwise.

The timing of delivery of our Phase 1A report is irrelevant to DSA's obligation to pay KPMG. Payment terms are provided in clause 5.3 of our Standard Terms, which formed Schedule 2 to the KWM engagement letter:

"5.3. You agree to pay our fees, expenses and charges, plus any applicable GST, within 14 days from the date of issue of our invoice" (emphasis added).

Nothing was payable to KPMG until we issued our invoice on 24 August 2021. The payment was fully addressed by the DSA payment direction to KWM and KWM's compliance with that direction on 25 August 2021. KPMG was never a creditor of DSA.

For completeness, we reject ASIC's assertion that a fair-minded observer could reasonably form the view expressed by ASIC in its email below.

We trust this addresses ASIC's queries. We confirm that we are not proposing to seek to recover our fees and expenses incurred in this correspondence with ASIC.

Kind regards

Gayle

**Gayle Dickerson**  
Partner  
Deals, Tax and Legal

KPMG  
Tower Three  
International Towers Sydney  
300 Barangaroo Avenue  
Sydney NSW 2000 Australia

Tel +61 2 9295 3982  
Mob +61 405 670 171  
[gdickerson@kpmg.com.au](mailto:gdickerson@kpmg.com.au)

[kpmg.com.au](http://kpmg.com.au)



---

**From:** Carl Sibilila <[Carl.Sibilila@asic.gov.au](mailto:Carl.Sibilila@asic.gov.au)>  
**Sent:** Monday, 6 September 2021 4:16 PM  
**To:** Sutherland, Ian <[isutherland@kpmg.com.au](mailto:isutherland@kpmg.com.au)>; Dickerson, Gayle <[gdickerson@kpmg.com.au](mailto:gdickerson@kpmg.com.au)>  
**Cc:** Vy Dang <[Vy.Dang@asic.gov.au](mailto:Vy.Dang@asic.gov.au)>  
**Subject:** RE: Disability Services Australia - in confidence [SEC=OFFICIAL]

Dear Ian/Gayle

Thank you for your email.

ASIC respectfully disagrees with your views that at no time was KPMG a creditor of DSA.

Based on the documents you have provided to date, it appears that a debtor-creditor relationship existed up until 13 August 2021 (being the date DSA's funds were deposited into KWM's trust account).

ASIC observes that:

1. KPMG were engaged to provide specific services on 16 July 2021. Under the engagement letter, KPMG were not to continue with Phases 2 and 3 of the work until further instructed. A report under Phase 1 was to be completed within 7 days.
2. The engagement letter dated 27 July 2021 acknowledged that the Phase 1A Report was delivered on 27 July 2021.
3. The KWM email dated 12 August 2021 notes that the report was costed at \$30k and that KPMG's fees to 10 August 2021 was a further \$70k.
4. In respect of the Phase 1A Report, although the cost was not billed, delivery of the report suggests that work was completed and that, but for delivering the invoice, KPMG were entitled to be paid for this work.

In the circumstances, ASIC considers a fair-minded observer might reasonably apprehend that you might not bring an impartial mind to:

- (a) the real possibility that payment for the above work constitutes a voidable preference; and
- (b) your obligations required by statute to investigate, opine on, and report to creditors about a potential claim against KPMG.

In light of ASIC's observations, we request that you advise:

- (a) the reasons why you believe that KPMG is not a creditor of DSA; and
- (b) why KPMG should not repay the fees relating to services provided from 16 July 2021 to 13 August 2021.

Please provide your response by close of business, Wednesday 8 September.

Regards

**Carl Sibilila**

Senior Manager, Registered Liquidators

**Australian Securities and Investments Commission**

Level 5, 100 Market Street, Sydney, 2001

Tel: +61 2 9911 2994

[carl.sibilia@asic.gov.au](mailto:carl.sibilia@asic.gov.au)



(I work flexible hours and at different times of the day - I do not expect that you will respond to this email outside your regular working hours)

---

**From:** Sutherland, Ian <[isutherland@kpmg.com.au](mailto:isutherland@kpmg.com.au)>

**Sent:** Thursday, 2 September 2021 5:49 PM

**To:** Carl Sibia <[Carl.Sibia@asic.gov.au](mailto:Carl.Sibia@asic.gov.au)>; Dickerson, Gayle <[gdickerson@kpmg.com.au](mailto:gdickerson@kpmg.com.au)>

**Cc:** Vy Dang <[Vy.Dang@asic.gov.au](mailto:Vy.Dang@asic.gov.au)>

**Subject:** RE: Disability Services Australia - in confidence [SEC=OFFICIAL]

Hi Carl

Thank you for your email. I respond as follows.

KWM's email to DSA dated 12 August 2021 provided an update on KPMG's work in progress. No invoice was issued until the invoice dated 24 August 2021. Accordingly, nothing was payable by DSA to KPMG until that time and KPMG was not a creditor of DSA.

The agreement between KPMG and DSA was that the fees and expenses would be paid out of funds held by KWM on trust. That agreement was confirmed by:

- KWM's email dated 12 August 2021 which requested the payment of funds into trust by DSA on account of KPMG's fees and expenses;
- That email provided that DSA's deposit of funds would constitute DSA's irrevocable authorisation of KWM to apply those funds against KPMG's invoice once issued;
- DSA's deposit of funds into KWM's trust account on 13 August 2021 constituted that irrevocable authorisation – attached is a copy of the payment receipt from KWM's records;
- On 24 August 2021, in advance of our appointment as administrators, we issued our invoice a copy of which you have seen; and
- On 25 August 2021, in accordance with DSA's irrevocable authorisation, KWM applied trust funds in payment of the KPMG invoice (you have a copy of the payment receipt).

At no time was KPMG a creditor of DSA whether in respect of its pre-appointment fees or otherwise. When invoiced, there was an irrevocable and binding agreement involving the payment of KPMG's fees and expenses up to the \$200k figure (including GST). That amount was paid by KWM from funds held on trust in strict application of the binding authorisation provided to KWM by DSA.

We trust that this addresses your query. If you have any further questions or would like to discuss please let Gayle or I know.

Kind regards,  
Ian

**Ian Sutherland**

Director  
Deal Advisory

KPMG  
Tower Three  
International Towers Sydney  
300 Barangaroo Avenue

Sydney NSW 2000 Australia

Tel +61 2 9346 6058  
Mob +61 408 201 689  
[isutherland@kpmg.com.au](mailto:isutherland@kpmg.com.au)

[kpmg.com.au](http://kpmg.com.au)



---

**From:** Carl Sibilía <[Carl.Sibilía@asic.gov.au](mailto:Carl.Sibilía@asic.gov.au)>  
**Sent:** Wednesday, 1 September 2021 6:04 PM  
**To:** Dickerson, Gayle <[gdickerson@kpmg.com.au](mailto:gdickerson@kpmg.com.au)>  
**Cc:** Sutherland, Ian <[isutherland@kpmg.com.au](mailto:isutherland@kpmg.com.au)>; Vy Dang <[Vy.Dang@asic.gov.au](mailto:Vy.Dang@asic.gov.au)>  
**Subject:** RE: Disability Services Australia - in confidence [SEC=OFFICIAL]

Dear Gayle

Thank you for your response.

We note that under the terms of the engagement letters that the Company was liable for KPMG's fees and expenses. KWM, although the engaging party, has no liability. As such, it appears that KPMG may be a creditor of the Company for the work performed.

As per KWM's email dated 12 August 2021, it appears that KPMG's total fees to 10 August 2021 was approximately \$100k.

Company funds in respect of those fees and future fees appear to have been put into the KWM trust account on or after 12 August 2021.

Please confirm:

1. when the Company deposited its funds into KWM's trust account, and
2. the total of KPMG's fees and expenses at the time the Company's funds were deposited into KWM's trust account.

Please provide your response by close of business, Thursday 2 September.

Regards

**Carl Sibilía**

Senior Manager, Registered Liquidators

**Australian Securities and Investments Commission**

Level 5, 100 Market Street, Sydney, 2001

Tel: +61 2 9911 2994

[carl.sibilía@asic.gov.au](mailto:carl.sibilía@asic.gov.au)



(I work flexible hours and at different times of the day - I do not expect that you will respond to this email outside your regular working hours)

---

**From:** Dickerson, Gayle <[gdickerson@kpmg.com.au](mailto:gdickerson@kpmg.com.au)>  
**Sent:** Monday, 30 August 2021 5:31 PM  
**To:** Carl Sibilila <[Carl.Sibilila@asic.gov.au](mailto:Carl.Sibilila@asic.gov.au)>  
**Cc:** Sutherland, Ian <[isutherland@kpmg.com.au](mailto:isutherland@kpmg.com.au)>; Vy Dang <[Vy.Dang@asic.gov.au](mailto:Vy.Dang@asic.gov.au)>  
**Subject:** Disability Services Australia - in confidence  
**Importance:** High

**In confidence**

Dear Carl

Thank you for your inquiry regarding our pre-appointment work with Disability Services Australia Limited (administrators appointed) (**DSA**). Enclosed are the following documents:

- Signed engagement letter with King & Wood Mallesons (**KWM**) dated 16 July 2021.  
*Please refer to the scope at page 3-4. We performed work on Phase 1 (Cashflow forecast review).*
- Engagement letter with KWM dated 27 July 2021.  
*Given the outcome of our Phase 1 work, we agreed a second engagement letter with DSA and KWM involving a new scope with Phases 1B and 2A. We did not counter-sign this engagement letter, but performed under its terms from 27 July 2021 onwards.*
- Email from KWM to DSA dated 12 August 2021 concerning KPMG's fee estimate, the \$200k funding into KWM's trust account, and constituting DSA's authorisation of KWM to apply those funds from trust to pay KPMG's invoice.
- KPMG invoice dated 24 August 2021.
- KWM's confirmation dated 25 August 2021 confirming payment of our invoice from funds held in trust.

I confirm we received no payments in respect of this work other than the funds paid to us from KWM's trust account.

For completeness, I note that this information is disclosed to ASIC in confidence within the meaning of section 127(1)(a) of the *Australian Securities and Investments Commission Act 2001* (Cth).

I trust that the attached documents address your queries.

If you have any further questions or would like to discuss please let me know.

**Gayle Dickerson**  
Partner  
Deals, Tax and Legal

KPMG  
Tower Three  
International Towers Sydney  
300 Barangaroo Avenue  
Sydney NSW 2000 Australia

Tel +61 2 9295 3982  
Mob +61 405 670 171  
[gdickerson@kpmg.com.au](mailto:gdickerson@kpmg.com.au)

[kpmg.com.au](http://kpmg.com.au)



---

**From:** Carl Sibilía <[Carl.Sibilía@asic.gov.au](mailto:Carl.Sibilía@asic.gov.au)>  
**Sent:** Friday, 27 August 2021 4:17 PM  
**To:** Dickerson, Gayle <[gdickerson@kpmg.com.au](mailto:gdickerson@kpmg.com.au)>  
**Cc:** Vy Dang <[Vy.Dang@asic.gov.au](mailto:Vy.Dang@asic.gov.au)>  
**Subject:** FW: Disability Services Australia [SEC=OFFICIAL]

Dear Gayle

I refer to our telephone conversation yesterday.

ASIC wishes to understand your firm's pre-appointment dealings with the Group to assess whether those dealings impact upon your independence as voluntary administrators of the Group.

We reviewed the declaration of relevant relationships and declaration of indemnities dated 26 August 2021 (**DIRRI**) and note that your firm:

- was engaged by King Wood & Mallesons (**KWM**) from 16 July to 24 August 2021 to provide pre-appointment advice to the Group; and
- was paid remuneration of \$181,818.18 (excluding GST) by KWM from funds held on trust for the Group.

To assist with our review, please provide, on a voluntary basis, the following documents regarding the pre-appointment engagement:

- copy of the engagement letter(s);
- copies of invoice(s) rendered by your firm; and
- copies of the remittance advices (including particulars such as date(s) paid, payer details, payment manner) of the \$181,818.18 (excluding GST) received by your firm.

Please provide your response by 2 September 2021.

ASIC expects you will not claim remuneration or costs against the Group for dealing with this request.

If you have any questions, please do not hesitate to contact me.

Regards

**Carl Sibilía**

Senior Manager, Registered Liquidators

**Australian Securities and Investments Commission**

Level 5, 100 Market Street, Sydney, 2001

Tel: +61 2 9911 2994

[carl.sibilía@asic.gov.au](mailto:carl.sibilía@asic.gov.au)



(I work flexible hours and at different times of the day - I do not expect that you will respond to this email outside your regular working hours)

---

**From:** Pitt, Gregory <[gpitt@kpmg.com.au](mailto:gpitt@kpmg.com.au)>  
**Sent:** Friday, 27 August 2021 3:49 PM

**To:** Carl Sibilialia <[Carl.Sibilialia@asic.gov.au](mailto:Carl.Sibilialia@asic.gov.au)>  
**Cc:** Dickerson, Gayle <[gdickerson@kpmg.com.au](mailto:gdickerson@kpmg.com.au)>  
**Subject:** RE: Disability Services Australia [SEC=OFFICIAL]

Hi Carl,

Please see attached a copy of the creditors circular for Disability Services Australia Limited, DSA Mentoring Services Limited and Macquarie Employment Training Service Limited (all Administrators Appointed).

Kind regards,

**Greg Pitt**  
Associate Director  
Deal Advisory

KPMG  
Riparian Plaza  
71 Eagle St  
Brisbane QLD 4000 Australia

Tel +61 7 3233 9481  
Mob 0428 967 141  
[gpitt@kpmg.com.au](mailto:gpitt@kpmg.com.au)

[kpmg.com.au](http://kpmg.com.au)



---

**From:** Carl Sibilialia <[Carl.Sibilialia@asic.gov.au](mailto:Carl.Sibilialia@asic.gov.au)>  
**Sent:** Thursday, 26 August 2021 6:25 PM  
**To:** Dickerson, Gayle <[gdickerson@kpmg.com.au](mailto:gdickerson@kpmg.com.au)>  
**Cc:** Pitt, Gregory <[gpitt@kpmg.com.au](mailto:gpitt@kpmg.com.au)>  
**Subject:** RE: Disability Services Australia [SEC=OFFICIAL]

Hi Gayle

Thank you for the return call and arranging creditor correspondence to come to me tomorrow.

Periodic updates appreciated too.

regards

**Carl Sibilialia**  
Senior Manager, Registered Liquidators  
**Australian Securities and Investments Commission**  
Level 5, 100 Market Street, Sydney, 2001  
Tel: +61 2 9911 2994  
[carl.sibilialia@asic.gov.au](mailto:carl.sibilialia@asic.gov.au)



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**From:** Dickerson, Gayle <[gdickerson@kpmg.com.au](mailto:gdickerson@kpmg.com.au)>  
**Sent:** Thursday, 26 August 2021 5:49 PM  
**To:** Carl Sibilialia <[Carl.Sibilialia@asic.gov.au](mailto:Carl.Sibilialia@asic.gov.au)>  
**Cc:** Pitt, Gregory <[gpitt@kpmg.com.au](mailto:gpitt@kpmg.com.au)>  
**Subject:** RE: Disability Services Australia [SEC=OFFICIAL]

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Hi Carl

Thanks for reaching out – we will share our creditor correspondence with you tomorrow.

We will let you know if there is anything to flag to ASIC in terms of the Administration.

Happy to provide periodic updates.

Kind regards

Gayle

---

**From:** Carl Sibilialia <[Carl.Sibilialia@asic.gov.au](mailto:Carl.Sibilialia@asic.gov.au)>  
**Sent:** Thursday, 26 August 2021 3:32 PM  
**To:** Dickerson, Gayle <[gdickerson@kpmg.com.au](mailto:gdickerson@kpmg.com.au)>  
**Subject:** Disability Services Australia [SEC=OFFICIAL]

Afternoon Gayle

I just left messages on your office and mobile. Appreciate you might be busily engaged in your recent appointment as Voluntary Administrator to Disability Services Australia.

If you could return my call that would be appreciated, hopefully only take about 10 minutes of your time.

Regards

**Carl Sibilialia**

Senior Manager, Registered Liquidators

**Australian Securities and Investments Commission**

Level 5, 100 Market Street, Sydney, 2001

Tel: +61 2 9911 2994

[carl.sibilialia@asic.gov.au](mailto:carl.sibilialia@asic.gov.au)



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