

Report to Creditors

17 September 2020

A C H CONTRACTORS PTY LTD (in Liquidation) ACN 618 344 595 (the Company)

I refer to my appointment as Liquidator of the Company on 25 February 2020.

You have been sent this circular because you are listed as a creditor of the Company.

Following the recent proposal without meeting, I received a request for further details to assist creditors in considering the proposed resolutions. This report provides an update on assets and liabilities of the Company and the conduct of the liquidation to date. My Remuneration Request Report, enclosed, forms part of this report and provides details of specific tasks undertaken and yet to be undertaken in the liquidation.

1 Conduct of the liquidation to date

1.1 Attempted restructure transaction

As advised in my correspondence dated 10 March 2020, I initially pursued a restructuring transaction with the Director, Mr Dean Thomsen, whereby he would sell assets of another entity that he controlled and use the proceeds to purchase certain assets of the Company for fair market value (as opposed to a lower auction value, which would otherwise apply). As part of this transaction, I hired earth moving assets of the Company to the Director on a dry-hire basis – that is, equipment only and without an operator. This transaction, if successful, would have increased the amount of funds available to the Company's creditors, compared to simply auctioning the Company's assets.

The Director unfortunately became increasingly difficult to reach and communicate with during the trade-on period and it became evident to me after approximately a month that the proposed restructure transaction would not be achieved. I therefore terminated the hire agreement.

1.2 Recovery and sale of plant and equipment

Following termination of the hire agreement, I took steps to locate, secure and realise, or return (if subject to finance), the Company's plant and equipment. With the exception of a Hitachi 35T excavator (discussed below), the Company's assets not subject to finance were transported to Perth and stored at Ross's Auctioneers and Valuers (**Ross's**).

The Company's business was located in Albany, WA and had operated mostly at rural locations in the surrounding area. The Company did not have a central storage yard and instead transported equipment from worksite to worksite. These factors impacted my ability to easily locate a number of assets. With the Director increasingly reluctant to engage with me, establishing the location of the Hitachi 35T excavator required repeated attempts to contact the Director, as well as seeking assistance from members of the Director's family

and a former employee. The Director finally disclosed the asset's location and I immediately arranged its recovery and transport to Perth.

Most of the Company's plant and machinery assets were sold by Ross's via an online auction on 27 May 2020. The Hitachi 35T excavator failed to reach its reserve price and therefore was not sold.

I previously advised that the Company had been hiring a 12H Caterpillar Grader (**Grader**) from a related party. Whilst a formal hire agreement did not exist, the circumstances of the arrangement and other evidence caused me to conclude that it constituted a PPS lease under the Personal Property Securities Act 2009. The partnership ought to have registered its security interest over the Grader on the Personal Property Securities Register but had not done so. The Grader therefore vested in the Company and was an asset available to the liquidation.

I located and recovered the Grader with the assistance of a process server. I then applied to the Supreme Court of Western Australia for orders confirming my determination regarding the Company's ownership of the Grader. The orders were granted on 2 July 2020 and the Grader was placed in another online auction, together with the previously unsold Hitachi 35T excavator, on 23 July 2020.

1.3 Other activities

My other activities during the liquidation have included investigating potential preference payments to creditors, investigating and quantifying a potential insolvent trading claim against the Director and other potential breaches of director's duties. I discuss these further in this report.

2 Assets realisations

The below table shows my current assessment of the Company's assets and realisations to date.

Assets	Ref	Director's ERV*	Liquidator's ERV	Liquidator's ERV
			(initial)	(current)
		\$	\$	\$
Cash at bank	2.1	22,032	22,032	5,405
Debtors	2.2	113,785	20,010	20,010
Plant & machinery	2.3	634,390	commercially sensitive	153,767
Trade on	2.4	-	-	7,275
Director's loan account	2.5	68,206	unknown	unknown
Unfair preference claim	2.6	-	-	6,000
Insolvent trading claims	2.7	-	-	unknown
Total		838,413	unknown	192,590

*ERV – expected realisable value

2.1 Cash at bank

On appointment, there was \$5,404 cash at bank. My assessment in my report dated 25 May 2020 included a debtor receipt of approximately \$16,600, which was mistakenly reported twice.

2.2 Debtors

On appointment, outstanding debtors totalled \$138,486. To date \$20,010 has been collected and I am pursuing recovery of a further \$10k. Below is a summary of the receivables and my assessment of their recoverability.

Debtor	Owing to ACH \$	Counter claim \$	Received \$	Recoverable \$	Comments
Debtor 1	25,344	46,458	-	-	Unrecoverable due to counter claim
Debtor 2	330	-	-	330	Uncommercial
Debtor 3	81,907	-	20,010	-	Unapproved variations claim rejected due to time barring
Debtor 4	30,906	21,010	-	9,896	Pursuing recovery
Total	138,487	67,468	20,010	10,226	

2.3 Plant and machinery

The Director's ERV reduces to \$254,390 after deducting \$380,000, which related to a Hitachi 35T excavator¹ and a Komatsu 50T wheel loader. These assets were subject to finance and did not have equity. Accordingly, they were disclaimed and returned to their respective finance companies.

As described in paragraph 1.2 of this report, the plant and equipment was sold via two online auctions, on 27 May 2020 and 23 July 2020, realising a total of \$156,767, after care, preservation and realisation costs.

2.4 Trade on

This activity relates to the dry-hire of certain assets to the Director, as explained in Section 1.1 of this report. Total amounts invoiced, and collected, in respect of the hire arrangement were \$18,904. After direct costs associated with the agreement, such as payments to the financiers of the equipment and insurance, the net amount realised was \$7,408.

2.5 Director's loan account

I wrote to the Director requesting repayment of this loan, however, I am yet to receive a response. The recoverability of this asset is currently uncertain.

2.6 Unfair preference claim

Please see Section 5.1 of this report.

¹ The Company possessed two Hitachi 35T excavators: one subject to finance from Iron Capital Group and the second held freehold.

2.7 Insolvent trading claims

Please see Section 5.2 of this report.

3 Liabilities

The Company's liabilities are outlined in the table below.

Liabilities	Ref	Director's ERV \$	Liquidator's ERV Initial \$	Liquidator's ERV Current \$
Employee entitlements	3.1	267,166	83,952	92,598
Unsecured creditors	3.2	732,800	776,918	834,174
Secured creditors	3.3	426,756	nil	nil
Total Liabilities		1,426,722	860,870	926,772

3.1 Employee entitlements

My current assessment of the employee entitlements includes amounts for wages, Superannuation Guarantee Charge and advances made to qualifying employees under the Fair Entitlements Guarantee (**FEG**) scheme. Employee entitlements are awarded a statutory priority, which is capped for excluded employees (the Director and his relatives) at a maximum of \$3,500 per excluded employee.

3.2 Unsecured creditors

The unsecured creditors figure includes amounts owed to trade creditors exceeding \$500k, debts owed to the Australian Taxation Office (**ATO**), non-priority excluded employees' entitlements and amounts owing to related parties of \$50,768. These liabilities are updated as claims are received and often increase over time as creditors formally register their claims in the liquidation by lodging their Proof of Debt forms.

3.3 Secured creditors

The Company had two assets subject to finance with Iron Capital Group and Komatsu Corporate Finance, which were initially part of the hire agreement with the Director. A valuation prepared by Ross's indicated there was no equity in either of the assets. Following termination of the hire agreement, both assets were returned to their finance providers. The return of the assets and their realisations by the financiers eliminates any potential secured claims they may have against the Company, as any shortfall will be classified as an unsecured claim. I have not been advised of any shortfalls incurred by the finance companies.

4 Receipts and payments

A receipts and payments summary is enclosed under **Annexure A**.

5 Investigations

5.1 Unfair preferences

In certain circumstances a liquidator is entitled to recover payments received by a creditor during the six month period prior to the liquidation. The payments are recoverable to the extent they result in that creditor receiving a larger amount as compared to what they would have received had the payments not occurred and the creditor instead proved its debt in the liquidation.

I identified an unfair preference received by the ATO in the sum of \$6,000. I have lodged a voidable transaction form with the ATO in order to recover this amount and but have not yet received a response.

I identified a further potential unfair preference of \$56k received by a trade creditor. This creditor has a counter claim against the Company of \$46k. Recovery of the remaining \$10k is not commercially viable.

5.2 Insolvent trading

Section 588G of the Corporations Act 2001 (**Act**) imposes a positive duty upon company directors to prevent insolvent trading. If a director is found guilty of an offence in contravening 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 substantive elements of section 588G are:

- A person must be a director of a company at a time when the company incurs a debt;
- The company must be insolvent at the time or becomes insolvent by incurring the debt; and
- The director must have reasonable grounds for suspecting that the company is insolvent or would become insolvent.

The defences available to a director are contained in section 588H and set out as:

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

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.

I consider that a claim likely exists against the Director for insolvent trading as the Company was likely insolvent from April 2018 onwards and continued trading until February 2020. I estimate the value of the claim to be approximately \$800,000 and it currently appears to me that the Director may have the financial capacity to respond to my claim if it succeeds. It also

appears to me that a shadow director was likely present and that the same insolvent trading claim likely applies to that individual.

Whilst I intend to pursue both claims, I can give no assurances regarding their likelihood of success. Insolvent trading claims are often complex and costly.

6 Likelihood of creditors receiving a dividend

I am currently uncertain whether a dividend to any class of creditor will be paid. A positive outcome will depend on my recoveries from actions described in Sections 2.5 and 5.2 of this report.

7 Proposal without meeting

In my proposal without meeting dated 10 August 2020 I requested that my fees be approved for work carried out to 31 July 2020 (in excess of the fees already approved by creditors) and for future work required to be undertaken in this liquidation. My fees did not receive the required level of approval due to a request for further information and I am now seeking approval for those same amounts. In that regard I enclose the following documents:

Document	Description
Remuneration Approval Request Report	To cover the Liquidator's costs in relation to completing the winding up of the Company, for the period 27 March 2020 to finalisation of the liquidation, in the estimated amount of \$85,358 plus GST, being \$65,253 + GST for the period 27 March 2020 to 31 July 2020, and \$20,105 for the period 1 August 2020 to finalisation.
	Depending upon my success with recoveries and the work required to achieve those outcomes regarding the matters contained in Sections 2.5 and 5.2, I may request further fee approval for my costs.
Notice of Proposal 1 to Creditors	This form contains the details of the proposal to creditors relating to the Liquidator's remuneration for the period 27 March 2020 to 31 July 2020, in the sum of \$65,253 plus GST.
Notice of Proposal 2 to Creditors	This form contains the details of the proposal to creditors relating to the Liquidator's remuneration for the period 1 August 2020 to finalisation, in the sum of \$20,105 plus GST.
Proof of Debt for Voting Purposes	This form is used to document a creditor's claim and must be provided in order to vote on the proposal. If you have previously returned this form, there is no requirement to complete it again unless the amounts owed have changed.
Information sheet: Proposals without meetings	A publication by the ARITA containing information on approving remuneration without a meeting.

I trust this report will assist creditors in considering my fee approval request.

8 Where can you get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding liquidations and insolvency. This information, including details of your rights as a creditor, is available from ARITA's website at www.arita.com.au.

ASIC provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at www.asic.gov.au.

Should you have any further questions, please contact Eve Switka of this office on 08 6145 0700 or eswitka@aviorconsulting.com.au.

Yours faithfully
For the Company



Dermott McVeigh
Liquidator

Encl.

A C H Contractors Pty Ltd (in Liquidation)
Receipts and Payments

For the period:
 25 February 2020 to 16 September 2020

Description	Amount (\$)
Opening Cash	5,405
Sale Income - Plant & Equipment	
Sale of plant & equipment	182,383
Care, Preservation & Realisation Costs	
Valuer fees	(4,015)
Transport fees	(2,064)
Process server location and recovery fees	(931)
Insurance	(6,008)
Net sale proceeds	169,366
Rental Income	
Plant & equipment	20,794
Rental costs	
Finance charges	(10,496)
Wages & superannuation - post appointment	(1,954)
Net rental proceeds	8,345
Other Receipts	
Pre-appointment debtors	20,010
ATO 'Cash Flow Boost'	12,500
GST received	1,136
Total other receipts	33,646
Total receipts	216,761
Other Payments	
Other professional fees	(11,000)
Sundry payments	(3)
Legal fees	(31,232)
Liquidator fees	(98,540)
Liquidator disbursements	(2,685)
GST paid	(4,553)
Total other payments	(148,013)
Cash at bank	68,748

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

A C H CONTRACTORS PTY LTD (in Liquidation)
ACN 618 344 595 (the Company)

Remuneration Approval Request Report

1 Declaration

I, Dermott McVeigh of Avior Consulting, have undertaken a proper assessment of this remuneration claim for my appointment as Liquidator of the Company in accordance with the Corporations Act 2001 (Cth) (**the Act**), the Australian Restructuring Insolvency & Turnaround Association (**ARITA**) Code of Professional Practice (**the Code**) and applicable professional standards.

I am satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the liquidation.

2 Executive summary

This Remuneration approval request report forms part of and should be read in conjunction with my report to creditors dated 17 September 2020 (**Creditors Report**).

To date, the total remuneration that has been approved in the liquidation is \$89,593 (ex GST). The approved remuneration has been exhausted and exceeded for reasons outlined in the Creditors Report. Accordingly, this remuneration report details approval sought for the following fees:

Period	Report Reference	Amount (ex GST) \$
Resolution 1: 27 March 2020 to 31 July 2020	4.1	65,253
Resolution 2: 1 August 2020 to the finalisation of the liquidation*	4.3	20,105
Total		85,358

** Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the liquidation. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.*

Depending upon my success with recoveries and the work required to achieve those outcomes regarding the matters contained in Sections 2.5 and 5.2 of the Creditors Report, I may request further fee approval for my costs.

Please refer to Part 4 for full details of the calculation and composition of the remuneration approval sought.

3 Statement on remuneration

3.1 Remuneration methods

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

3.1.1 Time Based (hourly rates)

This is the most common method. The total fee charged is calculated by reference to the hourly or time unit rate charged for each person who carries out the work multiplied by the number of hours spent by each person on necessary work properly performed.

3.1.2 Fixed fee

The total fee charged is normally quoted at the commencement of the liquidation and is the total cost for the liquidation. Sometimes, a practitioner will finalise the liquidation for a fixed fee.

3.1.3 Percentage

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

3.1.4 Contingency

The insolvency practitioner's fee is contingent on achieving a particular outcome.

3.2 Remuneration method chosen

Given the nature of this liquidation, I propose that the remuneration of the Liquidator be calculated using the time-based method. Time based remuneration is appropriate in this liquidation given:

- It ensures actual time is billed at an hourly rate applicable to staff experience;
- It ensures that remuneration claimed is only for necessary work properly performed in the liquidation; and
- It covers tasks required to be undertaken in the liquidation which not only relate to asset realisations but also to reporting requirements and other tasks of an administrative or statutory nature.

3.3 Explanation of hourly rate

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

Schedule of Hourly Rates & General Guide to Staff Experience:

Title	Rate (\$)	Experience
Partner / Appointee	600	The Partner/Appointee is likely a registered liquidator and member of the CAANZ and the ARITA, bringing specialist skills to the administration or insolvency task.
Head of Department/ Director	520	Generally, more than 9 years' experience with at least 4 years as a Manager. University degree; member of the CAANZ and, generally, the ARITA; very strong knowledge of relevant insolvency legislation.
Senior Manager	475	Generally, more than 7 years' experience with at least 2 years as a Manager. University degree; member of the CAANZ and, generally, the ARITA; very strong knowledge of relevant insolvency legislation and issues.
Manager	400	4-7 years' experience with well-developed technical and commercial skills. University degree; member of CAANZ and, generally, the ARITA; strong knowledge of relevant insolvency legislation and issues. Controls 2-4 staff.
Senior Analyst	330	Generally, 2-4 years' chartered accounting or insolvency management experience. University degree; completing the CAANZ's CA program. Good knowledge of basic insolvency legislation and issues.
Analyst	220	Generally, 2-3 years' chartered accounting or insolvency management experience. University degree, CAANZ's CA program commenced.
Personal Assistant	180	Appropriate skills including machine usage.

Notes:

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

4 Description of work

4.1 Resolution 1

Period: 27 March 2020 to 31 July 2020

Task area	General description	Includes
Assets 62.9 hours \$29,874 (ex GST)	Debtors	<ul style="list-style-type: none"> • Reviewing and assessing debtors' ledgers • Correspondence with debtors regarding balances outstanding • Correspondence with debtors requesting and obtaining information regarding potential counterclaims • Reviewing documents provided by debtors • Reviewing and considering counter claims from debtors
	Insurance	<ul style="list-style-type: none"> • Correspondence with insurer regarding ongoing insurance requirements

Task area	General description	Includes
Assets (continued)	Plant and equipment	<ul style="list-style-type: none"> • Cataloguing plant and equipment • Discussions with the Director regarding potential purchase of certain items • Liaising with financiers regarding assets subject to finance • Reviewing leasing documents • Analysis to assess validity of purchase money security interests (PMSIs) • Correspondence with finance companies regarding hand over of financed assets • Correspondence with the Director regarding hire of the plant and equipment • Numerous pieces of formal correspondence with the Director regarding the location and transfer of assets • Numerous attempts to contact Director to discuss location of assets • Considering PPSA provisions in relation to assets in the Company's possession and / or control • Identifying assets potentially vesting in accordance with the PPSA provisions • Reviewing arrangements with related parties in relation to potentially vested assets • Instructing lawyers regarding drafting of letters in relation to vested asset • Instructing investigator regarding locations of the vested asset • Arranging collection and storage of vested asset in Albany • Correspondence with Director regarding vested asset • Arranging delivery to auction of vested asset • Instructing lawyers re application to court for directions confirming vesting of asset and permission to sell • Liaising with Ross's Auctioneers & Valuers regarding sale of assets, including vested asset
Creditors 29.8 hours \$12,236 (ex GST)	Correspondence	<ul style="list-style-type: none"> • General correspondence • Correspondences with telecommunication service provider regarding transfer of services
	Creditors enquiries	<ul style="list-style-type: none"> • Receiving and following up creditor enquiries • Filing creditor enquiries • Updating contact information of creditors
	Creditor reports/proposals	<ul style="list-style-type: none"> • Preparing reports to creditors • Sending out reports to creditors by email and by post • Responding to queries and questions

Task area	General description	Includes
Creditors (continued)	Employees	<ul style="list-style-type: none"> • Reviewing and preparing correspondence to employees • Reviewing employee payroll details in Xero • Assessing employee priority claims • Correspondence with employees regarding availability of FEG claims • Correspondence with FEG • Attending to FEG tasks • Correspondence with the ATO regarding superannuation guarantee charge (SGC) • Assessing SGC liability
	Conducting investigations	<ul style="list-style-type: none"> • Liaising with the Director regarding information and documents received to date
Investigation 37.5 hours \$14,085 (ex GST)	Report to ASIC	<ul style="list-style-type: none"> • Preparing report to ASIC outlining findings from investigations
	Insolvent trading, voidable transactions and other investigation	<ul style="list-style-type: none"> • Preparation of investigation file • Analysing, assessing recovery of potential voidable transactions • Investigations into the date of insolvency • Insolvent trading analysis • Considering insolvent trading claim against the Director • Analysing and identifying potentially voidable transactions • Pursuing identified voidable transaction/s between the Company and the ATO
Administration 28.2 hours \$9,058 (ex GST)	ASIC forms	<ul style="list-style-type: none"> • Preparing and lodging statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> • Attending to regular statutory lodgements with the ATO
	Bank account administration	<ul style="list-style-type: none"> • Receipting funds • Preparing payments • Bank account reconciliations
	Books and records / storage	<ul style="list-style-type: none"> • Obtaining books and records • Scanning and entering files into archive
	Correspondence	<ul style="list-style-type: none"> • General correspondence
	Document maintenance / file review / checklist	<ul style="list-style-type: none"> • File reviews • Notifying relevant agencies, service providers and other authorities
	Planning / Review	<ul style="list-style-type: none"> • Discussions regarding status of administration
Total: \$65,253		

4.2 Calculation of remuneration for resolution 1

Please refer to Annexure A.

4.3 Resolution 2

Period: 1 August 2020 to finalisation

Task area	General description	Includes
Assets 2 hours \$850 (ex GST)	Debtors	<ul style="list-style-type: none"> Correspondence with debtors requesting information regarding potential counterclaims Reviewing and considering counter claims from debtors Pursuing recovery of debts owed to the Company
	Creditors enquiries	<ul style="list-style-type: none"> Receiving and following up creditor enquiries Updating contact information of creditors
Creditors 13 hours \$4,330 (ex GST)	Creditor reports/proposals	<ul style="list-style-type: none"> Preparing correspondence to creditors Following up creditor responses in relation to remuneration notice via proposal Responding to stakeholder queries and questions Preparing and lodging of results of proposals without meeting of creditors with ASIC
	Insolvent trading and other investigations	<ul style="list-style-type: none"> Recovering voidable transaction between the Company and the ATO Determining the quantum and viability of the potential insolvent trading claim against the Director Liaising with legal counsel in relation to commerciality of potential insolvent trading claim against the Director Liaising with legal counsel to develop strategy for potential insolvent trading claim against the Director Ad-hoc tasks required to progress the potential insolvent trading claim
Investigation 37 hours \$12,580 (ex GST)	Report to ASIC	<ul style="list-style-type: none"> Preparing report to ASIC outlining findings from investigations Reviewing response from ASIC
	ASIC forms	<ul style="list-style-type: none"> Preparing and lodging of statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> Notifying ATO of finalisation of liquidation Removing Company's ABN from Liquidator's ATO portal
	Bank account administration	<ul style="list-style-type: none"> Receipting funds Preparing payments Preparing correspondence closing accounts
	Books and records / storage	<ul style="list-style-type: none"> Preparing and sending books and records to storage Scanning and entering files into archive
	Planning / Review	<ul style="list-style-type: none"> File reviews Discussions regarding status of administration
	Director	<ul style="list-style-type: none"> Correspondence with Director as required
Administration 8 hours \$2,345 (ex GST)	Correspondence	<ul style="list-style-type: none"> Notifying relevant agencies, service providers and other authorities of liquidation finalisation
	Total: \$20,105	

4.4 Calculation of remuneration for resolution 2

Please refer to Annexure B.

5 Remuneration recoverable from external sources

The Liquidator has not received, but is entitled to receive, funding from external sources in respect of remuneration. If applicable, the Liquidator is entitled to receive funding from the Attorney-General's Department in respect of work conducted to assist the Commonwealth in administering the Fair Entitlements Guarantee Act 2012 in relation to former employees of the Company.

The Liquidator may also receive funding from ASIC.

6 Disbursements

Disbursements are divided into three types:

1. Externally provided professional services. These are recovered at cost. An example is legal fees.
2. Externally provided non-professional costs such as travel, accommodation and search fees. These disbursements are recovered at cost.
3. Internal disbursements such as photocopying, printing and postage are not charged for.

7 Queries

If you require further information in respect of the above, or have other questions, please contact Eve Switka of this office on 08 6145 0700.

8 Information available

The liquidator is a professional member of ARITA and Avior Consulting follows the ARITA Code. A copy of the Code may be found on the ARITA website at www.arita.com.au.

An information sheet concerning approval of remuneration in external administrations can also be obtained from the Australian Securities & Investments Commission website at www.asic.gov.au.

Dated this 17 September 2020



Dermott McVeigh
Liquidator

Annexure A - Calculation of remuneration for resolution 1

Resolution 1: 27 March 2020 to 31 July 2020			Assets		Creditors		Investigation		Administration		Total	
Employee	Position	Hourly Rate \$	Hours	Cost \$	Hours	Cost \$	Hours	Cost \$	Hours	Cost \$	Hours	Cost \$
Dermott McVeigh	Appointee	600	2.3	1,380	-	-	-	-	0.4	240	2.7	1,620
Kelly Meyn	Head of Department	520	23.5	12,220	1.5	780	0.3	156	2.0	1,040	27.3	14,196
Eve Switka	Senior Manager	475	27.8	13,205	14.6	6,935	11.4	5,415	3.4	1,615	57.2	27,170
Miriam Schmidt-Hunt	Senior Analyst	330	9.3	3,069	13.7	4,521	3.8	1,254	10.7	3,531	37.5	12,375
Terrence Chong	Senior Analyst	330	-	-	-	-	22.0	7,260	2.2	726	24.2	7,986
Benjamin Moody	Analyst	220	-	-	-	-	-	-	4.9	1,078	4.9	1,078
Arlene Rivera	Personal Assistant	180	-	-	-	-	-	-	4.6	828	4.6	828
Grand Total			62.9	29,874	29.8	12,236	37.5	14,085	28.2	9,058	158.4	65,253

Annexure B - Calculation of remuneration for resolution 2

Resolution 2: 1 August 2020 - finalisation		Hourly Rate \$	Assets		Creditors		Investigation		Administration		Total	
Employee	Position		Hours	Cost \$	Hours	Cost \$	Hours	Cost \$	Hours	Cost \$	Hours	Cost \$
Dermott McVeigh	Appointee	600	-	-	-	-	2.0	1,200	-	-	2.0	1,200
Kelly Meyn	Head of Department	520	1.0	520	1.0	520	3.0	1,560	-	-	5.0	2,600
Eve Switka	Senior Manager	475	-	-	2.0	950	4.0	1,900	1.0	475	7.0	3,325
Miriam Schmidt-Hunt	Senior Analyst	330	1.0	330	3.0	990	8.0	2,640	1.0	330	13.0	4,290
Terrence Chong	Senior Analyst	330	-	-	3.0	990	8.0	2,640	2.0	660	13.0	4,290
Benjamin Moody	Analyst	220	-	-	4.0	880	12.0	2,640	4.0	880	20.0	4,400
Grand Total			2.0	850	13.0	4,330	37.0	12,580	8.0	2,345	60.0	20,105

Notice of Proposal to Creditors

*Corporations Act 2001
Insolvency Practice Rules (Corporations) 2016 Division 75-130*

**A C H Contractors Pty Ltd (In Liquidation)
ACN 618 344 595 (the Company)**

Proposal 1 for creditor approval – Liquidators remuneration

That the remuneration of the Liquidator, as set out in the Remuneration Approval Request Report dated 10 August 2020, for the period from 27 March 2020 to 31 July 2020 be currently fixed up to an amount of \$65,253, plus any applicable GST.

Reasons for the proposal and the likely impact on creditors if passed

The proposal is a request to creditors to approve the Liquidator's remuneration for tasks already completed. If the remuneration is approved, the Liquidator will draw these funds from the funds available in the liquidation. This will reduce the dividend payable (if any) to creditors of the Company. Failure to approve the Liquidator's remuneration via this proposal will result in a meeting of creditors being called to seek the remuneration approval. This will result in additional time and costs being incurred in the liquidation, for which further remuneration will be sought by the Liquidator.

Vote on proposal

Creditors have the option of approving, not approving or objecting to the proposal being resolved without a meeting of creditors. Please select the appropriate Yes, No or Object box referred to below:

- Yes I approve the proposal
No I do not approve the proposal
Object I object to the proposal being resolved without a meeting of creditors

Your claim against the Company must be admitted for the purposes of voting by the Liquidator for your vote to count. Please select the option that applies:

- I have previously submitted a Proof of Debt and supporting documents
 I have enclosed a Proof of Debt and supporting documents with this form

Creditor details

Name of creditor: _____ ACN/ABN: _____

- I am not a related party creditor of the Company
 I am a related party creditor of the Company, relationship: _____

Address: _____

Name of authorised person: _____

Signature: _____ Date: _____

Please complete this document and return with any supporting documents by no later than 9 October 2020 for your vote to be counted, to eswitka@aviorconsulting.com.au or c/- Avior Consulting, Level 2, 1160 Hay St, WEST PERTH WA 6005.

Notice of Proposal to Creditors

Corporations Act 2001

Insolvency Practice Rules (Corporations) 2016 Division 75-130

A C H Contractors Pty Ltd (In Liquidation)
ACN 618 344 595 (the Company)

Proposal 2 for creditor approval – Liquidators remuneration

That the remuneration of the Liquidator, as set out in the Remuneration Approval Request Report dated 10 August 2020, for the period from 1 August 2020 to completion of the liquidation be currently fixed up to an amount of \$20,105, plus any applicable GST. Should approval be required in relation to additional remuneration incurred, such approval will be sought in a separate resolution placed before creditors.

Reasons for the proposal and the likely impact on creditors if passed

The proposal is a request to creditors to approve the Liquidator's remuneration for tasks yet to be completed. If the remuneration is approved, the Liquidator will draw these funds from the funds available in the liquidation. This will reduce the dividend payable (if any) to creditors of the Company. Failure to approve the Liquidator's remuneration via this proposal will result in a meeting of creditors being called to seek the remuneration approval. This will result in additional time and costs being incurred in the liquidation, for which further remuneration will be sought by the Liquidator.

Vote on proposal

Creditors have the option of approving, not approving or objecting to the proposal being resolved without a meeting of creditors. Please select the appropriate Yes, No or Object box referred to below:

- Yes I approve the proposal
No I do not approve the proposal
Object I object to the proposal being resolved without a meeting of creditors

Your claim against the Company must be admitted for the purposes of voting by the Liquidator for your vote to count. Please select the option that applies:

- I have previously submitted a Proof of Debt and supporting documents
 I have enclosed a Proof of Debt and supporting documents with this form

Creditor details

Name of creditor: _____ ACN/ABN: _____

- I am not a related party creditor of the Company
 I am a related party creditor of the Company, relationship: _____

Address: _____

Name of authorised person: _____

Signature: _____ Date: _____

Please complete this document and return with any supporting documents by no later than 9 October 2020 for your vote to be counted, to eswitka@aviorconsulting.com.au or c/- Avior Consulting, Level 2, 1160 Hay St, WEST PERTH WA 6005.

INFORMAL PROOF OF DEBT FORM

*Corporations Act 2001
Insolvency Practice Rules (Corporations) 2016*

*Regulation 5.6.47
Section 75-130*

**A C H CONTRACTORS PTY LTD (in Liquidation)
ACN 618 344 595 (the Company)**

Name of creditor:

Address of creditor:

ABN of creditor:

Amount of debt claimed (see note): \$

Amount of GST included: \$

Consideration for debt:

Whether debt secured or unsecured:

If secured, give details of security including dates, etc.

Balance, if any, after deducting value of security (see note):

.....
Creditor
(or person authorised by creditor)

.....
Date

Note:

Under the Insolvency Practice Rules (Corporations) 2016, a creditor's vote on a proposal without meeting is not entitled to be counted unless (ss 75-130):

- a. The creditor has submitted particulars of his debt or claim on or before the creditors replies to the notice of proposal; and
- b. the Liquidator has admitted the proof of debt or claim, including the amount, for the purposes of voting

I elect to receive all future correspondence from the Liquidator by electronic means to the following email address: _____

Information sheet: Proposals without meetings

You may be a creditor in a liquidation, voluntary administration or deed of company arrangement (collectively referred to as an external administration).

You have been asked by the liquidator, voluntary administrator or deed administrator (collectively referred to as an external administrator) to consider passing a proposal without a meeting.

This information sheet is to assist you with understanding what a proposal without a meeting is and what your rights as a creditor are.

What is a proposal without a meeting?

Meetings of creditors were previously the only way that external administrators could obtain the views of the body of creditors. However, meetings can be very expensive to hold.

A proposal without a meeting is a cost effective way for the external administrator to obtain the consent of creditors to a particular course of action.

What types of proposals can be put to creditors?

The external administrator is able to put a range of proposals to creditors by giving notice in writing to the creditors. There is a restriction under the law that each notice can only contain a single proposal. However, the external administrator can send more than one notice at any single time.

What information must the notice contain?

The notice must:

- include a statement of the reasons for the proposal and the likely impact it will have on creditors if it is passed
- invite the creditor to either:
 - vote yes or no to the proposal, or
 - object to the proposal being resolved without a meeting, and
- specify a period of at least 15 business days for replies to be received by the external administrator.

If you wish to vote or object, you will also need to lodge a Proof of Debt (POD) to substantiate your claim in the external administration. The external administrator will provide you with a POD to complete. You should ensure that you also provide documentation to support your claim.

If you have already lodged a POD in this external administration, you do not need to lodge another one.

The external administrator must also provide you with enough information for you to be able to make an informed decision on how to cast your vote on the proposal. With some types of proposals, the law or ARITA's Code of Professional Practice sets requirements for the information that you must be provided.

For example, if the external administrator is asking you to approve remuneration, you will be provided with a Remuneration Approval Report, which will provide you with detailed information about how the external administrator's remuneration for undertaking the external administration has been calculated.

What are your options if you are asked to vote on a proposal without a meeting?

You can choose to vote yes, no or object to the proposal being resolved without a meeting.

How is a resolution passed?

A resolution will be passed if more than 50% in number and 50% in value (of those creditors who did vote) voted in favour of the proposal, but only so long as not more than 25% in value objected to the proposal being resolved without a meeting.

What happens if the proposal doesn't pass?

If the proposal doesn't pass and an objection is not received, the external administrator can choose to amend the proposal and ask creditors to consider it again or the external administrator can choose to hold a meeting of creditors to consider the proposal.

The external administrator may also be able to go to Court to seek approval.

What happens if I object to the proposal being resolved without a meeting?

If more than 25% in value of creditors responding to the proposal object to the proposal being resolved without a meeting, the proposal will not pass even if the required majority vote yes. The external administrator will also be unable to put the proposal to creditors again without a meeting.

You should be aware that if you choose to object, there will be additional costs associated with convening a meeting of creditors or the external administrator seeking the approval of the Court. This cost will normally be paid from the available assets in the external administration.

This is an important power and you should ensure that it is used appropriately.

Where can I get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding external administrations and insolvency.

This information is available from ARITA's website at artia.com.au/creditors.

ASIC also provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at asic.gov.au (search for "insolvency information sheets").