

CIRCULAR TO CREDITORS

Incospec Pty Ltd (In Liquidation) **ACN 606 617 994 ("the Company")**

The purpose of this document is to provide you with information about the liquidation of the above Company and your rights as a creditor.

1.0 NOTIFICATION OF APPOINTMENT

I was appointed liquidator of the Company by a resolution of the Company's members on 31 August 2017.

A copy of my Declaration of Independence, Relevant Relationships and Indemnities ("DIRRI") is attached in **Annexure A**. The DIRRI assists you to understand any relevant relationships that I have, and any indemnities or upfront payments that have been provided to me. None of the relationships disclosed in this document affect my independence.

2.0 EFFECT OF APPOINTMENT

The *Corporations Act 2001* ("the Act") imposes a moratorium or freeze on creditor claims, replacing a creditor's right to pursue their claim legally with a right to participate in any dividend paid by the liquidator.

The director's powers ceased on my appointment.

3.0 TRADING

The Company's operations ceased following a sale of the Company's business assets just prior to my appointment.

As at the date of this circular I haven't received a copy of the sale contract. However, I understand that all of the Company's assets were transferred to an unrelated purchaser and that many of the Company's staff were to be employed by the new operator.

Reviewing this sale will be one of my key tasks as a liquidator. My findings in this regard will be disclosed to creditors in future correspondence.

4.0 WHAT IS A CREDITORS' VOLUNTARY LIQUIDATION?

A Creditors' voluntary liquidation, is a liquidation initiated by the Company where the Company is unable to pay all its creditors in full. This means that the Company is insolvent.

According to the Company's records, you may be a creditor.

5.0 SUMMARY OF THE COMPANY'S AFFAIRS

I received a Report as to Affairs ("RATA") from the director on 8 September 2017. A summary of the Company's affairs from the information in the RATA is attached in **Annexure B**. I have also attached in **Annexure C** a list of creditors, including their address and the estimated amounts of their claims that are shown in the records of the Company. Any creditors related to the Company are separately identified.

6.0 WHAT HAPPENS TO YOUR DEBT?

All creditors of the Company are now creditors in the liquidation. As a creditor, you have certain rights, although your debt will be dealt with in the liquidation.

7.0 MEETING OF CREDITORS

I am required to cause a meeting of the Company's creditors to be convened within 11 days after the day of the meeting of the Company at which the resolution for voluntary winding up was passed. The purpose of the meeting is to receive a report from me about the Company's financial position and the reasons for my appointment, to consider the appointment of a committee of inspection, and to decide whether to nominate a different liquidator to act.

Further to this, I enclose at **Annexure D** the following documents:-

- Form 529 – Notice of Meeting;
- A blank Formal Proof of debt; and
- A blank Proxy Form.

Creditors wishing to attend this meeting and vote should make sure they complete and return to my office the attached proof of debt. Please note that a person is not entitled to vote as a creditor at the meeting unless they have lodged with the Chair of the meeting particulars of the debt or claim which is due from the Company. Company creditors whose directors, agents or employees are attending the meeting, or where creditors wish to appoint a third party to represent them at the meeting should ensure that the attached proxy form is completed and returned to me. If you are attending the creditors' meeting, both documents should be returned 24 hours prior to the holding of the meeting.

8.0 YOUR RIGHTS AS A CREDITOR

Information regarding your rights as a creditor is provided in the information sheet included in **Annexure E**. This includes your right to:

- make reasonable requests for a meeting;
- make reasonable requests for information;
- give directions to me;
- appoint a reviewing liquidator; or
- replace me as liquidator.

9.0 WHAT HAPPENS NEXT?

I will proceed with the liquidation, including:

- holding an initial meeting of creditors;
- investigating the sale of the Company's assets;
- considering if any legal claims might be available to the Company;
- investigating the Company's affairs; and
- reporting to the corporate regulator, the Australian Securities and Investments Commission ("ASIC").

I will write to you within three (3) months of my appointment advising whether a dividend is likely.

I may write to you again after that with further information on the progress of the liquidation. If you would prefer to receive all further communication by email, please complete and return to me the election notice attached in **Annexure F**.

10.0 COSTS OF THE LIQUIDATION

Included in **Annexure G** is my Initial Remuneration Notice. This document provides you with information about how I will get paid for undertaking the liquidation.

I set out in **Annexure H** to this report my Remuneration Approval Report covering the anticipated initial costs in this liquidation.

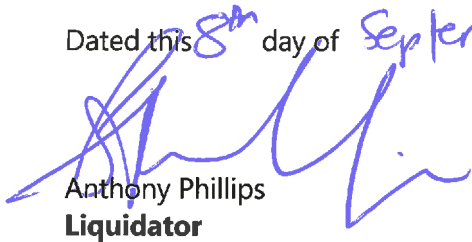
11.0 WHERE CAN YOU GET MORE INFORMATION?

ASIC provides information to assist creditors with understanding liquidations and insolvency. This information is available from ASIC's website at www.asic.gov.au.

ASIC provides information sheets on a range of insolvency topics. A summary of the information sheets available is attached in **Annexure I**. These information sheets can be accessed on ASIC's website.

For further information please feel free to contact this office.

Dated this 8th day of September 2017



Anthony Phillips
Liquidator

Contact: Chris Moody
Email: cmoody@heardphillips.com.au

Encl.

ANNEXURES

- "A" Declaration of Independence, Relevant Relationships and Indemnities
- "B" Summary of Affairs
- "C" List of Creditors
- "D" Meeting Information
- "E" Creditor Rights
- "F" Email Communication Election
- "G" Initial Remuneration Notice
- "H" Remuneration Approval Report
- "I" Summary of ASIC Information Sheets

CIRCULAR TO CREDITORS

Incospec Pty Ltd (In Liquidation)
ACN 606 617 994

ANNEXURE A

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

Incospec Pty Ltd (In Liquidation) **ACN 606 617 994 (“the Company”)**

Practitioners appointed to an insolvent entity are required to make declarations as to:

- A. their independence generally;
- B. relationships, including
 - i. *the circumstances of the appointment;*
 - ii. *any relationships with the Company and others within the previous 24 months;*
 - iii. *any prior professional services for the Company within the previous 24 months;*
 - iv. *that there are no other relationships to declare; and*
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of myself, my directors, and Heard Phillips.

A. INDEPENDENCE

I, Anthony John Arthur Phillips, have undertaken a proper assessment of the risks to my independence prior to accepting the appointment as liquidator of the Company in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to my independence. I am not aware of any reasons that would prevent me from accepting this appointment.

B. DECLARATION OF RELATIONSHIPS

i. Circumstances of appointment

This appointment was referred to me by the Company’s Director, Steve Marks, I believe that this referral does not result in a conflict of interest or duty because:

- the number of referrals I have received from this source are not material to the overall firm revenue;
- there is no commercial relationship, arrangement or connection with the Director that would challenge my objectivity;
- I have no expectation of ongoing work referrals from the Director; and
- my relationship with the Director will not influence my ability to fully comply with my statutory and fiduciary obligations associated with this appointment.

I had meetings with the Director on 19 June 2017, 15 August 2017, 29 August 2017 and 31 August 2017.

These meetings were for the purposes of:

- providing advice on the financial position of the Company and its options;

- obtaining sufficient information about the Company to advise the Company and its director on the solvency of the Company;
- to clarify and explain for the Company and its director the various options available to the Company and the nature and consequences of an insolvency appointment; and
- for me to provide a consent to act.

In addition, I emailed the Director on 29 August 2017 to provide details of the timeframes associated with a statutory demand.

I received no remuneration for this advice.

In my opinion, neither these meetings nor my email affect my independence for the following reasons:

- the Courts and the ARITA Code of Professional Practice specifically recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment;
- the nature of the advice provided to the Company is such that it would not be subject to review and challenge during the course of the liquidation; and
- the pre-appointment advice will not influence my ability to be able to fully comply with the statutory and fiduciary obligations associated with the liquidation of the Company in an objective and impartial manner.

I have provided no other information or advice to the Company or its director prior to my appointment beyond that outlined in this DIRRI.

ii. Relevant Relationships (excluding professional services to the Insolvent)

I or members of my firm have had within the preceding 24 months a relationship with:

Name	Nature of Relationship	Reason
ANZ Bank - Secured Creditor of the company	From time to time Heard Phillips undertakes insolvency and consulting services for ANZ Bank.	<p>I believe this relationship does not result in a conflict of interest or duty because:-</p> <p>Heard Phillips has not undertaken any work for ANZ Bank with respect to this company.</p> <p>The work Heard Phillips undertakes for ANZ Bank will not influence my ability to fully comply with my statutory and fiduciary obligations associated with this appointment.</p>

<p>Incospec & Associates Australia Pty Ltd (Subject to Deed of Company Arrangement)</p>	<p>On 30 November 2016, I was appointed joint and several voluntary administrator of these related entities.</p>	<p>I believe this relationship does not result in a conflict of interest or duty because:-</p>
<p>Inco Marks Pty Ltd (Subject to Deed of Company Arrangement)</p>	<p>Subsequently, on 17 January 2017, I was appointed the joint and several deed administrator of these related entities.</p>	<p>My appointment to these related entities enables me to be better informed of the common issues that have led to their insolvencies.</p> <p>It is quite common for related entities to be externally administered by the same insolvency practitioner as it improves the effectiveness and efficiency of investigations and recoveries (where relevant).</p> <p>Our relationship with these entities will not influence our ability to fully comply with our statutory and fiduciary obligations associated with this appointment.</p>

iii. Prior Professional Services to the Insolvent

Neither I, nor my firm, have provided any professional services to the Company in the previous 24 months.

iv. No Other Relevant Relationships to Disclose

There are no other known relevant relationships, including personal, business and professional relationships within the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has a charge on the whole or substantially the whole of the Company's property that should be disclosed other than set out as below.

Name	Nature of Relationship	Reason why not an impediment or conflict
Stephen Marks	Andrew Heard and Anthony Phillips were appointed Receivers and Managers to the entities that owned and operated the Callington Hotel. The Callington Hotel and the associated assets were sold by us to an entity owned by Stephen Marks.	<p>We believe this relationship does not result in a conflict of interest or duty because</p> <p>There is no commercial relationship, arrangement or connection with Stephen Marks that would challenge our objectivity.</p> <p>Our relationship with Stephen Marks will not influence our ability to fully comply with our statutory and fiduciary obligations associated with this appointment.</p> <p>Stephen Marks had his own independent advisor on this transaction and we provided no advice whatsoever to Stephen Marks regarding the sale. Our role was simply as vendor.</p>

C. INDEMNITIES AND UP-FRONT PAYMENTS

I have not been indemnified in relation to this liquidation, other than any indemnities that I may be entitled to under statute and I have not received any up-front payments in respect of my remuneration or disbursements.

Dated this 8th day of September 2017


Anthony Phillips
Liquidator

Note:

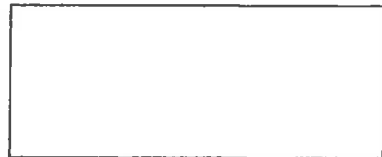
1. If circumstances change, or new information is identified, I am required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with my next communication as well as table a copy of any replacement declaration at the next meeting of the Company's creditors.
2. Any relationships, indemnities or up-front payments disclosed in this DIRRI must not be such that the practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the practitioner nevertheless remain independent.

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ANNEXURE B

ASIC registered agent number: 25953
 lodging party or agent name: Heard Phillips
 Office, level, building name or PO Box: Level 12
 street number and name: 50 Pirie Street
 Suburb/city: Adelaide
 telephone: (08) 8212 3433
 facsimile: (08) 8212 3144
 DX number: _____ suburb/city: _____



ASS REQ-A
 CASH REQ-P
 PROC

Australian Securities & Investments Commission

Form 509
 Corporations Act 2001
 497(2)(b)(i)

Summary of Affairs of a Company

company name Incospec Pty Ltd
 A.C.N. 606 617 994

Summary of assets and liabilities

date to which summary is made up (d/m/y) 31 August 2017

	Valuation (show whether cost or net book amount)	Estimated Realisable Values
1. assets not specifically charged:		
(a) interest in land		
(b) sundry debtors		
(c) cash on hand	25.75	25.75
(d) cash at bank	62.00	62.00
(e) stock as detailed in inventory		
(f) work in progress as detailed in inventory		
(g) plant and machinery as detailed in inventory	2,500.00	2,500.00
(h) other assets	127,434.96	127,434.96
2. Assets subject to specific charges		
Less amounts owing		
TOTAL assets		
TOTAL estimated realisable values	130,022.71	130,022.71
3. Less preferential creditors entitled to priority over the holders of debentures under any floating charge	(158,078.41)	(158,078.41)
4. Less amounts owing and secured by debenture or floating charge over company's assets to:		
5. Less preferential creditors estimated amount available for unsecured creditors		
6. creditors (unsecured) amount claimed	(1,021,957.91)	(1,021,957.91)
7. balances owing to partly secured creditors		
total claims		
security held		
8. Contingent assets	112,560.00	112,560.00
Estimated to produce		
9. Contingent liabilities		
Estimated to rank for		
Estimated deficiency/surplus (subject to costs of administration/liquidation)	(937,453.61)	(937,453.61)
Share capital		
Issued		
Paid Up		

Signature

print name	<u>Stephen Marks</u>	Capacity	<u>Director</u>
sign here		Date	<u>31 August 2017</u>

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ANNEXURE C

Incospec Pty Ltd (In Liquidation)
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Schedule of Creditor Details

SECURED CREDITORS

Creditor Name	Address	RATA
Australia and New Zealand Banking Group	100 Queen Street Melbourne VIC 3000	0.00
Blastone International	PO Box 3385 Tingalpa QLD 4173	0.00
Totals for Secured Creditors		0.00

PREFERRED (EMPLOYEE) CREDITORS

Creditor Name	Address	RATA
Australian Taxation Office - Superannuation	PO Box 9990 Penrith NSW 2750	131,177.02
Dassanayake, Anura	Address Withheld	1,738.95
Kutek, Jon	Address Withheld	0.00
Luke, David	Address Withheld	0.00
Ly, Jennifer	Address Withheld	2,895.39
O'Brien, Craig	Address Withheld	2,501.38
Robinson, Anthony	Address Withheld	0.00
Sheppard, Alex	Address Withheld	19,765.67
Sherwood, Bill	Address Withheld	0.00
Verhoef, Ben	Address Withheld	0.00
Wilkes, Wayne	Address Withheld	0.00
Totals for Preferred (Employee) Creditors		158,078.41

UNSECURED CREDITORS

Creditor Name	Address	RATA
Accelerator (Australia) Pty Ltd	PO Box 732 Patterson Lakes VIC 3197	3,889.60
AGL Energy Ltd	GPO Box 888 Adelaide SA 5001	0.00
Australian Taxation Office	PO Box 9003 Penrith NSW 2740	812,961.51
Internode	PO Box 284 Rundle Mall SA 5000	2,640.00
J H Advisory Pty Ltd	PO Box 508 Unley SA 5061	16,280.00
James Anthony Consulting	17 Reid Ave Aberfoyle Park SA 5159	3,960.00
Krause Motors (Related Party)	PO Box 484 Kent Town SA 5071	575.00
Macspec Inspection Pty Ltd	53 Hendersons Road Bittern VIC 3918	3,267.00
New Wave Car Rentals (Related Party)	PO Box 484 Kent Town SA 5071	93,675.00
New Wave Constructions (Related Party)	PO Box 484 Kent Town SA 5071	4,962.22
Origin Energy	GPO Box 1199 Adelaide SA 5001	2,675.61
Pekaha Holding (Related Party)	Address Withheld	38,492.00
Sydney Traffic Control Pty Ltd	* Address Unknown *	2,429.35
Symbiosis Australia Pty Ltd	11 Walter Street Kidman Park SA 5025	9,944.00
TR Pty Ltd	PO Box 1185 Blackburn North VIC 3130	7,851.67
Wallmans Lawyers	GPO Box 1018 Adelaide SA 5001	18,354.95
Totals for Unsecured Creditors		1,021,957.91
Totals for All Creditors:		1,180,036.32

CIRCULAR TO CREDITORS

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ANNEXURE D

NOTICE OF MEETING

**Incospec Pty Ltd (In Liquidation)
ACN 606 617 994**

NOTICE IS GIVEN that a meeting of the creditors of Incospec Pty Ltd will be held at the offices of Heard Phillips Chartered Accountants, Level 12, 50 Pirie Street, Adelaide on 19 September 2017 at 11.00 am.

A G E N D A

1. To consider a report as to the affairs of the company prepared by the director;
2. To table and consider the liquidator's Declaration of Independence, Relevant Relationships and Indemnities;
3. To consider the removal of the liquidator from office and the appointment of a replacement;
4. To consider the appointment of a Committee of Inspection;
5. To table the liquidator's remuneration report and fix the remuneration of the liquidator; and
6. Any other business that may be lawfully brought forward.

DATED this 8th day of September 2017



Anthony Phillips
Liquidator

Heard Phillips Chartered Accountants
Level 12, 50 Pirie Street
Adelaide SA 5000

Ph: (08) 8212 3433

Fax: (08) 8212 3144

www.heardphillips.com.au

FORM 535

Subregulation 5.6.49(2)

Corporations Act (2001)

**FORMAL PROOF OF DEBT OR CLAIM
(GENERAL FORM)**

To the Liquidator of INCOSPEC PTY LTD (In Liquidation)

1. This is to state that the company was on Thursday, 31 August 2017 (*date of court order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up*), and still is, justly and truly indebted to: _____ (*full name and address of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor*) for \$ _____ and _____ cents.

Date	Consideration (state how the Debt arose)	Amount \$ c	Remarks (include details of voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: (*insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form*).

Date	Drawer	Acceptor	Amount \$c	Due Date

- *3. I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.
- *3. I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

.....
Signature
Occupation:
Address:

Dated

*Do not complete if this proof is made by the creditor personally.

Corporations Act 2001

Incospec Pty Ltd (In Liquidation)
ACN 606 617 994

APPOINTMENT OF PROXY

I/We
of a creditor of Incospec Pty Ltd appoint
..... or in his or her absence
as my/our general/special proxy to vote at the meeting of creditors to be held on 19 September 2017, or at any adjournment of that meeting .

Special Proxy Instructions

Should you desire to direct your proxy how to vote on any resolution please insert [x] in the appropriate box below. In the absence of a direction the proxy may vote at the proxy's discretion.

"That Anthony Phillips act as Chairperson of the meeting."

For [] Against [] Abstain []

"THAT the liquidators' fees from 31 August 2017 be determined at a sum equal to the cost of the time spent by the liquidator and his partners and staff, calculated at the hourly rate detailed in the circular to creditors dated 8 September 2017 up to a capped sum of \$30,000 (GST exclusive), and that the liquidator can draw the remuneration on a monthly basis or as required. If the value of the work performed exceeds the capped amount, the liquidator reserves the right to seek further fee approval from creditors."

For [] Against [] Abstain []

"THAT the internal disbursements from 31 August 2017 be determined on the basis of the scale of internal disbursements detailed in the report to creditors dated 8 September 2017 up to a capped sum of \$3,000 (GST exclusive), and that the liquidator can draw the disbursements, which includes an element of profit or mark up, on a monthly basis or as required. If the value of the internal disbursements exceeds the capped amount, the liquidator reserves the right to seek further disbursement approval from creditors."

For [] Against [] Abstain []

DATED this day of 2017

Signature¹

¹ Individual to sign for a sole trader, a Partner for a partnership or a Director or an Attorney or person duly authorized to sign on behalf of a company.

CERTIFICATE OF WITNESS

(This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the member must not be witnessed by the person nominated as proxy).

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

DATED this day of 2017

Signature of Witness

Description

Place of Residence

CIRCULAR TO CREDITORS

Incospec Pty Ltd (In Liquidation)
ACN 606 617 994

ANNEXURE E



ARITA
AUSTRALIAN RESTRUCTURING
INSOLVENCY & TURNAROUND
ASSOCIATION

Creditor Rights in Liquidations

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



Right to request a meeting

In liquidations, no meetings of creditors are held automatically. However, creditors with claims of a certain value can request in writing that the liquidator hold a meeting of creditors.

A meeting may be requested in the first 20 business days in a creditors' voluntary liquidation by $\geq 5\%$ of the value of the debts held by known creditors who are not a related entity of the company.

Otherwise, meetings can be requested at any other time or in a court liquidation by:

- $> 10\%$ but $< 25\%$ of the known value of creditors on the condition that those creditors provide security for the cost of holding the meeting
- $\geq 25\%$ of the known value of creditors
- creditors by resolution, or
- a Committee of Inspection (this is a smaller group of creditors elected by, and to represent, all the creditors).

If a request complies with these requirements and is 'reasonable', the liquidator must hold a meeting of creditors as soon as reasonably practicable.

Right to request information

Liquidators will communicate important information with creditors as required in a liquidation. In addition to the initial notice, you should receive, at a minimum, a report within the first three months on the likelihood of a dividend being paid.

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

A liquidator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the liquidator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

Requests must be reasonable.

They are not reasonable if:

Both meetings and information:

- complying with the request would prejudice the interests of one or more creditors or a third party
- there is not sufficient available property to comply with the request
- the request is vexatious

Meeting requests only:

- a meeting of creditors dealing with the same matters has been held, or will be held within 15 business days

Information requests only:

- the information requested would be privileged from production in legal proceedings
- disclosure would found an action for breach of confidence
- the information has already been provided
- the information is required to be provided under law within 20 business days of the request

If a request is not reasonable due to (b), (d), (g) or (h) above, the liquidator must comply with the request if the creditor meets the cost of complying with the request.

Otherwise, a liquidator must inform a creditor if their meeting or information request is not reasonable and the reason why.

Right to give directions to liquidator

Creditors, by resolution, may give a liquidator directions in relation to a liquidation. A liquidator must have regard to these directions, but is not required to comply with the directions.

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

An individual creditor cannot provide a direction to a liquidator.

Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a liquidator's remuneration or a cost or expense incurred in a liquidation. The review is limited to:

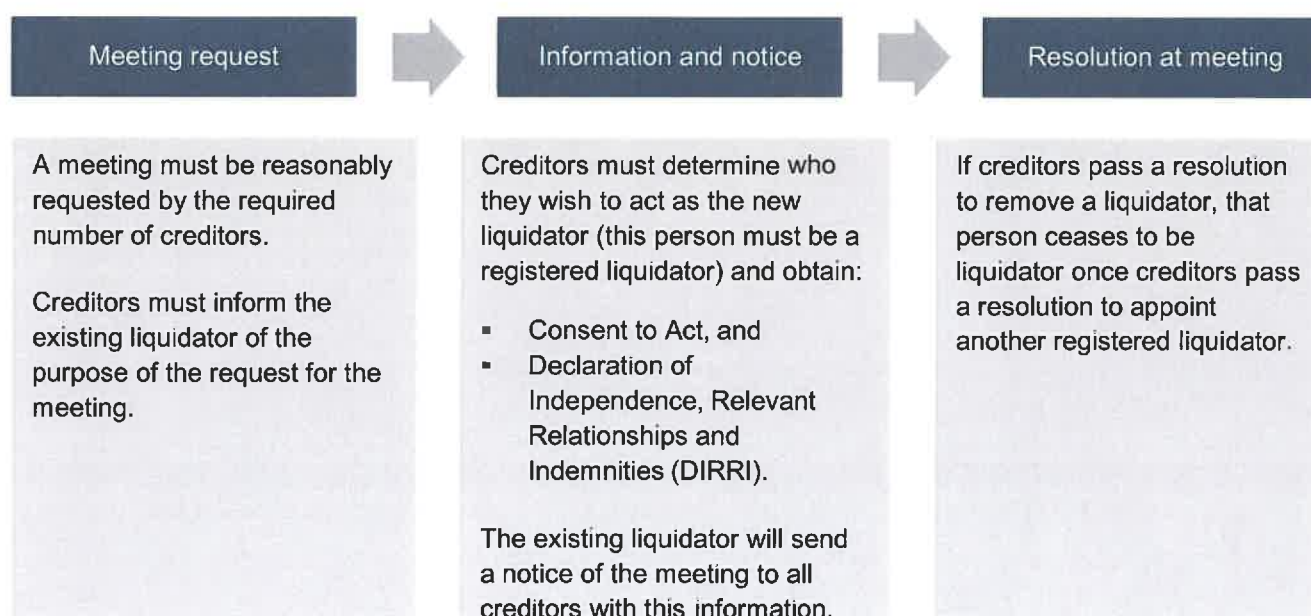
- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

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

Right to replace liquidator

Creditors, by resolution, have the right to remove a liquidator and appoint another registered liquidator. For this to happen, there are certain requirements that must be complied with:



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

CIRCULAR TO CREDITORS

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ANNEXURE F

Incospec Pty Ltd (In Liquidation)
ACN 606 617 994

Election by Creditor to Receive Notices and Documents Electronically

Pursuant to Subregulation 5.6.11A of the *Corporations Regulations 2001* and section 600G of the Act, creditors may elect to receive notices and documents prescribed by the Act by electronic means.

Accordingly, **should you wish to receive notices** and documents pertaining to this liquidation **via email**, please complete the following details and return this form to this office.

Election

Please forward notices and documents **by email only**

Signature: _____

Creditor Name: _____

Creditor Address: _____

Contact Person: _____

Position: _____

Email address: _____

Contact Telephone: _____

Please return your completed form by **one** of the following means:

Fax to: +61 8 8212 3144

Email to: insol@heardphillips.com.au

Post to: Heard Phillips
PO Box 3432
Rundle Mall SA 50000

CIRCULAR TO CREDITORS

Incospec Pty Ltd (In Liquidation)
ACN 606 617 994

ANNEXURE G

INITIAL REMUNERATION NOTICE

INCOSPEC PTY LTD (In Liquidation) **ACN 606 617 994**

The purpose of the initial Remuneration Notice is to provide you with information about how I propose my remuneration for undertaking the liquidation will be set.

1. REMUNERATION METHODS

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are:-

a. Time based / hourly rates

This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.

b. Fixed Fee

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

c. Percentage

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

d. Contingency

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

2. METHOD CHOSEN

Given the nature of this liquidation, I propose that my remuneration be calculated on time based/hourly rates. This is because:-

- It ensures that creditors are only charged for work that is performed.
- The liquidator is required to perform a number of tasks which do not relate to the realisation of assets, for example responding to creditor enquiries, reporting to ASIC, distributing funds in accordance with the provisions of the Corporations Act.
- I am currently unable to estimate with certainty the total amount of fees necessary to complete all tasks required in the liquidation.
- I have a time recording system that can produce a detailed analysis of time spent on each task by each staff member utilised in the administration.
- This method provides full accountability in the method of calculation.

3. EXPLANATION OF HOURLY RATES

The 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 in the liquidation. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description	2018 Rates
Appointee/Director	20 + years insolvency experience, Official Liquidator, controlling all facets of the administration and bringing his or her specialist skills to the insolvency administration.	400
Appointee/Associate Director	15 + years insolvency experience, may be Registered as a Liquidator, controlling all facets of the administration and bringing his or her specialist skills to the insolvency administration.	400
Senior Manager	6 + years insolvency experience, degree and post graduate qualifications achieved, controlling medium sized matters and managing staff.	325
Manager	6 years insolvency experience, degree and post graduate qualifications achieved, controlling medium sized matters and managing staff.	315
Supervisor	4 years insolvency experience, degree and post graduate qualifications achieved, managing medium sized matters and controlling the work of more junior staff.	290
Senior I	An experienced accountant or clerk with 4 to 6 years insolvency administration experience. Assists with control of small to medium sized jobs as well as performing some of the more difficult work on larger jobs.	225
Accountant	A qualified accountant with less than 3 years experience and undertaking further study. Required to assist in day-to-day fieldwork under supervision of more senior staff.	215
Senior II	An experienced clerk with 2 to 4 years insolvency administration experience or a graduate accountant with more than 1 years experience, assists with control of small to medium sized jobs as well as performing some of the more difficult work on larger jobs.	210
Graduate	A graduate accountant with less than 1 years experience. Required to assist in day-to-day fieldwork under supervision of more senior staff.	190
Insolvency Analyst	Experienced bookkeeper or trainee. Required to assist in day-to-day fieldwork under supervision of more senior staff.	170
Undergraduate	An undergraduate accountant required to assist in the day-to-day fieldwork under supervision of more senior staff	160
Secretary/Junior	Non-qualified person with appropriate skills. Required to assist with secretarial matters, filing, rounds, banking, account openings etc. under supervision of more senior staff.	120

Scale applicable for the financial year ending 30 June 2018

4. ESTIMATED REMUNERATION

I estimate that this liquidation will cost between \$25,000 and \$30,000 to complete, subject to the following variables which may have a significant effect on this estimate that I am unable to determine at this stage of the liquidation:-

- If books and records are not provided or are incomplete or misleading.
- If there are difficulties securing and realising assets.
- If there are time consuming retention of title claims, protracted secured creditor and landlord negotiations or other unexpected 3rd party claims.
- If investigations reveal legal recoveries that may be brought for the benefit of creditors or to pursue the prosecution of offences.

Prior to my appointment, I provided an estimate of the cost of the administration to the director. This estimate is consistent with the estimate provided to the director prior to my appointment.

5. DISBURSEMENTS

Disbursements are divided into three types:

- **Externally provided professional services** - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- **Externally provided non-professional costs** such as travel, accommodation and search fees - these are recovered at cost.
- **Internal disbursements** such as printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

I am not required to seek creditor approval for disbursements paid to third parties, but must account to creditors. However, I must be satisfied that these disbursements are appropriate, justified and reasonable. I am required to obtain creditors' consent for the payment of internal disbursements where there is a profit or advantage. Creditors will be asked to approve my internal disbursements where there is profit or advantage prior to these disbursements being paid from the administration.

Details of the basis of recovering disbursements in this administration are provided below.

Basis of disbursement claim

Internal Disbursements	Rate (Excl. GST)
Advertising	At Cost
Archives / Record Storage	\$1 per box per month
Binding	\$1.00 per bind
Courier	At Cost
Faxes & Photocopies	\$0.50 per page
Postage	At Cost
Stationery	
- Folders	\$5.00 per folder
- Filing Index	\$4.00 per set
- Archive Box	\$5.00 per box
Staff vehicle use	Per ATO guidelines

Scale applicable for financial year ending 30 June 2018

CIRCULAR TO CREDITORS

Incospec Pty Ltd (In Liquidation)
ACN 606 617 994

ANNEXURE H

REMUNERATION APPROVAL REQUEST

Incospec Pty Ltd (In Liquidation) **ACN 606 617 994 ("the Company")**

This remuneration report provides you with information you need to be able to make an informed decision regarding the approval of my remuneration for undertaking the liquidation of the Company.

The report has the following information included:

- 1.0 DECLARATION
 - 2.0 EXECUTIVE SUMMARY
 - 3.0 REMUNERATION
 - 3.1 *Details of Remuneration*
 - 3.2 *Total Remuneration reconciliation*
 - 3.3 *Likely Impact on Dividends*
 - 4.0 DISBURSEMENTS
 - 4.1 *Future Basis of Internal Disbursements*
 - 5.0 REPORT ON PROGRESS OF THE ADMINISTRATION
 - 6.0 SUMMARY OF RECEIPTS AND PAYMENTS
 - 7.0 QUERIES
- Schedule 1 – Table of major tasks for remuneration

1.0 DECLARATION

I, Anthony John Arthur Phillips of Heard Phillips, have undertaken a proper assessment of this remuneration claim for my appointment as Liquidator of the Company, in accordance with the law and applicable professional standards. I am satisfied that the amounts claimed are in respect of necessary work, properly performed, or to be properly performed, in the conduct of the Liquidation.

2.0 EXECUTIVE SUMMARY

To date, no remuneration or disbursements have been approved and paid in this Liquidation.

This remuneration currently claimed is summarised below:

Period	Report Reference	Amount (ex GST)
Current remuneration approval sought:		
Resolution 1: from 31 August 2017 to milestone*	3.1	\$30,000
TOTAL		\$30,000

**Approval for future remuneration sought is based on an estimate of work necessary to the point where asset realisations have concluded and investigations conducted in order to determine the extent (if any) of any legal actions that may be available. Should legal recoveries be identified, further work will be required resulting in further costs and further approval may be sought from creditors.*

The internal disbursements currently claimed are summarised below:

Period	Report Reference	Amount (ex GST)
Internal disbursements approval:		
Resolution 2: from 31 August 2017 to milestone*	4.1	\$3,000
TOTAL		\$3,000

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

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

The remuneration approval sought is consistent with the Initial Remuneration Notice enclosed with this report.

3.0 REMUNERATION

I will be seeking approval of the following resolution to approve my remuneration. Details to support this resolution are included in *Section 3.2* below and in the attached Schedule.

3.1 *Resolution 1*

"THAT the liquidators' fees from 31 August 2017 be determined at a sum equal to the cost of the time spent by the liquidator and his partners and staff, calculated at the hourly rate detailed in the circular to creditors dated 8 September 2017 up to a capped sum of \$30,000 (GST exclusive), and that the liquidator can draw the remuneration on a monthly basis or as required. If the value of the work performed exceeds the capped amount, the liquidator reserves the right to seek further fee approval from creditors."

3.2 *Total Remuneration Reconciliation*

This claim is consistent with the estimate provided in the Initial Remuneration Notice dated 8 September 2017, which estimated remuneration of \$25,000 to 30,000 (excluding GST).

3.3 *Likely Impact on Dividends*

The payment of the liquidators' remuneration and internal disbursements reduces any amount payable to creditors (if any) by way of dividend.

Section 556 of *the Corporations Act 2001* ("Act") provides that remuneration and internal disbursements of the liquidator is paid in priority to unsecured creditors' claims.

The effect of approving my remuneration and internal disbursements is to fix the liquidators' remuneration which is then paid in accordance with Section 556 of the Act. If the remuneration is not approved, at some future time I will make an application to Court to decide my remuneration and internal disbursements, which application will incur further costs in the liquidation and may delay distributions, if any, to creditors.

4.0 DISBURSEMENTS

Disbursements are divided into three types:

- **Externally provided professional services** - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- **Externally provided non-professional costs** - these are recovered at cost. Examples of externally provided non-professional costs are travel, accommodation and search fees.
- **Internal disbursements** such as printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis. Details of the basis of recovery of each of these costs is discussed below.

Future internal disbursements provided by my firm will be charged to the administration on the following basis:

Internal Disbursements	Rate (Excl GST)
Archives / Record Storage	\$1 per box per month
Binding	\$1.00 per bind
Faxes & Photocopies	\$0.50 per page
Stationery	
- Folders	\$5.00 per folder
- Filing Index	\$4.00 per set
- Archive Box	\$5.00 per box
Staff vehicle use	Per ATO guidelines

I will be seeking approval for the following resolution to approve payment of my internal disbursements.

4.1 Resolution 2

"THAT the internal disbursements from 31 August 2017 be determined on the basis of the scale of internal disbursements detailed in the report to creditors dated 8 September 2017 up to a capped sum of \$3,000 (GST exclusive), and that the liquidator can draw the disbursements, which includes an element of profit or mark up, on a monthly basis or as required. If the value of the internal disbursements exceeds the capped amount, the liquidator reserves the right to seek further disbursement approval from creditors."

5.0 REPORT ON THE PROGRESS OF THE ADMINISTRATION

As at the date of this report I have undertaken the following:-

- Secured the books and records of the Company;
- Informed staff of the termination of their employment, their rights regarding their entitlements and the Government's FEG Scheme; and
- Attended to my statutory duties.

6.0 SUMMARY OF RECEIPTS AND PAYMENTS

There have been no receipts to date in this matter.

7.0 QUERIES

If you have any queries in relation to the information in this report, please contact my office.

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

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for "insolvency information sheets")

Dated this 8th day of September 2017


Anthony Phillips
Liquidator

Schedule 1

Remuneration for the period from 31 August 2017 to milestone.

A summary of the work undertaken / to be undertaken during this time is detailed below:-

Task Area	General Description	Includes
Creditors [\$6,000]	Secured creditors	<ul style="list-style-type: none"> ▪ Contacting secured creditors and establishing the extent of claims ▪ Reviewing security documents ▪ Ongoing communication with secured creditor
	Creditors' meeting	<ul style="list-style-type: none"> ▪ Advertise meeting of creditors ▪ Issue notices of meeting to all creditors or committee members as appropriate ▪ Receive proof of debts and proxies and record in attendance register ▪ Prepare meeting agenda and draft minutes ▪ Chair the meeting of creditors ▪ Prepare minutes of meeting ▪ File copies of minutes of meeting with ASIC
	General creditor enquiries	<ul style="list-style-type: none"> ▪ Receive and respond to calls and communications from creditors ▪ Maintain a register of creditor claims and contact details ▪ File all creditor claims and correspondence in alphabetic order
Employees [\$3,000]	Employee enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up employee enquiries via telephone ▪ Maintain employee enquiry register ▪ Review and prepare correspondence to employees and their representatives via facsimile, email and post ▪ Preparation of letters to employees advising of their entitlements and options available
	FEG	<ul style="list-style-type: none"> ▪ Correspondence with Department of Employment regarding FEG ▪ Responding to requests for information ▪ Verification of entitlements to FEG and resolve all variances to claims made by employees

	Calculation of entitlements	<ul style="list-style-type: none"> ▪ Calculating employee entitlements ▪ Reviewing employee files and company's books and records ▪ Reconciling superannuation accounts ▪ Reviewing awards
Investigation [\$16,000]	Statutory investigation	<ul style="list-style-type: none"> ▪ Conduct an investigation of the property, affairs and financial circumstances of the company following a detailed investigation program ▪ Review financial records and supporting documentation ▪ Consider likely offences and breaches of the Corporations Act ▪ Prepare and lodge report with ASIC pursuant to Section 533(1) of the Corporations Act ▪ Consider and respond to correspondence and communications from ASIC
	Sale of Business	<ul style="list-style-type: none"> ▪ Reviewing contract ▪ Consider commerciality of the sale of the business ▪ Discussion with the Director regarding sale ▪ Collecting funds from sale of business
	Antecedent transaction investigation	<ul style="list-style-type: none"> ▪ Conduct an investigation of the historic trading of the company and the payment of creditor amounts following a detailed investigation program ▪ Review books and records focussing on creditor and legal communications ▪ Review financial records and supporting documentation ▪ Conduct and document an analysis of the payments to short listed creditors ▪ Review all related party loan documents and transactions ▪ Where relevant draft appropriate demand letters to recover antecedent transactions
Administration [\$5,000]	Appointment	<ul style="list-style-type: none"> ▪ Preparing director minutes and resolutions ▪ Preparing member minutes and resolutions ▪ Prepare Summary of Affairs from information supplied ▪ Lodge Form 205 and 505 with the ASIC ▪ Advertise appointment in www.insolvencynotices.asic.gov.au ▪ Receive a Report as to Affairs Form 507 from the Directors

	ATO matters	<ul style="list-style-type: none"> ▪ Notify the ATO of the appointment of liquidator ▪ Register for GST ▪ Maintain records of receipts and payments as required by the Act ▪ Prepare and lodge returns with the ATO as and when required
	Bank account maintenance	<ul style="list-style-type: none"> ▪ Close existing bank account and transfer surplus monies (if any) to an account operated by the liquidator ▪ Open a bank account in the name of the Company in liquidation ▪ Maintain a cashbook and receipt/voucher system that accurately and completely records all receipts and payments ▪ Reconcile bank accounts on a monthly basis
	Books & Records	<ul style="list-style-type: none"> ▪ Take possession of all relevant Company books and records ▪ Prepare an index and receipt of all records ▪ Store records securely and maintain and update the firm register of books and records ▪ Arrange for the destruction of books and records as and when appropriate
	Document and file maintenance	<ul style="list-style-type: none"> ▪ Maintain and store all files, records and documents in accordance with a structured methodology and system ▪ Maintain signed file notes of all conversations and meetings with parties relating to the conduct of the liquidation
	Insurance	<ul style="list-style-type: none"> ▪ Inform AJG of appointment and arrange automatic insurance cover ▪ Liaise with AJG regarding existing and required insurance cover ▪ Prepare insurance cover documents
	Planning / Review	<ul style="list-style-type: none"> ▪ Maintain checklists to guide the conduct of the liquidation ▪ Sign off checklist when tasks are complete ▪ Periodically review the progress of the liquidation and compare to desired liquidation outcomes ▪ Periodically peer review conduct of the liquidation to ensure Quality Control is maintained

	Statutory	▪ Prepare and file accounts in the prescribed form with ASIC
		Total: [\$30,000]

CIRCULAR TO CREDITORS

Incospec Pty Ltd (In Liquidation)
ACN 606 617 994

ANNEXURE I



ASIC

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

ASIC has 11 insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Australian Restructuring Insolvency & Turnaround Association (ARITA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

List of information sheets

- INFO 41 Insolvency: a glossary of terms
- INFO 74 Voluntary administration: a guide for creditors
- INFO 75 Voluntary administration: a guide for employees
- INFO 45 Liquidation: a guide for creditors
- INFO 46 Liquidation: a guide for employees
- INFO 54 Receivership: a guide for creditors
- INFO 55 Receivership: a guide for employees
- INFO 43 Insolvency: a guide for shareholders
- INFO 43 Insolvency: a guide for directors
- INFO 84 Independence of external administrators: a guide for creditors
- INFO 85 Approving fees: a guide for creditors

Getting copies of the information sheets

To get copies of the information sheets, visit ASIC's website at www.asic.gov.au/insolvencyinfosheets. The information sheets are also available from the ARITA website at www.arita.com.au. The ARITA website also contains the ARITA's Code of Professional Practice for Insolvency Professionals, which applies to ARITA members.

Important note: The information sheets contain 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. These documents may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.