



All Trades Queensland Pty Ltd
(Administrators Appointed)
ACN 115 379 461 (“the Company”)
Report to creditors – Section 75-225 of the
Insolvency Practice Rules (Corporations) 2016

About this report: a guide for creditors

Voluntary Administrators

John Park and Joanne Dunn

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Purpose of this report

- The Administrators are required to prepare this report under the Corporations Act 2001 (**the Act**). We are required to provide creditors with information about the Company's business, property, affairs and financial circumstances.
- This report and its attachments contain details about the forthcoming second meeting of creditors to be held on **Thursday, 27 August 2020** and our opinion and recommendation about the future of the Company and what is considered to be in the creditors' interests. Creditors are required to decide whether:
 - the Company should execute a DOCA, or
 - the administration of the Company should end, or
 - the Company should be wound up.
- Alternatively, creditors can vote to, or the Administrators can decide to, adjourn the meeting for up to 45 business days to allow more time to make their decision.

Information included

- This report contains the information we are required by law to include, plus other information considered materially relevant to creditors to enable them to make an informed decision about the Company's future.
- The Table of Contents on the following page lists the sections of this report. A glossary and certain other information, including details about our claim for remuneration, is included in appendices.

Key messages and recommendations

- Pages 7 to 9 summarise the items considered to be the most important for creditors and includes our recommendation to creditors.

Details and forms for the forthcoming creditors' meeting

- All details, forms and instructions relating to the meeting are available for download from the [FTI Consulting Creditor Portal](#). Instructions on how to attend the meeting are summarised on Page 12.

Questions and help

- Please contact us if you are unsure about any of the matters raised in this report and the impact that any decision about the Company's future may have on you.

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Glossary and terms of reference

Terms of reference

- This report has been prepared for the creditors of Company to assist them in evaluating their position as creditors and in deciding on the Company's future. None of the Administrators, FTI Consulting and its staff shall assume any responsibility to any third party to which this report is disclosed or otherwise made available.
- This report is based on information obtained from the Company's records, the Director and Management of the Company and from our own enquiries. While we have no reason to doubt the veracity of information contained in this report, unless otherwise stated we have proceeded on the basis that the information provided and representations made to us are materially accurate, complete and reliable. We have not carried out anything in the nature of an audit, review or compilation.
- This report may contain prospective financial information, including estimated outcomes for creditors, and other forward looking information. As events and circumstances frequently do not occur as expected, there may be material differences between estimated and actual results. We take no responsibility for the achievement of any projected outcomes or events.
- We reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to us between the date of this report and the forthcoming meeting of creditors.
- Creditors should seek their own advice if they are unsure how any matter in this report affects them.

Glossary and terms of reference

Item	Definition
Act	Corporations Act 2001 (Cth)
Administrators	John Park and Joanne Dunn
AEST	Australian Eastern Standard Time
AGD	Australian Government Attorney-General's Department
All PAAP	All Present and After-acquired Property
ASA	All Skills Australia Pty Ltd
ASIC	Australian Securities and Investments Commission
ASQA	Australian Skills Quality Authority
ATO	Australian Taxation Office (incorporating the Deputy Commissioner of Taxation, as applicable)
Back Pay	Amounts the Company is liable to pay to employee apprentices employed after 1 January 2014 and before 1 February 2018 as a result of the operation of the law as interpreted by the decision of the Federal Court of Australia in All Trades Queensland Pty Ltd v. Construction, Forestry, Mining and Energy Union [2017] FCAFC 189 and the Company not having paid its employee apprentices for a period after 1 January 2014 and before 1 February 2018 as required by law.
BAS	Business Activity Statement
c	circa
Company or ATQ	All Trades Queensland Pty Ltd (Administrators Appointed)
CSQ	Construction Skills Queensland
DESBT	Department of Education, Small Business and Training
Director	Ian David Johnson
DIRRI	Declaration of independence, relevant relationships and indemnities
DOCA	Deed of company arrangement
EBIT / EBITDA	Earnings before interest and tax / Earnings before interest, tax, depreciation and amortisation
EOI	Expression of interest
ERV	Estimated realisable value
FEG	Fair Entitlements Guarantee Scheme
FITB	Future income tax benefit
FWC or Fair Work	Fair Work Commission
FWO	Fair Work Ombudsman

Item	Definition
FY16, FY17, FY18	Financial years ended/ending 30 June 2016, 30 June 2017 and 30 June 2018
GST	Goods and Services Tax, as applicable in Australia
GTO	Group Training Organisation
HCFT	Helmsman Capital Fund Trust IIB
Helmsman	Helmsman Funds Management Limited
Host Customer	A customer which enters into an agreement with All Trades Queensland Pty Ltd to place apprentice/s.
k	Thousand
LSL	Long service leave
m	Million
Management	The senior officers, employees and advisors of the Company including the Director, CFO and General Manager/s.
meeting of creditors or Second Meeting of Creditors	The meeting of creditors to be held on 27 August 2020.
NPAT	Net profit after tax
NPBT	Net profit before tax
PAYG	Pay As You Go
PILN	Payment In Lieu of Notice
PMSI	Purchase Money Security Interest
POD	Proof of debt/claim
PPE	Property, plant and equipment
PPSR	Personal Property Securities Register
Qtr	Quarter
ROCAP	Report On Company Activities and Property
RTO	Registered Training Organisation
SAG	Skill Australia Group Pty Ltd
SGC	Superannuation Guarantee Charge
Unions	Construction, Forestry, Maritime, Mining and Energy Union; Electrical Trade Union; Plumbers Union; Australian Manufacturing Workers Union
Westpac	Westpac Banking Corporation
WIP	Work-in-progress
YTD	Year to date



1. Executive summary

1. Executive summary

Recommendation on the Company's future

Options available to creditors	Option 1: Execute a DOCA	Option 2: Administration end	Option 3: Liquidation
Description	<ul style="list-style-type: none"> Whether it would be in the creditors' interests for the Company to execute a DOCA 	<ul style="list-style-type: none"> Whether it would be in the creditors' interests for the administration to end 	<ul style="list-style-type: none"> Whether it would be in the creditors' interests for the Company to be wound up
Key factors to consider	<ul style="list-style-type: none"> We have not been provided with a proposal for a DOCA with sufficient detail to enable a recommendation to be made to creditors As a result, creditors' cannot resolve to accept a DOCA proposal at this time 	<ul style="list-style-type: none"> The Company is insolvent with no cash to pay all due debts and no confirmed prospects of obtaining external funding 	<ul style="list-style-type: none"> We have not been provided with a proposal for a DOCA with sufficient detail to enable a recommendation to be made to creditors. It is not appropriate that the administration ends as the Company is insolvent It is possible a DOCA will be received subsequent to issuing this report
Our opinion	<ul style="list-style-type: none"> Not in the creditors' interests that the Company execute a DOCA 	<ul style="list-style-type: none"> Not in the creditors' interests that the administration should end 	<ul style="list-style-type: none"> Is in the creditors' interests, that an orderly transition of ATQ apprentices and students occur prior to any liquidation The Administrators are likely to adjourn the meeting of creditors to consider a DOCA proposal, if received prior to the meeting or alternatively, to transition apprentices and students to other providers.
Recommended option	Not recommended	Not recommended	Recommended
Potential to adjourn the meeting to a future date	<ul style="list-style-type: none"> Creditors may wish to adjourn the second meeting for up to 45 business days. The Administrators can also adjourn the meeting of creditors if it is in the interest of creditors to do so. 		

1. Executive summary

Key messages for creditors

- Set out below is a summary of the key messages and recommendations that are detailed in this report. Please read this summary with conjunction of the remainder of the report including the Appendices and any other attachments.

Key areas	Commentary	Analysis
Explanations for the Company's difficulties	We identified possible causes for the Company's failure and note the declining revenues for the ATQ hire arm from FY17 onwards. We also suspect the impact of COVID-19 played a role in the downturn of the ATQ business.	Section 2
Administrators' actions and strategy	<p>Our strategy for the administration has been to:</p> <ul style="list-style-type: none"> ■ Obtain an understanding of the business, stabilise operations and continue to trade; ■ Liaise with key customers, suppliers, employees/apprentices and stakeholders; ■ Solicit offers from interested parties for sale or recapitalisation of the business via sale or DOCA; and ■ Work with relevant interested parties to progress to final offers. <p>There were no offers in a form capable of acceptance, and unless a DOCA proposal is received prior to the meeting of creditors, the Administrators will work with alternate providers to facilitate an orderly transition of ATQ apprentices and students.</p>	Section 3
Estimated date of insolvency	Our preliminary view is the Company was likely insolvent as early as 21 December 2018, and remained so until the time of our appointment on 22 July 2020.	Section 5
Voidable transactions and offences	<p>We consider there may be transactions which a Liquidator could pursue which might result in recoveries for the benefit of creditors. This includes an unfair preference claim estimated to be \$1.19m.</p> <p>Our preliminary investigations to date indicate the Director may have breached s588G of the Act.</p>	Section 5
Liability for insolvent trading	<p>Based on the estimated date of insolvency, the potential claim for insolvent trading may be in the order of \$5.1m.</p> <p>At this time, it is unclear as to the capacity of the Director to meet a successful insolvent trading claim.</p>	Section 5

1. Executive summary

Key messages for creditors

Key areas	Commentary	Analysis																	
Estimated outcome for creditors	<p>The estimates shown are based on the information presently available, our view of the Company’s estimated realisable value of assets, potential Liquidator claims and estimated claims of creditors:</p> <table border="1" data-bbox="506 639 1749 874"> <thead> <tr> <th rowspan="2">Summary of Estimated Returns</th> <th colspan="2">Liquidation</th> </tr> <tr> <th>Low Return</th> <th>High Return</th> </tr> </thead> <tbody> <tr> <td>Priority Creditor: Wages & Superannuation</td> <td>100 cents/\$</td> <td>100 cents/\$</td> </tr> <tr> <td>Priority Creditor: Leave Entitlements</td> <td>100 cents/\$</td> <td>100 cents/\$</td> </tr> <tr> <td>Priority Creditor: Redundancy & PILN</td> <td>62 cents/\$</td> <td>100 cents/\$</td> </tr> <tr> <td>Unsecured Creditors</td> <td>Nil</td> <td>Nil</td> </tr> </tbody> </table> <p>The key factors and variables impacting the estimated return to creditors include:</p> <ul style="list-style-type: none"> — Recoverability of debtors, unfair preference payments and the insolvent trading claim. — The quantum of entitlements, which are subject to change based on the circumstances of the winding up. 	Summary of Estimated Returns	Liquidation		Low Return	High Return	Priority Creditor: Wages & Superannuation	100 cents/\$	100 cents/\$	Priority Creditor: Leave Entitlements	100 cents/\$	100 cents/\$	Priority Creditor: Redundancy & PILN	62 cents/\$	100 cents/\$	Unsecured Creditors	Nil	Nil	Section 6
Summary of Estimated Returns	Liquidation																		
	Low Return	High Return																	
Priority Creditor: Wages & Superannuation	100 cents/\$	100 cents/\$																	
Priority Creditor: Leave Entitlements	100 cents/\$	100 cents/\$																	
Priority Creditor: Redundancy & PILN	62 cents/\$	100 cents/\$																	
Unsecured Creditors	Nil	Nil																	
Timing of payments to creditors	<p>The estimated timing of dividends are set out below for each class of creditor under a liquidation scenario:</p> <table border="1" data-bbox="528 1114 1055 1177"> <thead> <tr> <th></th> <th>Liquidation</th> </tr> </thead> <tbody> <tr> <td>Priority employee claims</td> <td>12 to 18 months</td> </tr> </tbody> </table> <p>Dividend timing is dependent on the period taken to recover debtors, unfair preference payments and the insolvent trading claim.</p>		Liquidation	Priority employee claims	12 to 18 months	Section 6													
	Liquidation																		
Priority employee claims	12 to 18 months																		
Remuneration	<p>Under s 449E of the Act, the remuneration of the Administrators (and Liquidators, if appointed) can be fixed at the second meeting of creditors. Details of our proposed remuneration and resolutions are included in our Remuneration Approval Report.</p>	Appendix 4																	



2. Background information

2. Background information

Administration details

Appointment of Administrators

- On 22 July 2020, John Park and Joanne Dunn were appointed Joint and Several Administrators of All Trades Queensland Pty Ltd (Administrators Appointed) in accordance with a resolution passed at a meeting of the Company's Director pursuant to section 436A of the Act.
- The purpose of a Voluntary Administration is to:
 - maximises the chances of the company, or as much as possible of its business, continuing in existence; or
 - if it is not possible for the company or its business to continue in existence—results in a better return for the company's creditors and members than would result from an immediate winding up of the company.
- In a Voluntary Administration, the Administrators take control of a company and its affairs, superseding the powers of the directors and officers to make decisions and perform management functions.
- We also have a duty to investigate the Company's business, property, affairs and financial circumstances.

Administrators' prior involvement and independence

- In accordance with s 436DA of the Act, we provided our DIRRI with our first communication to creditors. This DIRRI included the circumstances that led to our appointment as Administrators.
- There is no change to our assessment regarding our independence or to the information provided in the DIRRI.

Outcome of the first meeting of creditors

- The first meeting of creditors was held on 3 August 2020 to consider the formation of a Committee of Inspection and whether or not to appoint different persons to be the Administrators of the Company.
- Creditors resolved to form a Committee of Inspection and the following representatives were appointed to the committee:

— Michael Arthur Hatzakis	— Lesley Elizabeth Armitage
— Taris Cox, on behalf of TAFE Queensland	— A Representative of the Deputy Commissioner of Taxation
— Hamish McColl	— Douglas Potter, on behalf of Helmsman Funds Management Limited ATF Helmsman Capital Fund Trust IIB
— Matthew Day, on behalf of Westpac Banking Corporation	
- We have not called a meeting of the Committee of Inspection to date.
- The second meeting of creditors is to be held by virtual means on **Thursday, 27 August 2020 at 1:00PM**.
- Information on what can be decided at the meeting, along with instructions as to how you can register to attend are contained overleaf.

2. Background information

Second meeting of creditors

Meeting details

- The Administrators are required under law to convene a second meeting of creditors, at which creditors will vote on the future of the Company.
- The second meeting of creditors will be held on **Thursday, 27 August 2020 at 1:00PM (AEST)** using virtual meeting facilities.
- Due to the threat of COVID-19, and consistent with government policy on gatherings, this meeting will be held by electronic means only and there will be no physical meeting place available.
- Should you wish to attend the second meeting of creditors, please complete and return the relevant forms shown in the opposite table, to our office by no later than **1:00PM (AEST) Wednesday, 26 August 2020**.
- Meeting forms are also available to download from the FTI Consulting Creditor Portal: www.fticonsulting-asia.com/creditors/all-trades-queensland-pty-ltd
- At the second meeting, creditors will determine the Companies' future by voting on the following options for each company:
 - The Company execute a DOCA; or
 - The administration of the Company end; or
 - The Company should be wound up.
- Alternatively, creditors can vote to, or the Administrators can decide to, adjourn the meeting for up to 45 business days to allow more time to make their decision.

Questions for the meeting

- Creditors can use the question and answer function during the meeting to submit questions to be answered by the Administrators.
- We encourage creditors to submit their questions to our office prior to the meeting by emailing ATQ@fticonsulting.com.

Meeting Registration Form

You must complete and return this form if you wish to attend the meeting of creditors, and vote at the meeting.

Creditors will receive a link to register for the Zoom meeting by email, once they have submitted the required forms.

A creditor unique identifier will also be provided to be used for voting at the meeting.

Proxy Form

You must complete this form if you wish to appoint another person to attend the meeting on your behalf (corporate creditors must complete this form).

Non-individual creditors (corporate, trusts, etc.) who want to be represented must appoint an individual to act on its behalf by executing a proxy form.

Individuals may choose to appoint a proxy/representative to vote on their behalf by executing a proxy form. If an individual is attending in person a proxy form is not required.

Proof of Debt Form

You must complete this form in order to vote at the meeting.

This form is required to register your claim against the Company.

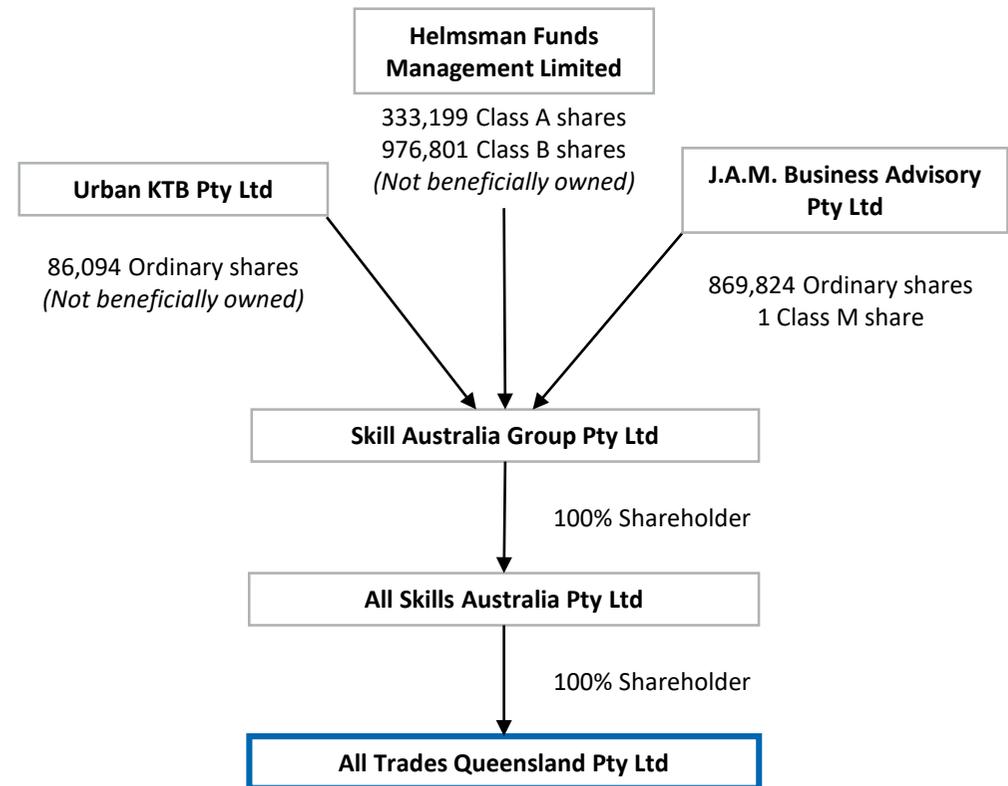
Documents to substantiate your claim (e.g. invoices) must also be provided.

2. Background information

Statutory information

Company information

- ATQ was incorporated on 20 July 2005 in Queensland.
- ATQ is a wholly owned subsidiary of All Skills Australia Pty Ltd, but is ultimately owned by Helmsman Funds Management Limited, Urban KTB Pty Ltd and J.A.M. Business Advisory Pty Ltd.
- The Company owns and operates a business of training and supplying apprentices, trainees and skilled tradespeople for the construction, automotive, engineering, hospitality and administrative sectors across Queensland.
- The Company has two (2) distinct arms;
 - the “Hire Arm”, a recognised GTO, employs a pool of apprentices, trainees and skilled trades people and enters into supply agreements with its Host Customers to provide access to apprentices for certain periods at agreed prices.
 - The “Education and Training Arm”, a licenced RTO, provides education and training to its students, allowing them to obtain industry recognised qualifications and certifications.
- **Appendix 1** includes the following information about the Company:
 - Statutory information.
 - Names of Director and officers.
 - Detailed corporate structure, including existing shareholders.
 - Details of security interests and charges held over the Company.
- **Appendix 2** includes our investigations, analysis and findings from the review of the Company’s financial statements.

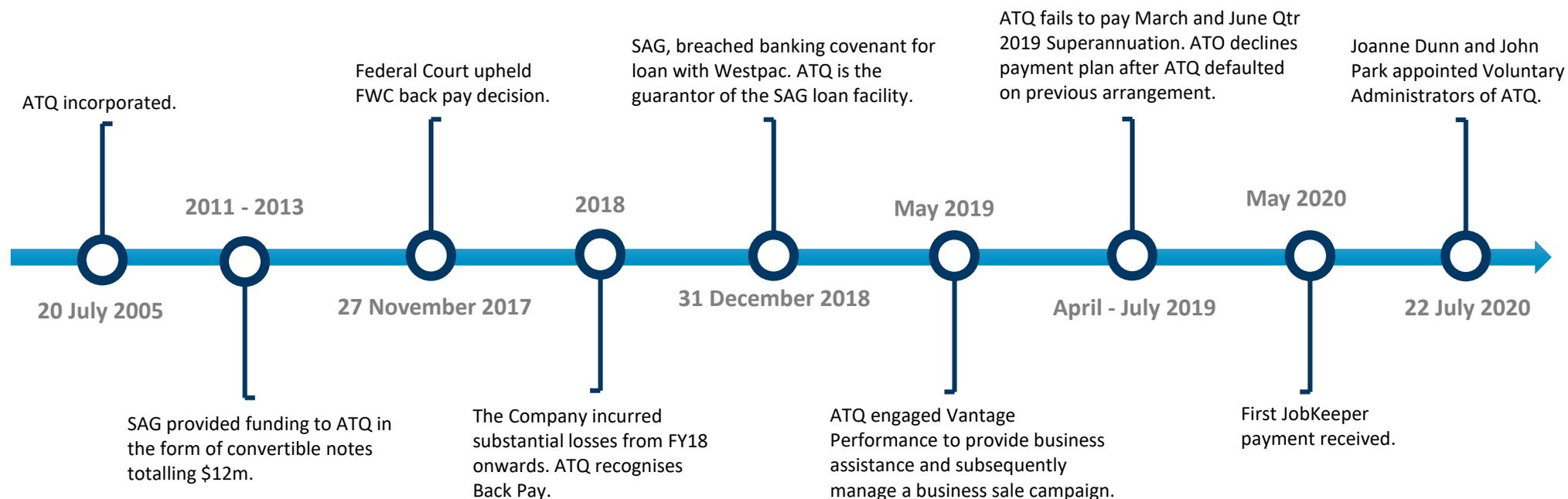


Source: ASIC

2. Background information

Timeline of events

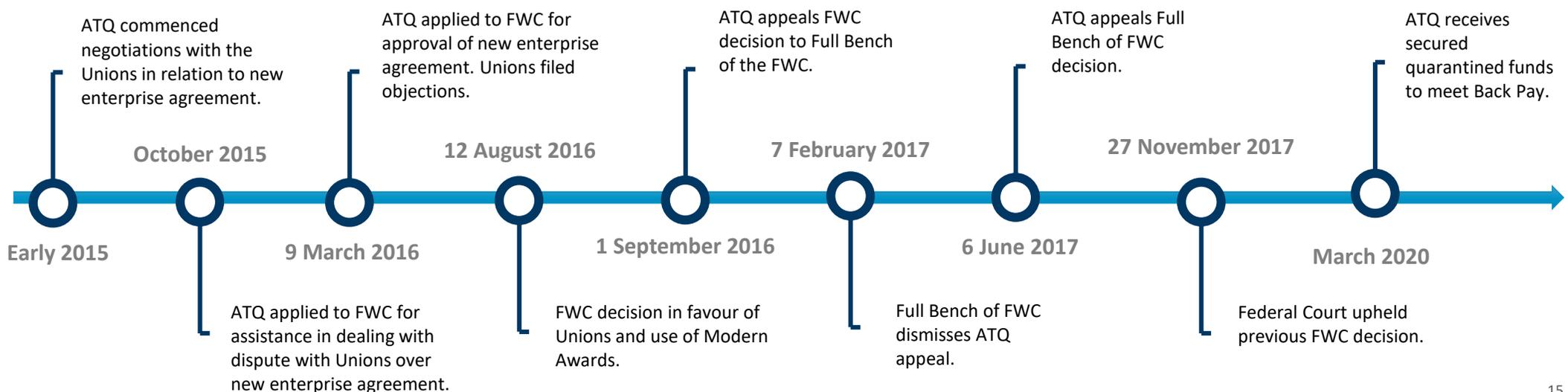
- We have identified below, a summary of key events leading up to our appointment as Administrators of the Company.



2. Background information

Back Pay

- In 2010, the Government was transitioning from the Work Safe Act (Industry/State Awards) to the Fair Work Act (Modern Awards). Companies impacted by the considerable changes between the Acts and Awards were afforded a four (4) year grace period to 31 December 2013.
- Prior to the conclusion of the grace period, ATQ paid its apprentices and trainees under enterprise agreements based on Queensland State Awards.
- In 2015, ATQ commenced negotiations with the Unions in relation to its new enterprise agreement. The Unions raised issues with ATQ's new enterprise agreement and asserted ATQ was underpaying apprentices as a result of applying Queensland State Awards, rather than Modern Awards in the enterprise agreement. ATQ sought advice from the FWO on this issue.
- FWO advised ATQ was correctly applying the Queensland State Awards instead of the Modern Awards.
- Despite this advice, the Unions took action against ATQ and the FWC and Federal Court held ATQ had been underpaying apprentices and trainees from 1 January 2014 giving rise to the Back Pay which impacted approximately 3,000 apprentices.
- Following negotiations with the Commonwealth, a quarantined fund was established, secured by the Commonwealth, which was dedicated to pay apprentices their Back Pay.
- The Administrators have been in discussions with the Commonwealth on options to make payments for Back Pay from the quarantined funds. It is likely an agreement may be reached once the future of ATQ is known.
- The estimated return to creditors in **Section 6** excludes any Back Pay creditors and the quarantined funds due to their being an established fund to be used for the sole purpose of paying Back Pay.



2. Background information

Overview of the Company

Director's explanation for the Company's difficulties

The Director of the Company has indicated to us that the current circumstances faced by the Company is a result of the following:

- Inability for the Company to source additional funding to continue operations.
- Financial support from investors was withdrawn.
- Substantial liability incurred as a result of the Company paying incorrect wage award rates.
- Impact of COVID-19.

From our investigations to date, we have identified the following possible causes for the Company's failure:

- Revenues for the hire arm of the business declined following FY17.
- The Company experienced working capital deficiency from September 2018.
- The Company incurred substantial losses from FY18 onwards.
- Back Pay liability recognised as a result of the FWC decision and subsequent appeal failures.
- Inability to reach agreements with the Company's major creditors, the ATO and Westpac, to compromise their debts.
- Impact of COVID-19.

Opinion about books and records

- Section 286(1) of the Act requires a company to keep written financial records that correctly record and explain its transactions and financial position and performance, and would enable true and fair financial statements to be prepared and audited.
- In considering compliance with this section, since our appointment we have:
 - Reviewed various financial reports to help us understand the Company's asset and liability positions.
 - Reviewed various correspondence files and documents relevant to the Company's financial position and performance of the Company.
 - Undertaken investigations and reviews incorporating financial records and data.
 - Discussed with the Company's finance function, processes and record keeping practices with its Director and Management.
- In our view, as at the date of our appointment, the financial records of the Company appear to have been maintained in accordance with s286 of the Act.
- We note that the Company's financial accounts from FY18 onwards were not audited and the Company's auditor queried the going concern assumption upon which the Company's financial accounts were drafted for FY18.
- We consider this does not detract from the Company's ability to prepare true and fair financial statements.

Outstanding winding up applications

- A winding up application was commenced against the Company by Sayer Property Pty Ltd on 28 August 2019, however was dismissed on 10 October 2019.
- Based on searches performed at the time of our appointment, no winding up applications appear to be outstanding against the Company.

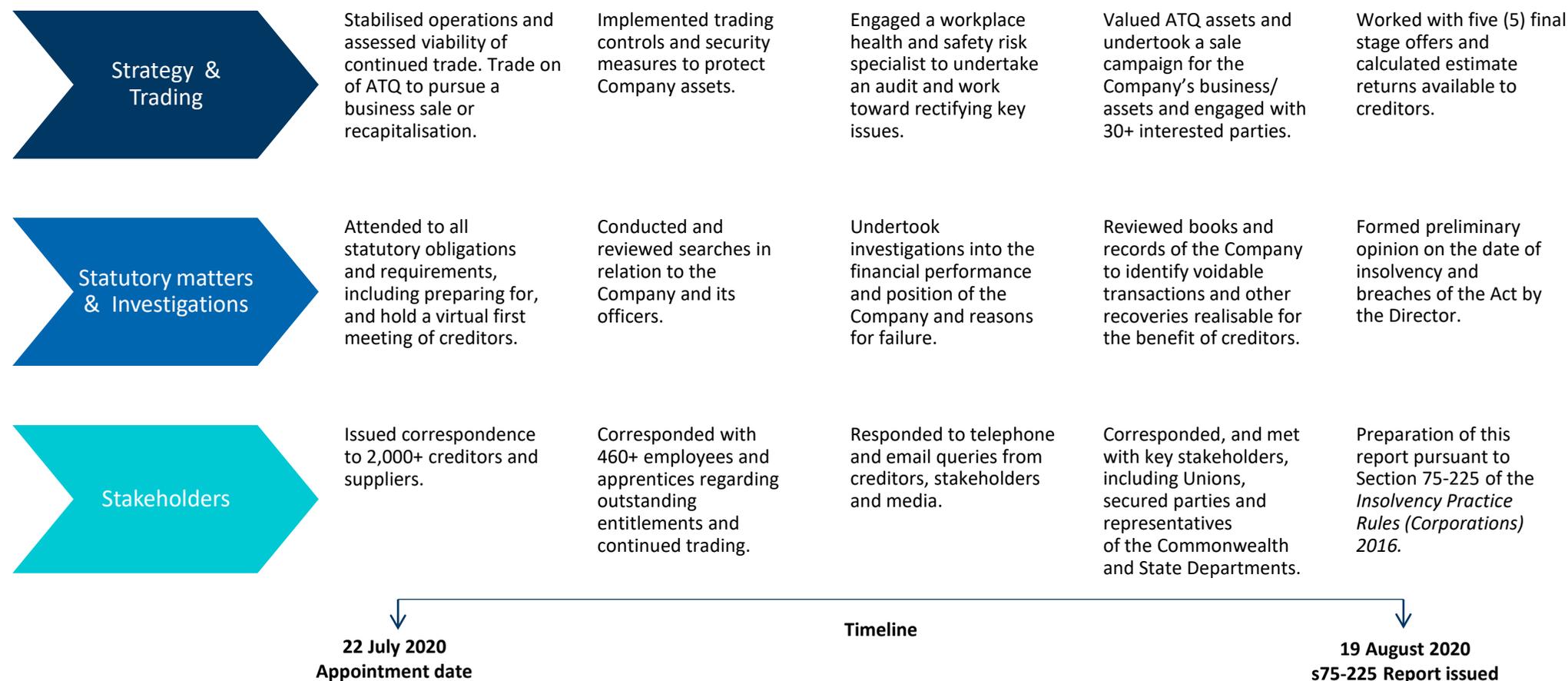


3. Administrators' actions and strategy to date

3. Administrators' actions and strategy to date

Overview of administration strategy and major actions

- Since our appointment, we have worked to stabilise and continue operations. We have undertaken a sale campaign with the intention to maximise the prospects of the business continuing either through a sale or recapitalisation via DOCA.
- We have worked closely with key Management, staff and various stakeholders to minimise disruption to trade and kept them apprised of developments in the Voluntary Administration.



3. Administrators' actions and strategy to date

Operations update

Below is a summary of key updates in relation to the ongoing operations of the Company:

Employees, apprentices, students and hosts

- Attended the Shailer Park and Banyo premises of ATQ and addressed staff to inform them of the appointment and Voluntary Administration process.
- Maintained the employment of all employees, apprentices and students who were employed by ATQ at the date of appointment.
- Issued correspondence to all employees, apprentices and students to provide information on the Voluntary Administration process, including frequently asked questions relevant to each group.
- Corresponded, and met with key stakeholders, including representatives of the Commonwealth, Fair Work and FEG, Unions, secured parties, DESBT, ASQA, and CSQ.
- Due to the Company entering Administration, DESBT rejected ATQ's application for funding of RTO enrolments post 1 July 2020. Following several meetings with DESBT, we have received an agreement for continued funding of students enrolled prior to 1 July 2020.
- Corresponded with and assisted WorkCover Queensland with managing any ongoing or new claims.
- Conducted preliminary investigations into the Company's Back Pay issue and liaised with the Commonwealth with a view to resolving same.
- Corresponded with key staff and apprentices in relation to the outstanding Back Pay and quantification of same.

Trade creditors and critical suppliers

- On appointment we issued correspondence to all trade creditors and suppliers outlining the process of setting up new accounts for continued supply of goods or services during the Administration.
- Accounts have been set up with trade creditors and suppliers for ongoing trade.

Premises/Landlords

- We have continued to trade from the following office locations:
 - 37-43 Commercial Drive, Shailer Park QLD
 - 17 Armada Place, Banyo QLD
- The lease for the Shailer Park premises expires on 31 August 2020. We are in negotiations with the landlord with respect to the ongoing occupation of these premises beyond 31 August 2020.

Payroll and JobKeeper Payments

- We have worked closely with the Company's payroll team to oversee the weekly payroll process.
- The Company previously received payments from the Commonwealth for eligible employees under the JobKeeper Scheme for the months of April, May and June 2020.
- On 12 August 2020, the Administrators obtained an Order from the Supreme Court of Queensland that they be relieved of their personal liability.
- Accordingly, we have continued to apply for the JobKeeper Scheme.

3. Administrators' actions and strategy to date

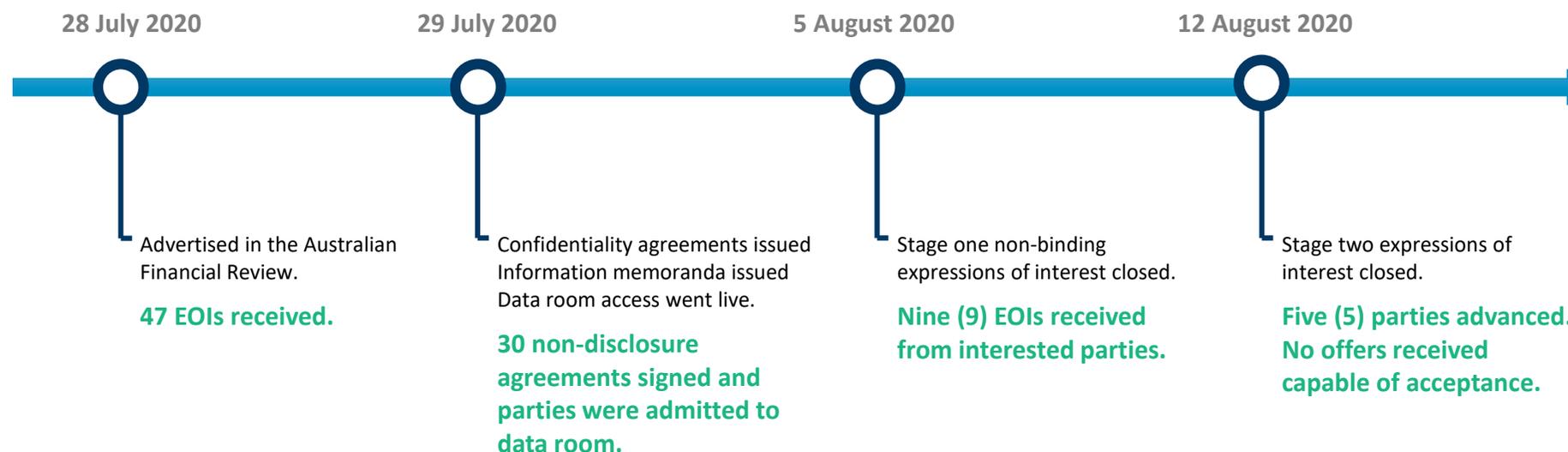
Sale of Business

Appointment of Advisor

- Prior to our appointment, the Company engaged Vantage Performance to:
 - Provide turnaround services;
 - Assist with increasing efficiency and financial performance; and
 - Market the ATQ business for sale.
- We formed a view it would be in the best interest of creditors of ATQ if the business were sold or recapitalised. The Administrators retained Vantage Performance to assist with this process.

EOI Campaign

- Below is a timeline of key milestones in the sale of business campaign.
- We engaged with numerous parties interested in acquiring the business and assets of the Company, in whole and in parts.
- In addition to the nine EOIs received, a DOCA proposal was received from ATQ's Director, Ian Johnson, however the DOCA did not contain sufficient detail to enable it to be recommended to creditors.
- The EOIs received were not capable of acceptance, as they failed to provide an adequate return to creditors.
- Failing receipt of an acceptable offer or a DOCA proposal capable of recommendation to creditors, the Administrators will work with alternate providers to facilitate an orderly transition of ATQ apprentices and students.





4. Historical financial performance and financial position

4. Historical financial performance and financial position

Report of company activities and property

ROCAP – Part A by the Director

- Immediately after appointment, we requested the Director of the Company provide a statement about the Company's business, property, affairs and financial circumstances in the form of a ROCAP Part A (Form 507).
- On Thursday, 30 July 2020, in accordance with Section 438B(2) of the Act, Ian Johnson provided his ROCAP for the Company. ROCAP Part A was lodged with ASIC on 5 August 2020.
- The Director relied upon the management accounts to prepare his ROCAP.
- A summary of the assets and liabilities as per Company books and the Director's ROCAP, along with the Administrators' Estimated Realisable Values are contained in the table opposite.

		Cost or Book Value as at 30 June 2020	Director's ROCAP ERV as at 22 July 2020	Administrators' High ERV as at 22 July 2020	Administrators' Low ERV as at 22 July 2020
	Notes	\$	\$	\$	\$
Assets					
Cash at Bank	1	8,090,199	3,221,424	7,587,873	7,587,873
Debtors & Receivables	2	1,473,573	987,665	1,051,404	951,404
Plant & Equipment	3	775,372	714,462	463,559	248,003
Intangible Assets	4	380,581	380,581	Nil	Nil
Future Income Tax Benefit	5	707,472	Not provided	Nil	Nil
Intercompany loan	6	12,070,453	Not provided	Nil	Nil
Total Assets		23,497,650	5,304,132	9,102,835	8,787,279
Liabilities					
Employee Entitlements	7	7,896,320	1,079,765	1,043,798	1,043,798
Secured Creditors	8	178,125	2,312,833	34,590,494	34,590,494
Unsecured Creditors	9	405,228	366,349	570,908	570,908
Statutory Liabilities	10	6,672,160	6,062,413	6,115,653	6,115,653
Total Liabilities		15,151,833	9,821,360	42,320,853	42,320,853
Net Assets		8,345,817	(4,517,228)	(33,218,018)	(33,533,574)

Source: Management accounts and ROCAP Part A

4. Historical financial performance and financial position

Report of company activities and property

Notes to ROCAP

1. Cash at Bank

- Upon appointment, correspondence was issued to all major banking institutions notifying them of our appointment and to confirm all bank accounts held by ATQ.
- The following accounts were identified:

Account Name	Amount (\$)
Pre-appointment cash at bank - Bendigo	3,207,288
Pre-appointment cash at bank - Westpac	10,176
Pre-appointment cash at bank - Back Pay Funds ¹	4,370,408
Total	7,587,873

¹ The 'Back Pay Funds' account represents quarantined funds held to pay the Company's Back Pay. These funds are secured and cannot be used for any other purpose, other than to pay Back Pay.

- The Director's ROCAP ERV is taken from the Company's Management balances of bank accounts and excludes 'Back Pay Funds.'
- The Book Value includes account balances, including Back Pay Funds as at 30 June 2020.

2. Debtors & Receivables

- The Director's ROCAP ERV is the balance of debtors and receivables outstanding as at 22 July 2020, per the Company records.
- The Administrators' High ERV includes debtors and receivables outstanding at 22 July 2020 and WIP for 20 July 2020 and 21 July 2020, not yet invoiced.
- Low ERV is the High ERV figure less debtors deemed uncollectable.

3. Plant and Equipment

- The Director's ROCAP figure is the balance of plant and equipment per the Company's asset registers.
- Grays Asset Services were engaged to provide a valuation of the Company's assets.
- The Administrators' High and Low ERVs represent the market value of the assets for existing use and estimated auction realisation value of the assets respectively, net of selling costs.

4. Intangible Assets

- Director's ROCAP ERV comprises Company intangible assets, primarily software licences.
- The Administrators do not anticipate any recoveries from these intangible assets and this is reflected in the Administrators' ERV figures.

5. Future Income Tax Benefit

- The Company recorded a provision for potential future income tax benefits available from historical losses. This is reflected in the Director's ROCAP figure.
- The Administrators do not attribute any realisable value to this asset.

6. Intercompany loan

- The Company Book Value identifies ATQ provided a loan to ASA.
- The Director did not disclose an Intercompany loan in his ROCAP.
- Our investigations to date do not suggest the intercompany is an asset and may in fact relate to acquisition of shares.

4. Historical financial performance and financial position

Report of company activities and property

7. Employee Entitlements

- At the date of appointment there were 413 apprentices and 50 administration and Management staff per the Company records.
- A breakdown of employee entitlements is provided in the table below and is based on Company records.

Employee Entitlements	Amount (\$)
Annual leave	1,000,846
Long service leave	42,952
Total	1,043,798

- The Book Value is based on the Company's management accounts and includes provisions for employee entitlements and the Back Pay.
- The Director's ROCAP ERV is comprised of leave and superannuation entitlements.
- The Administrators' High and Low ERV figures represent only annual and long service leave. Outstanding superannuation has been included in the Administrators' statutory liabilities figure.

8. Secured Creditors

- Upon appointment, PPSR searches were conducted and correspondence was issued to all secured parties noted on the PPSR. The security registrations are summarised in **Appendix 1**.
- The Administrators' High and Low ERVs are based on the following PODs submitted to date:

Secured Creditor	Amount (\$)
Westpac	2,671,663
Helmsman Funds Management Ltd	31,918,832
Total	34,590,494

- The Book Value does not include debts owed to Westpac or Helmsman Funds Management Ltd as the debt is owed by SAG, however ATQ is a guarantor.
- We have reviewed the security for Westpac and determined the first ranking security is valid.
- A Liquidator (if appointed) would need to undertake further investigations with respect to the validity of Helmsman's security.
- The Director's ROCAP ERV secured creditors only consider the balance owed to Westpac.

9. Unsecured Creditors

- Book Value and Director ROCAP balances are representative of unsecured creditors on the Company records on 30 June 2020 and 22 July 2020 respectively.
- The Administrators' ERVs have been taken from creditors owed at the date of appointment, coupled with PODs received in the Administration and is subject to change.
- All unsecured creditor amounts exclude the balance owed to the ATO, as their debt appears under statutory liabilities.

4. Historical financial performance and financial position

Report of company activities and property

10. Statutory Liabilities

- Upon appointment, we immediately notified the ATO of our appointment and requested information in relation to the Company and amounts owed to the ATO.
- The ATO has submitted a POD as follows:

ATO Debt Description	Claim Type	Amount (\$)
SGC	Priority	18,143
Activity statement debts (GST/PAYG)	Unsecured	6,062,413
Total		6,080,556

- The ATO's claim for SGC includes the SGC shortfall for the period 1 January 2019 to 30 June 2019 and associated interest and administration charges.
- In addition to the ATO's claim, a further \$35,097 is owed for superannuation from 1 July 2020 to the date appointment, which was not due and payable on appointment.
- The Administrators' ERVs are the SGC, GST/PAYG owed, plus the further \$35,097 not yet due and payable.
- The Book Value is the superannuation provision and taxation liabilities as at 30 June 2020.
- The Director ROCAP is the ATO account balance as at 22 July 2020.
- The ATO will make a claim for outstanding superannuation on behalf of all employees, once it becomes due and payable.

4. Historical financial performance and financial position

Historical Profit and Loss – Management Accounts

	Notes	FY17 (\$'000)	FY18 (\$'000)	FY19 (\$'000)	FY20 (\$'000)
Revenue	1	40,213	38,708	32,954	23,634
Direct Costs		(33,038)	(31,692)	(28,708)	(21,960)
Gross Margin		7,175	7,016	4,246	1,674
Gross Margin	2	18%	18%	13%	7%
Other Income		3,093	2,567	1,724	3,917
Net Margin		10,267	9,584	5,970	5,591
Operating Costs					
Administration Costs		(632)	(661)	(565)	(633)
Advertising Costs	3	(552)	(722)	(228)	(49)
Computer Expenses		(339)	(485)	(630)	(564)
Consultancy Fees	4	(206)	(196)	(380)	(147)
Director Fees		(136)	(120)	(26)	Nil
Legal Fees	5	(274)	(346)	(143)	(220)
Occupancy Expenses	6	(682)	(1,107)	(1,165)	(940)
Staff Costs	7	(4,259)	(7,160)	(5,306)	(3,716)
Other		(446)	(1,063)	(502)	(205)
Total Operating Costs		(7,526)	(11,860)	(8,945)	(6,474)
EBITDA		2,741	(2,277)	(2,975)	(883)
Depreciation		(440)	(372)	(312)	(361)
Net Interest Income/(Expense)		(3)	(11)	(42)	(266)
NPBT	8	2,298	(2,660)	(3,329)	(1,509)

- Management accounts are provided for FY17 to enable consistent comparison with subsequent year management accounts. NPBT for FY17 is the same for the audited and management accounts, however certain classifications differ.

Notes to Historical Profit and Loss

- The Company's revenue declined 41% from \$40.2m in FY17 to \$23.6m in FY20, primarily as a result of a declining number of apprentices.
- From January 2018, the Company began paying apprentices during downtime, which negatively impacted the Company's gross margin.
- In FY18 the Company paid for significant advertising for State of Origin, which was not continued in subsequent years.
- FY19 Consultancy fees were higher than in prior years due to the engagement of an interim CEO and consultants to assist in re-designing the sales and marketing function of the GTO and RTO.
- Significant legal fees of \$0.9m were incurred from FY17 to FY20.
- Occupancy expenses increased in FY18 as this included the full year rent of two new premises at 17 Armada Place, Banyo and 2/2 Palings Court, Nerang.
- Staff costs increased from \$4.3m in FY17 to \$7.2m in FY18, which includes approximately \$1.8m apprentice Back Pay expensed in FY18.
- The Company recorded net losses before tax in FY18, FY19 and FY20.

4. Historical financial performance and financial position

Historical Balance Sheet – Management Accounts

	Notes	FY17 (\$'000)	FY18 (\$'000)	FY19 (\$'000)	FY20 (\$'000)
Current Assets					
Cash at Bank	1	3,851	2,379	195	8,090
Trade Debtors		2,130	2,223	1,561	860
Prepayments	2	1,472	1,158	1,186	613
Unexpired Interest		18	18	10	Nil
Total		7,471	5,778	2,952	9,564
Non Current Assets					
PPE		1,100	1,410	1,079	775
FITB	3	707	707	707	707
Intangible Assets		177	293	469	381
Intercompany Loan	4	10,136	11,045	11,984	12,070
Unexpired Interest		20	15	4	3
Total		12,140	13,472	14,244	13,937
Total Assets		19,611	19,249	17,196	23,501
Current Liabilities					
Creditors		(973)	(756)	(1,570)	(1,148)
GST Clearing Account		(303)	(297)	(1,485)	(3,551)
Provisions	5	(1,992)	(3,685)	(1,087)	(6,672)
Wages Clearing		(502)	(449)	(9)	(3)
Finance Arrangements	6	(137)	(148)	(881)	(32)
Total		(3,906)	(5,335)	(5,031)	(11,407)
Non Current Liabilities					
Finance Arrangements		(312)	(315)	(161)	(146)
LSL Provision		(37)	(38)	(45)	(62)
Total		(349)	(354)	(206)	(208)
Total Liabilities		(4,254)	(5,689)	(5,237)	(11,615)
Net Assets	7	15,357	13,560	11,959	11,886

Notes to Historical Profit and Loss

1. In FY20 the Company's Cash at Bank significantly increased as a result of receiving funds from the Commonwealth to deal with the Back Pay. Those funds are subject to a security interest and are only able to be used for meeting Back Pay.
2. Prepayments relate to services provided but not yet invoiced by the Company.
3. FITB relates to the tax benefit from historic income tax losses.
4. We understand the intercompany loan may relate to a share acquisition.
5. Provisions increased in FY18 and FY19, mainly due to the recognition of the apprentice Back Pay. Provisions also include a negative liability for the potential FITB available from historical losses. This is in addition to FITB. This increased from \$900,657 at 30 June 2018 to \$2.84m at 30 June 2019 and \$4.28m at 30 June 2020.
6. Finance Arrangements increased to \$880,590 at 30 June 2019 due to drawdown of the Scottish Pacific debtor finance facility.
7. Net assets are overstated in FY19 and FY20 by the amount of the FITBs and intercompany loan, which are not recoverable.



5. Investigations, offences and voidable transactions

5. Investigations

Overview – voidable transactions and insolvency

Duty to investigate

- The law requires us to investigate and specify whether there appear to be any voidable transactions in respect of which money, property or other benefits may be recoverable by a Liquidator under Part 5.7B of the Act.
- We have sought to ascertain whether the Company was insolvent at any particular point in time prior to our appointment as Administrators, in order to determine a point in time from which these provisions may apply.

Relevance of insolvency and liquidation

- The ability to challenge voidable transactions and recover money/property for creditors is contingent on two elements:
 - The Company being placed into liquidation, and
 - A Liquidator being able to establish that the Company was insolvent at the time it entered into any particular transaction, or that the Company became insolvent as a consequence of that transaction.

Work performed

- We have made enquiries into the financial affairs of the Company. In this section, we set out our preliminary views and findings about:
 - Offences that may have been committed.
 - The solvency position of the Company.
 - Existence of voidable transactions – including unfair preferences/loans, uncommercial transactions, arrangements to avoid employee entitlements, and unreasonable director related transactions.
 - Charges that may be voidable.
 - Whether there is the prospect of a claim for insolvent trading.
- Please note the investigations we have undertaken are only indicative of the actions that may be possible in the event of liquidation.

Creditors' information sheet and other explanations

- Provided at **Appendix 3** is an information sheet to assist creditors in understanding potential offences under the Act, recoverable transactions; and insolvent trading.
- Creditors should read this information in conjunction with our comments in this section of the report.

Basis of solvency assessment

- We have reviewed the management accounts and other books and records available while conducting a solvency assessment of the Company.

5. Investigations

Director duties

Duties of a director under the Act

- The Act requires a director to exercise their powers and discharge their duties:
 - With reasonable care and diligence (s180);
 - In good faith in the best interests of the company and for a proper purpose (s181);
 - Not to use their position to improperly gain an advantage for themselves or cause detriment to the company (s182); and
 - Not to improperly use information to gain an advantage for themselves or someone else or cause detriment to the company (s183).
- Where a breach of duty is reckless or dishonest, this may also be a criminal offence (s184).
- A director of wholly-owned subsidiaries (s187) may be taken to have acted in good faith in the best interests of a subsidiary where:
 - The subsidiary's constitution authorises the director to act in the best interests of the holding company;
 - The director acts in good faith in the best interests of the holding company; and
 - The subsidiary is not insolvent at the time the director acts, or becomes insolvent because of the director's act.
- Section 588G of the Act imposes a duty on a director to prevent insolvent trading.
- Section 286(1) of the Act requires a company to keep written financial records that correctly record and explain its transactions and financial position and performance, and would enable true and fair financial statements to be prepared and audited.

Breaches of director duties

- Our preliminary investigations indicate the Director has breached s588G by allowing the Company to trade whilst insolvent.
- Further offences will be investigated should the Company be placed into liquidation.
- Whilst not specifically commenting on the severity of these offences, it is our professional experience that breaches of this nature are commonly associated with a failed company, and do not necessarily reflect any fraudulent or other criminal wrongdoing.
- Additionally we note the Director has been cooperative throughout the Administration, and attended to all our requests.
- In our view, as at the date of our appointment, the financial records of the Company appear to have been maintained in accordance with s286 of the Act.

Insolvent Trading (s588G of the Act)

- Based on our preliminary investigations to date, the Company may have been insolvent from at least 21 December 2018 and the Company continued to incur debts following that date, which remained unpaid at the date of appointment.
- Section 588H of the Act provides a number of potential defences to s588G and may be available to the Director.
- We have not yet formed a view as to whether the Director could rely on the defences in s588H.

5. Investigations

Insolvency and liability for insolvent trading

Estimated date of insolvency

- Our preliminary view is the Company may have been insolvent from at least 21 December 2018, potentially earlier, and appears to have remained to the appointment of Administrators.
- The primary reasons that form our view are set out below:
 - The Company incurred substantial annual losses from FY18 onwards.
 - The Company had a cash flow test deficiency from 30 June 2018 onwards and recognised apprentice Back Pay on 30 June 2018.
 - The Company experienced working capital deficiency from 30 September 2018.
 - The Company's overdue GST liabilities increased from 21 December 2018 onwards, and the Company failed to comply with an ATO payment plan for the debt due on 22 January 2019.
 - Board papers indicate the Company was in breach of its bank covenants from 31 December 2018.
 - The Company failed to pay superannuation for the March 2019 and June 2019 quarters, which were due on 28 April 2019 and 28 July 2019 respectively.
 - Required documents were not received by the Company's auditor to support the going concern assumption, resulting in the FY18 accounts for the Company not being finalised.
- Our key workings and other analysis are contained in **Appendix 2**.
- **Appendix 3** contains general comments and information in relation to recoveries via voidable transactions, insolvent trading and common factors that indicate insolvency.
- ATQ exhibited numerous insolvency indicators, summarised opposite.

Solvency review – indicators of insolvency

Indicia of Insolvency

Indicator	FY17	FY18	FY19	FY20
Trading losses	x	✓	✓	✓
Insufficient cash flow	x	x	✓	✓
Difficulties in collecting debts	x	x	x	x
Creditors paid outside terms / special arrangements	?	✓	✓	✓
Arrears of statutory liabilities	x	x	✓	✓
Legal action threatened or commenced	?	?	?	✓
Inability to obtain new or alternative funding	?	?	?	?
Inability to produce accurate financial information	x	x	x	x
Resignation of directors or other senior management	x	x	x	x
Qualified audit opinion	x	✓	✓	✓
The Company has defaulted, or is likely to default, on its agreements with its financier	x	x	✓	✓
Finance staff raise solvency concerns	?	?	?	?
Inability to sell surplus assets	x	x	x	✓

Key

Item	Symbol
Indicator present	✓
Further investigation required	?
Indicator not considered present	x

5. Investigations

Insolvency and liability for insolvent trading

Preliminary view on liability for insolvent trading

- From our preliminary investigations, it appears a Liquidator (if appointed) would have a potential insolvent trading claim against the Director. The quantum of any potential insolvent trading claim will depend on the exact date of insolvency. Based on an insolvency date of 21 December 2018, the potential insolvent trading claim against the Director could be c\$5.1m.
- This estimate of the claim takes into account the new temporary ‘Coronavirus safe harbour’ provisions discussed below.
- If the Company was wound up and a Liquidator appointed, further work would be performed on the solvency position of the Company to determine whether there may be a benefit to creditors in pursuing the Director for insolvent trading.
- Creditors should refer to **Appendix 2** for additional information on insolvency and pursuing insolvent trading claims generally.

Coronavirus Safe Harbour provisions

- On 23 March 2020 section 588GAAA of the Act was introduced with the passing of the *Coronavirus Economic Response Package Omnibus Bill 2020* by the Federal Parliament.
- Section 588GAAA is a new temporary ‘safe harbour’ provision for directors and provides specific relief in response to COVID-19. This section allows directors to incur debt without contravening the duty to prevent insolvent trading (s588G of the Act), even where there are grounds to suspect insolvency, where the debt was incurred:
 - In the ordinary course of the business.
 - During the 6 month period commencing 25 March 2020 to 25 September 2020 (unless otherwise extended).
 - Before any appointment of an Administrator or Liquidator.

Director's capacity to pay claims by a Liquidator

- In the event a Liquidator was appointed and further investigations determined that insolvent trading may have occurred, it would be necessary for the Liquidator to determine whether there is any benefit to creditors in pursuing the Director.
- Property searches conducted in Queensland and New South Wales did not identify any real property owned by the Director.
- Motor vehicle searches were conducted in Queensland and New South Wales. There were no vehicles registered in the name of the Director in Queensland. We await a reply with respect to vehicles registered in New South Wales in the Director's name.
- The Director has disclosed in his statement of personal financial position and through discussions, he is the registered owner of 2005 Porsche Cayenne, a motorbike and minimal other personal assets.
- The Administrators’ investigations are ongoing as to whether the Company held any Director and Officer insurance policies that may respond to a claim for insolvent trading.
- From our preliminary investigations, it appears the Director has limited assets in his personal capacity. If the Company is placed into Liquidation, further investigations would be conducted into the Director’s capacity to respond to any insolvent trading claim.

5. Investigations

Other investigations

Investigation into Superannuation

- The Company failed to make payment of superannuation for the March 2019 and June 2019 quarters by their respective due dates of 28 April 2019 and 28 July 2019. As a result of non-payment, the superannuation liability converted into SGC payable to the ATO.
- The ATO assessed the SGC shortfalls on 30 August 2019 and 4 September 2019, resulting in a balance owing of \$872,967 as at 9 September 2019.
- Interest and administration charges accrue on the SGC debt until it is paid in full.
- On or around 30 March 2020, the Company paid \$746,535 of the outstanding SGC.
- On or around 9 July 2020, the Company paid \$130,021 of the outstanding SGC.
- Due to further accrued interest and administration charges, the SGC balance of \$18,143 remains outstanding. This amount has been claimed in the ATO's POD.

Helmsman as trustee for HCFT

- Helmsman as trustee for HCFT has submitted a POD for \$31,918,832 pursuant to the Company's guarantee of convertible notes issued by SAG. The Director was a director of Helmsman from 9 May 2002 to 7 July 2020 along with a number of other directors.
- We are waiting on specific legal advice as to whether or not Helmsman is classified as a related party creditor under the Act. We expect to receive this advice prior to the Meeting of Creditors.

Director Related Claim

- The Director may have a claim for employee entitlements including redundancy however, all claims related to his employment have a capped priority under the Section 556 of the Act .

5. Investigations

Summary of Voidable transactions and possible offences

- We set out below our preliminary findings in relation to potential recoveries from voidable transactions in a liquidation scenario including our view on the likelihood of there being substantiated and supportable claims. Where applicable, we have included our estimate of possible recoveries along with any other pertinent information.
- For general information explaining these matters, including a list of applicable offences, please refer to **Appendix 2**.

Area	Our view	Comments
Unfair preferences	Possible claims	<ul style="list-style-type: none"> ■ We have reviewed the payments made by the Company during the period leading up to the appointment, noting it appears the Company was insolvent at all material times during the relation back period for unfair preferences. ■ We consider that there may be preferential payments of \$1.19m. ■ We have provided an estimated return from pursuing these payments under the liquidation scenario in Section 6 of this report.
Uncommercial transactions	No claims	<ul style="list-style-type: none"> ■ We are not aware of any potential uncommercial transactions that would likely result in property being recovered for the benefit of creditors.
Unfair loans	No claims	<ul style="list-style-type: none"> ■ We are not aware of any potential unfair loans that would likely result in property being recovered for the benefit of creditors.
Unreasonable payments to directors	No claims	<ul style="list-style-type: none"> ■ Our investigations to date have not found any evidence of unreasonable payments to directors.
Related entity benefit	No claims	<ul style="list-style-type: none"> ■ Our investigations to date have not revealed any transactions with related entities that would likely result in property being recovered for the benefit of creditors.
Voidable charges	None	<ul style="list-style-type: none"> ■ Our investigations have not identified any charges or registered security interests that would be void against a Liquidator.
Insolvent Trading	Possible claims	<ul style="list-style-type: none"> ■ The Director may have breached his duty under s588G of the Act by allowing the Company to trade whilst insolvent. ■ Our investigations have identified a possible claim of c\$5.1m against the Director for insolvent trading, however, from our preliminary investigations, the Director may not have the financial capacity to pay any successful claim.
Offences by directors	Possible claims	<ul style="list-style-type: none"> ■ Based on our preliminary investigations to date, the Director may have breached s588G of the Act. ■ Any pursuit of claims against the Director will consider the assets recoverable to meet same based on commercial realities.



6. Estimated return to creditors

6. Estimated return to creditors

- A summary of estimated returns to priority and unsecured creditors in a Liquidation scenario are presented in the table below.
- Estimated returns are presented on a cents in the dollar basis.

Summary of Estimated Returns	Liquidation	
	Low Return	High Return
Priority Creditor: Wages & Superannuation	100 cents/\$	100 cents/\$
Priority Creditor: Leave Entitlements	100 cents/\$	100 cents/\$
Priority Creditor: Redundancy & PILN	62 cents/\$	100 cents/\$
Unsecured Creditors	Nil	Nil

- The above table does not take into consideration Back Pay owed to apprentices, as there is a separate secured, quarantined fund for the specific purpose to pay Back Pay.
- Creditors must note there is always a measure of imprecision associated with the forecasting of returns in an external administration. The estimates are prepared in good faith but must not be construed as an assurance as to the actual return to creditors.

Estimated timing of return to creditors

- Detailed below is a summary of the estimated timing for the return to each class of creditor in a Liquidation scenario.
- The below estimates may change if any party challenges the Liquidators' adjudication on

Creditor Class	Estimated Timing of Return
Priority Creditors	12 – 18 months
Unsecured Creditors	No dividend

Effect on Employees – Liquidation

- Employees are afforded a priority in the winding up of a company compared to ordinary unsecured creditors. The order of priority for typical employee claims is as follows:
 - Amounts due in respect of wages, superannuation and superannuation guarantee charge outstanding as at the date of the appointment of Administrators, followed by
 - Amounts due in respect of leave of absence and other amounts due under the terms of an industrial instrument, followed by
 - Retrenchment payments.
- If there is insufficient funds available to employees from the Company's property, eligible employees may be entitled to lodge a claim for their unpaid entitlements under the Federal Government's FEG Scheme.
- The Federal Government will subrogate in place of any eligible employees it makes payment to under the FEG scheme.
- Details about FEG can be read at: <https://www.employment.gov.au/fair-entitlements-guarantee-feg>.

6. Estimated return to creditors

Administrators' Estimated Statement of Position

A\$	Notes	Liquidation	
		Low Return (\$)	High Return (\$)
Non-Circulating Assets			
Plant and Equipment	L1	248,000	463,000
Less: First Ranking Secured Claim	L2	(2,671,663)	(2,671,663)
Shortfall from Non-Circulating Assets		(2,423,663)	(2,208,663)
Circulating Assets			
Cash at Bank at Appointment		3,319,873	3,319,873
Pre-Appointment Debtors	L3	951,404	1,051,404
Liquidator Claims			
Voidable Recoveries	L4	476,000	833,000
Insolvent Trading Actions	L5	Nil	1,000,000
Available Funds Before Costs		4,747,277	6,204,277
Costs			
Projected Trading Position	L6	(282,122)	270,229
Legal Fees		(130,000)	(100,000)
Administrators' Remuneration and Disbursements	L7	(950,000)	(950,000)
Liquidators' Remuneration and Disbursements	L8	(500,000)	(300,000)
Estimated Costs		(1,862,122)	(1,079,771)
Available to Priority Creditors		2,885,155	5,124,506
Priority Creditors			
Wages & Superannuation	L9	(35,097)	(35,097)
Leave Entitlements		(1,043,798)	(1,043,798)
Redundancy & Payment in Lieu (PILN)		(2,905,807)	(2,905,807)
Total Priority Claims		(3,984,702)	(3,984,702)
Surplus of Circulating Assets Available to Secured Creditor	L10	Nil	1,139,804
Available to Unsecured Creditors		Nil	Nil
Creditor Claims			
Shortfall to Secured Creditor	L11	(2,423,663)	(2,208,663)
Unsecured Claims	L12	(38,596,162)	(38,596,162)
Total Unsecured Claims		(41,019,825)	(40,804,825)

Notes

- L1.** Low return represents assets sold at auction value less costs. High return represents assets sold at market value less costs.
- L2.** Proceeds from sale of plant and equipment would be distributed to the first ranking secured creditor, being Westpac who has lodged a POD in the amount shown. Any shortfall will be paid from the net circulating assets, after priority claims (if any).
- L3.** Estimated future recovery of pre-appointment debtors.
- L4.** Estimated preferential payment recoveries, net of legal costs. See **Section 5** for further details.
- L5.** Recovery of potential insolvent trading claim, net of legal costs. See **Section 5** for further details.
- L6.** The projected trading position from commencement of the Administration to cessation of trade.
- L7.** Estimate of costs, including remuneration and disbursements up to the commencement of the winding up. Further details are provided at **Appendix 4**.
- L8.** Estimated Liquidators' remuneration and disbursements.
- L9.** Employee entitlements owing as at the date of appointment of Administrators. These amounts are subject to change.
- L10.** Any surplus circulating asset recoveries will be available to the first ranking secured creditor.
- L11.** Shortfall to Westpac from non-circulating assets.
- L12.** Based on the Company records and PODs received to date, includes the claim from Helmsman as trustee for HCFT.



7. Administrators' opinion and recommendation

7. Administrators' opinion and recommendation

What creditors can decide at the meeting

- At the second meeting of creditors, creditors are required to decide whether:
 - The Company should execute a DOCA
 - The administration of the Company should end, or
 - The Company should be wound up.
- Alternatively, creditors can vote to, or the Administrators can decide to, adjourn the meeting for up to 45 business days to allow more time to make their decision.
- In accordance with the requirements of Section 75-225 of the *Insolvency Practice Rules (Corporations) 2016*, the Administrators must provide an opinion on each of the above options, and whether the option is in the creditors' interests.

Administrators' opinions on the options available to creditors

1. Execution of a deed of company arrangement

- As no DOCA has been proposed in a form capable of being providing to creditors, creditors cannot resolve to accept a DOCA at this time. Therefore, ***we do not consider it would be in the creditors' interests for the Company to execute a DOCA at this time.***
- It remains an option for creditors to consider whether they may wish to adjourn the forthcoming meeting of creditors to allow time for a DOCA proposal to be submitted.

2. The Administration comes to an end

- If the creditors vote for this alternative, control of the Company would revert to the Director following the forthcoming meeting of creditors.
- The Company is insolvent with no cash to pay the Company's debts and no confirmed prospects of obtaining external funding. Therefore ***we do not consider that it would be in the creditors' interests for the administration to end.***

3. The Company is wound up

- Absent the other options being viable alternatives, ***we consider that it would be in the creditors' interests for the Company to be wound up.*** The Company is insolvent. We have not been provided with a proposal for a DOCA at this point in time capable of being considered and it is not appropriate that the administration ends for the reasons noted above.
- The Administrators are likely to adjourn the meeting of creditors to consider a DOCA proposal, if received prior to the meeting or alternatively, to transition apprentices and students to other providers.
- It is our opinion, it is in the creditors' interests, that an orderly transition of ATQ apprentices and students occurs prior to any liquidation.

7. Administrators' opinion and recommendation

Receipts and Payments

A summary of the receipts and payments in the Administration for the period 22 July 2020 to 14 August 2020 is contained at **Appendix 5**.

What to do next?

You should now:

- Read my report and attached information and appendices.
- Consider if you would like to attend and vote at the Second Meeting of Creditors. You should complete and return the relevant forms (refer to Page 12 for more details) by no later than **1:00PM (AEST) on Wednesday, 26 August 2020**.
- Determine if and how you are going to vote at the Second Meeting of Creditors.

Should you have any queries in relation to the Second Meeting of Creditors or the Voluntary Administration generally, please contact this office by telephone (07) 3225 4900 or via email to ATQ@fticonsulting.com.

Dated 19 August 2020



Joanne Dunn

Joint and Several Administrator



Appendix 1. Company information

Appendix 1. Company information

Statutory Information

Statutory Company Information

Information Type	Details
Legal Entity	All Trades Queensland Pty Ltd
ACN	115 379 461
Registered In	Queensland
Registration Date	20 July 2005
Registered Office	37-43 Commercial Drive, LOGANHOLME QLD 4129
Principle Place of Business	37-43 Commercial Drive, LOGANHOLME QLD 4129

Directors and Officers

Name	Role	Appointment Date	Resignation Date
Ian David Johnson	Director	24 February 2015	n/a
Jagdeep Singh Olak	Secretary	10 May 2018	n/a
Brett Charlton Schimming	Director	27 August 2015	24 May 2018
Kelly Marie Moore	Secretary	5 December 2013	24 April 2018
David Andrew Marshall	Director	16 July 2013	11 December 2017
Justin Lee Playle	Director	31 October 2011	22 September 2015
Christopher James Munday	Director	28 February 2012	24 February 2015
Meredith Anne Sayer	Director	31 October 2011	14 June 2013
Ian David Johnson	Director	31 October 2011	28 February 2012
Christopher James Munday	Alternate Director	31 October 2011	28 February 2012
Graeme Chesterman	Director	1 October 2005	31 October 2011
Thomas Gribben	Director	1 October 2005	31 October 2011
Carole Anne Sayer	Director	20 July 2005	31 October 2011
Colin Mander	Secretary	1 October 2005	31 October 2011

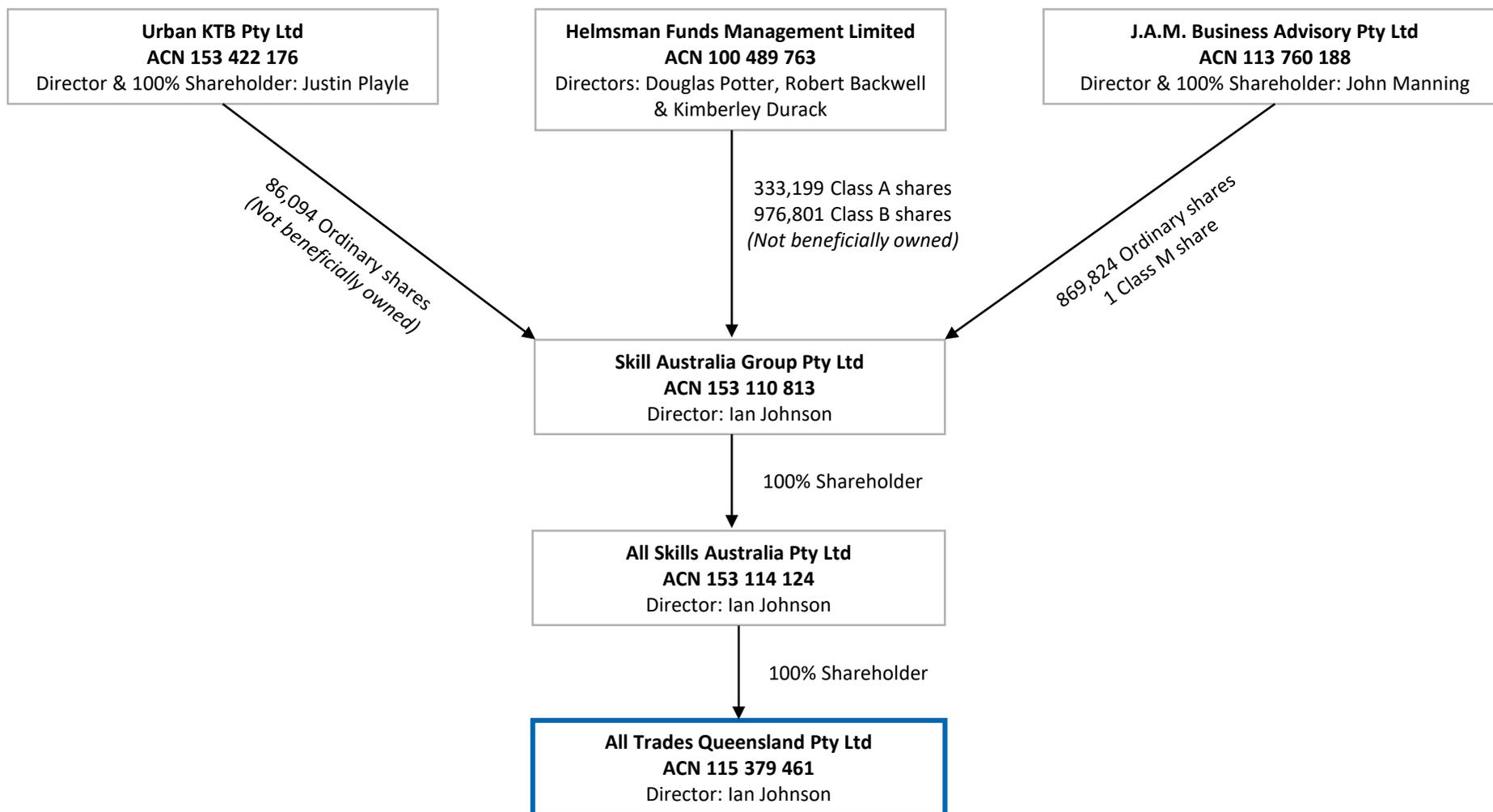
Shareholders

Shareholder	Issue Capital	%
All Skills Australia Pty Ltd	12.00	100.00%
Total Shares Issued	12.00	100.00%

Source: ASIC

Appendix 1. Company information

Company Share Structure and Shareholdings



Appendix 1. Company information

Details of security interests

- The following details the security interests registered on the PPSR as at the date of the Administrators' appointment, plus any other prima facie valid charges that we are aware of:

Registration Number	Collateral Class	Secured Party	Date Registered	Status
201811060021090	Account	Scottish Pacific Business Finance Pty Ltd	6/11/2018	
201811060021088	All PAAP No Except	Scottish Pacific Business Finance Pty Ltd	6/11/2018	
201903040043344	All PAAP No Except	Equity Trustees Limited	4/03/2019	Security transferred to HCFT on 23 July 2020
201412230026074	All PAAP With Except	Westpac Banking Corporation	23/12/2014	
201501160024919	All PAAP With Except	Westpac Banking Corporation	16/01/2015	
202003190063154	General Intangible	Attorney-Generals Department	19/03/2020	
202003190063165	General Intangible	Attorney-Generals Department	19/03/2020	
201603030046243	Motor Vehicle	Westpac Banking Corporation	3/03/2016	
201603180005267	Motor Vehicle	Westpac Banking Corporation	18/03/2016	
201603180005710	Motor Vehicle	Westpac Banking Corporation	18/03/2016	
201604010053615	Motor Vehicle	Westpac Banking Corporation	1/04/2016	
201604010053720	Motor Vehicle	Westpac Banking Corporation	1/04/2016	
201604010053380	Motor Vehicle	Westpac Banking Corporation	1/04/2016	
201608160053364	Motor Vehicle	Westpac Banking Corporation	16/08/2016	
201608160053431	Motor Vehicle	Westpac Banking Corporation	16/08/2016	
201608230005427	Motor Vehicle	Westpac Banking Corporation	23/08/2016	
201608290064127	Motor Vehicle	Westpac Banking Corporation	29/08/2016	
201608290063904	Motor Vehicle	Westpac Banking Corporation	29/08/2016	

Appendix 1. Company information

Details of security interests

Registration Number	Collateral Class	Secured Party	Date Registered	Status
201609160072138	Motor Vehicle	Fleet Partners Pty Limited	16/09/2016	
201706260025632	Motor Vehicle	Westpac Banking Corporation	26/06/2017	
201712210027800	Motor Vehicle	Westpac Banking Corporation	21/12/2017	
201712210027941	Motor Vehicle	Westpac Banking Corporation	21/12/2017	
201802130066100	Motor Vehicle	Westpac Banking Corporation	13/02/2018	
201903050020773	Motor Vehicle	Westpac Banking Corporation	5/03/2019	
201903050021447	Motor Vehicle	Westpac Banking Corporation	5/03/2019	
201903050021218	Motor Vehicle	Westpac Banking Corporation	5/03/2019	
202003250037955	Motor Vehicle	All Trades Queensland Pty Ltd	25/03/2020	
202003250037392	Motor Vehicle	All Trades Queensland Pty Ltd	25/03/2020	
201307310088024	Other Goods	Hanes Australia Pty Ltd	31/07/2013	
201401300456000	Other Goods	Allens Industrial Products Pty Ltd	30/01/2014	
201401300456156	Other Goods	Allens Industrial Products Pty Ltd	30/01/2014	
201505110051610	Other Goods	Laminex Group Pty Limited	11/05/2015	Discharged
201711280018378	Other Goods	Tradetools Pty Ltd; Tradetools Regional Pty Ltd	28/11/2017	Discharged
201802080014030	Other Goods	Canon Finance Australia Pty Ltd	8/02/2018	
201810080047904	Other Goods	Laminex Group Pty Limited	8/10/2018	Discharged
201907120047217	Other Goods	Royal Wolf Trading Australia Pty Ltd	12/07/2019	Discharged
202007020053397	Other Goods	Canon Finance Australia Pty Ltd	2/07/2020	



Appendix 2. Investigations – analysis and information

Appendix 2. Investigations – Analysis and Information

General information and considerations

Date of insolvency

- In order to ascertain if there were any insolvent transactions entered into by a company, it is first necessary to determine the date a company became insolvent.
- Proving the date on which a company became insolvent is an essential element of recovery actions with respect to unfair preferences, uncommercial transactions and insolvent trading.
- Recovery actions require the Liquidator to prove that the particular company was insolvent at the time of the transaction, or in the case of an insolvent trading action, when the debt was incurred.

What is insolvency?

- Solvency is defined in s 95A of the Act as when a company is able to pay all its debts as and when they become due and payable. A company that is not solvent is insolvent.
- Whether a company is able to meet its debts as they become due is essentially a “cash flow” test rather than a “balance sheet” test (although the company’s balance sheet position is still relevant).
- Consideration of the entire financial position of a company is required to establish if it is insolvent at a particular date. This includes factors such as the value of the company’s assets relative to its liabilities and the nature of these assets and liabilities. Also, the extent to which cash is expected to be generated from future trading activities, or available from alternative sources is relevant to considering a company’s solvency position.

General and commercial considerations

- Proving insolvency is often a complex exercise and usually involves considerable time and expense in thoroughly investigating all aspects of claims. Legal advice on the merits of claims is generally required.
- Typically, insolvent trading claims are defended and directors may seek to rely on the statutory defences available to them.
- Legal proceedings are often necessary for Liquidators to pursue claims. This adds to the time and costs involved in pursuing claims. There is also inherent uncertainty involved with any litigation. As a result, commercial considerations are relevant, including whether the amount of the claim is large enough to pursue on a cost and risk/benefit basis.
- The capacity of a party to pay any successful claim to a Liquidator is also a relevant consideration in determining whether or not pursuing an action is likely to be in the interest of creditors.
- Liquidators may not have funds to pursue actions. At other times, the Liquidator may view the risks/benefits of pursuing an action not to be in the interest of creditors (for example, in cases where pursuing an action would use up the available cash/assets when otherwise a small dividend to creditors could be paid). In these circumstances, it is possible that a creditor or a litigation funder may wish to fund an action to pursue a claim. This typically occurs only when there is a very strong case and high prospect of success.

Appendix 2. Investigations – Analysis and Information

Solvency Analysis

Usual Indicia of Insolvency

- We have considered the following usual indicia of insolvency in our analysis. Relevant indicia are discussed in the following pages:
 - The company has a history of continuing trading losses.
 - The company is experiencing cash flow difficulties.
 - The company is experiencing difficulties selling its stock, or collecting debts owed to it.
 - Creditors are not being paid on agreed trading terms and/or are either placing the company on cash-on-delivery terms or requiring special payments on existing debts before they will supply further goods and services.
 - The company is not paying its Commonwealth and state taxes when due (e.g. pay-as-you-go instalments are outstanding, goods and services tax (GST) is payable, or superannuation guarantee contributions are payable).
 - Cheques are being returned dishonoured.
 - Legal action is being threatened or has commenced against the company, or judgements are entered against the company, in relation to outstanding debts.
 - The company has reached the limits of its funding facilities and is unable to obtain appropriate further finance to fund operations—for example, through:
 - negotiating a new limit with its current financier; or
 - refinancing or raising money from another party.
 - The company is unable to produce accurate financial information on a timely basis that shows the company’s trading performance and financial position or that can be used to prepare reliable financial forecasts.
 - Company directors have resigned, citing concerns about the financial position of the company or its ability to produce accurate financial information on the company’s affairs.

- The company auditor has qualified their audit opinion on the grounds there is uncertainty that the company can continue as a going concern.
- The company has defaulted, or is likely to default, on its agreements with its financier.
- Employees, or the company’s bookkeeper, accountant or financial controller, have raised concerns about the company’s ability to meet, and continue to meet, its financial obligations.
- It is not certain that there are assets that can be sold in a relatively short period of time to provide funds to help meet debts owed, without affecting the company’s ongoing ability to continue to trade profitably.
- The company is holding back cheques for payment or issuing post-dated cheques.

Source: ASIC Regulatory Guide 217 - Duty to prevent insolvent trading: Guide for directors

ASIC’s view is that these are some of the factors that a reasonable person would take into account when determining whether a company is insolvent. The list of factors is not intended to be exhaustive. There may be other factors that would indicate to a reasonable person that a company may be insolvent.

Appendix 2. Investigations – Analysis and Information

Solvency Analysis

Our approach to solvency

- We have assessed the solvency of the Company by examining whether the Company:
 - Was solvent under a balance sheet or cashflow test of insolvency; and
 - Exhibited any of the usual indicia of insolvency.

Cash flow test

- In preparing the cash flow test, we have considered the liquid assets which may be used to pay the liabilities due and payable within the following quarter, on a quarterly basis.
- The table below demonstrates the surplus or deficiency from June 2018 to June 2020.
- The Company had accrued a deficiency by 30 June 2018, which continued to increase to 30 June 2020, indicating it may have been insolvent from 30 June 2018 onwards. Furthermore, we note the Company recognised a portion of the Back Pay in FY18.
- We note the significant increase in due and payable liabilities from December 2019 to March 2020 is a result of the Company recognising the Back Pay for employees. The corresponding increase in assets relates to the receipt of the secured quarantined funds to pay Back Pay.

Key Assumptions

- Cash flow has been assessed at the end of each quarter to account for timing differences in significant items, including:
 - Accrued and outstanding superannuation which would be payable within the following quarter;
 - GST collected would generally be payable monthly;
 - PAYG would generally be payable monthly.
- Liquid assets includes:
 - Cash at bank
 - Trade Debtors
 - Prepayments
- Due and payable liabilities includes:
 - Trade creditors
 - Accrued statutory liabilities (GST/PAYG)
 - Accrued superannuation
 - Finance arrangements

Cash Flow Test (\$)

Item	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20
Liquid Assets	5,759,856	5,293,591	5,203,715	3,799,400	2,941,517	3,515,642	2,577,848	7,180,005	9,563,772
Due and Payable Liabilities	(6,240,082)	(6,383,221)	(6,502,853)	(6,137,592)	(7,876,604)	(8,449,441)	(7,586,358)	(12,633,998)	(15,686,674)
Surplus/Deficiency	(480,226)	(1,089,631)	(1,299,138)	(2,338,191)	(4,935,087)	(4,933,799)	(5,008,509)	(5,453,993)	(6,122,902)

Appendix 2. Investigations – Analysis and Information

Solvency Analysis

Continued trading losses

- The table below is taken from the management accounts and shows the Company traded at a significant loss in FY18, FY19 and FY20 as a result of:
 - Declining GTO revenues and gross margins;
 - Operating costs did not reduce commensurately with declining gross margins;
 - The Company expensed Back Pay of c\$1.8m in FY18
- A detailed analysis of the Company’s profit and loss can be found in **Section 4** of this report.

Profit and Loss

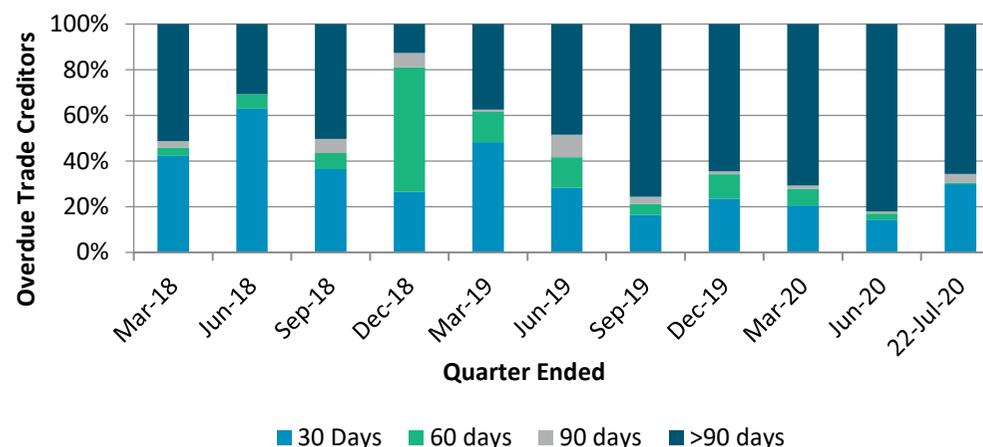
Item	FY17	FY18	FY19	FY20
Revenue	40,212,722	38,708,026	32,954,152	23,634,454
Other Income	3,092,684	2,567,220	1,723,553	3,916,694
Direct Costs	(33,037,930)	(31,691,703)	(28,707,756)	(21,960,161)
Operating Costs	(7,526,320)	(11,860,216)	(8,945,409)	(6,473,720)
EBITDA	2,741,156	(2,276,674)	(2,975,460)	(882,734)
Depreciation	(439,966)	(372,048)	(311,928)	(360,675)
Interest				
Income/(Expense)	(3,274)	(11,016)	(41,715)	(265,601)
NPBT	2,297,917	(2,659,737)	(3,329,103)	(1,509,009)

Source: Management accounts

Trade Creditors

- An analysis was conducted on the overdue trade creditors, as recorded in the Company’s management accounts by due date, at the end of each quarter from March 2018 to 30 June 2020 and as at 22 July 2020, summarised in the table below.
- During the period of analysis, the Company appears to have regularly paid creditors outside of recorded due dates, indicated by a significant portion of overdue trade creditors within the 1-30 days category.
- The Company had a significant quantity of creditors over 90 days throughout the period analysed.
- The significant increase in creditors by percentage in the over 90 days bracket from 30 September 2019 appears to predominantly be due to the Company paying down other creditors in the current, 30 day, 60 day and 90 day categories.

Overdue Trade Creditors by Quarter



Source: Management accounts

Appendix 2. Investigations – Analysis and Information

Solvency Analysis

Statutory Liabilities (ATO)

- The Company had significant unpaid taxation liabilities as at the date of appointment, which can be a key indicator of insolvency.
- Detailed below is a summary of the taxation liabilities based on our investigations.

Historical Tax Liabilities

Item	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20
Running Balance	288,849	600,126	1,293,207	1,619,908	2,230,362	4,791,737	5,919,895
SGC	Nil	Nil	Nil	870,448	894,557	145,357	147,975

Source: ATO Business Portal and SGC statements

- The GST liability started to accrue from 21 December 2018 as the Company failed to pay ongoing GST assessments.
- The Company failed to report its PAYG liability from July 2019 up to January 2020. The Company manually raised the catchup PAYG lodgements in February 2020, resulting in an increase of the ATO running balance account of c\$2.2m.
- The ATO has lodged a POD which details outstanding GST and PAYG totalling \$6,062,412 and the outstanding SGC liability of \$18,143 as at 22 July 2020.

- From our review of the Company's records, we understand the following:
 - The Company entered into payment arrangements with the ATO on 24 July 2018 and 16 January 2019.
 - The Company failed to comply with the payment arrangement dated 16 January 2019 and proposed a new payment plan to the ATO on 9 April 2019. On 23 May 2019 the ATO declined that payment plan proposal.
 - On or around 30 May 2019 the Company requested a deferral of all outstanding GST. The Company updated the ATO on progress with a potential sale of the Company's business and the potential for Commonwealth funding to cover Back Pay.
 - The Company was unable to progress a proposal to compromise the ATO debt.
- Our analysis indicates the Company had cash flow difficulty from 21 December 2018 and was unable to deal with the ATO debt which became unmanageable. This supports a date of insolvency of 21 December 2018.
- As discussed in **Section 5** of this report, the Company failed to pay superannuation for the March 2019 and June 2019 quarters, and as a result, these amounts converted into a statutory SGC liability. The Company made lump sum payments towards the SGC liability on or around 30 March 2020 and 9 July 2020, reducing the outstanding SGC liability to \$18,135 owing as at 10 July 2020.

Appendix 2. Investigations – Analysis and Information

Solvency Analysis

Financial Statements not audited

- During the FY18 audit, it appears the Company's auditors, Grant Thornton, required documentation from HCFT to support the going concern assumption.
- We understand this support was not provided and consequently, the FY18 accounts (and subsequent years) were not finalised.
- HCFT not providing the requisite document sought by the auditors prevented the Company finalising audited financial statements.
- The auditor querying the Company as a going concern and the lack of finalised audited statements are indicators of insolvency.

Inability to sell the business

- The Company conducted a campaign to sell the Company's business from May 2019, which may have realised funds to discharge some or all of the Company's debts. The Company received a number of offers over this period, which were subsequently declined by the Company or withdrawn.
- It appears selling the business, along with negotiating deferrals or a compromise of major creditors' debts, was key to the Company's strategy to deal with its financial difficulties.
- The Company's inability to sell the business was a significant contributing factor to the Administrators' appointment.

Ability to raise funds or finance

Scottish Pacific

- On or around 8 November 2018 the Company obtained a debtor finance facility from Scottish Pacific with a limit of \$2m.
- We note the debtor finance facility provides temporary funding to assist cash flows, however as debtors are sold in the process this does not improve the solvency position of the Company.

Westpac

- SAG held the primary loan facility with Westpac, which was guaranteed by ATQ.
- In November 2014, Westpac provided a facility with a limit of \$6m.
- As of October 2017, the facility was fully drawn at c\$3.9m in October 2017, following a reduction to the facility limit.
- SAG breached its' banking covenants from 31 December 2018 onwards.
- We understand in early 2020 Westpac was approached regarding a proposal to compromise its debt; however this was unsuccessful.
- As at the date of our appointment, the facility was fully drawn at c\$2.4m.
- Based on the above events, it appears unlikely the Company could have obtained further funding from Westpac beyond its' existing facilities to pay due and payable debts.

Appendix 2. Investigations – Analysis and Information

Solvency Analysis

Helmsman Capital Fund Trust IIB

- HCFT advanced \$10m on 31 October 2011 and a further \$2m on 21 January 2013 for the subscription of convertible notes in SAG.
- ATQ is recorded as a guarantor for the convertible notes.
- Multiple extensions were granted for the maturity date of the notes until 31 October 2019 and the principal was never repaid.
- We understand interest was never paid on the convertible notes.
- We understand HCFT did not provide a compromise of the quantum of their debt to allay concerns of the auditors.
- Helmsman Funds Management Limited as trustee for HCFT lodged a POD in the Administration for \$31,918,831 relating to the convertible notes.
- The unwillingness to compromise the debt, coupled with the Director's assertion financial support was withdrawn, it is reasonable to ascertain HCFT was not agreeable to advancing further funds to ATQ.



Appendix 3. Creditor Information Sheet: Offences, Recoverable Transactions and Insolvent Trading

Creditor Information Sheet

Offences, Recoverable Transactions and Insolvent Trading



Offences

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

180	Failure by company officers to exercise a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties.
181	Failure to act in good faith.
182	Making improper use of their position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of the officer's position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for a proper purpose. Use of position or information dishonestly to gain advantage or cause detriment. This can be a criminal offence.
198G	Performing or exercising a function or power as an officer while a company is under administration.
206A	Contravening a court order against taking part in the management of a corporation.
206A, B	Taking part in the management of corporation while being an insolvent, for example, while bankrupt.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of an auditor.
314-7	Failure to comply with requirements for the preparation of financial statements.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to the administrator.
588G	Incurring liabilities while insolvent
588GAB	Officer's duty to prevent creditor-defeating disposition
588GAC	A person must not procure a company to make a creditor-defeating disposition
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.
596AB	Entering into an agreement or transaction to avoid employee entitlements.

Recoverable Transactions

Preferences

A preference is a transaction, such as a payment by the company to a creditor, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant period for the payment commences six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

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

Creditor-defeating disposition

Creditor-defeating dispositions are the transfer of company assets for less than market value (or the best price reasonably obtainable) that prevents, hinders or significantly delay creditors' access to the company's assets in liquidation. Creditor-defeating dispositions are voidable by a liquidator.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into, having regard to the benefit or detriment to the company; the respective benefits to other parties; and any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the period is four years and if the intention of the transaction is to defeat creditors, the period is ten years. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Unfair Loan

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

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person or from members of a corporate group (Contribution Order).

Unreasonable payments to directors

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

Voidable charges

Certain charges over company property are voidable by a liquidator:

- circulating security interest created within six months of the liquidation, unless it secures a subsequent advance;
- unregistered security interests;
- security interests in favour of related parties who attempt to enforce the security within six months of its creation.

Insolvent trading

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

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

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

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

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

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

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

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



Appendix 4. Remuneration Approval Report

19 AUGUST 2020

REMUNERATION APPROVAL REPORT

ALL TRADES QUEENSLAND PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 115 379 461

Introduction

Information included in report

This remuneration approval report provides you with the information you need to make an informed decision regarding the approval of our remuneration for undertaking the voluntary administration of All Trades Queensland Pty Ltd (Administrators Appointed) ACN 115 379 461.

This report has the following information included:

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- Part 1: Declaration..... 60
- Part 2: Executive Summary..... 60
- Part 3: Remuneration 61
- Part 4: Disbursements 64
- Part 5: Summary of Receipts and Payments..... 66
- Part 6: Queries..... 66
- Schedule 1: Description of work undertaken with respect to Resolution 1 67
- Schedule 2: Description of work to be undertaken with respect to Resolution 2 73
- Schedule 3: FTI Consulting Schedule of Rates 76

Part 1: Declaration

John Park and I, Joanne Dunn, of FTI Consulting have undertaken a proper assessment of the claims for remuneration for the appointment as Voluntary Administrators of All Trades Queensland Pty Ltd (Administrators Appointed) ACN 115 379 461 in accordance with the law 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 this appointment.

Part 2: Executive Summary

The total remuneration for this appointment for the period to the end of the Administration is estimated to be \$993,466.00 (exclusive of GST).

This has increased compared to my previous estimate because of:

- Significant communication with key stakeholders including DESBT, ASQA, Unions, the Commonwealth, and secured creditors.
- Volume of enquiry received with respect to apprentice Back Pay and subsequent investigations into Back Pay dealings by Company.
- Extensive work required with respect to JobKeeper Court application.
- Detailed review of Director's draft DOCA proposal, and subsequent meetings and correspondence with him.
- Sale campaign and considerable liaison meetings and attendance to queries from multiple interested parties.

Remuneration currently claimed is summarised below in **Table 1**.

Table 1: Remuneration currently claimed

Period	Report Reference	Amount (excl GST) \$
Voluntary Administration		
Resolution 1: Remuneration from 22 July 2020 to 14 August 2020 (inclusive)	Table 2 Schedule 1	\$740,466.00
Resolution 2: Remuneration from 15 August 2020 to 26 August 2020 (inclusive)*	Table 4 Schedule 2	\$253,000.00
<i>Less: \$50,000 remuneration discount</i>		(\$50,000.00)
TOTAL remuneration claimed (net of discount)		\$943,466.00

** Approval for the future remuneration sought is based on an estimate of the work necessary to complete the administration. Should additional work beyond what is contemplated be necessary, further approval may be sought from creditors. If a lesser amount is incurred, we will limit our remuneration to that lesser amount.*

Please refer to report section references detailed in **Table 1** for full details of the calculation and composition of the remuneration approval sought.

Part 3: Remuneration

Remuneration claim resolutions

We will be seeking approval of the following resolutions to approve our remuneration. Details to support these resolutions are shown immediately below the resolutions and in the schedules to this report.

Resolution 1: Remuneration from 22 July 2020 to 14 August 2020 (inclusive)

The remuneration of the Voluntary Administrators of All Trades Queensland Pty Ltd (Administrators Appointed) ACN 115 379 461 from 22 July 2020 to 14 August 2020 (inclusive) be calculated on a time basis at the hourly rates set out in the Schedule of FTI Consulting Standard Rates (Corporate Finance and Restructuring rates effective 1 April 2020 and Strategic Communications rates effective 1 April 2019) and is determined and approved for payment in the amount of \$690,466.00 (exclusive of GST) and the Voluntary Administrators can draw the remuneration.

Resolution 2: Remuneration from 15 August 2020 to 26 August 2020 (inclusive)

The remuneration of the Voluntary Administrators of All Trades Queensland Pty Ltd (Administrators Appointed) ACN 115 379 461 from 15 August 2020 to 26 August 2020 (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Voluntary Administrators and staff of FTI Consulting, calculated at the hourly rates set out in the Schedule of FTI Consulting Standard Rates (Corporate Finance and Restructuring rates effective 1 April 2020 and Strategic Communications rates effective 1 April 2019), up to a capped amount of \$253,000.00 (exclusive of GST), and the Voluntary Administrators can draw the remuneration as required.

Remuneration is calculated in accordance with the hourly rates applicable to the grades or classifications set out in the FTI Consulting Schedule of Standard Rates which appear at **Schedule 3** to this report.

At this stage, based on the information presently available to us, we consider that it may be necessary to convene a further meeting of creditors to seek further approval from creditors. However, the position may change depending on the progress of the external administration and the issues that may arise.

Details to support resolutions

The basis of calculating the remuneration claims are summarised below and the details of the major tasks performed, and the costs associated with each of those major tasks are contained in **Schedule 1** and **Schedule 2** to this report.

Resolution 1: Remuneration from 22 July 2020 to 14 August 2020 (inclusive)

Table 2 below sets out time charged to each major task area by staff members working on the Voluntary Administration from 22 July 2020 to 14 August 2020 (inclusive) which is the basis of the Resolution 1 claim. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained in **Schedule 1**.

Table 2: Time charged to each major task area

Employee	Position	Rate/hour excl GST \$	Total actual hours	Total (excl GST) \$	Task Area											
					Assets		Creditors		Employees		Trade On		Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Joanne Dunn	Senior Managing Director	720.00	120.20	86,544.00	5.30	3,816.00	15.90	11,448.00	8.20	5,904.00	80.20	57,744.00	0.90	648.00	9.70	6,984.00
John Park	Senior Managing Director	720.00	54.50	39,240.00	18.50	13,320.00	11.60	8,352.00	0.00	0.00	11.20	8,064.00	0.00	0.00	13.20	9,504.00
Carla Fairweather	Managing Director	660.00	124.30	82,038.00	115.60	76,296.00	5.30	3,498.00	0.00	0.00	0.00	0.00	0.00	0.00	3.40	2,244.00
Matthew Glennon	Managing Director	660.00	86.60	57,156.00	27.30	18,018.00	4.10	2,706.00	0.00	0.00	50.90	33,594.00	0.00	0.00	4.30	2,838.00
Renee Lobb	Managing Director	660.00	115.00	75,900.00	2.20	1,452.00	55.00	36,300.00	4.70	3,102.00	42.80	28,248.00	6.90	4,554.00	3.40	2,244.00
Mark Hellwege	Senior Director	580.00	94.80	54,984.00	0.60	348.00	44.30	25,694.00	0.20	116.00	0.20	116.00	45.20	26,216.00	4.30	2,494.00
Neil Dempster	Director	520.00	124.40	64,688.00	3.60	1,872.00	0.00	0.00	3.50	1,820.00	117.30	60,996.00	0.00	0.00	0.00	0.00
Jeremy Dalais	Senior Consultant I	430.00	96.90	41,667.00	0.30	129.00	37.10	15,953.00	0.00	0.00	2.20	946.00	50.70	21,801.00	6.60	2,838.00
Marco Bozzetto	Senior Consultant I	430.00	128.10	55,083.00	5.10	2,193.00	66.70	28,681.00	31.80	13,674.00	18.60	7,998.00	0.40	172.00	5.50	2,365.00
Alexa Sutherland	Consultant II	390.00	55.30	21,567.00	21.60	8,424.00	13.10	5,109.00	0.00	0.00	16.90	6,591.00	0.00	0.00	3.70	1,443.00
Carly Young	Consultant II	390.00	84.70	33,033.00	0.00	0.00	55.50	21,645.00	17.70	6,903.00	0.00	0.00	0.00	0.00	11.50	4,485.00
Kathleen O'Connor	Consultant I	360.00	79.80	28,728.00	2.40	864.00	4.20	1,512.00	41.40	14,904.00	3.40	1,224.00	4.00	1,440.00	24.40	8,784.00
Brooke Petersen	Associate II	335.00	130.30	43,650.50	10.20	3,417.00	1.60	536.00	0.00	0.00	111.70	37,419.50	0.00	0.00	6.80	2,278.00
Matthew Burns	Associate II	335.00	93.80	31,423.00	54.30	18,190.50	26.80	8,978.00	3.60	1,206.00	3.10	1,038.50	0.90	301.50	5.10	1,708.50
Gus State	Associate I	300.00	12.70	3,810.00	12.70	3,810.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Administration	Administration 2	220.00	46.10	10,142.00	0.00	0.00	5.90	1,298.00	0.00	0.00	0.00	0.00	0.00	0.00	40.20	8,844.00
Administration	Administration 1	185.00	3.70	684.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.70	684.50
Total			1,451.20	730,338.00	279.70	152,149.50	347.10	171,710.00	111.10	47,629.00	458.50	243,979.00	109.00	55,132.50	145.80	59,738.00
GST				73,033.80												
Total (including GST)				803,371.80												
Average hourly rate (excluding GST)				503.26		543.97		494.70		428.70		532.12		505.80		409.73

The below **Table 3** sets out work performed by other professional services provided by FTI Consulting from 22 July 2020 to 14 August 2020 (inclusive).

Table 3: Work performed by other professional services provided by the firm

Employee	Position	Rate/hour excl GST \$	Total actual hours	Total (excl GST) \$	Task Area	
					Strategic Communications	
					Hrs	\$
Stuart Carson	Managing Director	660.00	11.50	7,590.00	11.50	7,590.00
Georgia Dillon	Senior Consultant	470.00	5.40	2,538.00	5.40	2,538.00
Total			16.90	10,128.00	16.90	10,128.00
GST				1,012.80		
Total (including GST)				11,140.80		
Average hourly rate (excluding GST)				599.29		599.29

Resolution 2: Remuneration from 15 August 2020 to 26 August 2020 (inclusive)

The below **Table 4** sets out the expected costs for the major tasks likely to be performed by the Voluntary Administrators and their staff from 15 August 2020 to 26 August 2020 (inclusive) which is the basis of the Resolution 2 claim. More detailed descriptions of the tasks likely to be performed within each task area, matching the amounts below, are contained in

Table 4: Expected costs for the major tasks from 15 August 2020 to 26 August 2020 (inclusive)

	Total	Task Area						
		Assets	Creditors	Employees	Trade on	Investigation	Administration	Strategic Communications
Total (est)	\$253,000	\$50,000	\$90,000	\$30,000	\$45,000	\$5,000	\$30,000	\$3,000
GST	\$25,300	\$5,000	\$9,000	\$3,000	\$4,500	\$500	\$3,000	\$300
Total (incl GST)	\$278,300	\$55,000	\$99,000	\$33,000	\$49,500	\$5,500	\$33,000	\$3,300

Total remuneration reconciliation

At this point in time, I estimate that the total remuneration for this Voluntary Administration will be \$993,466.00 (exclusive of GST).

This estimate differs to the estimate of the costs provided in the Initial Remuneration Notice dated 24 July 2020, which estimated a cost of the administration of \$500,000 (exclusive of GST) for the following reasons.

- Significant communication with key stakeholders including DESBT, ASQA, Unions, the Commonwealth, and secured creditors.
- Volume of enquiry received with respect to apprentice Back Pay and subsequent investigations into Back Pay dealings by Company.
- Extensive work required with respect to JobKeeper Court application.
- Detailed review of Director's draft DOCA proposal, and subsequent numerous meetings and correspondence with him.
- Sale campaign and considerable liaison meetings and attendance to queries from multiple interested parties.

Likely impact on dividends

The Act sets the order for payment of claims against the company and it provides for remuneration of the Voluntary Administrators to be paid in priority to other claims. This ensures that when there are sufficient funds, the Voluntary Administrators receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the amount of assets that we are able to recover and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

An estimate of the dividend payable to creditors is detailed in **Section 6** of the Report to Creditors. The amount and timing of the dividend is subject to a range of variables, particularly:

- realisations to date;
- estimated future realisations;
- my estimated remuneration to complete the Voluntary Administration; and
- the estimated total of creditor claims based on the company's records and claims lodged now.

The estimated dividend is subject to the outcome of the Second meeting of Creditors and the quantum of claims admissible. Please refer to **Section 6** of the Report to Creditors for further details.

Part 4: Disbursements

Explanatory note on disbursements

Disbursements are divided into three types:

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

Creditor approval is not required in relation to externally provided professional and non-professional costs or disbursements charged at cost. Where payments to third parties have been made from the bank account of the external administration, those payments are disclosed in the summary of receipts and payments. Creditors have the right to question the incurring of the disbursements and can challenge disbursements in Court.

Basis on which future disbursements will be charged

Future disbursements will be charged to the administration on the basis of the Schedule of FTI Consulting Internal Disbursement Rates as shown in **Table 5** below.

Table 5: Schedule of FTI Consulting Disbursement Rates

Disbursement type	Charge Type	Charge Rate (excl GST)
Advertising	External, non-professional	At cost
ASIC Industry Funding Levy – registered liquidator metric events*	External, non-professional	At cost (at prescribed ASIC rates)
Couriers and deliveries	External, non-professional	At cost
Data Room Charges	External, professional	At cost
Facsimile	Internal (FTI)	Not charged
Legal Fees	External, professional	At cost
Postage	External, non-professional	At cost
Photocopying – internal	Internal (FTI)	Not charged
Photocopying – outsourced	External, non-professional	At cost
Printing – internal	Internal (FTI)	Not charged
Printing – outsourced	External, non-professional	At cost
Records costs – storage, destruction, boxes	External, non-professional	At cost
Search fees	External, non-professional	At cost
Staff motor vehicle use - mileage	Cents per km	At prescribed ATO rates
Staff travel – accommodation, meals etc	External, non-professional	At cost
Stationery and other incidental disbursements	External, non-professional	At cost
Telephone	Internal (FTI)	Not charged
Valuation Fees	External, professional	At cost
Other externally provided professional services		At cost
Other externally provided non-professional services		At cost

The below **Table 6** outlines disbursements which have been incurred by the external administration to FTI Consulting during the period 22 July 2020 to 14 August 2020.

Table 6: Cost of external disbursements claimed

Disbursements claimed	Basis of charge excl GST \$	Amount excl GST \$
Externally provided non-professional services		
Data Room Charges	At cost	627.00
Meal Expenses	At cost	37.61
Staff Travel - Mileage	Cents per km (ATO rates)	1,297.17
Staff Travel - Parking	At cost	292.78
Staff Travel - Taxi	At cost	150.18
Postage	At cost	48.63
Search Fees	At cost	109.80
Virtual Meeting Facility	At cost	1,279.08
Total (excluding GST)		3,842.25
GST		384.23
Total (including GST)		4,226.48

Part 5: Summary of Receipts and Payments

A summary of receipts and payments to and from the bank account for the voluntary administration for 22 July 2020 to 14 August 2020 appears as **Appendix 5** of the Report to Creditors.

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

Part 6: Queries

If you have any queries or require any further information concerning our claim for remuneration please contact our office on +61 7 3225 4900 or via email to ATQ@fticonsulting.com.

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”).

Yours faithfully



Joanne Dunn
Administrator

Our Ref: MSB_478044.0001-9-4



07 3225 4900
ATQ@fticonsulting.com

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About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organisations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring. More information can be found at www.fticonsulting.com.

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Schedule 1: Description of work undertaken with respect to Resolution 1

Table 7 below provides a description of the work undertaken in each major task area from 22 July 2020 to 14 August 2020 (inclusive).

Table 7: Work undertaken from 22 July 2020 to 14 August 2020 (inclusive)

Task Area	General Description	Includes
Assets 279.70 hours \$152,149.50	Cash and Bank Accounts	<ul style="list-style-type: none"> • Communications with Banks regarding appointment/to transfer funds • Ongoing liaison with Bendigo Bank to secure funds release to Administration account • Provision of information to Bendigo Bank to support release amount requested, whilst allowing for chargeback withholding by Bendigo Bank • Liaising with Bank of Queensland regarding Back Pay Funds • Opening of Voluntary Administration bank account • Take possession of, count and deposit petty cash held on premises • Reconciling bank accounts on a frequent basis
	Sale of Business	<ul style="list-style-type: none"> • Liaison with Vantage Performance concerning their involvement in the sale process prior to appointment • Engagement of Vantage Performance to assist with conducting the sale campaign alongside the Voluntary Administrators • Frequent meetings with Vantage Performance concerning the sale campaign • Liaising with company staff regarding data for virtual data room • Collation and verification of data to create and add to virtual data room • Review of information memorandum • Answering questions received from interested parties • Creation and review of non-disclosure agreements • Drafting of advertisement for publication in AFR • Review of stage one non-binding indicative sale offers • Meetings with short-listed interested parties • Review of final offers • Further meetings with interested parties regarding offer particulars • Liaising with lawyers regarding Business Sale Agreement

Task Area	General Description	Includes
		<ul style="list-style-type: none"> • Internal meetings concerning offers received • Consideration of DOCA proposal received • Liaising with DOCA proponent • Drafting of DOCA specific information for second creditors report
	Plant and Equipment	<ul style="list-style-type: none"> • Reviewing asset listings • Conducting searches on Motor Vehicles and Properties • Engagement of valuer to value Company assets • Liaising with valuer regarding the valuation of assets • Engaging with secured parties with respect to secured plant and equipment assets
	Debtors	<ul style="list-style-type: none"> • Reviewing the Company’s books and records to determine outstanding amounts owing from debtors • Liaising with Company staff and debtor finance provider regarding amounts outstanding from debtors and security of debtor finance provider, Scottish Pacific • Reviewing and assessing debtor ledgers • Apportionment of pre-appointment and post-appointment debtors • Receipting debtor collections and liaising with debtors concerning any disputes
	Real Estate	<ul style="list-style-type: none"> • Review of lease documents • Liaising with landlords regarding property leases held by the Company • Correspondence with landlords with respect to continued occupation of Shailer Park and Banyo premises • Issue notice not to exercise property rights with respect to Demand Avenue, Arundel premises • Significant dealings with Shailer Park premises landlord concerning the upcoming finalisation of the lease and ongoing occupation of the Administrators whilst continuing to trade • Discussions concerning alleged premises arrears • Conduct property search in the name of the Company to confirm it does not own any real estate assets
Creditors 347.10 hours \$171,710.00	Creditor Enquiries	<ul style="list-style-type: none"> • Setup of specific email address for creditor enquiries – ATQ@fticonsulting.com • Dealing with numerous creditor enquiries from trade creditors, employees, apprentices, Back Pay creditors, schools, and hosts. • Preparation and issue of FAQs specific to each creditor group

Task Area	General Description	Includes
		<ul style="list-style-type: none"> • Issuance of correspondence to trade creditors advising of trading controls and process under Voluntary Administration • Significant review of Company records concerning the Back Pay issue and quantum of claims • Engagements with the Commonwealth concerning Back Pay and Back Pay Fund. • Considerable correspondence with Back Pay claimants • Responding to creditors and their representative’s enquiries via telephone, email and post • Maintaining call and email register for enquiries
	Secured Creditors	<ul style="list-style-type: none"> • Notifying PPS registered creditors of appointment • Investigating PPSR claims and security documentation • Liaising with lawyers regarding security documentation received • Responding to secured creditor queries • Issue irrevocable consent to Westpac Banking Corporation • Liaising with secured creditors regarding property subject to their security, including issuing update reports • Correspondence with PPSR charge holders regarding notice note to exercise property rights
	Creditor Reports & Circulars	<ul style="list-style-type: none"> • Preparing, reviewing and issuing initial circular to creditors • Preparation of separate correspondence, including FAQs specific to each group of creditors including employees, apprentices, hosts and schools • Arranging for distribution of documentation to each party • Corresponding with creditors regarding COVID-19 restrictions and virtual meeting procedure and registration requirements • Email to employee and apprentice creditors with guide on registering for the meeting • Preparing and providing DIRRI and initial advice of remuneration • Lodgement of DIRRI • Preparing Section 75-225 report, investigation, meeting and report to creditors.
	Dealing with Proofs of Debt (POD)	<ul style="list-style-type: none"> • Receipting and filing POD for creditor meetings • Compilation of data required to lodge group PODs on behalf of employee and apprentice creditors • Maintaining POD register • Contacting creditors who had registered to attend the first creditors meeting but had not provided a POD.

Task Area	General Description	Includes
	First Meeting of Creditors	<ul style="list-style-type: none"> • Corresponding with ATO regarding POD when not related to a dividend • Preparation of meeting notices, proxies and advertisements • Providing notice of meeting to all known creditors • Separate email to employees and apprentices with key meeting information • Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting • Review of registration forms, proxies, PODs submitted by creditors • Contacting creditors who were missing required documents to attend the meeting, or who had not completed the secondary Zoom registration • Attending first meeting of creditors • Preparing the minutes of meeting to be lodged with ASIC • Corresponding with creditors regarding the registration and attendance at virtual meeting due to COVID-19 restrictions • Responding to stakeholder queries and questions immediately following meeting
<p>Employees 111.10 hours \$47,629.00</p>	Employee & Apprentice Enquiries	<ul style="list-style-type: none"> • Receive and follow up employee enquiries via telephone, email and in person whilst on site • Maintain email and call enquiry register • Review and prepare correspondence to creditors and their representatives via facsimile, email and post • Preparation of letters to employees and apprentices advising of their entitlements
	Back Pay	<ul style="list-style-type: none"> • Corresponding with Company staff regarding outstanding Back Pay • Meetings, email and telephone correspondence with the Commonwealth to discuss claims and queries • Corresponding with apprentices, Fair Work and Unions on outstanding claims and offers • Review of, and preliminary investigations into, the Company's calculations and process in dealing with these claims • Reconciliation of funds received from Commonwealth and payments made to date • Answering email and phone enquiries of Back Pay recipients • Maintain register of enquiries

Task Area	General Description	Includes
	Other employee issues	<ul style="list-style-type: none"> • Liaising with Company staff and WorkCover regarding pre and post appointment claims • Liaising with Company staff to complete information request from WorkCover • Dealing with employee resignations on ongoing disciplinary matters
Trade On 458.50 hours \$243,979.00	Trade on and management	<ul style="list-style-type: none"> • Liaising with suppliers to open accounts • Liaising with management and staff with respect to critical suppliers and ongoing trade • Attendance on site • Authorising purchase orders • Maintaining purchase order registry • Preparing and authorising receipt vouchers • Preparing and authorising payment vouchers • Liaising with Company staff regarding Job Keeper • Liaising with management to process payroll • Preparing for reporting Single Touch Payroll • Application to the Court in relation to Administrators indemnity for Job Keeper payments received during the administration
	Budgeting and financial reporting	<ul style="list-style-type: none"> • Reviewing company's budgets and financial statements • Preparing budgets • Preparing weekly financial reports • Finalising trading profit or loss • Meetings to discuss trading position
Investigations 109.00 hours \$55,132.50	Conducting investigations	<ul style="list-style-type: none"> • Request access to Company books and records • Reviewing Company books and records • Obtaining backup of Company electronic records • Investigating and understanding Company nature and history • Conducting and summarising statutory searches • Conducting investigations into potential voidable transactions which may be recoverable in a Liquidation scenario • Conducting solvency analysis based on financial records • Investigating potential offences of directors and officers • Communications with Director and/or officers concerning Company information

Task Area	General Description	Includes
Administration 145.80 \$59,738.00	Appointment	<ul style="list-style-type: none"> • Communicating with the Company Director (including ROCAP packs) • Lodgement of notice of appointment with ASIC • Advising third parties of appointment including ATO, OSR and utilities • Notifying other various parties of our appointment
	Insurance	<ul style="list-style-type: none"> • Correspondence with insurer regarding initial and ongoing insurance requirements • Correspondence with insurer and Company staff regarding pre-appointment insurance policies • Liaising with Work Health and Safety risk consultant regarding WH&S review and audit • Meetings with Company staff and WH&S risk consultant in relation to review and audit • Liaising with Company staff and WH&S risk consultant in relation to recommendations following audit • Working with staff to execute WH&S items noted in report
	Bank account administration	<ul style="list-style-type: none"> • Preparing correspondence opening and/or closing accounts
	ASIC Lodgements	<ul style="list-style-type: none"> • Preparing and lodging ASIC forms including 505, 531, 507 etc
	ATO and other statutory reporting	<ul style="list-style-type: none"> • Notification of appointment • Freedom of information request
	Document maintenance/ file review/ checklist	<ul style="list-style-type: none"> • Document filing and maintenance • Updating checklists
Other Professional Services 16.90 hours \$10,128.00	Strategic Communications	<ul style="list-style-type: none"> • Responding to enquiries from local and national media • Preparing messaging and briefing materials for media • Media monitoring

Schedule 2: Description of work to be undertaken with respect to Resolution 2

Table 8 below provides a description of the work to be undertaken in each major task area from 15 August 2020 to 26 August 2020 (inclusive).

Table 8: Work to be undertaken from 15 August 2020 to 26 August 2020 (inclusive)

Task Area	General Description	Includes
Assets \$50,000	Debtors	<ul style="list-style-type: none"> • Liaising with Company staff and debtor finance provider regarding amounts outstanding from debtors • Reviewing and assessing debtor ledgers • Receipting debtor payments • Quantification of debtors outstanding for insertion into section report to creditors.
	Sale of Business	<ul style="list-style-type: none"> • Liaising with potential purchasers and DOCA proponents to finalise terms • Internal meetings to discuss/review offers received from eligible parties
	Cash and bank accounts	<ul style="list-style-type: none"> • Communicating with banks regarding transfer of funds • Receipting and reconciling administration and pre-appointment bank accounts • Liaising with Bank of Queensland regarding Back Pay Funds.
Creditors \$90,000	Second Meeting of Creditors	<ul style="list-style-type: none"> • Preparation of meeting notices, proxies and advertisements for Second meeting of creditors • Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. • Corresponding with creditors regarding attendance and registration at virtual meeting due to COVID-19 restrictions • Responding to creditor queries and questions • Testing of electronic facilities for meeting • Review of registration forms, proxies, PODs submitted by creditors
	Creditor Reports	<ul style="list-style-type: none"> • Preparation of Section 75-225 Report to creditors • Uploading report to creditors portal • Issuing of reports via email and post
	Creditor Enquiries, Requests & Directions	<ul style="list-style-type: none"> • Receive and respond to creditor enquiries • Maintain enquiry register for calls and emails • Review and prepare initial correspondence to creditors and their representatives

Task Area	General Description	Includes
	Dealing with proofs of debt (POD)	<ul style="list-style-type: none"> • Receipting and filing PODs for second Meeting of Creditors
Employees \$30,000	Employees enquiries	<ul style="list-style-type: none"> • Receive and follow up employee enquiries via telephone • Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Calculation of entitlements	<ul style="list-style-type: none"> • Responding to any entitlement specific enquiries • Calculating employee entitlements where required beyond previous group POD lodged • Reviewing employee files and company's books and records
	Back Pay	<ul style="list-style-type: none"> • Corresponding with Company staff regarding outstanding Back Pay claims and issues • Meetings, phone and email correspondence with Commonwealth to discuss claims and impact of potential sale or DOCA • Corresponding with apprentices, Fair Work and Unions on outstanding claims and offers
	Other employee issues	<ul style="list-style-type: none"> • Liaising with Company staff and WorkCover regarding pre and post appointment claims • Liaising with Company staff to complete information request from WorkCover • Providing separation certificates where required
Trade On \$45,000	Trade On Management	<ul style="list-style-type: none"> • Liaising with suppliers • Liaising with management and staff • Attendance on site • Authorising purchase orders • Maintaining purchase order registry • Preparing and authorising receipt vouchers • Preparing and authorising payment vouchers • Finalise landlord negotiations with respect to Shailer Park occupation • Ongoing cash flow monitoring • Provision of trading position to enable completion of estimated return to creditors • Liaising with management to process payroll • Preparing for reporting Single Touch Payroll
Investigation \$5,000	Investigations conducted	<ul style="list-style-type: none"> • Finalising investigations into the Company's affairs • Summarise findings and investigations in second report to creditors

Task Area	General Description	Includes
Administration \$30,000	Bank Account Administration	<ul style="list-style-type: none"> • Requesting bank statements • Bank account reconciliations • Correspondence with bank regarding specific transfers and funds releases
	General Administration	<ul style="list-style-type: none"> • Planning and review of the Administration • Document filing and maintenance • Scanning and filing of documents • Care and maintenance of file
	Insurance	<ul style="list-style-type: none"> • Correspondence with insurer regarding ongoing insurance requirements and placement of cover • Liaising with Company staff and WH&S risk consultant in relation to recommendations following audit and execution of critical items
	Lodgements	<ul style="list-style-type: none"> • Lodging Voluntary Administrators report to creditors with ASIC • Advertise second meeting of creditors on the ASIC insolvency notices website
	Planning review	<ul style="list-style-type: none"> • Internal meetings to discuss the status of the Administration • Ad hoc internal meetings
Other Professional Services \$3,000	Strategic Communications	<ul style="list-style-type: none"> • Responding to enquiries from local and national media • Preparing messaging and briefing materials for media • Media monitoring

Schedule 3: FTI Consulting Schedule of Rates

FTI Consulting CF&R Standard Rates effective 1 April 2020 (excluding GST)		
Typical classification	Standard Rates \$/hour	General guide to classifications
Senior Managing Director/Appointee	720	Registered Liquidator and/or Trustee, with specialist skills and extensive experience in all forms of insolvency administrations. Alternatively, has proven leadership experience in business or industry, bringing specialist expertise and knowledge to the administration.
Managing Director	660	Specialist skills brought to the administration. Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee. May also be a Registered Liquidator and/or Trustee. Alternatively, has extensive leadership/senior management experience in business or industry.
Senior Director	580	Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee, where required. May also be a Registered Liquidator and/or Trustee or have experience sufficient to support an application to become registered. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Director	520	Significant experience across all types of administrations. Strong technical and commercial skills. Has primary conduct of small to large administrations, controlling a team of professionals. Answerable to the appointee, but otherwise responsible for all aspects of the administration. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Senior Consultant 2	470	Typically an Australian Restructuring Insolvency & Turnaround Association professional member. Well developed technical and commercial skills. Has experience in complex matters and has conduct of small to medium administrations, supervising a small team of professionals. Assists planning and control of medium to larger administrations.
Senior Consultant 1	430	Assists with the planning and control of small to medium-sized administrations. May have the conduct of simpler administrations. Can supervise staff. Has experience performing more difficult tasks on larger administrations.
Consultant 2	390	Typically Institute of Chartered Accountants in Australia qualified chartered accountant (or similar). Required to control the tasks on small administrations and is responsible for assisting with tasks on medium to large-sized administrations.
Consultant 1	360	Qualified accountant with several years' experience. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 2	335	Typically a qualified accountant. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 1	300	Typically a university graduate. Required to assist with day-to-day tasks under the supervision of senior staff.
Junior Associate	220	Undergraduate in the latter stage of their university degree.
Administration 2	220	Well developed administrative skills with significant experience supporting professional staff, including superior knowledge of software packages, personal assistance work and/or office management. May also have appropriate bookkeeping, accounting support services or similar skills.
Junior Accountant	170	Undergraduate in the early stage of their university degree.
Administration 1	185	Has appropriate skills and experience to support professional staff in an administrative capacity. May also have appropriate bookkeeping, accounting support services or similar skills.

The FTI Consulting Standard Rates above apply to the Corporate Finance & Restructuring practice and are subject to periodical review

FTI Consulting Standard Rates effective 1 April 2019 (excluding GST)		
Strategic Communications		
Typical classification	\$/hour	General guide to classifications
Senior Managing Director	660	Specialist skills and extensive experience in all forms of strategic communications. Alternatively, has proven leadership experience in business or industry, bringing specialist expertise and knowledge to corporate communications.
Senior Consultant	470	Assists with the planning and control of small to medium projects. May have the conduct of minor projects. Can supervise staff. Has experience performing more difficult tasks on larger projects.



Appendix 5. Receipts and Payments

Appendix 5. Receipts and Payments

Receipts and payments for the period 22 July 2020 to 14 August 2020

All Trades Queensland Pty Ltd (Administrators Appointed)	
Period: 22 July 2020 to 14 August 2020	
	\$
Receipts	
Cash at Appointment	3,319,873.70
Debtor Recoveries	1,255,244.61
Total Receipts	4,575,118.31
Payments	
Wages and Salaries (incl. JobKeeper)	1,168,616.17
Rent & Rates	43,887.25
Creditor Trading Expenses	57,229.04
PAYG Withholding	158,492.00
Bank Fees & Charges	7,480.19
Insurance Expense	6,050.00
Legal Fees	48,249.68
Sale Campaign Expense	53,586.39
Total Payments	1,543,590.72
Net Receipts (Payments)	3,031,527.59



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