

21 December 2020

**All Trades Queensland Pty Ltd
(In Liquidation)
ACN 115 379 461
("the Company")**

Statutory report to creditors pursuant to
Section 70-40 of the Insolvency Practice Rules (Corporations) 2016

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1. Introduction

I refer to the appointment of John Park and I, Joanne Dunn, as Voluntary Administrators of the Company on 22 July 2020 and to our subsequent appointment as Liquidators on 9 October 2020.

Since the commencement of the winding up, we have conducted our investigations into the affairs, financial position of the Company and the reasons for its failure.

In accordance with Section 70-40 of the *Insolvency Practice Rules (Corporate) 2016* I am required to issue a report to creditors within 3 months of the winding up of the Company, the primary purpose of which is to:

- Provide you with an update on the progress of the liquidation; and
- Advise you of the likelihood of a dividend being paid in the liquidation.

This report should also be read in conjunction with our previous reports to creditors dated 19 August 2020 (“VA Report”) and 25 September 2020 (“Supplementary VA Report”).

All copies of our reports to creditors are available for download from our FTI Consulting Creditor Portal:
<https://www.fticonsulting-asia.com/creditors/all-trades-queensland-pty-ltd>.

2. Key Findings

Description	Findings	Section
Assets and liabilities	<p>As at 22 July 2020, we have identified \$5,131,632 of realisable assets, of which \$5,045,610 has been realised to date.</p> <p>As at 22 July 2020, we estimate the total liabilities of the Company was \$42,865,351.</p>	4.4
Investigations and recovery actions	<p>The investigations into the Company's business, property, affairs and financial circumstances are still being conducted.</p> <p>I have identified potential preferential payments made to the Deputy Commissioner of Taxation (“DCT”) totalling \$1,190,487. I will submit my claim against the DCT in the near term.</p> <p>I have identified a potential insolent trading claim against the Director. Based on my preliminary analysis the total insolent trading claim could be as high as \$5.09m. I intend to obtain an independent detailed solvency analysis of the Company in order to support a date of insolvency which will determine the ultimate value of the insolvent trading claim. The independent solvency analysis may also support my recovery of the preference payments made to the DCT.</p>	5.0

Description	Findings	Section																								
Further investigations to be undertaken	I plan to undertake the following further investigations: <ul style="list-style-type: none"> ■ Engage an independent expert to perform a high-level analysis of the Company's historical financial position to determine date of insolvency; ■ Quantify the value of the potential insolvent trading claim against the Director and take steps to commence recovery of same; ■ Advance recovery of unfair preference payments; and ■ Complete and lodge the findings of our investigations to the Australian Securities & Investments Commission ("ASIC") in accordance with Section 533 of the <i>Corporations Act 2001 Cth</i> ("Act") 	5.3																								
Likelihood of a dividend	A summary of estimated returns to the various creditor classes is presented below: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3">Liquidation</th> </tr> <tr> <th>Summary of Estimated Returns</th> <th>Low Return</th> <th>High Return</th> </tr> </thead> <tbody> <tr> <td>Wages & Superannuation</td> <td>100 cents/\$</td> <td>100 cents/\$</td> </tr> <tr> <td>Leave Entitlements</td> <td>100 cents/\$</td> <td>100 cents/\$</td> </tr> <tr> <td>Redundancy & PILN</td> <td>100 cents/\$</td> <td>100 cents/\$</td> </tr> <tr> <td>First Ranking Secured Creditor</td> <td>87.7 cents/\$</td> <td>100 cents/\$</td> </tr> <tr> <td>Second Ranking Secured Creditor*</td> <td>Nil</td> <td>5.6 cents/\$</td> </tr> <tr> <td>Unsecured Creditors</td> <td>Nil</td> <td>Nil</td> </tr> </tbody> </table> <p>*Subject to confirmation of security</p>	Liquidation			Summary of Estimated Returns	Low Return	High Return	Wages & Superannuation	100 cents/\$	100 cents/\$	Leave Entitlements	100 cents/\$	100 cents/\$	Redundancy & PILN	100 cents/\$	100 cents/\$	First Ranking Secured Creditor	87.7 cents/\$	100 cents/\$	Second Ranking Secured Creditor*	Nil	5.6 cents/\$	Unsecured Creditors	Nil	Nil	7.0
Liquidation																										
Summary of Estimated Returns	Low Return	High Return																								
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Second Ranking Secured Creditor*	Nil	5.6 cents/\$																								
Unsecured Creditors	Nil	Nil																								

3. What happened to the business of the Company?

A review of the Company's historical financial information indicates the causes for the Company's failure can be attributed to a combination of the following:

- An acceleration of downward trending revenue from July 2016 onwards. Annual revenue effectively halved during this timeframe which was caused by a decline in the number of the Company's apprentices employed;
- Erosion of the Company's gross margin from January 2018 onwards. We understand the Company began paying apprentices during downtime from this period; pricing competition may have also played a role in this reduction;
- A combination of lowered revenues with reduced gross margin to contribute towards operating costs of the Company meant it could not remain profitable, creating pressure on its available cash reserves to pay its liabilities as they fell due;
- Historical Back Pay issues impacting the Company's reputation and ability to attract apprentices to the business;
- Overstaffing the Company's operations; and
- COVID-19 contributed to the failings of the Company due to the large number of apprentice employees who were handed back to the Company (and unable to generate revenue), however the Company's financial weaknesses were well advanced by this point.

4. External administration update

4.1 Summary of events during administration

On 22 July 2020 John Park and I, Joanne Dunn, were appointed as Voluntary Administrators of the Company to assess the Company's financial performance and to undertake an assessment of the ongoing viability of the Company. Operations of the Company continued largely on a business as usual basis while options to recapitalise the Company via a Deed of Company Arrangement ("DOCA"), or to undertake a sale of the Company's operations were explored.

The Administrators conducted, with the assistance of Vantage Performance, an extensive sale process in order to solicit offers for DOCAs, or other sale transactions.

On 8 August 2020 a DOCA was initially submitted by RUI Management Pty Ltd ("RUI") and sponsored by Helmsman Funds Management Ltd as trustee for the Helmsman Capital Fund IIB ("HCFTIIB"). Ian Johnson is the sole director of RUI.

Since the initial RUI DOCA submission on 8 August 2020 the Administrators communicated extensively with RUI in relation to the DOCA terms, which were frequently revised and resubmitted to the Administrators.

Ultimately a final iteration of RUI's DOCA was submitted on 27 August 2020. For the reasons outlined in my Supplementary VA Report I was unable to recommend creditors accept the RUI DOCA and creditors subsequently voted to liquidate the Company on 9 October 2020.

Following the liquidation of the Company, an orderly wind-down of the Company's operations was undertaken. As part of this process I opened lines of communication with parties who had shown interest in the Company's operations during the sale process. Ultimately discussions with two parties, Master Plumbers and Mechanical Services Association of Australia ("Master Plumbers") and MRAEL Limited ("MRAEL"), progressed with both having interest in taking over the employment of a number of the Company's apprentices and corporate staff. The Liquidators entered into sale transactions with both parties and section 4.3.2 of this report provides further information in relation to these sales.

On 5 November 2020, the Company's operations ceased.

4.2 Committee of inspection

At the meeting of creditors held on 3 August 2020, creditors resolved to appoint a Committee of Inspection ("COI"). The COI members were not changed at the reconvened meeting held on 9 October 2020.

A COI may be formed where there are a significant number of creditors in a winding up in order to streamline the creditor communication process, and to reduce the costs of winding up incurred by communicating to the creditor body in its entirety.

A COI is typically made up of creditors from the various stakeholder groups in a winding up, so the interests of all creditors are well represented on the committee.

The Liquidators can call meetings of the COI, instead of the full body of creditors, in order to pass resolutions including:

- Resolving to permit the Liquidators to enter into agreements with a term greater than 3 months;
- Resolving to permit a compromise of a debt due to the Company greater than \$100,000;
- Resolving to approve the Liquidators' remuneration;
- Any other resolutions which may become relevant during the winding up.

The following creditors and/or their representatives, were appointed as members to the COI on 3 August 2020, and their appointment was reconfirmed at the meeting of creditors held on 9 October 2020:

Creditor	Committee Member	Creditor Class
Michael Arthur Hatzakis	N/A	Priority creditors
Lesley Elizabeth Armitage	N/A	Priority creditors
Hamish McColl	N/A	Priority creditors
Fair Entitlements Guarantee Scheme	Janine Cole	Priority creditors
Westpac Banking Corporation	Matthew Day	Secured creditors
Helmsman Funds Management Pty Ltd ATF Helmsman Capital Fund Trust IIB	Douglas Potter	Secured creditors
TAFE Queensland	Taris Cox	Unsecured creditors
Deputy Commissioner of Taxation	Member as available	Unsecured creditors

A meeting of the COI is likely to be convened in late January 2021.

4.3 Progress of the Liquidation

Following the Liquidation of the Company on 9 October 2020 the Liquidators conducted an orderly wind-down of the Company's operations. Below is a summary of the events which have taken place in the liquidation of the Company to date.

4.3.1 Transition of students to alternative Registered Training Organisation (“RTO”)

To complete an apprenticeship an apprentice must complete a practical training component which can be facilitated by a Group Training Organisation (“GTO”), and a theoretical component which is completed at an RTO.

The Liquidators worked with the Company's RTO staff and stakeholders in order to assist transition all possible RTO students to alternative RTOs to enable students to continue their studies with as little disruption as possible.

The Company's RTO staff assisted in attending to the final reporting of student records after the RTO's shutdown, and the Liquidators issued correspondence to students of the Company's RTO advising the process to obtain copies of their student records from the Australian Skills Quality Authority ("ASQA").

4.3.2 Transfer of apprentice employment to Master Plumbers and MRAEL

The sale campaign conducted by the Administrators was unable to identify a purchaser of either the GTO or RTO businesses as going concerns. The campaign did, however, identify the two parties most capable of assisting with the transfer of employment of the greatest number of apprentice employees.

Following the liquidation of the Company the Liquidators worked closely with Master Plumbers and MRAEL concerning the sale of the GTO business with the goal of transferring a combination of both placed and unplaced apprentices to secure their ongoing employment, and ensure the apprentices could complete their training.

On 22 October 2020, the Liquidators signed separate sale agreements with MRAEL and Master Plumbers respectively, whereby MRAEL and Master Plumbers agreed to offer employment to a considerable number of placed and unplaced apprentices, and a number of the Company's corporate staff.

The Liquidators' focus on transferring the employment of the maximum number of employees negated the following:

- Over 400 apprentice employees being without ongoing employment;
- Disruption to the training contracts of apprentice employees; and
- The payment of redundancy entitlements to transferred apprentices (the Company's Enterprise Agreement, unlike the National Employment Standards, provided for the payment of redundancy entitlements to apprentices).

The transferred employment of apprentices and corporate staff under the Master Plumbers and MRAEL sales resulted in a reduction of **\$1,134,921.16** of priority creditor claims in the liquidation of the Company as follows:

Priority creditor claims reduced	Total (\$)
Leave entitlements	219,256.37
Payment In Lieu of Notice / Redundancy	915,664.79
Total	1,134,921.16
No. of employees transferred	142

To maximise the reduction of priority creditor claims, the Liquidators were required to continue to trade the GTO business for approximately one month after liquidation.

Although costly in terms of professional remuneration, this time was required to enable appropriate terms to be agreed with both Master Plumbers and MRAEL, and to allow both parties to determine which of the Company's employees to make offers to.

Despite the agreements with both parties being executed in a relatively short period of time, due to the underlying nature of the transaction being an exercise in human resource management, considerable time and effort was expended by the Liquidators, Master Plumbers and MRAEL to complete the sale transactions expeditiously including:

- Individual and group communications with host employers regarding their contractual obligations and the rights and obligations of placed apprentices;
- Individual and group communications with apprentices regarding their rights, obligations and impact on training contracts;
- Processing the changes to the status of apprentices upon resignation or abandonment of employment;
- Liaising with Union stakeholders and the Department of Employment, Small Business and Training (“DESBT”)
- Processing placement fee invoices for breaches of host agreements.

In addition, it became evident that due to the fault of neither party, certain pre-conditions to settlement of the agreement with Master Plumbers were not going to be satisfied. Accordingly, the agreement was restructured to best accommodate the transfer of the maximum number of apprentices to Master Plumbers and the reduction in crystallisation of priority claims.

Where relevant, those apprentice employees who did not resign or abandon employment, and who were not identified by Master Plumbers or MRAEL as an apprentice to which they would extend an offer of employment, were terminated by the Liquidators.

4.3.3 Closure of 17 Armada Place, Banyo QLD (“Banyo Premises”)

In my Supplementary VA Report I confirmed the Administrators had taken steps to shut the Company’s Banyo Premises.

By way of brief background, on 18 August 2020, DESBT confirmed to the Administrators it would not renew the Company’s Pre-Qualified Supplier Agreements to conduct RTO training services during the financial year ending 30 June 2021.

DESBT confirmed it would instead offer the Company funding under a Continuing Student Agreement (“CSA”) until 2 October 2020. The CSA would provide funding to the Company for students enrolled in DESBT funded courses as at 30 June 2020.

Effectively this decision confirmed the fate of the Company’s RTO. The Company conducted most of its RTO offerings at the Banyo Premises. The Administrators subsequently provided notice of termination to all of the Company’s RTO staff, who assisted to conduct final trainings prior to the closure of the premises.

GraysOnline (“Grays”) were engaged to attend the Banyo Premises and remove all assets which were commercial to realise.

Following the liquidation of the Company those assets were auctioned by Grays. Net proceeds of sale were reported and remitted to Westpac Banking Corporation (“Westpac”) which holds first ranking security over all of the Company’s property.

4.3.4 Realisation of plant and equipment located at 37-43 Commercial Drive, Shailer Park QLD (“Shailer Park Premises”)

Immediately following the Company’s liquidation on 9 October 2020, the Liquidators communicated with Grays to determine a sale strategy for the Company’s assets while a wind down of operations took place.

In order to allow more of the Company’s assets to be realised, the Company’s assets located at the Shailer Park Premises were sold by way of an onsite auction. An onsite auction allows more assets to be realised due to the reduction in sale costs (e.g. transport) meaning that assets which would ordinarily be uncommercial to realise, can be realised.

Following a cataloguing of assets, Grays conducted an onsite auction, after which the Shailer Park Premises was vacated by the Liquidators.

Grays also arranged for the collection of the Company’s motor vehicles from the Shailer Park premises and relocated and auctioned the vehicles from Grays’ premises located in Hamilton QLD.

The Director was in possession of a 2016 Nissan Navara which was located in NSW. The Director complied with my requests to deliver this vehicle to Grays offices in NSW. This vehicle was subsequently auctioned by Grays.

Net proceeds of sale have been reported and remitted to Westpac.

4.3.5 Vacation of the Shailer Park Premises

Prior to the vacation of the Shailer Park Premises on 6 November 2020, the Liquidators undertook a thorough inspection of the Company’s physical books and records, both financial and non-financial.

More than 200 boxes of student and financial records were examined, so too were a large number of filing cabinets located at the Shailer Park Premises.

From this inspection the Liquidators took steps to remove relevant physical financial records from the premises. In addition, stakeholders, including ASQA and DESBT, were consulted in relation to the significant amount of physical student records which were held on the premises.

As the Company complied with electronic reporting requirements in relation to students’ statement of attainments, a large volume of archived physical student records was removed from the premises, and securely destroyed.

The Liquidators also oversaw the removal of a large amount of paper waste from the premises, including old training and marketing material, prior to vacating the property.

4.3.6 Trading update

As highlighted in section 4.3.2 of this report the progression of the sale transactions with Master Plumbers and MRAEL required the Liquidators to continue to trade the Company whilst those transactions completed during liquidation.

From 9 October 2020 the Liquidators have undertaken the following tasks in relation to the liquidation of the Company:

- Remitted payment of September Quarter 2020 superannuation, including pre-appointment outstanding superannuation of \$35,097;
- Remitted payment of substantially all of the December Quarter 2020 superannuation. The balance of December Quarter 2020 superannuation will be remitted in January 2021 in line with statutory timeframes;
- Calculated and paid employee entitlements which had accrued since our appointment as Voluntary Administrators on 22 July 2020;
- Fielded a significant volume of queries from the Company's employees and payroll team in relation to the payment of employee entitlements;
- Settled all trade creditor accounts which were no longer required;
- Submitted a final application for JobKeeper funding to the DCT for the JobKeeper fortnight ended 11 October 2020 (noting this workstream was more complicated than originally anticipated due to the DCT making changes to the way the JobKeeper funding applications were submitted);
- Obtained electronic back-ups of Company financial records, invoicing data, payroll data, and general server data; and
- The Liquidators, assisted by the Company's accounts receivable staff, have also frequently engaged with the Company's outstanding trade debtors concerning the payment of outstanding debts owed to the Company. The Liquidators have engaged the services of a debt collection agent to assist in the collection of the Company's more delinquent outstanding debtors. Further legal action against the Company's debtors will be explored moving forward.

4.3.7 Back Pay Creditors

As noted in our previous report to creditors, prior to our appointment the Company and the Commonwealth established a quarantined fund (“**Back Pay Fund**”) for the dedicated purpose of making payments to the Company’s former apprentice employees who have claims for the back pay of underpaid wages (“**Back Pay Creditors**”).

The Back Pay Fund was frozen by the Commonwealth upon our appointment. Since appointment we have reviewed the Company’s calculations of the Back Pay Creditor claims and held numerous discussions with representatives of the Commonwealth to agree a process for distributing the Back Pay Fund to the Back Pay Creditors.

On 1 December 2020, an agreement was reached with the Commonwealth to allow the Liquidators to access and distribute the Back Pay Fund to the Back Pay Creditors, which will follow the dividend process prescribed by the *Corporations Act 2001 (Cth)* (“**the Act**”).

We intend to issue correspondence to Back Pay Creditors in late January 2021 confirming what the Company records say is owed to them, and explaining the process Back Pay Creditors need to undertake to submit their claims to the Liquidators. We anticipate the distribution will take place by the end of March 2021, or earlier.

Any surplus in the Back Pay Fund will be returned to the Commonwealth in accordance with their security and agreement with the Company and Liquidators.

Our fees and costs associated with distributing the Back Pay Fund to Back Pay Creditors will be paid from funds available in the Back Pay Fund as agreed by the Commonwealth, and our fees and costs in attending to this do not require creditor approval.

For the purposes of calculating the Estimated Return to Creditors in section 7 of this report, the claims for Back Pay Creditors have been excluded, along with the Back Pay Fund, as it is assumed all claims will be paid from this fund.

4.3.8 Employee Entitlements

Employees may be eligible to lodge a claim for their entitlements through the Fair Entitlements Guarantee (“FEG”) Scheme. Further information can be obtained by:

- Accessing their website at www.ag.gov.au/FEG
- Call the FEG Hotline on 1300 135 040
- Emailing FEG@jobs.gov.au

Please note, in order to receive payment of employee entitlements under the FEG Scheme, employees **must** have submitted their claim through FEG within 12 months from the date of the liquidation of the Company. If you are yet to lodge a claim through FEG, you are requested to do so **urgently**.

As at 18 December 2020 we have assisted FEG with the verification of 314 employees' entitlements.

It should be noted that the Liquidators have spent a significant amount of time in assisting FEG with the verification of employee entitlements. This is because:

- The Apprentice/Trainee Enterprise Agreement is a complex document and it has been necessary to constantly review and confirm our position with data for FEG in order to have the 270 apprentice claims accurately verified;
- Significant time was spent in continuing to access payroll system and historical employment records to confirm records to verify claims;
- We have performed individual confirmations of up-to-date hourly rates and allowances for individual apprentices;
- We were required to review individual employee contracts, and relevant industry Awards to clarify various entitlement issues raised by FEG in order for claims to be verified;
- The calculations which were performed to quantify redundancy entitlements owed to apprentices were complex, and time was necessarily spent in communicating with FEG in relation to those calculations;
- The calculation of the redundancy entitlements involved an assessment as to what portion of those claims might be attributed to the liquidation, and which portion would reside with FEG. Those calculations were communicated and discussed with FEG;
- Individually considering apprentices who were suspected of abandoning their employment, compiling information in relation to same, and providing those details to FEG;
- Investigating and calculating annual leave balance adjustments, specifically as a result of JobKeeper;
- Providing ongoing updates to FEG with respect to transfer of apprentices to MRAEL and Master Plumbers.

4.4 Assets and liabilities of the Company

Attached at **Appendix A** is an analysis of the assets and liabilities of the company.

4.5 Receipts and payments

Attached at **Appendix B** is a summary of receipts and payments for the period 22 July 2020 to 18 December 2020.

5. Investigations and Recovery Actions

The Liquidators are required to investigate a company's business, property, affairs and financial circumstances. The purpose of our investigations is to identify matters which require more detailed review, as well as determining any causes of action and other potential avenues of recovery which might be available for the benefit of creditors of the Company.

The below sets out details of our investigations to date and our findings in relation to same.

5.1 Investigations conducted to date

To date, our investigations have been focused on the following:

- Review of the Company's financial statements and books and records;
- Review of board papers;
- Review of material transactions from the Company's bank statements;
- Review of statutory payments including Superannuation Guarantee Charge; and
- Review of Company's solvency position.

We set out below details of our investigations undertaken to date and relevant findings.

5.2 Outcome of Investigations and Recovery Actions

5.2.1 Solvency Investigations

The Act states a company is considered solvent if, and only if, the company is able to pay its debts as and when they became due and payable. A company that is not solvent is insolvent.

Further analysis of the Company's historical financial performance indicates there may have been a deficiency in liquid cash resources to pay its due and payable liabilities from as early as December 2018.

The Liquidators intend to solicit an independent expert report concerning the solvency of the Company, which may be required to progress potential claims for insolvent trading and recovery of preferential payments.

5.2.2 Insolvent Trading

Pursuant to 588G of the Act, a director or former director has a duty to prevent insolvent trading and may become liable for debts incurred by the company if at any time there were reasonable grounds to suspect the company was insolvent or became insolvent by incurring debt.

A director or former director may commit an offence under Section 588G(3) of the Act if that incurring of the debt was dishonest.

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 six (6) month period commencing 25 March 2020 to 25 September 2020 (unless otherwise extended); and
- Before any appointment of an Administrator or Liquidator.

From our preliminary investigations, it appears there may be 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 our initial solvency reviews conducted, the potential insolvent trading claim against the Director could be \$5,093,318 based on an insolvency date of 21 December 2018.

This estimated claim considers the new temporary ‘Coronavirus safe harbour’ provisions discussed above.

Creditors should be aware that a successful claim for insolvent trading requires extensive financial analysis, substantial legal costs, and may require litigation funding. Further, insolvent trading proceedings may often be drawn out and involve significant cost. A litigation funder would also take a percentage of any successful recovery, usually in the vicinity of 30% to 45% of any recoveries.

As mentioned previously, we plan on engaging an independent expert to conduct a solvency analysis on the Company to aid in the quantification of the potential insolvent trading claim.

5.2.3 Unfair Preference Payments

Under Section 588FA of the Act, an unfair preference payment may arise when a creditor receives payment(s) at the time the Company was insolvent at a time when the creditor had reasonable grounds to suspect the Company’s insolvency, and those payments result in the creditor receiving more than it would if those transactions were set aside and the creditor was required to prove for the debt in the winding up.

Such transactions may be void against the Liquidators of the Company.

A creditor may have a defence to an unfair preference claim by a Liquidator if it proves that it entered into the transaction in good faith and, at the time the benefit was received, the creditor had no reasonable grounds for suspecting that the company was insolvent or would become insolvent through entering into the transaction and valuable consideration was given, nor would a reasonable

person in the creditor's position have suspected that the company was insolvent or would become insolvent.

My investigations to date have identified a series of potentially preferential payments made to the DCT during the period 22 January 2020 to 22 July 2020 totalling \$1,190,487.

I will shortly submit a claim to the DCT asserting it received these preferential payments.

The independent solvency report I intend to solicit may also assist with recovery of this preference claim against the DCT.

Further to my investigations conducted prior to issuing my VA Report I have undertaken a further review of the Company's bank register and financial records to determine if any other creditor received any material preferential payments during the period 22 January 2020 to 22 July 2020.

My further investigations indicate at this stage that no creditor other than the DCT received preferential payments from the Company.

5.2.4 Uncommercial Transactions

Based on our analysis, we have not yet identified any transactions deemed to be uncommercial under Section 588FB of the Act. My investigations continue in this respect.

5.3 Further Investigations to be Undertaken

I plan to undertake the following further investigations:

- Engage an independent expert to perform a detailed analysis of the Company's historical financial position to support the date of insolvency presently determined by the Liquidators;
- Quantify the value of the potential insolvent trading claim against the Director and commence recovery of same;
- Finalise my investigations and recovery of any preference payments, or uncommercial transactions if identified;
- Complete and lodge the findings of our investigations to ASIC in accordance with Section 533 of the Act.

Section 533 of the Act requires a Liquidator to investigate any offences which may have been committed by the director or person who took part in the formation, promotion, administrative management or winding up of the Company and to lodge a report on his/her findings to ASIC. It is our intention to lodge our report with ASIC in the near future.

If creditors are aware of any further matters which require further investigation, please contact my office as soon as possible.

6. Estimated Statement of Position

Below is an estimated statement of position in relation to the Company as at 18 December 2020.

Liquidators' Estimated Statement of Position

A\$	Notes	Liquidation	
		Low Return	High Return
Non-Circulating Assets			
Plant and Equipment	1	14,664	16,364
Less: First Ranking Secured Claim	2	(2,294,453)	(2,294,453)
Shortfall from Non-Circulating Assets		(2,279,789)	(2,278,089)
Circulating Assets			
Cash at Bank at Appointment		3,320,066	3,320,066
Pre-Appointment Debtors	3	1,250,878	1,271,134
Liquidator Claims			
Voidable Recoveries	4	476,195	1,071,438
Insolvent Trading Actions	5	Nil	1,000,000
Available Funds Before Costs		5,047,139	6,662,638
Costs			
Projected Trading Position	6	120,451	304,727
Legal Fees		(80,000)	(50,000)
Unapproved Liquidators' costs	7	(712,638)	(712,638)
Liquidators' estimated costs	8	(425,000)	(275,000)
Estimated Costs		(1,097,187)	(732,911)
Available to Priority Creditors		3,949,952	5,929,727
Priority Creditors			
Wages & Superannuation	9	Nil	Nil
Leave Entitlements	10	(816,781)	(816,781)
Redundancy & Payment in Lieu of Notice (PILN)	10	(1,182,632)	(1,052,952)
Total Priority Claims		(1,999,412)	(1,869,733)
Surplus of Circulating Assets Available	11	1,950,539	4,059,995
Available to Second Ranking Secured Creditor	12	Nil	1,781,906
Available to Unsecured Creditors	13	Nil	Nil
Creditor Claims			
Unsecured Shortfall to First Ranking Secured Creditor		(329,249)	Nil
Unsecured Shortfall to Second Ranking Secured Creditor		(31,918,832)	(30,136,926)
Unsecured Trade Creditor Claims	14	(7,188,866)	(7,784,110)
Total Unsecured Claims		(39,436,947)	(37,921,036)

Notes:

The notes set out below should be read in conjunction with the above table.

1. Estimated value of residual property, plant, and equipment at 18 December 2020 not realised by the Liquidators.
2. Estimated debt owed to Westpac as at 18 December 2020.
3. Low return assumes no further collection of pre-appointment debtors.
4. Refer to section 5.2.3 of this report. Only one series of preferential payments have been identified as being made to the DCT.
5. Any successful insolvent trading claim would be subject to the Director's capacity to pay and whether there is a relevant insurance policy that may respond to an insolvent trading claim. The high return assumes a full recovery is made against the director, less success fee to a litigation funder and legal costs.
6. Projected trading position at 18 December 2020.
7. Unapproved Liquidators' remuneration as at 11 December 2020. Remuneration cannot be drawn without approval of the COI, creditors, or the Court.
8. Estimated remuneration which may be incurred during the future winding up of the Company.
9. There are presently no claims against the Company for wages and superannuation, other than the Back Pay Creditors. As indicated in section 4.2.7 of this report it is anticipated all Back Pay Creditors will be paid from the Back Pay Fund and have therefore been excluded from this estimated statement of position. As indicated in section 4.2.6 I have paid a small amount of pre-appointment superannuation in the September Quarter 2020 superannuation payment.
10. Estimated priority creditor claims as at 18 December 2020.
11. Any surplus circulating asset recoveries will be available to Westpac.
12. If Westpac's debts are paid in full, funds are available to the second ranking secured creditor, HCFTIIB
The Liquidators have not undertaken a review of HCFTIIB's security registered over the Company at this point in time.
13. If HCFTIIB's security is valid there would be no funds able to be distributed to unsecured creditors.
14. Should preferential payments be recovered by the Liquidators, unsecured creditors who pay repay preference payments to the Company can increase their unsecured claims against the Company by the same value.

7. Likelihood of a Dividend

The likelihood of a dividend being paid to creditors will be affected by several factors including:

- The amount of assets realisable and the costs of realisation;
- The statutory priority of certain claims and costs;
- Whether any voidable transactions are recovered by the Liquidators and the cost of the recovery actions;
- Whether any insolvent trading claim may be successfully brought against the Director and the costs of the recovery action; and
- The value of various classes of claims including secured, priority and unsecured creditor claims.

Based on the information presently available, the extent of the assets realised and the investigation undertaken to date, we estimate that there may be sufficient funds to enable a dividend to certain classes of creditors.

An estimate is summarised in the below table, based on the Estimated Statement of Position in section 6:

Summary of Estimated Returns	Liquidation	
	Low Return	High Return
Wages & Superannuation	100 cents/\$	100 cents/\$
Leave Entitlements	100 cents/\$	100 cents/\$
Redundancy & PILN	100 cents/\$	100 cents/\$
First Ranking Secured Creditor	87.7 cents/\$	100 cents/\$
Second Ranking Secured Creditor*	Nil	5.6 cents/\$
Unsecured Creditors	Nil	Nil

**Subject to confirmation of security*

The timing of any dividend to creditors is estimated to be between 12 - 18 months from the date of this report.

Employees who have submitted eligible claims via FEG typically receive their entitlements within 1-3 months. As FEG pays claims to employees it will then become a priority creditor in the liquidation of the Company for the amounts it has paid.

8. Way Forward

I will proceed with the liquidation, including:

- Realising the residual assets of the Company;
- Continue to assist FEG in verifying employee claims;
- Complete my investigations into the Company's affairs and pursue claims;
- Continue to collect debtors;
- Complete my reporting to the corporate insolvency regulator, ASIC;
- Any other matters relevant to the liquidation.

If I receive a request for a meeting that complies with the guidelines set out in the initial information provided to you, I will hold a meeting of creditors.

I may write to you again with further information on the progress of the liquidation.

I expect to have completed this liquidation within 18-24 months, pending the progress of my recovery of the preference payments and insolvent trading claim.

9. Further Information

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

ASIC provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC’s website at www.asic.gov.au by searching for “insolvency information sheets”.

Should you have any further queries please contact our office on (07) 3225 4900 or at
ATQ@fticonsulting.com.

Yours faithfully



Joanne Dunn
Liquidator

Our Ref: 478044.0001-9-8-Stat report



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Schedule of Appendices

Appendix A

Estimated assets and liabilities of the Company

Appendix B

Receipt and payments

Appendix A: Estimated assets and liabilities of the Company

All Trades Queensland Pty Ltd (in Liquidation)

Estimated Assets and Liabilities	Notes	Liquidators' ERV (\$)	Realised to date (\$)
Assets			
Cash at bank		3,320,066	3,320,066
Pre-Appointment Debtors	1	1,331,901	1,250,878
Plant & Equipment		479,666	474,666
Total Assets		5,131,632	5,045,610
Liabilities			
Secured Creditors	2	34,231,561	34,231,561
Employee Entitlements	3	1,993,527	1,993,527
Unsecured Creditors		6,640,263	6,640,263
Total Liabilities		42,865,351	42,865,351
Net Surplus/(Deficiency)		(37,733,719)	(37,819,741)

Notes

1. Pre-appointment debtors - value excludes any post appointment trading revenue
2. Subject to confirmation of Helmsman security, should it become relevant to do so
3. As at 18 December 2020

Appendix B: Receipts and payments

All Trades Queensland Pty Ltd (In Liquidation)	
Period: 22 July 2020 to 18 December 2020	(\\$)
Receipts	
Debtor Recoveries	6,114,824.63
JobKeeper Funding	3,837,000.00
Cash at Appointment	3,320,065.70
Proceeds from Sale of Plant and Equipment	435,510.77
Total Receipts	13,707,401.10
Payments	
Wages and Salaries	4,490,707.59
Appointee Fees and Disbursements	1,733,741.69
PAYG Withholding	895,497.00
Creditor Trading Expenses	541,327.58
Secured Creditor Distribution	377,210.27
Legal Fees	250,050.71
Rent & Rates	165,900.61
Sale Campaign Expense	132,094.05
Priority Creditor Distribution	120,506.13
Insurance Expense	73,435.81
GST Paid	69,980.00
Bank Fees & Charges	32,710.73
Refund for Incomplete Student Courses	29,815.67
Post-appointment PILN and Redundancy Distribution	31,791.69
Valuation Expense	7,150.00
Data Room Expense	627.00
Total Payments	8,952,546.53
Net Receipts (Payments)	4,754,854.57