

26 June 2018

R & V SUSON PTY LTD (IN LIQUIDATION) ("THE COMPANY")

REPORT TO CREDITORS

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1 Introduction

I was appointed Liquidator ("**Liquidator**") of the Company on 25 August 2015 pursuant to an order made by the Supreme Court of Victoria. A copy of the Order accompanies this report.

This report provides creditors with an update as to the progress of the liquidation.

This report is not for general circulation or publication and it is provided specifically for the benefit of the Creditors. It is not to be quoted from or reproduced or used for any other purpose without the express consent of the Liquidator.

2 Background

The Company was incorporated on 10 February 2005. The Directors and equal Shareholders of the Company are Mr Randy Quinson Suson and Ms Vasiliki Suson ("**Directors**"). Statutory searches listed the principal place of business as 159 Martins Lane, Viewbank. However, at appointment the Company traded from 3 Frankston Garden Drive, Carrum Downs, Victoria.

The Company formerly operated a vocational training and a family day care business called "Helping Hands Family Day Care", pursuant to a franchise agreement ("**Agreement**") with MIA Franchise Operations Pty Ltd ("**MIA**").

According to searches obtained from the Australian Securities and Investments Commission ("**ASIC**"), the Company's statutory information is as follows:

Company Details	
Name	R & V Suson Pty Ltd (In Liquidation)
ACN	112 894 363
Date of Incorporation	10 February 2005
Date of Liquidation	25 August 2015
Directors Names	Mr Randy Suson and Ms Vasiliki Suson
Shareholders	Mr Randy Suson and Ms Vasiliki Suson
Registered Office	159 Martins Lane, VIEWBANK VIC 3084
Principal Place of Business	159 Martins Lane, VIEWBANK VIC 3084
Nature of Business	Vocational training and family day care centre
Liquidator's Details	
Name	Ross Blakeley
Contact	Maxine Allan
Contact phone number	(03) 9604 0600
Contact email	Maxine.allan@fticonsulting.com

3 Reasons for the Company's Failure

The Directors provided the following reasons for the failure of the Company:

- a) The Company had incurred a significant debt with the Australian Taxation Office ("**ATO**") and prior to the winding up order being made, had unsuccessfully attempted to negotiate a payment arrangement with the ATO to pay the debt.
- b) The Company was experiencing cashflow issues due to an inability to collect a substantial debt of approximately \$340,000 from MIA.

4 Steps on Appointment

The Directors did not respond to the Liquidator's attempts to contact them until 1 September 2015, approximately one week following the appointment.

The Liquidator's staff then met Mr and Mrs Suson on 2 September 2015 at the offices of FTI Consulting to discuss the history of the Company and determine the Company's current financial position. During the meeting the Directors disclosed the following:

- a) The Company ceased providing vocational training some time prior to the appointment of the Liquidator.
- b) The Company had no employees other than the directors. The Company hired contractors ("**Educators**") to provide child care services. At the date of appointment, there were 52 Educators caring for 267 children from 115 families.
- c) The Company would submit the number of hours the Educators performed to MIA. MIA would then submit these hours to the Department of Social Services ("**DSS**"), who would then advance monies to MIA for the work performed. MIA would pay the Company the funds received from DSS prior to deducting a franchise fee.
- d) On 12 August 2015, the Company agreed to compromise a debt owing to the Company by MIA in the approximate sum of \$340,000 in return for MIA paying the amount of \$80,000 directly to the Australian Taxation Office.
- e) The Director did not have any physical company records confirming the amounts owing by MIA to the Company prior to the debt compromise being entered into.

Staff attended the Company's trading premises at 3 Frankston-Gardens Drive, Carrum Downs on 3 September 2015 to conduct an immediate review of the Company's business.

After meeting with the Directors and completing this assessment, it was evident that the Company was not in a position to continue to trade. The Liquidator then ceased the Company's operations with immediate effect.

In the interest of all stakeholders, including the Educators and the children they cared for, the Liquidator liaised and subsequently identified Bambini Child Care Services as an alternative provider and forwarded notice of same to the Educators.

5 Assets and Liabilities of the Company

The Liquidator requested the Directors to prepare and submit a Report as to Affairs (“**RATA**”) pursuant to Section 475(1) of the Act.

The RATA provides a summary of the Company’s assets and liabilities as at the date of the Liquidator’s appointment. In addition to reviewing the RATA, the Liquidators have made enquiries in order to ascertain the Company’s financial position. A summary of the assets and liabilities identified to date is as follows:

Table 1: Summary of Assets and Liabilities

Details	Notes	RATA \$	Liquidator’s Estimate \$
Assets			
Cash at Bank	5.1	9,000	21,534
Debtors	5.2	120,352	79,367
Motor Vehicle	5.3	35,000	9,731
Goodwill	5.4	340,000	Nil
Total Assets		504,352	110,632
Liabilities			
Priority Creditors	5.5	(16,000)	(7,000)
Unsecured Creditors	5.6		
Deputy Commissioner of Taxation		(96,354)	(196,354)
Contractors		N/a	(100,562)
Other		N/a	(7,112)
Related Party Loans		(119,000)	(119,000)
Total Liabilities		(231,354)	(430,028)
Estimated Net Surplus/(Deficiency)		272,998	(319,396)

5.1 Cash at Bank

The Company formerly operated a bank account with the National Australia Bank Limited (“**NAB**”). The Liquidator recovered the amount of \$10,634.82 from this bank account.

The Director, Mr Randy Suson, has advised that funds held within this account included amounts owed to him personally for work performed outside of the Company and has requested their return. The Liquidator has requested evidence in this regard. At the date of this report, the Director has failed to provide sufficient evidence to support his assertion.

The Company also operated a bank account at appointment with the Commonwealth Bank of Australia Limited (“**CBA**”). The Liquidator recovered \$10,899.37 from this bank account.

5.2 Debtors

An amount of \$120,352 was deposited into the Company's pre-appointment CBA account on 3 September 2015 by the DSS. These monies related to work performed by the Educators for the period 17 August 2015 to 30 August 2015.

Noting that the Liquidator was appointed on 25 August 2015, the amount of \$79,367 related to the period prior to the appointment of the Liquidator. In this regard, it is the Liquidator's position that these monies are an asset of the Company and should be distributed in accordance with Section 556 of the Act. The amounts received relating to the period post the appointment of \$40,985 was released to the Educators on 9 September 2015.

5.3 Motor Vehicle

The Company owned a 2009 Toyota Landcruiser Sahara ("**Landcruiser**") that was purchased with finance obtained with Toyota Finance Australia Limited ("**Toyota**"). Toyota advised that the amount outstanding at appointment was \$34,194.81 (including GST). The Liquidator took possession of the Landcruiser and sold the vehicle via action. The net sales proceeds received after selling and finance costs totalled \$9,731.22.

5.4 Goodwill

The Director disclosed goodwill as an asset of the Company in the amount of \$340,000. As the Company was insolvent at the time of the liquidation, the Liquidator does not attribute any value to Goodwill of the Company.

5.5 Priority (Employee) Creditors

The Directors advised that the only full time employees of the Company were the Directors. The Director disclosed the following priority creditors in his RATA:

Table 2: Priority (Employee) Creditors Claims

	Wages	Holiday Pay	Total
	\$	\$	\$
Mr Randy Suson	3,600	12,400	16,000
Mrs Vasiliki Suson	3,600	12,400	16,000
	7,200	24,800	32,000

It is noted that the Directors would be classified as excluded employees in accordance with Section 556(1A) of the Act and thus any priority claim would be subject to the statutory limit of \$3,500 per employee as follows:

- \$2,000 per employee for wages and superannuation;
- \$1,500 per employee for any entitlement to leaves of absence; and
- Nil per employee for any entitlement to redundancy.

The Directors are yet to make a claim in the Liquidation.

5.6 Unsecured Creditors

Based on the Director's RATA and the Liquidator's investigations to date, the Company had the following unsecured creditors:

Table 3: Unsecured Creditors (GST excl)	
Details	\$
Liability to Contractors	100,562
Deputy Commissioner of Taxation	196,354
MassCorp Accountants	3,036
Portable Office Solutions	2,343
Telstra	1,269
Gallagher Bassett Services - Workers Compensation	464
CommanderPower	Unknown
Directors' Loans	119,000
Total	423,028

The above amounts are subject to change as creditors formally prove their claims.

6 Investigations into the Affairs of the Company and Director

6.1 Statutory Investigations

The Liquidator is required to carry out certain statutory investigations into the Company's affairs and the conduct of the Directors. These investigations included, but were not limited to, the following:

- i. Reviewing the Company's books and records to identify any potential voidable and uncommercial transactions that may be recoverable by the Liquidator;
- ii. Interviews with the Directors following appointment; and
- iii. Conducting statutory searches and discussions with Company creditors.

6.2 Unfair Preference Payment

Transactions (including a payment of money) between the Company and an unsecured creditor six (6) months prior to the relation back day may constitute an unfair preference payment if the Company was insolvent at the time of the transaction and it is likely that the recipient (i.e. the creditor) received a greater repayment than they would have if the Company's affairs were wound up.

In this case, the relation back day is the date the petition was lodged for the winding up of the Company (3 June 2015) and thus the relation back period is the period 3 December 2014 to 25 August 2015.

The Liquidator's investigations revealed potential unfair preference payments made to the ATO in the amount of \$100,000. This included the payment of \$80,000 made by MIA Franchise Operations Pty Ltd ("MIA") directly to the ATO on behalf of the Company. The \$80,000 payment was part of a Deed of Release entered into between the Company and MIA on 12 August 2015.

The Liquidators issued a demand to the ATO on 28 April 2017 to repay the amount of \$100,000, pursuant to Section 588FA of the Act.

The ATO responded to the Liquidator on 2 August 2017 initially rejecting the \$80,000 payment on the basis the Liquidator had not provided evidence that the funds were paid by MIA.

In addition, for the unfair preference claim to be satisfied, the Liquidator was required to demonstrate, amongst other things, that the payment had been made at the direction of the Company.

The Liquidator subsequently obtained information to demonstrate that the payment had in fact been paid by MIA and at the direction of the Company. The claim was settled in full for \$100,000 which was received by the Liquidators on 11 September 2017.

6.3 Uncommercial Transaction

A transaction of a company is an uncommercial transaction of the company if, and only if, it may be expected that a reasonable person in the company's circumstances would not have entered into the transaction, having regard to:

- (i) the benefits (if any) to the company of entering into the transaction; and
- (ii) the detriment to the company of entering into the transaction; and
- (iii) the respective benefits to other parties to the transaction of entering into it; and
- (iv) any other relevant matter.

The Liquidator's investigations into the Company's affairs reveal the following:

- (i) The Company and MIA entered into a Franchise Agreement in 2013;
- (ii) The Company held a number of training courses and between the period 2013 to 2015, had a total of 574 students;
- (iii) MIA collected payments from the Department of Education and Training ("DET") with respect to students who had enrolled in training programs with the Company;
- (iv) MIA failed, in contravention of the franchise agreement, to forward some of the government funding it received onto the Company;
- (v) The Company compromised a significant debt owing to it by MIA in exchange for the amount of \$80,000 to be paid to the ATO by MIA; and
- (vi) The debt compromise caused the Company to become insolvent.

The Directors have advised that the amount outstanding from MIA to the Company was approximately \$340,000, prior to the \$80,000 being paid by MIA to the ATO.

Mr Suson has advised that the Company had no alternative but to enter into the debt compromise agreement with MIA for payment of the \$80,000 to the ATO in an attempt to stay the wind up proceedings issued by the ATO.

The entering into the debt compromise could be considered an uncommercial transaction pursuant to Section 588FB(1) of the Act as it likely caused some detriment to the Company.

The Liquidator requested the Directors to provide evidence of the approximate initial \$340,000 being owed by MIA. However they have failed to provide any information in this regard. Therefore, the Liquidator has not been able to progress any action against MIA or the entity that purchased MIA, iCollege Limited.

6.4 Insolvent Trading

A director of a company has a positive duty to prevent a company incurring debts whilst insolvent pursuant to Section 588G of the Act. Should a company incur such debts, a liquidator is entitled, pursuant to Section 588M of the Act, to commence proceedings against a current or former director to recover damages equivalent to the amount of the debts incurred during their directorship which remain unpaid by the company.

According to Section 588H of the Act, a director can raise one of the following defences to an insolvent trading claim:

- (i) the director had reasonable grounds to expect that the company was solvent and would continue to be solvent when the debt was incurred;
- (ii) the director relied on a competent and reliable person to provide information regarding the company's solvency and, on the basis of the information so provided the director expected the company was solvent and would continue to be solvent when the debt was incurred;
- (iii) due to illness (or other good reason) the director was not involved in the management of the company; or
- (iv) the director took all reasonable steps to prevent the debt being incurred.

In the context of the Company, an Insolvent Trading claim requires consideration of the following issues:

- (i) what debts were incurred whilst the Company was insolvent remain unpaid;
- (ii) does the Director have an available defence; and
- (iii) does the Director have assets or are they impecunious.

The Liquidator has performed investigations into the Company's date of insolvency and is of the opinion that the Company only became insolvent due to the debt compromise with MIA on 21 August 2015. Should the Company have collected the total amount purported to be owing of \$260,000, these funds may have been sufficient to satisfy all outstanding debts against the Company, not including related party loans.

Thus, the date of insolvency is likely 21 August 2015. Given the short length of time between the Company's date of insolvency and the appointment of a liquidator over the Company, the Liquidator does not believe that there will be a significant breach of Section 588G of the Act.

If any creditors are aware of or can provide evidence regarding potential investigations please contact this office.

7 Estimated Outcome for Creditors

The Liquidator provides below an estimated outcome for creditors.

Table 4: Estimated Outcome Statement

	\$
Cash at Bank as at 25 June 2018	206,507
Total Recoveries in the Liquidation	206,507
Less: Costs of the Liquidation	
Liquidators' Current Outstanding Remuneration to 17 June 2018	(109,452)
Liquidators' Remuneration to Finalisation	(20,000)
Liquidators' Disbursements to Finalisation	(3,000)
Total Costs of the Liquidation	(132,452)
Estimated Amount Available for Priority Creditors	74,055
Estimated Priority Creditor Claims	(7,000)
<i>Estimated Dividend to Priority Creditors (cents in dollar)</i>	<i>100</i>
Estimated Amount Available for Unsecured Creditors	66,591
Estimated Unsecured Creditor Claims	(423,028)
<i>Estimated Dividend to Unsecured Creditors (cents in dollar)</i>	<i>15.9</i>

The Liquidator estimates that priority creditors will receive a dividend of 100 cents in the dollar and unsecured creditors approximately 16 cents in the dollar. The Liquidator attaches a Notice of Intention to Declare a First and Final Dividend and requests all creditors to complete the attached Formal Proof of Debt form to participate in the dividend.

8 Statement of Receipts and Payments

A summary of the Receipts and Payments for the period 25 August 2015 to 25 June 2018 is set out below:

Table 5 - Receipts and Payments to 25 June 2018

Details	\$
Receipts	
Funds Received from DSS	120,352
Unfair Preference Recoveries	100,000
Pre-Appointment - Cash at Bank	21,534
Sale of Motor Vehicle	9,731
Interest Income	2,323
GST Received	381
Total Receipts	254,321
Payments	
Contractor Payments	(40,986)
Legal Fees	(4,875)
Appointee Disbursements	(1,298)
Bank Charges	(330)
Other	(325)
Total Payments	(47,814)
Cash at Bank as at 25 June 2018	206,507

9 Liquidator's Remuneration

The Liquidator has incurred professional fees in the amount of \$109,452.00 (excluding GST) for the period 25 August 2015 to 17 June 2018. These fees have been necessarily incurred on the following matters:

- (i) undertaking an immediate assessment of the Company's current financial position;
- (ii) exploring a potential sale of the Business;
- (iii) facilitating the potential transfer of contractors to Bambini Child Care Services;
- (iv) collection of the Company's debtors;
- (v) making payment to contractors that worked in the period immediately prior to the cessation of the business;
- (vi) conducting investigations into the affairs of the Company and conduct of the Directors;
- (vii) recovering an unfair preference claim against the ATO; and
- (viii) investigations into the potential compromise of the debt owing from MIA and whether this is deemed an uncommercial transaction.

The Liquidator will seek approval of this remuneration at the forthcoming meeting of creditors. The Liquidator will also seek approval of future fees in the amount of \$20,000 exclusive of GST. Please refer to the enclosed remuneration report for further information.

10 Meeting of Creditors

Please refer to the covering circular to creditors for details of the meeting of creditors that has been convened for 11:00 AM on Wednesday, 11 July 2018.

11 Acts and Dealings to be Completed by the Liquidator

The Liquidator anticipates attending to, inter alia, the following matters going forward with regard to the Liquidation:

- (i) Holding a meeting of creditors to discuss the progress of the liquidation and approve the Liquidator's current and future remuneration;
- (ii) Prepare and lodge a report on the Company's affairs and conduct of the Directors to ASIC pursuant to Section 533(1) of the Act;
- (iii) Declare and pay a dividend to creditors of the Company; and
- (iv) Attend to statutory duties as and when they fall due.

12 Conclusion

This report represents a summary of matters undertaken by the Liquidator from the date of appointment.

At this stage, it is anticipated that the Liquidation will be finalised in approximately six (6) months' time.

Should you have any queries in relation to this report please contact Ms Maxine Allan of this office.

Signed this 26th day of June 2018

A handwritten signature in blue ink, reading "Ross Blakeley". The signature is fluid and cursive, with the first name "Ross" and last name "Blakeley" clearly distinguishable.

Ross Blakeley
Liquidator

IN THE SUPREME COURT OF VICTORIA AT MELBOURNE
COMMERCIAL COURT
CORPORATIONS LIST

S CI 2015 02855

IN THE MATTER of R & V SUSON PTY LTD (ACN 112 894 363)

BETWEEN:

DEPUTY COMMISSIONER OF TAXATION

Plaintiff

- and -

R & V SUSON PTY LTD (ACN 112 894 363)

Defendant

WINDING UP ORDER

ASSOCIATE JUDGE: The Honourable Associate Justice Eftim

DATE MADE: 25 August 2015

ORIGINATING PROCESS: Filed on 3 June 2015

HOW OBTAINED: At the trial of the proceeding.

ATTENDANCE: Ms S. Stanford, the Solicitor for the Plaintiff.
No appearance by or on behalf of the Defendant.

OTHER MATTERS: Not applicable.

THE COURT ORDERS THAT:

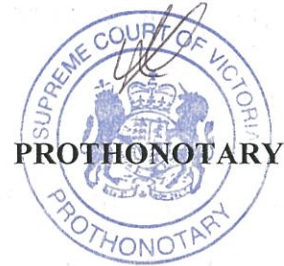
1. R & V Suson Pty Ltd (ACN 112 894 363) be wound up in insolvency under the provisions of the *Corporations Act 2001*.
2. Ross Blakeley is appointed liquidator for the purposes of the winding up.



3. The Plaintiff's costs fixed at \$2,803.90 are costs in the winding up.

DATE AUTHENTICATED: 25 August 2015

AF



Note: It is the duty of such persons who are liable to make out or concur in making out the report as to the affairs of the company as the liquidator requires to attend on the liquidator at the time and place he appoints and give him all information he may require.

FORM 535

Subregulation 5.6.49(2)

*Corporations Act (2001)***FORMAL PROOF OF DEBT OR CLAIM****R & V SUSON PTY LTD ACN 112 894 363
(IN LIQUIDATION) ("the Company")**

To the Liquidator of R & V Suson Pty Ltd (In Liquidation):

1. This is to state that the Company was on Tuesday, 25 August 2015, and still is, justly and truly indebted to:

_____ ABN _____
(full name, ABN and address of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor)
for _____ dollars and _____ cents.

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

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

Date	Drawer	Acceptor	Amount \$ c	Due Date

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

Signature:

Dated:

Occupation:

Address:

APPOINTMENT OF PROXY

**R & V SUSON PTY LTD (IN LIQUIDATION)
ACN 112 894 363 ("the Company")**

*I/*We (1) _____ of
_____ a creditor of

R & V Suson Pty Ltd (In Liquidation) ACN 112 894 363 appoint:

(2) _____ of
_____ or in his/her absence

of _____ as
my/our proxy to vote at the meeting of creditors to be held on Wednesday, 11 July 2018 or at any
adjournment of that meeting:

Option 1 – If appointed as a general proxy, as he/she determines on my behalf ☐

AND/OR

Option 2 – If appointed as a special proxy for some or all resolutions, specifically in the ☐
manner set out below (please tick)

Resolutions		To Vote		
		For	Against	Abstain
Remuneration for which approval is sought				
(1)	<i>"That the remuneration of the Liquidators of R & V Suson Pty Ltd (In Liquidation) ACN 112 894 363 and staff for the period 25 August 2015 to 17 June 2018 (inclusive) is approved for payment in the sum of \$109,452.00 plus GST and that the Liquidators can draw the remuneration immediately or 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 dated 1 April 2014".</i>	☐	☐	☐
(2)	<i>"That the future remuneration of the Liquidators of R & V Suson Pty Ltd (In Liquidation) ACN 112 894 363 and staff for the period from 18 June 2018 to the completion of the liquidation is determined at an initial sum equal to the cost of time spent by the Liquidators and their staff up to the capped amount of \$20,000.00 plus GST and that the Liquidators can draw the remuneration on a monthly basis or 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 dated 1 March 2017".</i>	☐	☐	☐

Internal disbursements for which approval is sought				
(3)	<i>"That the internal disbursements claimed by my firm for the period from and including 25 August 2015 to conclusion, calculated at the rates detailed in the Remuneration Approval Notice, are approved up to a capped amount of \$3,000 exclusive of GST, and that the Liquidators can draw the disbursements from available funds as incurred or as funds become available".</i>	☐	☐	☐
To Consider the resolution for Liquidator to destroy the Company's books and records				
(4)	<i>"That the creditors direct the Liquidator to apply to ASIC when appropriate or upon finalisation of the liquidation for consent to destroy books within the 5-year retention period in accordance with IPS 70-35."</i>	☐	☐	☐

DATED this _____ day of _____ 2018

(3) Signature _____ Name (please print) _____

CERTIFICATE OF WITNESS - only complete if the person given the proxy is blind or incapable of writing.

I, _____ of _____

certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him before he attached his signature or mark to the instrument.

DATED this _____ day of _____ 2018

Signature of witness _____

Description _____

Place of residence _____

Notes:

(1) If a firm strike out "I" and set out the full name of the firm.

(2) Insert the name of the person appointed.

(3) If the creditor is a sole trader, sign in accordance with the following example: "A.B., proprietor".

If the creditor is a partnership, sign in accordance with the following example: "A.B., a partner of the said firm."

If the creditor is a company, then the form of proxy must be under its Common Seal or under the hand of some officer duly authorised in that capacity, and the fact that the officer is so authorised must be stated in accordance with the following example: "for the company, A.B." (duly authorised under the Seal of the Company).

Notice of Meeting of Creditors

**R & V Suson Pty Ltd (In Liquidation)
ACN 112 894 363 ("the Company")**

Notice is given that a meeting of the creditors of the Company will be held at the Institute of Chartered Accountants, Level 18, Bourke Place, 600 Bourke Street, Melbourne, Victoria, 3000 on Monday, 11 July 2018 at 11:00 AM.

AGENDA

1. To discuss the report to creditors from the Liquidator on the progress of the liquidation to date.
2. To consider and if thought fit, approve the Liquidator's remuneration and internal disbursements
3. To consider authorising the Liquidator be permitted to destroy the books and records of the Company, three (3) months after the deregistration of the Company, but subject to consent from the Australian Securities and Investments Commission.
4. To discuss any other relevant business which may arise.

Dated this 26th day of June 2018.



**Ross Blakeley
Liquidator**



REMUNERATION REQUEST APPROVAL REPORT

R & V Suson Pty Ltd (In Liquidation)

ACN 112 894 363

26 June 2018

FTI Consulting (Australia) Pty Limited

ABN 49 160 397 811 | ACN 160 397 811

Level 21 Bourke Place | 600 Bourke Street | MELBOURNE VIC 3000 | Australia

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Liability limited by a scheme approved under Professional Standards Legislation.



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Part 1: Declaration

This report sets out the information that the *Corporations Act 2001* (“**Act**”) and the *Code of Professional Practice* as published by the Australian Restructuring, Insolvency and Turnaround Association (“**ARITA**”) require creditors to receive before voting on resolutions with respect to our claim for remuneration and internal disbursements.

We have undertaken a proper assessment of the claim for remuneration and internal disbursements as detailed in this report arising from our appointment as Liquidators of R & V Suson Pty Ltd (In Liquidation) ACN 112 894 363 in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the external administration (“**administration**”).

Part 2: Executive Summary

To date, no remuneration has been approved and paid in this administration. This remuneration report details approval sought for the following fees:

Table 1: Remuneration for which approval is sought		
Period	Report Reference	Amount (excl. GST)
Resolution 1: 25 August 2015 to 17 June 2018 (inclusive)	Part 3 and 4	\$109,452.00
Resolution 2: 18 June 2018 to Completion	Part 5 and 6	\$20,000.00
Estimated Total Remuneration		\$129,452.00

This remuneration report also details approval sought for the following internal disbursements:

Table 2: Internal disbursements for which approval is sought		
Period	Report Reference	Amount (excl. GST)
Resolution 3: From 25 August 2015 to Completion	Part 7	\$3,000.00

Please refer to the sections of the report detailed above for full details of the calculation and composition of the remuneration and internal disbursements for which approval is sought.

Part 3: Description of Work Completed from 25 August 2015 to 17 June 2018

Table 3: Resolution 1 for work completed from 25 August 2015 to 17 June 2018					
Company	R & V Suson Pty Ltd (In Liquidation) ACN 112 894 363	From	25 August 2015	To	17 June 2018
Practitioner	Ross Blakeley	Firm	FTI Consulting		
Administration Type		Liquidation			
Task Area	General Description	Includes			
Creditors 88.8 hours \$35,105.00	Prepare Report to Creditors	▪ Preparing Report to Creditors dated 26 June 2018; ▪ Preparing DIRRI; ▪ Preparing Remuneration Report; ▪ Preparing for meeting of creditors; and ▪ Forwarding Report to Creditors and accompanying documents to all known creditors.			
	Creditor Correspondence	▪ Receiving and following up creditor enquiries; ▪ Correspondence with contractors (Educators) and landlords; ▪ Correspondence with utility providers; ▪ Correspondence with government agencies regarding monies received post appointment; ▪ Review records for creditor correspondence; ▪ Liaise with Bambini Child Care regarding transfer of Educators to Bambini; ▪ Review Educators records; ▪ Correspondence to Educators re Bambini; ▪ Correspondence with directors re loan accounts and claims; ▪ Review amounts received from DSS and arrange payments to Educators; ▪ Reviewing and recording creditor claims; and ▪ Liaising with statutory authorities in relation to the Company's statutory liabilities.			

Table 3: Resolution 1 for work completed from 25 August 2015 to 17 June 2018

Investigation 130.8 hours \$48,539.50	Conducting investigations into affairs of the Company	- Collection of company books and records; - Reviewing company's books and records; - Review and preparation of company nature and history; - Conducting and summarising statutory searches; - Preparation of comparative financial statements; - Determine Company's current financial position; - Preparation of deficiency statement; - Review of specific transactions and liaising with directors regarding certain transactions; and - Preparation of investigation file.
	Conduct investigations into voidable transactions recoverable by the Liquidator	- Analysing specific transactions warranting further investigation; - Reviewing the Company's bank accounts for potential preference payments and uncommercial transactions; - Submit unfair preference claim against the ATO; - Respond to ATO's response to unfair preference claim; - Investigate possible uncommercial transaction claim against MIA; - Liaise with government agencies regarding payments made to MIA on behalf of the Company; - Liaise with lawyers regarding possible uncommercial transaction claim; and - Reviewing and considering any actions against the Director for insolvent trading.
	ASIC Reporting	Preparing statutory investigation reports.
	Litigation / Recoveries	- Internal meetings to discuss status of claims; - Preparing brief to solicitors; and - Liaising with solicitors regarding recovery actions.
Assets 19.4 hours	Bank accounts	- Contacting major Australian banks to identify potential Company accounts; and - Realise cash held at bank.

Table 3: Resolution 1 for work completed from 25 August 2015 to 17 June 2018		
\$9,431.00	Plant and Equipment	▪ Reviewing the Company's asset listing; ▪ Liaising with Toyota regarding sale of Motor Vehicle; and ▪ Realise Landcruiser.
	Assets subject to specific charges	▪ Liaise with secured creditor re payout amount and realising charged asset
	Debtors	▪ Reviewing and assessing debtors' ledgers; ▪ Liaising with Department of Education regarding funding received; and ▪ Correspondence with debtors.
Dividend 11.7 hours \$3,159.00	Correspondence regarding and processing of proof of debts	▪ Correspondence with creditors in relation to claims and proof of debts; ▪ Maintaining proof of debt register; and ▪ Request further information from claimants regarding proof of debts.
Administration / Statutory 63.4 hours \$17,533.50	Appointment	▪ Advising third parties of appointment including Australian Taxation Office and State Revenue Office; and ▪ Preparing the notice of appointment with ASIC and advertisement on the Insolvency Notices Website.
	General	▪ Word processing including correspondence, file notes, agendas and minutes; and ▪ Care and maintenance of the file.
	File review/checklist/document maintenance	▪ Filing of documents; and ▪ Updating checklists.
	Insurance	▪ Communicating with insurance broker concerning general insurance requirements.

Part 4: Calculation of Remuneration

Resolution 1: Remuneration from 25 August 2015 to 17 June 2018 (inclusive)

Calculation of remuneration from 25 August 2015 to 17 June 2018

Appointor/Position	Rate/hour (excl. GST) (\$)	Hours	Total (excl. GST) (\$)	Task Area											
				Assets		Creditors		Investigation		Employees		Dividend		Administration	
				(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours
Liquidator, Ross Blakeley	600	6.2	3,720.00	1,200.00	2.00	1,200.00	2.00	1,200.00	2.00	0.00		0.00		120.00	0.2
Managing Director	570	19.4	11,058.00	285.00	0.50	5,187.00	9.10	5,187.00	9.10	0.00		0.00		399.00	0.7
Senior Director	560	36.8	20,608.00	5,600.00	10.00	3,080.00	5.50	11,256.00	20.10	0.00		0.00		672.00	1.2
Senior Consult II	415	26.5	10,997.50	1,079.00	2.60	2,199.50	5.30	7,138.00	17.20	0.00		0.00		581.00	1.4
Senior Consult I	360	34.0	12,240.00	0.00	0.00	12,657.50	30.50	1,452.50	3.50	0.00		0.00		0.00	0.0
Consultant II	340	11.8	4,012.00	136.00	0.40	1,700.00	5.00	1,836.00	5.40	0.00		0.00		340.00	1.0
Consultant I	300	53.3	15,990.00	780.00	2.60	3,300.00	11.00	11,550.00	38.50	0.00		0.00		360.00	1.2
Associate II	270	55.0	14,850.00	0.00		2,730.00	9.10	3,630.00	12.10	210.00	0.70	0.00		9,930.00	33.1
Associate I	250	51.3	12,825.00	351.00	1.30	3,051.00	11.30	3,645.00	13.50	0.00		3,159.00	11.70	3,645.00	13.5
Administration II	175	9.6	1,680.00	0.00		0.00		1,645.00	9.40	0.00		0.00		35.00	0.2
Administration I	135	10.9	1,471.50	0.00		0.00		0.00		0.00		0.00		1,471.50	10.9
TOTAL		314.8	109,452.00	9,431.00	19.4	35,105.00	88.8	48,539.50	130.80	210.00	0.70	3,159.00	11.70	17,553.50	63.40
GST			10,945.20												
TOTAL (including GST)			120,397.20												
Average hourly rate (excl. GST)			347.69	486.13		395.33		371.10						276.87	

Part 5: Description of Work Completed from 18 June 2018

Table 6: Resolution 2 for work completed from 18 June 2018			
Company	R & V Suson Pty Ltd (In Liquidation) ACN 112 894 363	From	18 June 2018
Practitioner	Ross Blakeley	Firm	FTI Consulting
Administration Type		Liquidation	
Task Area	General Description	Includes	
Creditors 15 Hours \$6,000.00	Creditor enquiries, requests and Directions	- Receive and respond to creditors enquiries; and - Review and prepare initial correspondence to creditors and their representatives.	
	Creditor Correspondence and claims	- Reviewing and recording creditor claims; and - Liaising with statutory authorities in relation to the quantum of Company's statutory liabilities.	
	Meeting of Creditors	- Preparation of meeting notices, proxies and advertisements - Forward notice of meeting to all known 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. - Preparation and lodgment of minutes of meetings with ASIC - Responding to stakeholder queries and questions immediately following meeting	
Investigations 5 Hours \$2,000.00	ASIC reporting	- Preparing statutory investigation reports - Liaising with ASIC - Lodgement of investigation with the ASIC - Preparation and lodgement of supplementary report (if required)	
Dividend 15 Hours \$6,000.00	Processing proofs of debt	- Preparation of correspondence to potential creditors inviting lodgement of POD - Receipt of POD - Maintain POD register	

Table 6: Resolution 2 for work completed from 18 June 2018

		- Adjudicating POD - Request further information from claimants regarding POD - Preparation of correspondence to claimant advising outcome of adjudication
	Dividend procedures	- Preparation of correspondence to creditors advising of intention to declare dividend - Advertisement of intention to declare dividend - Obtain clearance from ATO to allow distribution of company's assets - Preparation of dividend calculation - Preparation of correspondence to creditors announcing declaration of dividend - Advertise announcement of dividend - Preparation of distribution - Preparation of dividend file - Preparation of payment vouchers to pay dividend - Preparation of correspondence to creditors enclosing payment of dividend
Administration 15 Hours \$6,000.00	General correspondence and word processing	- Receiving, reviewing and preparing general correspondence; - Word processing including correspondence, file notes, agendas and minutes; and - Care and maintenance of the file.
	File review/checklist/document maintenance	- Administration review; - Document filing and maintenance; - File reviews; and - Updating checklist.
	Bank accounts	- Bank account reconciliations; - Procuring and reviewing bank account statements; and - Communications concerning bank account transactions.
	ASIC lodgements	- Preparation and lodging necessary forms with ASIC; and - General communications with ASIC.
	ATO lodgements	Preparation and submission of BAS.

Table 6: Resolution 2 for work completed from 18 June 2018

	Planning review	Ad hoc meetings concerning the status of the administration.
	Finalisation	- Cancelling ABN/GST/PAYG registrations; - Completing finalisation statutory lodgments; and - Completing checklists.

Resolution 2: Remuneration from 18 June 2018 (inclusive)

This resolution is with respect to work that has not been carried out in full when this report was prepared. As such, it is not possible to provide a calculation of the remuneration for this period.

Part 6: Remuneration Claim Resolutions

I will be seeking approval of the following resolutions to approve my remuneration.

Resolution 1: Remuneration from 14 February 2018 to 30 April 2018 (inclusive)

"That the remuneration of the Liquidators of R & V Suson Pty Ltd (In Liquidation) ACN 112 894 363 and staff for the period 25 August 2015 to 17 June 2018 (inclusive) is approved for payment in the sum of \$109,452.00 plus GST and that the Liquidators can draw the remuneration immediately or 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 dated 1 April 2014".

FTI Consulting Schedule of Corporate Rates issued 1 April 2014 appear at Schedule 1.

Resolution 2: Remuneration from 18 June 2018 (inclusive)

"That the future remuneration of the Liquidators of R & V Suson Pty Ltd (In Liquidation) ACN 112 894 363 and staff for the period from 18 June 2018 to the completion of the liquidation is determined at an initial sum equal to the cost of time spent by the Liquidators and their staff up to the capped amount of \$20,000.00 plus GST and that the Liquidators can draw the remuneration on a monthly basis or 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 dated 1 March 2017".

FTI Consulting Schedule of Corporate Rates issued 1 March 2017 appear at Schedule 1.

Part 7: Likely impact on Dividends

The impact of approving the Liquidators' remuneration and internal disbursements is that it will reduce the potential amount available to be distributed to creditors in the final dividend.

Part 8: 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 such as travel, accommodation and search fees - these are recovered at cost.
- 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.

We have undertaken a proper assessment of disbursements incurred during this administration in accordance with the law and applicable professional standards. We are satisfied that the disbursements incurred are necessary and proper.

Where amounts have been paid to my firm for externally provided services and costs, those payments are in reimbursement of costs previously paid by our firm, either due to a lack of funds in the administration at the time the payment was due, or the direct invoicing of our firm by the supplier. Where payments to third parties are paid directly from the administration bank account, they are only included in the accompanying Report to Creditors.

The following disbursements have been incurred by my firm for the period 25 August 2015 2018 to 17 June 2018:

**Internal Disbursements Incurred 15
August 2018 to 17 June 2018**

Type	Rate	Amount (excl. GST)
Professional		\$0.00
Sub-total		\$0.00
Non-professional		
1. External		
Sub-total		\$0.00
2. Internal		
Printing		\$106.50
Searches	At cost	
Postage	At cost	\$1.48
Sub-total		\$107.98
Non-professional		\$107.98
Grand Total		\$107.98

Please note that creditor approval for external disbursements is not required. However external disbursements must be fully disclosed and a full explanation given to creditors. Creditors have the right to question the incurring of the external disbursements and can challenge external disbursements in Court.

Creditor approval is required for internal disbursements. We ask creditors to determine our internal disbursements by passing the following resolution.

Resolution 3: Internal disbursements for the period 25 August 2015 to conclusion:

“That the internal disbursements claimed by my firm for the period from and including 25 August 2015 to conclusion, calculated at the rates detailed in the Remuneration Approval Notice, are approved up to a capped amount of \$3,000 exclusive of GST, and that the Liquidators can draw the disbursements from available funds as incurred or as funds become available”.

Future internal disbursements provided by FTI Consulting will be charged to the administration on the following basis:

Table 8: Future internal disbursements

Assets	Rate (excl. GST)
Advertising and search fees	At cost
Couriers and deliveries	At cost
Postage	At cost
Printing and photocopying	Per Page \$0.50 (b/w) \$1.00 (colour)
Facsimile	Per Page \$1.50 (local) \$4.50 (international)
Storage of records (including boxes)	At cost
Staff Travel - mileage	Cents per km method (per ATO rates)

Part 9: Report on Progress of the Administration

The progress of the administration is detailed in the Statutory Report to Creditors which accompanies this report.

Part 10: Likely impact on dividends

The Act sets the order for payment of claims against the Company and it provides for remuneration of the Liquidator to be paid in priority to other claims. This ensures that when there are sufficient funds, the Liquidator receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds.

Based on:

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

I estimate that a dividend of between 15 to 100 cents in the dollar will be paid in the Liquidation. However, this is subject to a range of variables, particularly the future realisations and creditor claims.

Part 11: Summary of Receipts and Payments

A summary of receipts and payments to and from the bank account for the Liquidation for 25 August 2015 to 15 June 2018 is included in the report to creditors dated 22 June 2018.

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 12: Queries

If you have any queries or require any further information concerning my claim for remuneration, please contact the Liquidators' office on (03) 9604 0600.

Yours faithfully

R & V Suson Pty Ltd
(In Liquidation)



Ross Blakeley
Liquidator

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Schedule 1: Schedule of Rates

**FTI Consulting Standard Rates effective 1 March 2017
(excluding GST)**

Typical classification	\$/hour	General guide to classifications
Senior Managing Director	625	Registered/Official 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	580	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/Official Liquidator and/or Trustee. Alternatively, has extensive leadership/senior management experience in business or industry.
Senior Director	570	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/Official 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	510	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	440	Typically an ARITA 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	380	Assists with the planning and control of small to medium administrations. May have the conduct of minor administrations. Can supervise staff. Has experience performing more difficult tasks on larger administrations.
Consultant 2	360	Typically ICAA qualified (or similar). Required to control the tasks on small administrations and is responsible for assisting with tasks on medium to large administrations.
Consultant 1	315	Qualified accountant with several years experience. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 2	280	Typically a qualified accountant. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 1	260	Typically a university undergraduate or graduate. Required to assist with day-to-day tasks under the supervision of senior staff.
Junior Associate	185	Undergraduate in the latter stage of their university degree.
Administration 2	185	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 or similar skills.
Junior Accountant	155	Undergraduate in the early stage of their university degree.
Administration 1	155	Has appropriate skills and experience to support professional staff in an administrative capacity.

**FTI Consulting Standard Rates effective 1 April 2014
(excluding GST)**

Typical classification	\$/hour	General guide to classifications
Senior Managing Director	600	Registered/Official 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	570	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/Official Liquidator and/or Trustee. Alternatively, has extensive leadership/senior management experience in business or industry.
Senior Director	560	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/Official 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	510	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	415	Typically an ARITA 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	360	Assists with the planning and control of small to medium administrations. May have the conduct of minor administrations. Can supervise staff. Has experience performing more difficult tasks on larger administrations.
Consultant 2	340	Typically ICAA qualified (or similar). Required to control the tasks on small administrations and is responsible for assisting with tasks on medium to large administrations.
Consultant 1	300	Qualified accountant with several years experience. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 2	270	Typically a qualified accountant. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 1	250	Typically a university undergraduate or graduate. Required to assist with day-to-day tasks under the supervision of senior staff.
Junior Associate	175	Undergraduate in the latter stage of their university degree.
Administration 2	175	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 or similar skills.
Junior Accountant	135	Undergraduate in the early stage of their university degree.
Administration 1	135	Has appropriate skills and experience to support professional staff in an administrative capacity.

