

6 September 2024

Initial notice to creditors

Dear Sir/Madam

**Keystone Asset Management Ltd
(Receivers & Managers Appointed) (Administrators Appointed)
ACN 612 443 008 (the Company)**

On 28 August 2024, Scott Langdon, John Mouawad and Michael Korda of KordaMentha, were appointed as joint and several voluntary administrators of the Company.

On 5 September 2024, as determined by an order of the Federal Court of Australia in proceeding number VID 536 of 2024, pursuant to s447(a)(1) of the Act and / or s90-15 of the *Insolvency Practice Schedule (Corporations)* (being Sch 2 to the Act), Scott Langdon, John Mouawad and Michael Korda of KordaMentha were removed as the administrators of the Company and Lucica Palaghia and I were appointed as the joint and several administrators. I enclose a copy of the orders for your reference (the **5 September Orders**).

I also refer to the appointment Lucica Palaghia and I as joint and several receivers and managers (**Receivers**) on 27 August 2024 of the Property of Keystone Asset Management Limited, in its capacity as Responsible Entity for the Shield Master Fund (ARSN 650 112 057), its capacity as trustee for the Advantage Diversified Property Fund, and its capacity as trustee for the Quantum PE Fund. Our Receivers' appointment is not affected by the 5 September Orders.

First meeting of creditors

KordaMentha issued a notice of first meeting of creditors of company under administration on 2 September 2024. A copy of the notice is enclosed. That notice provides details of a first meeting of creditors of the Company being held pursuant to s436E of the Act at **2:00 PM AEST on 9 September 2024**. This meeting will go ahead and will now be conducted by Deloitte.

As advised by KordaMentha, the meeting will be held as a virtual meeting only. If you wish to attend the meeting, we require that you complete the proof of debt and proxy form and return those forms to our office by email to shieldinvestors@deloitte.com.au prior to **12:00 PM AEST on 9 September 2024**.

Please note that if you have already submitted a proof of debt or proxy form to KordaMentha, you do not need to submit another form to us. KordaMentha has provided us with all proofs or debt and proxy forms that they've received.

Prior to the meeting, we will circulate virtual meeting details by email to all creditors who have indicated to us (or prior to today's date, to KordaMentha) they will be attending.

Our declaration of relevant relationships and/or declaration of indemnities will be tabled at the First meeting of creditors.

Queries & Contact information

Should you have any questions in relation to this matter or experience any difficulty in accessing the notices and documents made available to you, please contact our office by email to shieldinvestors@deloitte.com.au.

Yours faithfully



Jason Tracy
Joint and Several Administrator



Federal Court of Australia

District Registry: Victoria Registry

Division: General

No: VID536/2024

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Plaintiff

KEYSTONE ASSET MANAGEMENT LTD (RECEIVERS AND MANAGERS APPOINTED) (ADMINISTRATORS APPOINTED) (ACN 612 443 008) and another
named in the schedule
Defendants

ORDER

JUDGE: Justice Moshinsky

DATE OF ORDER: 5 September 2024

WHERE MADE: Sydney

THE COURT ORDERS THAT:

1. Pursuant to s 440D of the *Corporations Act 2001* (Cth) (**Act**), ASIC have leave now for then to proceed with proceeding VID 536 of 2024 and to commence the application the subject of the plaintiff's interlocutory process dated 30 August 2024 (the **Interlocutory Process**).
2. Pursuant to s 467(3)(b) of the Act, dispense with the requirements of s 465A of the Act and Rules 2.7, 5.4 and 5.6 of the *Federal Court (Corporations) Rules 2000* (Cth).
3. The time for the service of the Interlocutory Process be abridged and the application be made returnable on 5 September 2024.
4. Pursuant to s 448C(1) of the Act, Jason Tracy and Lucica Palaghia have leave now for then to seek or consent to be appointed as the administrators of the First Defendant (**Keystone**) and of any deed of company arrangement to which Keystone may become party.
5. Pursuant to s 447A(1) of the Act and/or s 90-15 of the *Insolvency Practice Schedule (Corporations)* (being Sch 2 to the Act), Michael Korda, John Mouawad and Scott David Harry Langdon be removed as the administrators of Keystone, and Jason Tracy and Lucica Palaghia be appointed as the joint and several administrators of Keystone.



6. In relation to costs:

- a. The Plaintiff's costs of the Interlocutory Process be reserved.
- b. The costs of the Directors of Keystone of the Interlocutory Process be paid out of the Property of Keystone (as defined in the 27 August 2024 orders).
- c. The Second Defendant's costs of the Interlocutory Process be reserved.
- d. The costs of the administrators (namely Mr Korda, Mr Mouawad and Mr Langdon) of the Interlocutory Process be paid out of the Property of Keystone (as defined in the 27 August 2024 orders).
- e. The Receivers' costs of the Interlocutory Process be costs in the administration of Keystone.
- f. Otherwise, there be no order as to costs in relation to the Interlocutory Process.

Date orders authenticated: 5 September 2024


Registrar

Note: Entry of orders is dealt with in Rule 39.32 of the *Federal Court Rules 2011*.



Schedule

No: VID536/2024

Federal Court of Australia

District Registry: Victoria Registry

Division: General

Second Defendant

PAUL ANTHONY CHIDO

Circular to Creditors and Suppliers

2 September 2024

Dear Sir/Madam

Keystone Asset Management Ltd
ACN 612 443 008 (Administrators Appointed) (Receivers and Managers Appointed) ('the Company')

INITIAL INFORMATION FOR CREDITORS

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

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

Notification of Appointment

Scott Langdon, John Mouawad and Michael Korda were appointed Administrators of the Company on 28 August 2024 by a resolution of the Company's directors pursuant to Section 436A of the Corporations Act ('the Act'). The appointment of the Administrators was after the Federal Court of Australia appointed Jason Tracey and Lucica Palaghia ('Receivers and Managers') of Deloitte Financial Advisory Pty Ltd as Receivers and Managers of the Company on Wednesday 28 August 2024

The Company is a financial planning firm specialising in wealth creation, self-management superannuation funds, separately managed accounts (SMAs), risk protection, retirement planning, taxation planning, estate planning, defined benefit superannuation, business advice and debt management.

Prior involvement/independence

Our Declaration of Independence, Relevant Relationships and Indemnities ('DIRRI') is attached. The DIRRI assists you to understand the status of our independence and who appointed us as Administrators.

Explanation of a voluntary administration

A voluntary administration is a process initiated by the directors of a company when they believe that the company is, or is likely to become, insolvent. This means that the company is unable to pay its debts or is likely to become unable to pay its debts.

A voluntary administration gives a company an opportunity to consider its financial position and its future. Creditors will be given an opportunity to attend meetings and vote on the future of the company.

As Administrators, we act for all creditors. We will now attend to our responsibilities, including:

- Preparing for and holding meetings of creditors
- Investigating the affairs of the Company
- Analysing any offer for a deed of company arrangement that is received
- Reporting and providing opinions about the Company to creditors
- Holding meetings of creditors to make decisions on the future of the Company

What are your rights as a creditor?

Information regarding your rights as a creditor is provided in the information sheet enclosed, being 'Creditors Rights in Voluntary Administration' issued by the Australian Restructuring Insolvency and Turnaround Association ('ARITA'). This includes your right to:

- Make reasonable requests for information
- Give directions to us
- Appoint a reviewing liquidator
- Replace us as voluntary administrator.

What happens to your debt?

All creditors of the Company are now creditors in the voluntary administration.

It is important to note that a voluntary administration creates restrictions on creditors being able to enforce their rights. You generally cannot enforce your claim, recover your property, enforce your security, commence an action to place the Company into liquidation or act on a personal guarantee.

As Administrators, we are not in a position to discharge debts incurred by the Company prior to the date of our appointment. These debts rank as unsecured claims against the Company. Payment of these amounts is dependent on the outcome of the administration.

Payments made by the Administrators must be applied against debts incurred by the Administrators and cannot be applied against any pre-appointment debt of the Company to you.

Personal property security interests and retention of title claims

If you are claiming title to any goods delivered to the Company pursuant to a contract or the Personal Property Securities Act or any lien over goods in your possession which are the property of the Company, details of your claim should be forwarded to our office urgently.

Pursuant to Section 440B of the Act, with the exception of perishable goods, those creditors seeking to enforce a retention of title claim over goods provided to the Company prior to our appointment are precluded from recovering the goods for the period of the administration without obtaining the written consent of the Administrators or alternatively, leave of the Court.

Stay of proceedings

Pursuant to Section 440D of the Act, during the administration, any proceedings in a court against the Company or in relation to any of its property cannot be begun or proceeded with except with the written consent of the Administrators or alternatively, leave of the Court.

Do you have to do anything?

You should now:

- read this information
- decide whether you are going to attend the first meeting, and
- complete and return your Proof of Debt Form, and if required, Proxy Form by 11:00 am AEST on 6 September 2024.

If you do not think you are a creditor, please let us know.

Ongoing trading

We are currently assessing the financial position of the Company with a view to developing a plan for the future of the Company for consideration by creditors. Whilst this assessment is continuing, all ongoing provision of services or trading with the Company should be directed to the Receivers and Managers.

If any orders were placed with you by the Company prior to our appointment and have not yet been completed, you should contact the Receivers and Managers.

We expressly advise that we have not adopted any contracts or liabilities of the Company in existence as at the date of appointment unless we have formally notified you in writing that we have adopted a specific contract or liability. Payment for use of any goods or services is not an adoption of a contract or liability.

Meeting of Creditors

The First Meeting of Creditors pursuant to Section 436E of the Act will be held on 9 September 2024 at 2:00 pm AEST. A Notice of First Meeting of Creditors of Company under Administration is attached. The purpose of this meeting is to determine:

- a. whether to appoint a Committee of Inspection
- b. if so, who are to be the Committee's members.

At this meeting, creditors may also resolve to remove us as Administrators and appoint someone else.

Virtual meeting facilities have been organised for this meeting. You can either listen to the meeting or view and listen to the meeting. Either way, you will be able to ask questions and vote on resolutions. To view and/or listen to the meeting, the details and a link will be emailed to you once you indicate to us that you are attending virtually. To attend virtually, we require some information from you. If you are appointing a proxy, the information required is requested in the **Proxy Form**. If you are an individual, such as an employee or a sole trader, provide the required information by completing a **Notice of Virtual Attendance at Meeting Form**. These completed forms must be received no later than 11:00 am AEST on the last business day prior to the meeting, being 6 September 2024. You will then be sent the conference call number and code or link to the meeting. Send the forms by email to keystone@kordamentha.com, fax to (02) 8257 3099 or send by mail to KordaMentha at GPO Box 2523 Sydney NSW. Due to possible delays in the delivery of mail, we recommend email or fax. Note your name is likely to be visible to other attendees. This information is also required to be included on the attendance register and attached to the minutes, which are lodged with ASIC and are publicly available for a small fee.}

Proxies and proofs of debt

To participate in the meeting, you will need to:

- Submit a proof of debt and information to substantiate your claim
- Appoint a person – a ‘proxy’ or person authorised under a power of attorney – to vote on your behalf at the meeting . This will be necessary if you are unable to attend the meeting in person or virtually, or if the creditor is a company.

A Proxy Form has been enclosed. A Proxy Form must be completed and returned for corporate creditors, creditors wishing to vote at the meeting who are unable to attend, or who are appointing a proxy to attend on their behalf.

If you are representing a company, please ensure that your Proxy Form is executed pursuant to Section 127 of the Act or your representative is appointed pursuant to Section 250D of the Act, otherwise you will not be entitled to vote at the meeting.

You can appoint the chairperson of the meeting or another person as your proxy and direct the chairperson or that person how you wish your vote to be cast. If you choose to do this, the chairperson or that person must cast your vote as directed.

Creditors should note that Proof of Debt Forms lodged for this meeting are for voting purposes only but may be used for voting on resolutions by proposals without a meeting and distribution purposes, including in a subsequent external administration of the Company.

Proxy Forms and Proof of Debt Forms must be received no later than 11:00 am AEST on the last business day prior to the meeting, being 6 September 2024, failing which creditors or their proxies may be excluded from voting at the meeting. They may be mailed to GPO Box 2523 Sydney NSW, faxed to (02) 8257 3099 or scanned and emailed to keystone@kordamentha.com.

General information regarding the conduct of meetings of creditors and the completion of proxy forms and proof of debt forms can be found on our website www.kordamentha.com in the [Creditors section](#).

Section 110D of the Act permits electronic notification to creditors of notices and documents. If you do not have access to the internet, you can request that a copy of the report be mailed to you.

Second meeting of creditors

We will hold a second meeting of creditors in due course. The purpose of that meeting is for creditors to consider our report and vote on the future of the Company. Before that meeting, you will be sent the notice of meeting and a detailed report which includes the options for the Company’s future. We will also give our opinion as to what option we think is in the best interests of creditors.

Committee of Inspection

At this meeting, creditors will consider whether a Committee of Inspection should be appointed. The role of a Committee of Inspection is to consult with the Administrators and receive reports on the conduct of the administration. A Committee of Inspection can also approve the Administrators’ fees.

It is our opinion that a Committee of Inspection would be useful to assist with the conduct of the administration. An information sheet on the role of a Committee of Inspection is enclosed. You should consider whether you would like to act as a member of the Committee of Inspection.

Administrators' remuneration and disbursements

Our remuneration is paid from the Company's funds, including realisations from assets or from money paid to us by others, such as the Company's directors. If there is not enough money in the administration, we may not get paid for all the time we spend on the administration. If there is no money in the administration, we will not get paid at all. However, we will still attend to our statutory duties.

Approval of our remuneration for the work that we do in completing the administration and internal disbursements may be sought from the creditors or, in respect of remuneration only, a Committee of Inspection, if one is appointed. If we do seek approval, detailed information will be provided before requesting approval so that the approving parties can understand what tasks we have undertaken and the costs of those tasks. It will also explain what the internal disbursements were for and how they were calculated. Approval may be sought at a meeting of creditors or by resolution by proposal without a meeting (i.e. all the information is sent to you and you send back your response).

Enclosed is our Initial Remuneration Notice. This document provides you with information about how we propose to be remunerated for undertaking the administration and how disbursements may be calculated and incurred.

Further information available to creditors

ARITA provides information to assist creditors with understanding voluntary administrations and insolvency. This information is available from ARITA's website at www.arita.com.au/creditors.

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

The privacy of your information

We may collect personal information either from you, the Company or otherwise in connection with the amount owed to you by the Company. KordaMentha takes all reasonable steps to protect the personal information we hold about you from misuse and loss and from unauthorised access, modification or disclosure. From time to time, we may need to disclose personal information regarding you to a third party, such as a regulatory body. Except for certain disclosures required by the Act, such disclosures will be made on a confidential basis and, where possible, will require the third party to comply with appropriate privacy obligations.

If you would like to access or change the personal information KordaMentha holds about you, you can contact the contact person detailed in this letter at KordaMentha and request the relevant change or access. To action any change or access request, we will need to verify your identity and comply with our other procedures which are in place to prevent unauthorised access to personal information. If you have a complaint in relation to the privacy of your information, please contact privacy@kordamentha.com. Our privacy policy can be found on the KordaMentha website at www.kordamentha.com/governance/privacy-policy.

Other information

Thank you for your assistance in this matter and should you require any further information, please do not hesitate to contact by email at keystone@kordamentha.com.

Yours faithfully

A handwritten signature in black ink, appearing to read 'John Mouawad', followed by a long horizontal line that ends in an arrowhead pointing to the right.

John Mouawad
Administrator

Enc.

Corporations Act 2001

Declaration of independence, relevant relationships and indemnities

Keystone Asset Management Ltd ACN 612 443 008 (Administrators Appointed) (Receivers and Managers Appointed) ('the Company')

The purpose of this document ('DIRRI') is to assist creditors with understanding any relevant relationships that we, the voluntary administrators, have with parties who are closely connected to the Company and any indemnities or upfront payments that have been provided to us. None of the relationships disclosed in this document are such that our independence is affected.

This information is provided so you have trust and confidence in our independence and, if not, you can ask for further explanation or information and can act to remove and replace us if you wish.

This declaration is made in respect of us, Scott Langdon, John Mouawad and Michael Korda, our partners and the KordaMentha Group, including the entities disclosed on the Creditors page on the KordaMentha website: [DIRRI - listing of associated KordaMentha entities](#).

We are Professional Members of the Australian Restructuring Insolvency and Turnaround Association ('ARITA'). We acknowledge that we are bound by the ARITA Code of Professional Practice.

Independence

We have assessed our independence and we are not aware of any reasons that would prevent us from accepting this appointment.

There are no other known relevant relationships, including personal, business and professional relationships that should be disclosed beyond those we have disclosed in this document.

Circumstances of appointment

How we were referred this appointment

This appointment was referred to us by the directors, via a recommendation from Ashurst.

We believe that this referral does not result in a conflict of interest or duty because:

- We have not identified any issues in relation to this relationship that would give rise to a conflict in undertaking the external administration of the Company. This relationship has not impeded our independence.
- Referrals from lawyers, accountants, business advisors and government agencies are commonplace and do not impact on our independence in carrying out our duties as voluntary administrators.

There is no expectation, agreement or understanding between us and the directors regarding the conduct of the voluntary administration and we are free to act independently and in accordance with the law and applicable professional standards.

Did we meet with Keystone Asset Management, the directors or their advisers before we were appointed?

Yes No

We had the following meetings in relation to the Company from 27 August 2024 to 28 August 2024 prior to our appointment:

- At 10.30pm on 27 August 2024, a teleconference with Scott Langdon, John Mouawad and David Osborne of KordaMentha, Ashurst, Maadhvi Patel and Paul Chiodo, to discuss the financial status of the Company and potential next steps.
- At noon on 28 August 2024, a teleconference with Scott Langdon, John Mouawad and Michael Korda of KordaMentha, Ashurst, Maadhvi Patel and Paul Chiodo, to discuss the potential appointment of voluntary administrators and next steps.
- At 4.30pm on 28 August 2024, a teleconference with Nick Spanner and Gleb Mezenkov of KordaMentha, Mark Yorston and Louie Kortesis to finalise preparations for the appointment of voluntary administrators.

These meetings were for the purposes of:

- Obtaining sufficient information about the Company to advise the Company.
- To clarify and explain for the Company and its directors the various options available to the Company and the nature and consequences of an insolvency appointment.
- To provide consents to act.

There were a number of other interactions within the 24 hours prior to our appointment with the Company's directors or stakeholders by way of email or phone. These were not substantive and mainly related to organising meetings or requests for and the provision of information.

We did not receive any remuneration in relation to this advice.

We believe that these meetings do not affect our independence for the following reasons:

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

We have not provided any other information or advice to the Company, its directors or its advisors prior to our appointment beyond that outlined in this declaration.

Declaration of relationships

Within the previous two years, we have considered whether we have or our firm has had a relationship with the following entities:

Entity	Nature of relationship	
The Company	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
The directors of the Company	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Any associates of the Company	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
A former insolvency practitioner appointed to the Company	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
A secured creditor entitled to enforce a security over the whole or substantially the whole of the Company's property	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

We have also considered whether there are any other relationships that are relevant to creditors in assessing our independence and these are listed below:

Entity**Nature of the relationship**

Australian Taxation Office ('ATO')

KordaMentha undertakes work from time to time on behalf of the ATO. This includes the appointment of KordaMentha's registered liquidators to companies as a formal appointment where the ATO has asked us to consent to act as liquidators.

Reasons why not an impediment or conflict

In our opinion, this relationship does not result in a conflict of interest or duty as we have not identified any issue in relation to this relationship that would give rise to a conflict in undertaking the administrations of Keystone Asset Management. This relationship has not impeded our independence.

Indemnities and upfront payments

Indemnities

We have not been indemnified in relation to this voluntary administration, other than any indemnities that we may be entitled to under statute.

Upfront payments

We have not been provided with any upfront payments in relation to this voluntary administration.

General

The assessment of independence has been made based on an evaluation of the significance of any threats to independence and in accordance with the requirements of the relevant legislation and professional standards.

As required under the Corporations Act 2001 and the ARITA Code of Professional Practice, if circumstances change, or new information is identified, we will update this declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the Company's creditors. This declaration, along with any replacement declaration, will be lodged with the Australian Securities and Investments Commission as soon as practical.

Dated: 29 August 2024



Scott Langdon
Voluntary Administrator



John Mouawad
Voluntary Administrator



Michael Korda
Voluntary Administrator

KordaMentha
Level 5 'Chifley Tower'
2 Chifley Square
Sydney NSW 2000

Corporations Act 2001

Notice of first meeting of creditors of company under administration

Keystone Asset Management Ltd ACN 612 443 008 (Administrators Appointed) (Receivers and Managers Appointed) ('the Company')

Notice is given that Scott Langdon, John Mouawad and Michael Korda of KordaMentha, Level 5 Chifley Tower, 2 Chifley Square, Sydney NSW 2000, were appointed Administrators of the Company on Wednesday, 28 August 2024 pursuant to Section 436A of the Corporations Act ('the Act').

The appointment of the Administrators was after the Federal Court of Australia appointed Jason Tracey and Lucica Palaghia of Deloitte Financial Advisory Pty Ltd as Receivers and Managers on Wednesday 28 August 2024. A copy of that Federal Court Order can be found on KordaMentha's website at www.kordamentha.com/creditors/keystone-asset-management-ltd.

Notice is also given that the first meeting of creditors of the Company will be held pursuant to Section 436E of the Act at 2:00 pm AEST on 9 September 2024. This will be a virtual meeting only – no in-person attendance will be allowed. In the minutes, the notional physical location of the virtual meeting will be recorded as Level 5, Chifley Square, Sydney NSW 2000.

Agenda

1. The purpose of the meeting is to determine:
 - a. Whether to appoint a Committee of Inspection.
 - b. If so, who are to be the Committee's members.
2. At the meeting, creditors may also, by resolution:
 - a. Remove the Administrators from office.
 - b. Appoint someone else as Administrator(s) of the Company.

Creditors who are a company and wish to vote at a meeting must complete and return a Proxy Form, whether they are voting by proxy or their representative is attending virtually. Creditors who are individuals, such as employees or sole traders, and wish to vote at a meeting only need to complete and return a Proxy Form if they are voting by proxy or having a person represent them at the meeting.

Proxy Forms must be completed and returned by no later than 11:00 am AEST on the last business day prior to the meeting, being 6 September 2024. Send the forms by email to keystone@kordamentha.com, fax to (02) 8257 3099 or send by mail to KordaMentha at GPO Box 2523, Sydney NSW 2001. Due to possible delays in the delivery of mail, we recommend email or fax. A Proxy Form is enclosed.

Virtual meeting facilities have been organised for this meeting. You can either listen to the meeting or view and listen to the meeting. Either way, you will be able to ask questions and vote on resolutions. To view and/or listen to the meeting, the details and a link will be emailed to you once you indicate to us that you are attending virtually. To attend virtually, we require some information from you. If you are appointing a proxy, the information required is requested in the **Proxy Form**. If you are an individual, such as an employee or a sole trader, provide the required information by completing a **Notice of Virtual Attendance at Meeting Form**. These completed forms must be received no later than 11:00 am AEST on the last business day prior to the meeting, being 6 September 2024. You will then be sent the link to the meeting. Send the forms by email to keystone@kordamentha.com [set](mailto:keystone@kordamentha.com), fax to (02) 8257 3099 or send by mail to KordaMentha at GPO Box 2523, Sydney NSW 2001. Due to possible delays in the delivery of mail, we recommend email or fax. Note your name is likely to be visible to other attendees. This information is also required to be included on the attendance register and attached to the minutes, which are lodged with ASIC and are publicly available for a small fee.

Section 75-85 of the Insolvency Practice Rules (Corporations) 2016 ('the Rules') sets out the entitlement to vote at meetings of creditors – see Appendix 1 for Section 75-85 of the Rules. To comply with this, a Proof of Debt Form must be lodged. Accordingly, one is enclosed.

Dated: 2 September 2024

A handwritten signature in black ink, appearing to read 'John Mouawad', with a long horizontal stroke extending to the right that ends in a hook.

John Mouawad
Administrator

KordaMentha
GPO Box 2523
Sydney NSW 2001

Enc.

Appendix 1

Section 75-85 of the Insolvency Practice Rules (Corporations) 2016

- (1) A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
- (2) Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
- (3) A person is not entitled to vote as a creditor at a meeting of creditors unless:
 - (a) his or her debt or claim has been admitted wholly or in part by the external administrator; or
 - (b) he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
 - (i) those particulars; or
 - (ii) if required—a formal proof of the debt or claim.
- (4) A creditor must not vote in respect of:
 - (a) an unliquidated debt; or
 - (b) a contingent debt; or
 - (c) an unliquidated or a contingent claim; or
 - (d) a debt the value of which is not established;unless a just estimate of its value has been made.
- (5) A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
 - (a) treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
 - (b) estimate its value;
 - (c) for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.
- (6) A person is covered by this subsection if:
 - (a) the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
 - (b) the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and
 - (c) the person is not an insolvent under administration or a person against whom a winding up order is in force.

Appointment of Proxy

**Keystone Asset Management Ltd
ACN 612 443 008 (Administrators Appointed) (Receivers and Managers Appointed) ('the Company')**

1. Insert full name and contact details (please print)

Creditor's name (individual or company)

Name of company contact or director(s)/company secretary

Email address

Telephone number

Address

2. Appointment of a proxy (please complete)

I/We, a creditor of the Company, appoint **{name of proxy}** or the Chairperson, or in his/her absence, **{name of alternative}** or the Chairperson, as my/our proxy, to vote at the meeting of creditors to be held on 9 September 2024 at 2:00 pm AEST or at any adjournment of that meeting.

If your proxy is attending virtually, provide contact details for the meeting invite to be provided to the proxy and a method to contact the proxy in case of technology difficulties.

Email address

Telephone number

3. Voting by your proxy

Option 1: If appointed as a **general proxy**, as he/she determines on my/our behalf.

and/or

Option 2: If appointed as a **special proxy** for some or all resolutions, specify your instructions below (please tick).

Resolution (please specify the particular resolution)	For	Against	Abstain	General Proxy to Vote
That a committee of inspection be appointed in the voluntary administration of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
That in accordance with Section 80-55(3) of Schedule 2 of the Corporations Act, the members of the committee of inspection (or a related entity of those members) are permitted to continue dealing with the Company and its creditors on a business as usual basis during the period of the external administration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolutions proposed at the meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. Signature section (in accordance with Sections 127 or 250D of the Corporations Act 2001)

Signature of individual or person authorised by corporate resolution to represent corporation

Print name:

The common seal was affixed hereto in the presence of:

Director

Director/Company Secretary

Dated _____

5. Certificate of witness

Please Note: This certificate is to be completed only where the person giving the proxy is blind or incapable of writing. The signature of the creditor is not to be attested by the person nominated as proxy.

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

Signature of witness: _____

6. Return of completed proxy forms

Completed proxy forms are to be received by no later than 11:00 am AEST on the last business day prior to the meeting, being 6 September 2024. They can be sent by email to keystone@kordamentha.com , faxed to (02) 8257 3099 or sent by mail to KordaMentha at GPO Box 2523 Sydney NSW 2001. Our privacy policy can be found on the KordaMentha website at www.kordamentha.com/governance/privacy-policy.

Form 535 – Formal proof of debt or claim (General form)**Keystone Asset Management Ltd
ACN 612 443 008 (Administrators Appointed) (Receivers and Managers
Appointed) ('the Company')**

To: The Administrators of Keystone Asset Management Ltd (Administrators Appointed) (Receivers and Managers Appointed) ('the Company')

1. This is to state that the Company was on 28 August 2024, and still is, justly and truly indebted:

To _____
(name of creditor)

Of _____
(address of creditor)

ABN _____

For \$ _____ GST Amount:\$ _____
(amount owed to creditor, include cents, GST inclusive)

Particulars of the debt are:

Date	Consideration	Amount (\$)	Remarks
(insert date when debt arose)	(state how the debt arose and attach supporting invoices and statements of account)	(GST inclusive amount)	(include details of voucher substantiating payment)

(If debt is held due to an assignment of debt, provide evidence of the transfer and the consideration paid for assignment of the debt.)

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 (\$)	Due date
------	--------	----------	-------------	----------

3. This proof of debt may be used for the purposes of voting at any meeting, a proposal without a meeting or for distribution to creditors unless a further proof of debt is submitted by me.

Execution:

- 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. (select if applicable)
- 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. (select if applicable)
- I am a related creditor of the Company. (select if applicable)

Signature _____

Name _____ Date _____

Address _____

Email _____

Phone _____ Fax _____

Notice of virtual attendance at meeting

Keystone Asset Management Ltd ACN 612 443 008 (Administrators Appointed) (Receivers and Managers Appointed) ('the Company')

Notice is given that virtual meeting facilities will be used for the meeting of creditors of the Company to be held on 9 September 2024 at 2:00 pm AEST.

Virtual meeting facilities have been organised for this meeting. You can either listen to the meeting or view and listen to the meeting. Either way, you will be able to ask questions and vote on resolutions. To view and/or listen to the meeting, the details and a link will be emailed to you once you indicate to us that you are attending virtually. To attend virtually, we require some information from you. If you are appointing a proxy, the information required is requested in the **Proxy Form**. If you are an individual, such as an employee or a sole trader, provide the required information by completing a **Notice of Virtual Attendance at Meeting Form**. These completed forms must be received no later than 2:00 pm AEST on the last business day prior to the meeting, being 6 September 2024. You will then be sent the conference call number and code or link to the meeting. Send the forms by email to keystone@kordamentha.com, fax to (02) 8257 3099 or send by mail to KordaMentha at GPO Box 2523 Sydney NSW 2001. Due to possible delays in the delivery of mail, we recommend email or fax. Note your name is likely to be visible to other attendees. This information is also required to be included on the attendance register and attached to the minutes, which are lodged with ASIC and are publicly available for a small fee.

The following details must be provided:

Name of Creditor:

Telephone contact and email address
details for the purpose of the meeting:

Tel:

Email:

Dated: 2 September 2024

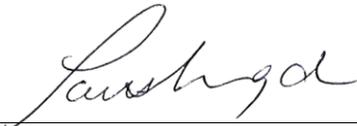


John Mouawad
Administrator

KordaMentha
GPO Box 2523
Sydney NSW 2001

Keystone Asset Management Ltd (Administrators Appointed) (Receivers and Managers Appointed)
ACN 612 443 008

Authorised representatives

Name	Signature	Limit amount
Scott Langdon		No limit
John Mouawad		No limit
Michael Korda		No Limit

Corporations Act 2001

Initial remuneration notice

Keystone Asset Management Ltd (Administrators Appointed) (Receivers and Managers Appointed) ACN 612 443 008 ('the Company')

The purpose of the Initial Remuneration Notice is to provide you with information about how our remuneration for undertaking the voluntary administration will be set and how disbursements may be calculated and incurred.

Remuneration methods

There are four basic methods that may be used to calculate the remuneration of an external administrator. They are:

1. Time based or hourly rates – This is the most common method. The total fee charged is based on the hourly rate charged for each staff member based on their level of experience and multiplied by the number of hours spent by each staff member on each of the tasks performed.
2. Fixed fee – The total fee charged is normally agreed to, and quoted, at the commencement of the administration and is based on the anticipated work through the term of the administration. At times, an insolvency practitioner will finalise an administration for a fixed fee.
3. Percentage – The total fee is based on a percentage rate of a particular variable, such as the gross proceeds of all assets recovered in an administration.
4. Contingency – the fee is structured to be contingent on a particular outcome being achieved.

Remuneration method chosen

Given the nature of this administration, remuneration will be calculated on the basis of an hourly rate charged for each person who carried out the work at the direction of the voluntary administrators multiplied by the number of hours spent by each person on each of the tasks performed as it fairly reflects the necessary work performed and overcomes the difficulty in identifying the scope of the work required, particularly on longer term engagements. It also ensures that creditors are only charged for work that is performed. This method is also chosen as there are a number of tasks that are required to be performed but do not relate to the realisation of assets, for example responding to creditor enquiries, reporting to the Australian Securities and Investments Commission and distributing funds to creditors.

Explanation of the KordaMentha rates

The current rates for our remuneration calculation are set out in the attached appendix together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. These rates are multiplied by the time spent by the applicable staff member in completing tasks relating to the administration as recorded in our time reporting system. The basis of our time reporting system is one of six minute time increments. This allows us to produce a detailed analysis of time spent on each type of task by each individual staff member utilised in the administration. This method provides full accountability to creditors in the method of calculation.

The KordaMentha rates are subject to review and adjustment at 1 July each year to reflect changes in the cost base of the firm and changes in market conditions and rates for comparable insolvency firms. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Estimate of total remuneration

Based on the limited information we have at this early stage of the administration, we estimate that this administration will cost approximately \$250,000 (excluding GST), funds permitting. The total cost of the administration will vary depending on the complexity and demands of the administration and the work required to be performed by the voluntary administrators and our staff in respect of issues arising from the administration. Any delays in the administration could also cause the estimate to vary. These variables may have a significant effect on this estimate, however, we are unable to determine at this early stage of the administration what the effect may be.

We did not provide an estimate of the cost of the administration to any party prior to our appointment.

We have not received an upfront payment or indemnity.

Please note that if the total remuneration claimed is less than the statutory minimum pursuant to Section 60-15 of Schedule 2 (Insolvency Practice Schedule) of the Corporations Act 2001 (Cth) ('the IPS'), being \$6,349 (exclusive of GST), creditor approval will not be required pursuant to Subsection 60-5(2) of the IPS.

Disbursements

Disbursements are divided into three types:

- Externally provided professional services – these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs – these are recovered at cost. Examples of externally provided professional service disbursements are travel, accommodation, search fees and lodgement fees.
- Internal disbursements – these are recovered on a reasonable commercial basis. These disbursements are generally charged at cost, though some may be charged at a rate which recoups both variable and fixed costs. Examples of internal disbursements include printing and postage costs, travel allowance and data room hosting.

We are not required to seek creditor approval for disbursements paid to third parties, but must account to creditors. However, we must be satisfied that these disbursements are appropriate, justified and reasonable.

We are required to obtain creditor's consent for the payment of internal disbursements. Creditors will be asked to approve our internal disbursements prior to these disbursements being paid from the administration.

Details of the basis of recovering disbursements are included with the enclosed schedule titled KordaMentha Rates – National RST – FY2025.

Dated: Monday, 2 September 2024



John Mouawad
Administrator

Appendix A

KordaMentha rates

National - RST

Applicable from 1 July 2024

FY 2025

Classification	\$ per hour*
Partner/Principal Appointee	950
Executive Director	925
Director	900
Associate Director	850
Manager	750
Associate	650
Executive Analyst	550
Analyst	475
Administration	230

*Exclusive of GST

KordaMentha disbursement policy

Disbursements incurred from third party suppliers are charged at the cost invoiced except for ASIC charges when only an estimated amount is known or the future storage and destruction of books and records, which is charged at the actual rate at the time of the resolution. KordaMentha does not add any margin to disbursements incurred through third parties. There are no charges for internal KordaMentha disbursements, such as internal photocopy use, telephone calls or facsimiles, except for bulk printing and postage that is performed internally, which are calculated on a variable cost recovery basis.

In relation to any employee allowances, being kilometre allowance and reasonable travel allowance, the rate of the allowance set by KordaMentha is at or below the rate set by the Australian Taxation Office.

If a KordaMentha data room is utilised, the fee will be based on the duration and size of the data room. Certain services provided by Forensic Technology may require the processing of electronically stored information into specialist review platforms. Where these specific Forensic Technology resources are utilised, the fee will be based on units (e.g. number of laptops), size (e.g. per gigabyte) and/or period of time (e.g. period of hosting).

GST is applied to disbursements as required by law.

KordaMentha disbursement internal rates and allowances applicable from 1 July 2024

Description	Charge*
Envelopes	\$0.10 to \$0.62 per envelope (varies due to size)
Printing (internal print runs)	\$0.06 per page
ASIC charges for appointments and notifiable events	These amounts will be charged at the amount disclosed in the schedule at the time of the resolution was passed. The current estimated levy amount is: \$100.00 per appointee or notifiable event
Travel Reimbursement	\$0.60 per kilometre
Meal per diem, etc.	Up to \$92.70 per day per staff member (unless other arrangements made)
Storage and destruction of books and records of the entity and the external administration	Storage - \$3.24 per box per annum Cost of box establishment - \$7.16 per box Destruction - \$6.12 per box
RelativityOne fee	Data hosting \$20.00 per GB per month
	Repository workspace \$10.00 per GB per month
	Cold storage \$5.00 per GB per month
	Data processing \$10.00 per GB
<i>Note: only one of Data hosting, Repository workspace, Cold storage or Data processing cost will be charged at any one time</i>	
Data Room Plan and Fee	Refer to attached table

*Exclusive of GST, reviewed annually on 1 July. Postage is based on standard weight – amounts above that will be at cost.

Data Room Plan and Fee

250 MB Data Plan				1 GB Data Plan				2 GB Data Plan			
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 50 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 100 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 200 MB, per Month
Monthly	\$499.00	\$499.00	\$179.00	Monthly	\$1,534.00	\$1,534.00	\$179.00	Monthly	\$2,127.00	\$2,127.00	\$179.00
3 months	\$424.00	\$1,272.00	\$152.00	3 months	\$1,286.00	\$3,858.00	\$152.00	3 months	\$1,781.00	\$5,343.00	\$152.00
6 months	\$374.00	\$2,244.00	\$134.00	6 months	\$1,132.00	\$6,792.00	\$134.00	6 months	\$1,572.00	\$9,432.00	\$134.00
12 months	\$299.00	\$3,588.00	\$107.00	12 months	\$860.00	\$10,320.00	\$107.00	12 months	\$1,186.00	\$14,232.00	\$107.00
4 GB Data Plan				5 GB Data Plan				6 GB Data Plan			
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month
Monthly	\$2,945.00	\$2,945.00	\$179.00	Monthly	\$3,821.00	\$3,821.00	\$179.00	Monthly	\$4,237.00	\$4,237.00	\$179.00
3 months	\$2,463.00	\$7,389.00	\$152.00	3 months	\$3,249.00	\$9,747.00	\$152.00	3 months	\$3,613.00	\$10,839.00	\$152.00
6 months	\$2,177.00	\$13,062.00	\$134.00	6 months	\$2,872.00	\$17,232.00	\$134.00	6 months	\$3,184.00	\$19,104.00	\$134.00
12 months	\$1,648.00	\$19,776.00	\$107.00	12 months	\$2,287.00	\$27,444.00	\$107.00	12 months	\$2,533.70	\$30,404.40	\$107.00
7 GB Data Plan				8 GB Data Plan				9 GB Data Plan			
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month
Monthly	\$4,575.00	\$4,575.00	\$179.00	Monthly	\$4,718.00	\$4,718.00	\$179.00	Monthly	\$4,848.00	\$4,848.00	\$179.00
3 months	\$3,899.00	\$11,697.00	\$152.00	3 months	\$4,016.00	\$12,048.00	\$152.00	3 months	\$4,120.00	\$12,360.00	\$152.00
6 months	\$3,431.00	\$20,586.00	\$134.00	6 months	\$3,548.00	\$21,288.00	\$134.00	6 months	\$3,639.00	\$21,834.00	\$134.00
12 months	\$2,742.00	\$32,904.00	\$107.00	12 months	\$2,820.00	\$33,840.00	\$107.00	12 months	\$2,898.00	\$34,776.00	\$107.00
10 GB Data Plan				11 GB Data Plan				12 GB Data Plan			
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month
Monthly	\$5,329.00	\$5,329.00	\$179.00	Monthly	\$5,875.00	\$5,875.00	\$179.00	Monthly	\$6,421.00	\$6,421.00	\$179.00
3 months	\$4,536.00	\$13,608.00	\$152.00	3 months	\$5,004.00	\$15,012.00	\$152.00	3 months	\$5,459.00	\$16,377.00	\$152.00
6 months	\$4,003.00	\$24,018.00	\$134.00	6 months	\$4,406.00	\$26,436.00	\$134.00	6 months	\$4,822.00	\$28,932.00	\$134.00
12 months	\$3,184.00	\$38,208.00	\$107.00	12 months	\$3,522.00	\$42,264.00	\$107.00	12 months	\$3,847.00	\$46,164.00	\$107.00
13 GB Data Plan				14 GB Data Plan				15 GB Data Plan			
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month
Monthly	\$6,967.00	\$6,967.00	\$179.00	Monthly	\$7,513.00	\$7,513.00	\$179.00	Monthly	\$7,994.00	\$7,994.00	\$179.00
3 months	\$5,927.00	\$17,781.00	\$152.00	3 months	\$6,395.00	\$19,185.00	\$152.00	3 months	\$6,798.00	\$20,394.00	\$152.00
6 months	\$5,225.00	\$31,350.00	\$134.00	6 months	\$5,641.00	\$33,846.00	\$134.00	6 months	\$6,005.00	\$36,030.00	\$134.00
12 months	\$4,172.00	\$50,064.00	\$107.00	12 months	\$4,497.00	\$53,964.00	\$107.00	12 months	\$4,783.00	\$57,396.00	\$107.00

16 GB Data Plan				17 GB Data Plan				18 GB Data Plan			
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month
Monthly	\$8,540.00	\$8,540.00	\$179.00	Monthly	\$9,086.00	\$9,086.00	\$179.00	Monthly	\$9,632.00	\$9,632.00	\$179.00
3 months	\$7,266.00	\$21,798.00	\$152.00	3 months	\$7,734.00	\$23,202.00	\$152.00	3 months	\$8,189.00	\$24,567.00	\$152.00
6 months	\$6,408.00	\$38,448.00	\$134.00	6 months	\$6,824.00	\$40,944.00	\$134.00	6 months	\$7,227.00	\$43,362.00	\$134.00
12 months	\$5,121.00	\$61,452.00	\$107.00	12 months	\$5,446.00	\$65,352.00	\$107.00	12 months	\$5,771.00	\$69,252.00	\$107.00

19 GB Data Plan				20 GB Data Plan			
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month
Monthly	\$10,178.00	\$10,178.00	\$179.00	Monthly	\$10,724.00	\$10,724.00	\$179.00
3 months	\$8,657.00	\$25,971.00	\$152.00	3 months	\$9,125.00	\$27,375.00	\$152.00
6 months	\$7,643.00	\$45,858.00	\$134.00	6 months	\$8,046.00	\$48,276.00	\$134.00
12 months	\$6,096.00	\$73,152.00	\$107.00	12 months	\$6,421.00	\$77,052.00	\$107.00

KordaMentha classifications

Classification	Guide to level of experience
Partner/Executive Director/ Principal Appointee	Specialist skills brought to the engagement. Includes Registered Liquidator/Trustee and their Partners. Generally in excess of 10 years' experience.
Director	More than eight years' experience and more than three years as a Manager. Answerable to the Partner or Executive Director, but otherwise responsible for all aspects of an engagement. Controls staffing and their training.
Associate Director	Five to eight years' experience with well-developed technical and commercial skills. Will have conduct of minor engagements and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large engagements.
Manager	Four to six years' experience. Will have had conduct of minor engagements and experience in control of one to three staff. Assists with the planning control of medium to large engagements.
Associate	Two to four years' experience. Assists planning and control of small to medium engagements as well as performing some of the more difficult tasks on larger engagements.
Executive Analyst	One to three years' experience. Required to control the tasks on small engagements and is responsible for assisting tasks on medium to large engagements.
Analyst	Undergraduate or graduate with up to two years' experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Administration	Appropriate skills, including books and records management.

Creditor Rights in Voluntary Administrations

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



Right to request information

Information is communicated to creditors in a voluntary administration through reports and meetings.

In a voluntary administration, two meetings of creditors are automatically held. You should expect to receive reports and notice of these meetings:

- The first meeting is held within 8 business days of the voluntary administrator's appointment. A notice of meeting and other information for this meeting will be issued to all known creditors.
- The second, or decision, meeting is usually held within 6 weeks of the appointment, unless an extension is granted. At this meeting, creditors will get to make a decision about the company's future. Prior to this meeting the voluntary administrator will provide creditors with a notice of the meeting and a detailed report to assist in making your decision.

Important information will be communicated to creditors prior to and during these meetings. Creditors are unable to request additional meetings in a voluntary administration.

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

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

Requests must be reasonable.

They are not reasonable if:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) the information requested would be privileged from production in legal proceedings
- (c) disclosure would found an action for breach of confidence
- (d) there is not sufficient available property to comply with the request
- (e) the information has already been provided
- (f) the information is required to be provided under law within 20 business days of the request
- (g) the request is vexatious

If a request is not reasonable due to (d), (e) or (f) above, the voluntary administrator must comply if the creditor meets the cost of complying with the request.

Otherwise, a voluntary administrator must inform a creditor if their information request is not reasonable and the reason why.

Right to give directions to voluntary administrator

Creditors, by resolution, may give a voluntary administrator directions in relation to a voluntary administration. A voluntary administrator must have regard to these directions, but they are not required to comply with the directions.

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

An individual creditor cannot provide a direction to a voluntary administrator.

Right to appoint a reviewing liquidator

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

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

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

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

Right to replace voluntary administrator

At the first meeting, creditors have the right to remove a voluntary administrator and appoint another registered liquidator to act as voluntary administrator.

A creditor must ensure that they have a consent from another registered liquidator prior to the first meeting if they wish to seek the removal and replacement of a voluntary administrator.

Creditors also have the opportunity to replace a voluntary administrator at the second meeting of creditors:

- If creditors vote to accept a proposed deed of company arrangement, they can appoint a different registered liquidator as the deed administrator.
- If creditors vote to place the company into liquidation, they can appoint a different registered liquidator as the liquidator.

It is however usual for the voluntary administrator to act as deed administrator or liquidator. It would be expected that additional costs would be incurred by an alternate deed administrator or liquidator to gain the level of knowledge of the voluntary administrator.

Like with the first meeting, a creditor must ensure that they have a consent from another registered liquidator prior to the second meeting if they wish to seek to appoint an alternative registered liquidator as deed administrator or liquidator.

**For more information, go to www.arita.com.au/creditors.
Specific queries about the voluntary administration should be directed to the voluntary administrator's office.**

Information Sheet: Committees of Inspection

You have been elected to be, or are considering standing for the role of, a member of a Committee of Inspection (COI) in either a liquidation, voluntary administration or deed of company arrangement of a company (collectively referred to as an external administration).

This information sheet is to assist you with understanding your rights and responsibilities as a member of a COI.

What is a COI?

A COI is a small group of creditors elected to represent the interests of creditors in the external administration. The COI advises and assists the external administrator and also has the power to approve and request certain things – this is discussed in more detail below.

Membership of the COI is a voluntary, unpaid position.

Who can be elected to a COI?

To be eligible to be appointed as a member of a COI, a person must be:

- A creditor
- A person holding the power of attorney of a creditor
- A person authorised in writing by a creditor; or
- A representative of the Commonwealth where a claim for financial assistance has, or is likely to be, made in relation to unpaid employee entitlements.

If a member of the COI is a company, it can be represented by an individual authorised in writing to act on that creditor's behalf. It also allows the creditor to maintain its representation if a change in the individual is required

A COI usually has between 5 and 7 members, though it can have more, or less, depending on the size of the external administration.

A member of a COI can be appointed by:

- resolution at a meeting of creditors
- an employee or a group of employees owed at least 50% of the entitlements owed to employees of the company
- a large creditor or group of creditors that are owed at least 10% of the value of the creditors' claims,

If an employee or group of employees, or a large creditor or group of creditors, appoints a member to the COI, they cannot vote on the general resolution of creditors to appoint members to the COI. Each of these groups also have the power to remove their appointed member of the COI and appoint someone else.

If you are absent from 5 consecutive meetings of the COI without leave of the COI or you become an insolvent under administration, you are removed from the COI.

What are the roles and powers of a COI?

A COI has the following roles:

- to advise and assist the liquidator, voluntary administrator or deed administrator (collectively referred to as the external administrator)
- to give directions to the external administrator
- to monitor the conduct of the external administration.

In respect of directions, the external administrator is only required to have regard to those directions. If there is a conflict between the directions of the COI and the creditors, the directions of the creditors prevail. If the external administrator chooses not to comply with the directions of the COI, the external administrator must document why.

A COI also has the power to:

- approve remuneration of the external administrator after the external administrator has provided the COI with a Remuneration Approval Report (a detailed report setting out the remuneration for undertaking the external administration)
- approve the use of some of the external administrator's powers in a liquidation (compromise of debts over \$100,000 and entering into contracts over 3 months)
- require the external administrator to convene a meeting of the company's creditors
- request information from the external administrator
- approve the destruction of the books and records of the external administration on the conclusion of the external administration
- with the approval of the external administrator, obtain specialist advice or assistance in relation to the conduct of the external administration
- apply to the Court for the Court to enquire into the external administration.

An external administrator is not required to convene a meeting of creditors if the request by the COI is unreasonable, or provide requested information if the request is unreasonable, not relevant to the administration or would cause the external administrator to breach their duties.

A request to convene a meeting of creditors is unreasonable if:

- it would substantially prejudice the interests of a creditor or third party
- there are insufficient funds in the external administration to cover the cost of the request
- a meeting of creditors dealing with the same matters has already been held or will be held within 15 business days, or
- the request is vexatious.

If a request for a meeting is reasonable, the external administrator must hold a meeting of creditors as soon as reasonably practicable.

A request for information is unreasonable if:

- it would substantially prejudice the interests of a creditor or third party
- the information would be subject to legal professional privilege
- disclosure of the information would be a breach of confidence
- there are insufficient funds in the external administration to cover the cost of the request
- the information has been provided or is required to be provided within 20 business days, or
- the request is vexatious.

If the request for information is not unreasonable, the external administrator must provide the requested information within 5 business days, but the law provides for further time in certain circumstances.

An external administrator must inform the COI if their meeting or information request is not reasonable and the reason why.

How does the COI exercise its powers?

A COI exercises its powers by passing resolutions at meetings of the COI. To pass a resolution, a meeting must be convened and a majority of the members of the COI must be in attendance.

A meeting is convened by the external administrator by giving notice of the meeting to the members of the COI. Meetings of the COI can be convened at short notice. The external administrator must keep minutes of the meeting and lodge them with ASIC within one month of the end of the meeting.

ASIC is entitled to attend any meeting of a COI.

What restrictions are there on COI members?

A member of a COI must not directly or indirectly derive any profit or advantage from the external administration. This includes by purchasing assets of the company or by entering into a transaction with the company or a creditor of the company. This prohibition extends to related entities of the member of the COI and a large creditor(s) that appoints a member to the COI.

Creditors, by resolution at a meeting of creditors, can resolve to allow the transaction. The member of the COI or the large creditor(s) that appoints a member to the COI is not allowed to vote on the resolution.

Where can you get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding external administrations and insolvency. This information is available from ARITA's website at 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 (search "insolvency information sheets").

**For more information, go to www.arita.com.au/creditors.
Specific queries about the liquidation should be directed to the liquidator's office.**