



Our ref: AH/JS/ON/ON//201-22115

11 December 2024

Statutory Report by Liquidator

SHAWLINE PUBLISHING GROUP PTY LTD (IN LIQUIDATION)

A.C.N. 643 112 609 (the "Company")

(FORMERLY TRADING AS:

NEW FOUND BOOKS AUSTRALIA

SHAWLINE DISTRIBUTION

EIGHTTWOEIGHT BOOKS

AUSTRALIAN AUDIOBOOK PRODUCTIONS)

We refer to our initial information for creditors dated 16 October 2024 in which we advised you of our appointment as liquidator and your rights as a creditor in the liquidation.

The purpose of this report is to:

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

We will also be requesting that you consider our detailed remuneration report and pass a proposal to approve our remuneration.

1 Update on the progress of the liquidation

1.1 Assets and liabilities

Below is an analysis of the assets and liabilities of the Company and comparison to the Report on Company Activities and Property ('ROCAP') as provided by the Director:

| | <u>ROCAP VALUE</u> | <u>LIQUIDATORS' ESTIMATED REALISABLE VALUE</u> | <u>NOTES</u> |
|-----------------------|-------------------------------|---|---------------------|
| | \$ | \$ | |
| Assets | | | |
| Sundry Debtors | 100,880 | Unknown | 1 |
| Cash at Bank | - | 45,150 | |
| Author Funding | - | 11,720 | 2 |
| Plant & Equipment | - | 6,325 | 3 |
| Stock | - | Nil | |
| Intellectual Property | - | Nil | 4 |
| Total Assets | 100,880 | 63,195 | |

Liabilities

| | | | |
|-----------------------------|----------------|----------------|----------|
| Secured Creditors | Nil | Nil | 5 |
| Priority Creditors | Nil | 12,433 | 6 |
| Unsecured Creditors | 437,319 | 977,987 | 7 |
| Total Liabilities | 437,319 | 990,420 | |
| Estimated Deficiency | 336,439 | 927,225 | |

1) Sundry Debtors

The debts outstanding to the Company are mostly due from authors in relation to the publishing process and/or purchase of their books. We do not anticipate there being any recoveries from these authors having regard to the cessation of the business and inability of the Company to complete these engaged works.

The balance of the ledger comprises numerous small debts owed to the Company from book retailers. We are in the process of engaging the services of a debt collection agency to demand payment from the remaining debtors. We do not expect recoveries from this source to be material.

2) Author Funding

Following our appointment we wrote to all authors in relation to materials associated with their publication contracts. In the event authors sought from us the provision of these materials we sought payment from them of \$440 for their first book and \$200 for each subsequent publication. In response, we received \$11,720 to contribute towards our costs in assisting these authors.

3) Plant & Equipment

The Plant & Equipment of the Company consisted of laptops, office equipment and a vehicle. We commissioned the services of Dominion Group ('Dominion'), an independent firm of valuers and auctioneers, to undertake a valuation and sale of these assets. To date we have received \$5,750 in relation to the sale of the vehicle and one laptop. We have been advised by Dominion that most of the remaining assets have been sold and we are awaiting the proceeds to be transferred into the Company's Liquidation account. These proceeds are expected to be \$514.25.

4) Intellectual Property

We understand the records of Shawline may contain various materials associated with the author publication projects on foot at the time of our appointment including edited manuscripts, design works, cover designs and related items (Author Materials). Without acknowledgement or admission in respect of any copyright which Shawline may rightfully hold in the Author Materials, at this time we do not propose to assert any rights or interest in these Author Materials.

Prior to our appointment we are aware of numerous disputes and/or contract terminations raised by authors with the Company in relation to services provided (or not provided). Allegations have also been made that some authors believe they were fraudulently induced to sign their publication contracts and pay the required fees. Accordingly, we are working with authors to return to them the Author Materials held by the Company. We do not anticipate any realisable value associated with the Company's Intellectual Property.

In this regard we have received requests from 23 authors to return to them the author materials. We are pleased to advise that we have generally been able to provide these materials within 24 to 48 hours of a request being made. We understand the particular distress caused by the Company's failure upon many authors and trust that our rapid response has gone some way to mitigate against this.

5) Secured Creditors

A search of the Personal Property Securities Register ('PPSR') identified that The Trustee for Abacus Unit Trust had registered a security interest over a photocopier used in the business. This item has since been disclaimed and was made available for its collection. The residual debt owed to this supplier of \$18,845.47 is included as an unsecured claim.

6) Priority Creditors

We have encouraged workers who believed they were an employee of the Company to contact Fair Entitlements Guarantee ("FEG") as FEG is experienced in determining the classification of employment (employee vs. contractor) and claim eligibility.

In order to be considered by FEG, claims to FEG must be submitted within 12 months of the liquidation of the Company.

The Fair Entitlements Guarantee (FEG) is operated by the Department of Employment & Workplace Relations. It is a scheme designed to provide a safety net for the protection of certain employment entitlements for employees whose employment has been terminated as a result of their employer's insolvency.

We have been advised that some employees have been in contact with FEG in relation to unpaid employee entitlements. We were subsequently engaged by FEG to undertake the calculation and verification work in relation to amounts potentially owed to employees. We advise that FEG has paid us \$3,453.45 (incl GST) in relation to the work completed and this amount will be subtracted from the total remuneration we are seeking approval for. To date we are awaiting a Proof of Debt from FEG in relation to its payment of entitlements to Company employees.

Outstanding Superannuation

Creditors are advised that in a liquidation, any unpaid superannuation that is subject to the statutory threshold rate is a debt payable to the Australian Taxation Office ("ATO"). Where a dividend is available, the ATO will forward to each employee's superannuation fund the distribution paid by the Liquidators. Unfortunately, the law stipulates that a liquidator is not able to make payments of

superannuation directly to any employee or employee's superannuation fund in relation to this aspect.

In relation to any unpaid superannuation that is not subject to the statutory threshold rate (e.g. difference between the current threshold rate of 10.5% vs a contractual rate of say 15%), employees are entitled to make a claim for this debt directly in the liquidation. In such an event, former employees are requested to provide a copy of all relevant supporting documentation evidencing the superannuation rate that is applicable to them. In the absence of any such claims unpaid superannuation will only be calculated based upon the statutory rate applicable.

1.2 Receipts and payments to date

Attached at Annexure E are details of all receipts and payments in the liquidation to date.

1.3 Investigations and recovery actions

1.3.1 Investigations undertaken

Since our appointment as Liquidators we have undertaken the following investigations:

- Liased with the Director and administration staff regarding the affairs of the Company;
- Conducted investigations into whether the Company traded whilst insolvent;
- Reviewed transactions that took place on the Company's pre-appointment bank account;
- Reviewed the records of the Company to investigate the works performed by it;
- Searched the VicRoads database for any vehicles held in the name of the Company in the 12 months prior to our appointment; and
- Conducted investigations in relation to potential voidable transactions.

As noted above, we have also been contacted by many authors seeking the return of the author materials and/or information in relation to book sales etc. Where possible we have attempted to assist many of these individuals which has included directing them to alternate publishing agencies or the Australian Society of Authors. Our office continues to be contacted by authors impacted by the closure of the business and despite this work now being unfunded, we continue to assist.

1.3.2 Findings and possible recoveries

We have undertaken investigations into the affairs of the Company in respect to those matters outlined in the creditor information sheet – Offences, Recoverable Transactions & Insolvent Trading (Annexure D). As a result of our investigations, we have identified the following:

Insolvent Trading

A director has a duty to prevent insolvent trading by a company. A director has, by statutory definition, contravened Section 588G of the Corporations Act 2001 (the Act) if, at the time of a

transaction, they were a director, and the company was insolvent, and a reasonable person would have grounds for suspecting that insolvency.

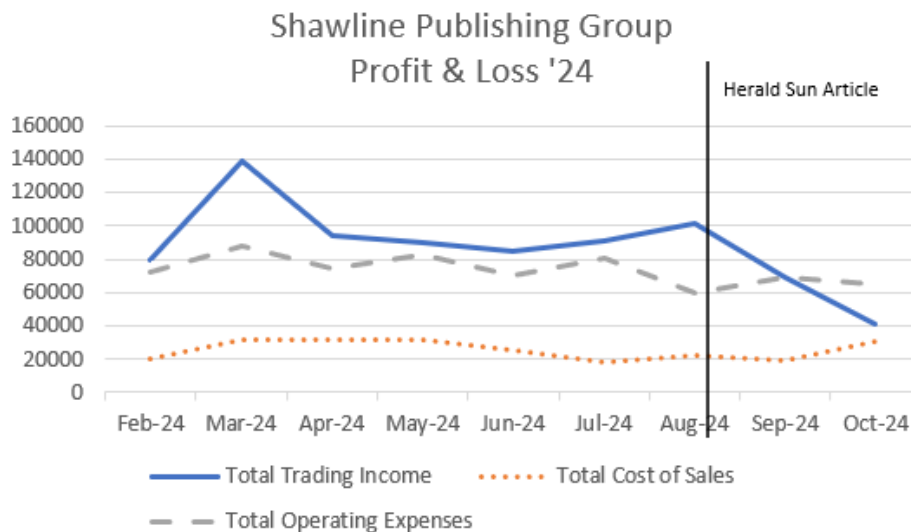
Pursuant to Section 588M(2) of the Act, a company's liquidator may instigate court proceedings to recover from a director the loss occasioned to creditors by insolvent trading. The funds recovered are available for the benefit of all creditors.

From the available records, we have conducted a review of the Company's financial position and the conduct of the Director in the period prior to our appointment for the purposes of establishing whether the Director may be liable for trading the Company whilst insolvent.

Our investigations revealed that the Company may have been insolvent from 26 August 2024. Our initial assessment of its position of insolvency is based on the following factors:

- Significant loss in total trading income;
- Inability to pay its debts as and when they fell due from 26 August 2024 onwards; and
- Its inability to meet its outstanding superannuation and tax obligations.

Creditors may be aware that this date also correlates to the appearance of an adverse article in an Australian media publication. As detailed in the graph below, it can be observed that a significant reduction in the Company's revenue occurred after this date:



From this time we understand that not only did future 'Pipeline' work and signings with new authors decrease, the Company also received a number of termination notices associated with the existing author contracts. Author creditors may be aware of emails sent by the Company's Director to them after this date attempting to resolve their concerns.

It appears that the Director did not fully appreciate the magnitude of the financial impact that this article would have on the business. While prior to this date the performance of the business was not healthy, this article and the associated responses by the Company's clients halted any chance of a financial recovery.

Prior to commencement of any insolvent trading action, the following issues must be considered by a liquidator before undertaking such an action:-

- (a) Assets of the director to meet the obligation should a judgement be awarded against them;
- (b) Legal costs of such an action may be high. Therefore there must be sufficient assets in the liquidation and/or creditors prepared to indemnify the liquidator to meet the costs;
- (c) Time involved in such an action could be approximately 12 months or more; and
- (d) Risk of success/failure of the action where the director defends the action.

Further, in the event that any insolvent trading action is commenced against the Director, based upon a Statutory Declaration provided by him to us attesting to his personal financial position he does not appear to have any capacity to repay any judgement obtained against him.

Voidable Transactions

Our investigations have not identified any transactions that may constitute unreasonable Director related transactions. We do note that the Director appears to have taken funds from the Company in lieu of wages. However, these withdrawals approximate \$120,000 over the prior 3 years which represent a modest annual wage of \$40,000. All personal transactions made by the Director were also added to his loan account.

As noted above, the Director also appears to have no financial capacity to meet any demands made upon him.

We have not been able to identify any preferential payments to creditors that are commercially viable to attempt the recovery of.

1.3.3 Further inquiries to be undertaken

Our enquiries into the Company's affairs, including those outlined in Annexure D, are largely complete subject to receiving any additional information and evidence from creditors that may alert us to new avenues of enquiry. We will now move forward with the completion and lodgement of our confidential report to ASIC pursuant to Section 533(1) of the Act.

In a report under this section, liquidators are required to express their view on various aspects of the Company's failure and also to consider if there were any offences committed. This report is confidential and therefore will not be circulated amongst the Company's creditors.

We will also move forward with the completion and lodgement of our confidential report to ASIC pursuant to Section 533(1) of the Act.

Should creditors have information they believe would assist with our investigations then they requested to provide such details to us in writing as soon as possible.

A number of creditors have alleged that they were defrauded by the Company's Director in signing their publishing contracts, paying the associated fees or in lost royalties. We recommended that these authors seek their own independent legal advice particular to their own circumstances and based upon that advice determine whether a claim with the Victorian Police should be filed.

Litigation

Upon our appointment we were made aware that the Company was the subject of litigation in VCAT. Pursuant to section 471B of the Corporations Act, while a company is being wound up a person cannot begin or proceed. Accordingly, we wrote to VCAT and the lawyer representing the Company advising them that the matter was to be discontinued. We subsequently received confirmation from VCAT that this had occurred.

1.3.4 What happened to the business of the Company?

The Company was incorporated on 31 July 2020 and traded from leased premises situated at 218A Skipton Street Ballarat Central VIC 3350. We understand that this was a book store that was subsequently closed. The business subsequently relocated to 24 Victoria Street, Bakery Hill VIC 3350. We understand that the Company operated a business publishing, editing and distributing books. The business ceased to trade prior to our appointment as Joint and Several Liquidators of the Company.

The sole Director and shareholder of the Company is Mr Edwin McBride. Mr McBride is also known as 'Brad/Bradley Shaw' and 'Brad McBride'.

2 Likelihood of a dividend

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

- the size and complexity of the administration
- the amount of assets realisable and the costs of realising those assets
- the statutory priority of certain claims and costs
- the value of various classes of claims including secured, priority and unsecured creditor claims, and
- the volume of enquiries by creditors and other stakeholders.

At the current time, there is not expected to be sufficient funds to pay a dividend to priority or unsecured creditors. However, if this changes and we do declare a dividend, creditors shall be advised accordingly.

3 Cost of the liquidation

At present we have incurred remuneration costs of \$98,821 in undertaking work associated with this liquidation. The majority of this work has been in dealing with and responding to enquiries made by authors impacted by the closure of the Company's business and investigating allegations made against the Director.

Accordingly, we are seeking approval of an increase in our remuneration of \$45,614 for the period 3 October 2024 to 30 November 2024. Notwithstanding this request, we expect that some of this work will be unfunded.

Attached at Annexure (A) is a detailed report on our remuneration, called a Remuneration Approval Report. We are unable to pay our remuneration without the approval of creditors or the court.

We are seeking creditor approval of our remuneration by a proposal without a meeting.

To participate in the proposal, please complete and return the following by no later than 5.00pm on **31 January 2025**.

- The "proposal without a meeting" forms included at Annexure (B)
- The "proof of debt" form included at Annexure (C) which provides information about what the company owes you, along with supporting documents for your claim (if not returned previously)

The documents can be scanned and emailed to Mr Ollie Nelson or returned via post to our firm's address, attention Mr Ollie Nelson. If you choose to return these documents via post, please ensure that you allow enough time for me to receive them by the due date.

An information sheet on "proposals without a meeting" is included at Annexure (B).

4 What happens next with the liquidation?

We will proceed with the liquidation, including:

- Receipting and recording creditor claims and proposal voting forms
- Recover any further available property
- Complete our investigations into the Company's affairs including those detailed in the attached ARITA Creditor Information Sheet: Offences, Recoverable Transactions and Insolvent Trading; and
- Complete our reporting to the corporate insolvency regulator, the Australian Securities and Investments Commission (ASIC)

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

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

We expect to have completed this liquidation within 6 months

5 What to do next

You should now:

- read the attached information;
- prepare and return your proof of debt (if not already completed);
- determine if and how you are going to vote on the proposal; and
- complete and return your proposal voting form by **31 January 2025**.

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

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 for "insolvency information sheets").

Please find attached:

| Annexure | Document Title |
|----------|---|
| A | Remuneration Approval Report |
| B | Notice of Proposal to Creditors |
| C | Proof of Debt Form |
| D | Information Sheet compiled by Australian Restructuring, Insolvency and Turnaround Association: <ul style="list-style-type: none"> • Information Sheet: Proposals without meetings • Creditor Information Sheet – Offences, Recoverable Transactions & Insolvent Trading |
| E | Summary of Receipts & Payments |

Please do not hesitate to contact Mr Ollie Nelson of our office if you require further information.

Yours faithfully,



ADRIAN HUNTER & ROBYN ERSKINE
JOINT & SEVERAL LIQUIDATORS

Annexure A

Our Ref: AH/JS/ON/ON//706-27501

11 December 2024

SHAWLINE PUBLISHING GROUP PTY LTD (IN LIQUIDATION)
A.C.N. 643 112 609 (the “Company”)

Remuneration Approval Report
IPS (Corp.) 70-50 / IPR (Corp.) 70-45

1. Summary

Creditors have previously approved our remuneration of \$52,830 (excl. GST) and disbursements of \$1,250 (excl. GST) which was detailed in our Initial Remuneration Notice dated 16 October 2024 ('IRN').

We estimate that the total cost of this Creditors Voluntary Liquidation will be approximately \$120,000. This has increased from the previous estimates that we provided you to because of:

- The quantity of emails and calls from the creditors and authors of the Company was higher than anticipated;
- Investigations into allegations and claims made by creditors of the Company regarding the conduct of its Director; and
- The significant quantity of Informal Proofs of Debt and Proposals returned to us from creditors that required our attention;

At this time we are asking creditors to approve our additional remuneration incurred to date of \$45,614 (excl. GST) via a proposal without a meeting. We note that this amount is less than the estimation of \$120,000 but at this time we do not expect to recover sufficient funds to meet our existing time costs.

2. Declaration

We have undertaken an assessment of this remuneration and disbursement claim in accordance with the law and applicable professional standards. We are satisfied that the remuneration and disbursements claimed are necessary and proper.

We have reviewed the work in progress report for the Creditors Voluntary Liquidation to ensure that remuneration is only being claimed for necessary and proper work performed and no adjustment was necessary.

3. Remuneration sought

The remuneration we are asking creditors to approve is as follows:

| For | Period | Amount (excl GST) | Rates to apply | When it will be drawn |
|------------------------------|--|--|---|---|
| Work we have already done | 3 October 2024 to 30 November 2024 <i>Less FEG Funding</i> <i>Less previously approved</i> Increase Sought | \$101,584 <u>\$3,140</u> \$98,444 <u>\$52,830</u> \$45,614 | Provided in our IRN sent out to creditors on 16 October 2024 | Monthly or when funds are available |
| TOTAL | | \$45,614 (excl GST) | | |

Details of the work already done are included at Schedule A. Schedule B includes a breakdown of time spent by staff members on each major task for work we have already done.

4. Disbursements sought

We are not required to seek creditor approval for costs paid to third parties or where we are recovering a cost incurred on behalf of the administration, but we must provide details to creditors. In this regard we direct creditors to the Summary of Receipts & Payments at Annexure E.

We are required to obtain creditors' consent for the payment of a disbursement where we, or a related entity of us, may directly or indirectly obtain a profit. For more information about disbursements, please refer to the Initial Remuneration Notice sent to you on 16 October 2024.

At this time we are not seeking approval of any additional disbursements to those already approved by creditors.

5. Previous remuneration approvals

The following remuneration approvals have previously been provided by creditors.

| Period | For | Amount Approved | Amount paid |
|---|---|--------------------|-------------|
| 3 October 2024 to Conclusion of the Liquidation | Work that we have already done and future work that we intend to do | \$52,830 | \$nil |
| TOTAL remuneration previously approved | | \$52,830 | |

We are now seeking approval of a further \$45,614 in remuneration for work already done that will bring total remuneration claimed in this Creditors Voluntary Liquidation to \$98,444. An explanation of this is at schedule A.

Schedule B includes a breakdown of time spent by staff members on each major task for work we have already done.

The actual resolution for creditors to consider via the proposal without a meeting process is included at Schedule A for your information. This resolution also appears in the proposal form provided to you.

Likely impact on dividends

The Corporations Act sets the order for payment of claims against the Company and it provides for remuneration of the Joint & Several Liquidators to be paid in priority to other claims. This ensures that when there are sufficient funds, the Joint & Several Liquidators receive payment for the work done to recover assets, investigate the Company's affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve our remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered. Any dividend to creditors will also be impacted by the amount of assets that we are able to recover and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

There are not expected to be sufficient funds to pay a dividend to unsecured creditors. If we do declare a dividend, any creditor whose claim has not yet been admitted will be contacted and asked to submit a proof of debt.

6. Funding received for remuneration and disbursements

We advise that the Department of Employment and Workplace Relations ("Department") has met some of the costs associated with calculating employee entitlements and validating successful claims. In this regard, the Department has contributed \$3,139.50 (GST exclusive) towards our costs. Accordingly, we are only seeking creditors to approve our remuneration in the sum of \$45,614 (being the actual time costs incurred between 3 October to 30 November 2024 less the Department's contribution).

7. Summary of Receipts and Payments

A summary of the receipts and payments for the administration to date is included in the general report.

8. Queries

If you have any queries in relation to the information in this report, please contact Mr Ollie Nelson, of our office.

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

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for INFO 85)

Further supporting documentation for our remuneration claim can be provided to creditors on request.

Yours faithfully,

A handwritten signature in blue ink, appearing to be 'A Hunter', written over a horizontal line.

ADRIAN HUNTER & ROBYN ERSKINE

JOINT & SEVERAL LIQUIDATORS

Attachments:

Schedule A – Details of work & Resolutions

Schedule B – Time spent by staff on each major task

Schedule C – Resolutions

Schedule D – Scale of Rates

Schedule A – Details of Work

| | | |
|------------------------|--|---|
| | | Work already done (excl GST) |
| Period | | 3 October 2024 to 30 November 2024 |
| Amount (ex GST) | | \$101,584 <i>Less FEG Funding</i> <u>\$3,140</u> \$98,444 |
| Task Area | General Description | |
| Assets | | 19.7 hours \$7,496 |
| | Plant and equipment | Liaising with valuers and auctioneers Review asset details Instructions to auctioneers Liaising with parties interested in purchase of Company Intellectual Property Consideration of offers |
| | Debtors | Reviewing and assessing debtors' ledgers |
| | Intellectual Property | Liaison with IT professionals to ensure IP secured Reviewing IP of Company Communications with interested parties |
| | Pre-appointment Bank accounts | Liaison with pre-appointment banks to obtain bank statements Correspondence with banks to determine accounts held |
| | Leased assets | Liaising with owners/lessors Tasks associated with disclaiming leases |
| Creditors | | 137.4 hours \$49,435 |
| | Creditor and author enquiries, requests and directions | Receive and respond to creditor enquiries Receive and respond to enquiries by authors and their legal representatives Compiling information requested by authors Review of Company records for materials associated with author works Liaison with the Company's landlord and utility providers |
| | Secured creditor | Notifying PPSR registered creditors of appointment Liaison with secured creditor regarding secured asset |
| | Reports to creditors | Preparing Initial Report to Creditors Preparing Statutory Report by Liquidator |

| | | Work already done (excl GST) |
|----------------------|----------------------------------|--|
| | Proposals to creditors | Preparing proposal notices and voting forms Forward notice of proposal to all known creditors Reviewing votes and determining outcome of proposal Preparation and lodgement of proposal outcome with ASIC |
| Dividend | | 9.4 hours \$2,478 |
| | Dealing with Proofs of debt | Receipting and filing POD when not related to a dividend |
| Employees | | 26.1 hours \$8,718 |
| | Employee enquiries | Receive respond to employee enquiries Preparation of letters to employees advising of their entitlements and options available |
| | Fair Entitlement Guarantee (FEG) | Correspondence with FEG Completing FEG questionnaires and tasks |
| | Calculation of Entitlements | Calculating employee entitlements Reviewing employee files and Company's books and records Reviewing superannuation payment records Correspondence with the ATO regarding outstanding Superannuation |
| Investigation | | 59.3 hours \$21,219 |
| | Conducting investigation | Collection of Company books and records including electronic records Review of Report on Company Activities and Property and entering data into system Reviewing Company books and records including electronic records Conducting and summarising statutory searches Review of specific transactions and liaising with directors regarding certain transactions Investigations into potential insolvent trading Preparation of investigation file Lodgement of investigation report with ASIC Consideration of claims and allegations made by creditors |
| | Legal | Discussions with lawyers regarding legal rights of Company's assets |

| | | |
|-----------------------|--|---|
| | | Work already done (excl GST) |
| | | Receiving and reviewing advice received from lawyers Correspond with VCAT in relation to litigation on foot |
| Administration | | 34.55 hours \$12,238 |
| | Correspondence | General correspondence as required |
| | Document maintenance, file review, checklist | Filing of documents File reviews Updating checklists |
| | Insurance | Identification of potential issues requiring attention of insurance specialists |
| | Bank account administration | Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Preparing payments from account Processing receipts |
| | ASIC forms and lodgements | Preparing and lodging ASIC forms |
| | Receipts and Payments | Receipting payments from debtors and auctioneers Authorisation of expenses |
| | ATO and other statutory reporting | Notification of appointment Preparing BAS |
| | Planning / Review | Discussions regarding status of administration |
| Total | | 286.45 hours \$101,584 <i>Less FEG Funding</i> <u>\$3,140</u> \$98,444 |

| Remuneration | \$ |
|---|---------------|
| Remuneration Incurred | 101,584 |
| <i>Less FEG Funding</i> | <u>3,140</u> |
| <i>Less Remuneration past approved and paid</i> | <u>98,444</u> |
| Balance unapproved | 52,830 |

Resolutions

We will be seeking approval of the following resolution to approve our remuneration. Details to support this resolution is included in section 3 and in the above Schedules.

Resolution – 1

“That the remuneration of the Liquidators, their partners and staff, for the period 3 October 2024 to 30 November 2024, calculated at the hours spent at the rates details in the Remuneration Approval Report dated 16 October 2024 provided to the creditors, is increased by \$45,614 (excl. GST) from \$52,830 (excl. GST) to \$98,444 (excl. GST), to be drawn from available funds immediately or as funds become available.”

Schedule B - Time spent by staff on each major task (work already done)

| Job Type: Creditors Voluntary Liquidation | | Time Billing Code: Shawline Publishing | | | | | | | | | |
|---|---------------------|--|-----------------------------|-----------------------|--------------------------|--------------------------|-------------------------|--------------------------|-------------------------|----------------------|----------------------|
| Employee Name | Employee Position | \$ / Hr (ex Tax) | Total Actual Hrs (\$) | Assets Hrs (\$) | Creditors Hrs (\$) | Employees Hrs (\$) | Trade On Hrs (\$) | Investig. Hrs (\$) | Dividend Hrs (\$) | Admin Hrs (\$) | Other Hrs (\$) |
| Robyn Erskine | Partner / Principal | 600.00 | 0.90 540 | 0.00 0 | 0.50 300 | 0.00 0 | 0.00 0 | 0.00 0 | 0.00 0 | 0.40 240 | 0.00 0 |
| Adrian Hunter | Partner / Principal | 600.00 | 57.60 34,560 | 4.60 2,760 | 32.20 19,320 | 3.40 2,040 | 0.00 0 | 10.80 6,480 | 0.10 60 | 6.50 3,900 | 0.00 0 |
| Jack Sawyer | Manager 2 | 440.00 | 40.60 17,864 | 4.10 1,804 | 16.40 7,216 | 4.50 1,980 | 0.00 0 | 9.90 4,356 | 0.00 0 | 5.70 2,508 | 0.00 0 |
| Rachel Nguyen | Senior 1 | 350.00 | 8.70 3,045 | 0.80 280 | 3.10 1,085 | 0.00 0 | 0.00 0 | 3.90 1,365 | 0.00 0 | 0.90 315 | 0.00 0 |
| Sharon Taylor | Paraprofessional | 190.00 | 4.35 827 | 0.00 0 | 2.70 513 | 0.20 38 | 0.00 0 | 0.20 38 | 0.00 0 | 1.25 238 | 0.00 0 |
| Adam Kiani | Senior 2 | 310.00 | 3.30 1,023 | 0.00 0 | 2.50 775 | 0.30 93 | 0.00 0 | 0.20 62 | 0.00 0 | 0.30 93 | 0.00 0 |
| James Thompson | Intermediate 1 | 260.00 | 8.60 2,236 | 0.40 104 | 7.00 1,820 | 0.00 0 | 0.00 0 | 0.90 234 | 0.00 0 | 0.30 78 | 0.00 0 |
| Ollie Nelson | Intermediate 1 | 260.00 | 151.90 39,494 | 9.80 2,548 | 64.80 16,848 | 17.20 4,472 | 0.00 0 | 33.40 8,684 | 9.30 2,418 | 17.40 4,524 | 0.00 0 |
| Chris Theodorou | Paraprofessional | 190.00 | 10.50 1,995 | 0.00 0 | 8.20 1,558 | 0.50 95 | 0.00 0 | 0.00 0 | 0.00 0 | 1.80 342 | 0.00 0 |
| TOTAL | | | 286.45 101,584 | 19.70 7,496 | 137.40 49,435 | 26.10 8,718 | 0.00 0 | 59.30 21,219 | 9.40 2,478 | 34.55 12,238 | 0.00 0 |
| TAX | | | 10,158 | | | | | | | | |
| TOTAL INCLUDING TAX | | | 111,742 | | | | | | | | |
| Average hourly rate | | | 354.63 | 380.51 | 359.79 | 334.02 | 0.00 | 357.82 | 263.62 | 354.20 | 0.00 |

SCHEDULE C - Scale of Insolvency Rates (Excluding GST)

| Classification | Description | Hourly Rate \$ |
|-------------------------------|--|-----------------------|
| Partner | Registered Liquidator/Trustee. Partner bringing specialist skills to the Insolvency Task. | 600.00 |
| Director | Registered Liquidator/Trustee. Qualified to take appointments in own right with over 15 years experience. Capable of controlling high level aspects of an administration. | 580.00 |
| Senior Manager | Minimum of 10 years insolvency experience, at least 5 years at manager level. Member of CAANZ (or equivalent) and a member of ARITA. Assist appointee in the planning and control of all administration and insolvency tasks. May be qualified to take appointments in his/her own right. Responsible for supervision of junior staff. | 510.00 |
| Manager 1 | Qualified accountant: greater than 7 years experience or other relevant skills. University degree and completed the CA Program (or equivalent) and ARITA Insolvency Education Program. Well developed technical and commercial skills. Assist appointee in the planning and control of all insolvency task. Responsible for supervision of junior staff. Well developed technical and commercial skills. | 470.00 |
| Manager 2 | Qualified accountant: 5-7 years experience or other relevant skills. University degree and completed the CA Program (or equivalent) and completed or completing the ARITA Insolvency Education Program. Assist in planning and control of appointments. Supervises junior staff. Well developed technical and commercial skills. | 440.00 |
| Supervisor | Qualified: 4-6 years experience or other relevant skills. Assist planning and control of the Insolvency Task. University degree, completing or completed the CA Program (or equivalent). Good knowledge of relevant insolvency legislation and issues. | 400.00 |
| Senior 1 | Graduated/Qualified: 2-4 years experience or other relevant skills. University degree, completing or completed the CA Program (or equivalent). Assists planning and control of Insolvency Tasks. Assist in supervision of junior staff. Assist planning and control of the Insolvency Task. | 350.00 |
| Senior 2 | Graduated/Qualified: 1-2 years experience. University degree, completing or completed the CA Program (or equivalent). Assists planning and control of Insolvency Tasks. Assist in supervision of junior staff. | 310.00 |
| Intermediate 1 | Generally degree qualified. Less than 1 year experience. Required to assist in day to day fieldwork under supervision of more senior staff. | 260.00 |
| Intermediate 2 | Generally undertaking a degree with accountancy major: up to 1 year experience. Required to assist in day to day fieldwork under supervision of more senior staff. | 230.00 |
| Paraprofessional | Undertakes particular aspects of professional tasks delegated but who is not licensed to practise as a fully qualified professional. Mixed role of administration and semi-professional skills. Does not undertake fieldwork. | 190.00 |
| Administration Support | Not qualified. Classification depends on experience, salary and complexity of work to be conducted. | 150.00 |
| Filing Clerk | Data input, computer skills and filing. Maintains data entry into specialised insolvency computer system, including receipts, payments, financial information. | 120.00 |

Schedule D – Explanation where remuneration previously approved

Creditors have previously approved our remuneration of \$52,830 (excl. GST) and disbursements of \$1,250 (excl. GST) which was detailed in our Initial Remuneration Notice dated 16 October 2024 ('IRN').

We estimate that the total cost of this Creditors Voluntary Liquidation will be approximately \$120,000, of which \$98,444 (excl GST) has been incurred to 30 November 2024. This has increased from the previous estimates that we provided you to because of:

- The quantity of emails and calls from the creditors and authors of the Company was higher than anticipated;
- Investigation into allegations and claims made by creditors of the Company into the conduct of its Director; and
- The significant quantity of Informal Proofs of Debt and Proposals returned to us from creditors that required our attention;

Annexure B



AH/JS/ON/ON//706-22303-**Remuneration**

21 November 2024

NOTICE OF PROPOSAL TO CREDITORS

SHAWLINE PUBLISHING GROUP PTY LTD (IN LIQUIDATION)

A.C.N. 643 112 609 ("the Company")

Proposal for creditor approval

"That the remuneration of the Liquidators, their partners and staff, for the period 3 October 2024 to 30 November 2024, calculated at the hours spent at the rates details in the Remuneration Approval Report dated 16 October 2024 provided to the creditors, is increased by \$45,614 (excl. GST) from \$52,830 to \$98,444 (excl. GST), to be drawn from available funds immediately or as funds become available."

Vote on proposal

Creditors have the option of approving, not approving, or objecting to the proposal being resolved without a meeting of creditors. Please select the appropriate Yes, No or Object box below:

- | | | |
|--------|--------------------------|--|
| Yes | <input type="checkbox"/> | I approve the proposal |
| No | <input type="checkbox"/> | I do not approve the proposal |
| Object | <input type="checkbox"/> | I object to the proposal being resolved without a meeting of creditors |

Claim

Your claim against the Company must be admitted for the purposes of voting by the Liquidators' for your vote to count. Please select the option that applies:

- | | |
|--------------------------|---|
| <input type="checkbox"/> | I have previously submitted a proof of debt form and supporting documents |
| <input type="checkbox"/> | I have enclosed a proof of debt form and supporting documents with this proposal form |

Reasons for the proposal and the likely impact it will have on creditors if it is passed

- The proposal is being put to creditors to approve disbursements as allowed under the law.
- The proposal, if passed, will minimise the cost of approving disbursements to the Liquidators' which would otherwise require a meeting of creditors or court application to be approved- which can be costly.
- Disbursements of the Liquidators' are to be paid in priority to other claims under the Corporations Act 2001. This ensures that when there are sufficient funds, the Liquidators' receives payment for the costs incurred to recover assets, investigate the Company's affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve our disbursements, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.
- If sufficient assets are recovered, there may be funds available to pay a dividend to creditors, however this is affected by many variables including the value of assets and complexity of realising those assets, the level of creditor enquiries, the priority of claims

(including employee claims) and the total value of creditor claims to be admitted to participate in a dividend. As noted in the general report to creditors it is not anticipated there being any return to creditors after the payment of our estimated remuneration and costs.

- Our remuneration approval report, which has been provided with this notice, provides more detailed information on the disbursements we are seeking to have approved.

Creditor details

Name of creditor: _____

ACN / ABN (if applicable): _____

☐ I am not a related creditor of the Company.

☐ I am a related creditor of the Company, relationship: _____

Address: _____

Email Address: _____

Name of creditor / authorised person: _____

Signature: _____ Date: _____

Please complete this document and return with it **no later than 5:00pm on 31 January 2025** together with the Proof of Debt form which provides information about what the Company owes you, along with all relevant supporting documents (if not already done so).

The completed forms can be scanned and emailed to brookebird@brookebird.com.au or returned via post to our firm's address. If you choose to return these documents via post, please ensure that you allow enough time for us to receive them by the due date. If you have any questions, please call this office on (03) 9882 6666.

Annexure C

Our Ref: AH/JS/ON/JT//601-22294 Informal POD

INFORMAL PROOF OF DEBT FORM

FOR VOTING PURPOSE ONLY

To the Liquidators of **SHAWLINE PUBLISHING GROUP PTY LTD**
(IN LIQUIDATION)
A.C.N. 643 112 609

Name of Creditor

Are you a related party creditor of the Company?
(If you are unsure contact the Liquidators)

☐ No ☐ Yes

Amount of debt claimed (see Note) \$

Whether debt secured or unsecured

If secured, give details of security including dates, etc

Balance, if any, after deducting value of security (see Note):

Is the debt you are claiming assigned to you?

☐ No ☐ Yes

If yes, attach written evidence of the debt, the assignment and consideration given.

☐ Attached

If yes, what value of consideration did you give for the assignment
(e.g. what amount did you pay for the debt?)

\$

☐

I nominate to receive electronic notification of notices or documents in accordance with
Section 600G of the Corporations Act 2001 at the following email address or fax number:

Email Address:

Fax Number:.....

CREDITOR (or person authorised by creditor)

Note:

A creditor is not entitled to vote at a meeting unless (Insolvency Practice Rules 75-85):

* his or her claim has been admitted, wholly or in part, by the liquidators: or

* he or she has lodged with the liquidators particulars of the debt or claim.

A secured creditor may vote (Insolvency Practice Rules 75-87):

* for the whole of his or her debt provided that he or she surrenders his or her security:

* for the deficiency if the value of the security is less than the amount of the debt.

Proxies must be made available to the liquidators

Annexure D

Information sheet: Proposals without meetings

You may be a creditor in a liquidation, voluntary administration or deed of company arrangement (collectively referred to as an external administration).

You have been asked by the liquidator, voluntary administrator or deed administrator (collectively referred to as an external administrator) to consider passing a proposal without a meeting.

This information sheet is to assist you with understanding what a proposal without a meeting is and what your rights as a creditor are.

What is a proposal without a meeting?

Meetings of creditors were previously the only way that external administrators could obtain the views of the body of creditors. However, meetings can be very expensive to hold.

A proposal without a meeting is a cost effective way for the external administrator to obtain the consent of creditors to a particular course of action.

What types of proposals can be put to creditors?

The external administrator is able to put a range of proposals to creditors by giving notice in writing to the creditors. There is a restriction under the law that each notice can only contain a single proposal. However, the external administrator can send more than one notice at any single time.

What information must the notice contain?

The notice must:

- include a statement of the reasons for the proposal and the likely impact it will have on creditors if it is passed
- invite the creditor to either:
 - vote yes or no to the proposal, or
 - object to the proposal being resolved without a meeting, and
- specify a period of at least 15 business days for replies to be received by the external administrator.

If you wish to vote or object, you will also need to lodge a Proof of Debt (POD) to substantiate your claim in the external administration. The external administrator will provide you with a POD to complete. You should ensure that you also provide documentation to support your claim.

If you have already lodged a POD in this external administration, you do not need to lodge another one.

The external administrator must also provide you with enough information for you to be able to make an informed decision on how to cast your vote on the proposal. With some types of proposals, the law or ARITA's Code of Professional Practice sets requirements for the information that you must be provided.

For example, if the external administrator is asking you to approve remuneration, you will be provided with a Remuneration Approval Report, which will provide you with detailed information about how the external administrator's remuneration for undertaking the external administration has been calculated.

What are your options if you are asked to vote on a proposal without a meeting?

You can choose to vote yes, no or object to the proposal being resolved without a meeting. If the administration is a simplified creditors' voluntary liquidation (SCVL), you cannot object to the proposal being resolved without a meeting as meetings cannot be held in a SCVL.

How is a resolution passed?

A resolution will be passed if more than 50% in number and 50% in value (of those creditors who did vote) voted in favour of the proposal, but only so long as not more than 25% in value objected to the proposal being resolved without a meeting.

What happens if the proposal doesn't pass?

If the proposal doesn't pass and an objection is not received, the external administrator can choose to amend the proposal and ask creditors to consider it again or the external administrator can choose to hold a meeting of creditors to consider the proposal.

The external administrator may also be able to go to Court to seek approval.

What happens if I object to the proposal being resolved without a meeting?

If more than 25% in value of creditors responding to the proposal object to the proposal being resolved without a meeting, the proposal will not pass even if the required majority vote yes. The external administrator will also be unable to put the proposal to creditors again without a meeting. You should be aware that if you choose to object, there will be additional costs associated with convening a meeting of creditors or the external administrator seeking the approval of the Court. This cost will normally be paid from the available assets in the external administration.

This is an important power and you should ensure that it is used appropriately.

Where can I 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 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 asic.gov.au (search for "insolvency information sheets").

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

Creditor Information Sheet

Offences, Recoverable Transactions and Insolvent Trading



Offences

A summary of offences under the Corporations Act that may be identified by liquidators or administrators:

| | |
|---|--|
| 180 | Failure by company officers to exercise a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties. |
| 181 | Failure to act in good faith. |
| 182 | Making improper use of their position as an officer or employee, to gain, directly or indirectly, an advantage. |
| 183 | Making improper use of information acquired by virtue of the officer's position. |
| 184 | Reckless or intentional dishonesty in failing to exercise duties in good faith for a proper purpose. Use of position or information dishonestly to gain advantage or cause detriment. This can be a criminal offence. |
| 198G | Performing or exercising a function or power as an officer while a company is under administration. |
| 206A | Contravening a court order against taking part in the management of a corporation. |
| 206A, B | Taking part in the management of corporation while being an insolvent, for example, while bankrupt. |
| 206A, B | Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences. |
| 209(3) | Dishonest failure to observe requirements on making loans to directors or related companies. |
| 254T | Paying dividends except out of profits. |
| 286 | Failure to keep proper accounting records. |
| 312 | Obstruction of an auditor. |
| 314-7 | Failure to comply with requirements for the preparation of financial statements. |
| 437D(5) | Unauthorised dealing with company's property during administration. |
| 438B(4) / 453F 475(9)) / 497(4) / 530A – 530B | Failure by directors to assist, deliver records and provide information. |
| 438C(5) / 477(3) / 530B | Failure to assist, deliver up books and records and provide information. |
| 588G | Incurring liabilities while insolvent |
| 588GAB | Officer's duty to prevent creditor-defeating disposition |
| 588GAC | A person must not procure a company to make a creditor-defeating disposition |
| 590 | Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors. |
| 596AB | Entering into an agreement or transaction to avoid employee entitlements. |

Recoverable Transactions

Preferences

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

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

**Must be greater than \$30,000 for unrelated creditors in a simplified liquidation*

Creditor-defeating disposition

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

Uncommercial Transaction

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

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

Unfair Loan

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

Arrangements to avoid employee entitlements

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

Unreasonable payments to directors

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

Voidable charges

Certain charges over company property are voidable by a liquidator:

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

Insolvent trading

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

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

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

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

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

The director may also be able to avail themselves of safe harbour, if they meet certain conditions.

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

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

Queries about the external administration should be directed to the insolvency practitioner's office.

Annexure E

Receipts and Payments Summary By Account: Shawline Publishing - Shawline Publishing Group Pty Ltd
CVL, Bank, Cash and Cash Investment Accounts: All Dates (Gross Method)

| Type | Account | Total |
|-----------------------------|--|-----------------------|
| NON-TRADING RECEIPTS | | |
| | Accounts Receivable (Pre-Appointment) | 224.40 |
| | Cash on Hand | 45,150.00 |
| | Indemnity - Other | 11,720.00 |
| | Interest Income - Bank Interest | 254.58 |
| | Plant and Equipment | 5,750.00 |
| | Label3 | <hr/> 63,098.98 |
| NON-TRADING PAYMENTS | | |
| | Auctioneer's Expenses | (497.50) |
| | Insurance: Broker Fee | (275.00) |
| | Legal Expenses | (4,879.60) |
| | Legal Expenses: Legal Costs/Disb. - GST Free | (39.90) |
| | Legal Expenses: Legal Fees/Costs - Inc. GST | (13.42) |
| | Label3 | <hr/> (5,705.42) |
| | Label3 | <hr/> 57,393.56 |
| | Net Receipts (Payments) | <hr/> <hr/> 57,393.56 |