

Administrators' report

COVA Delivery Pty Ltd
ACN 009 582 218
(Administrators Appointed)
(the Company)

Administrators: Craig Crosbie,
Rebecca Gill and Robert Ditrich

17 February 2025



Strictly private and confidential

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Glossary

Abbreviations	Definitions
AASB	Australian Accounting Standards Board
Act	Corporations Act 2001 (Cth)
Administration	The administration of a company in accordance with Part 5.3A of the Act
Administrators	Craig Crosbie, Rebecca Gill and Robert Ditrich
AEDT	Australian Eastern Daylight Time
All Pap No Exception	All present and after acquired property, a term associated with a general security agreement registration under the PPSA
Appointment	The appointment of Administrators on 21 January 2025
ARITA	Australian Restructuring Insolvency and Turnaround Association
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
Australian Group	The COVA Group companies domiciled in Australia
Balance Sheet	A financial statement that provides a snapshot of a company's financial position at a specific point in time. It shows assets, liabilities and owner's equity. Also known as a Statement of Financial Position
BAS	Business Activity Statement
Burnie Project	A project with Tasmanian Railway Pty Ltd (TasRail) for the ultimate benefit of TasPorts (being collectively the Tasmanian Ports Corporation Pty Ltd, Bass Island Line Pty Ltd, King Island Ports Corporation Pty Ltd, Flinders Island Ports Company Pty Ltd and Southern Export Terminals Pty Ltd) where the Company provided engineering solutions, equipment procurement and construction commissioning services to COVA Haywards as the main contractor
Board	The Directors who are responsible for controlling and organising the Company's affairs
Board Packs	Financial and other information relating to the Company and other entities within the Australian Group and prepared by Management for review by the Directors
c.	Circa or about
Cash Forecasts	Cash balance forecasts, provided by Management for the period July 2024 to January 2025
CEO	Chief Executive Officer
Chairperson	The appointed chairperson for the Second Meeting (usually one of the Administrators)
Code	ARITA Code of Professional Practice
COI	Committee of Inspection
Company	COVA Delivery Pty Ltd (Administrators Appointed)
COVA Delivery	COVA Delivery Pty Ltd (Administrators Appointed)
COVA Group	All entities related to the Company both domestically and internationally
COVA Group Services	COVA Group Services Pty Ltd, a member of the Australian Group and the provider of support services (finance, administration etc) to the Company and other COVA Group members
COVA Haywards	COVA Haywards Pty Ltd, being the incorporated joint venture through which the Company provided its services to the relevant projects
Deed Administrators	Craig Crosbie, Rebecca Gill and Robert Ditrich

Abbreviations	Definitions
Directors	The directors of the Company, namely Mr Benjamin Evans, Mr Allan Waitzer, Mr Wai (John) Kong and Mr Ronald Vittorio
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities, pursuant to s436DA of the Act and provisions of the Code.
DOCA	Deed of Company Arrangement
DOCA Contribution	Payment to be made by the DOCA Proponent under the proposed DOCA
DOCA Fund	A term used in the proposed DOCA, including certain Company assets and the DOCA Contribution
DOCA Proponent	COVA Thinking Pty Ltd
D&O Policy	Directors' and Officers' Insurance Policy
Dulverton Project	A project for Dulverton Waste Management Authority, where the Company provided equipment procurement and construction commissioning services to COVA Haywards as the main contractor
EBITDA	Earnings Before Income Tax Depreciation and Amortisation
FEG	Fair Entitlements Guarantee, a scheme administered by the Commonwealth Department of Employment and Workplace Relations to provide assistance to employees owed outstanding employee entitlements following the insolvency / bankruptcy of an employer
First Meeting	The first meeting of creditors of the Company held on 3 February 2025 pursuant to s436E of the Act
FPA	Fremantle Port Authority
FPA Project	A project for the FPA where the Company provided engineering solutions, equipment procurement and construction commissioning services to COVA Haywards as the main contractor
Fund Payments	The payments to be made pursuant to the proposed DOCA, including all outstanding employee entitlements that would, in a liquidation, be accorded a priority under s556(1), s560 and s561 of the Act
FY	Financial Year (e.g. the financial year 1 July 2023 to 30 June 2024 would be expressed as FY24)
IPR	Insolvency Practice Rules (Corporation) 2016
IPS	Insolvency Practice Schedule (Corporations) means Schedule 2 to the Act
k	Thousand
m	Million
Management	The Directors and senior management of the Company
Management Accounts	Financial information prepared by the Company's Management
MLP	Management Liability Policy, the Director and Officers insurance policy
NAB	National Australia Bank Limited
Non-Executive Director	A member of a company's board who is not involved in daily management but provides independent oversight, strategic guidance, and expertise.
PAYG	Pay As You Go withholding tax, where employers and businesses withhold tax from payments to employees, contractors, and other entities and remit it to the ATO
PMSI	Purchase Money Security Interest, a type of security registration under the PPSA
POD	Proof of Debt
PPSA	Personal Property Security Act 2009 (Cth)
PPSR	Personal Property Securities Register – a register set up under the PPSA for the registration of security interests

Abbreviations	Definitions
Profit & Loss	Also known as a Statement of Financial Performance or Income Statement, is a financial report that shows a company's revenue, expenses, and net profit or loss over a specific time period
PwC	PricewaterhouseCoopers
ROCAP	Report on Company Activities and Property prepared by the Directors
Report	This report, prepared pursuant to IPR 75-225 concerning the business, property, affairs and financial circumstances of the Company
s	Section of the Act
Safe Harbour	A legal protection under s588GA of the Act that allows a company director to avoid personal liability for insolvent trading if they take appropriate steps to restructure a financially troubled company. Safe Harbour protection is also available to a holding company in certain circumstances
Second Meeting	Meeting held pursuant to Insolvency Practice Rule 75-225 and s439A of the Act where creditors determine the future of the Company
SGC	Superannuation Guarantee Charge
VA	Voluntary Administration
Virtual Meeting	A meeting that enables creditors to participate regardless of their physical location by using a teleconference facility or electronic communication platform, such as Microsoft Teams or similar.
WIP	Work in Progress refers to unfinished work or products that are still in production
YTD	Year to date, a period starting from the beginning of the current financial year and continuing up to a defined date (e.g. monthly management accounts from 1 July 2023 to 31 January 2024 would be expressed as 'YTD January 2024')

1 Disclaimer

In reviewing this Report, creditors should note:

- This Report is based upon our preliminary investigations to date. Any additional material issues that are identified subsequent to issuing this Report may be the subject of a further written report and / or tabled at the Second Meeting.
- The contents of this Report are based on information obtained from the Company's books and records, financial systems, representations from the Directors, Management and our own enquiries and investigations.
- The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. Except where otherwise stated, we reserve the right to alter any conclusions reached on the basis of any amended or additional information which may be provided to us between the date of this Report and the date of the Second Meeting.
- In considering the options available to creditors and formulating our recommendation, the Administrators have necessarily made forecasts of asset realisations and total creditor claims. These forecasts and estimates may change as asset realisations progress and claims are received from creditors. While the forecasts and estimates are based on the Administrators' best assessment in the circumstances, creditors should note that the eventual outcome for creditors may differ from that estimated in this Report.
- Neither the Administrators, PricewaterhouseCoopers (**PwC**) nor any member or employee of the firm is responsible in any way whatsoever to any person in respect of any errors in this Report arising from incorrect information provided to us.
- The Administrators do not assume or accept any responsibility for any liability or loss sustained by any creditor or any other party as a result of the circulation, publication, reproduction or any use of the information presented in this Report.
- This Report is not for general circulation, publication, reproduction or any use other than to assist creditors in evaluating their position as creditors of the Company and must not be disclosed without the prior approval of the Administrators.
- Creditors should consider seeking their own independent legal advice as to their rights and the options available to them at the Second Meeting.

2 Executive summary

2.1 Appointment background

Craig Crosbie, Rebecca Gill and Robert Ditrich were appointed Joint and Several Administrators of the Company on 21 January 2025 by the Directors under s436A of the Corporations Act 2001 (**Act**).

The Company is a wholly owned and controlled entity of COVA Holdings (Australia) Pty Ltd which includes Australian domiciled (**Australian Group**) and foreign entities. Further detail regarding the Australian Group is provided in Section 4. A diagram of the Australian Group structure is attached at **Appendix G**.

The Company provided engineering, equipment procurement and construction / commissioning services. The Company's only client was a related Australian Group company, COVA Haywards Pty Ltd (**COVA Haywards**).

The Company is the only entity in the COVA Group subject to any form of external administration.

2.2 Report's purpose

The purpose of this report is to provide the findings of our investigations into the Company's business, property, affairs and financial circumstances, as well as provide our opinion on the three statutory options available to creditors in deciding the future of the Company (**Report**).

2.3 Administrators' opinion

Under the Act, creditors have three options to choose from in order to determine the Company's future:

- the administration ends, with control of the Company reverting to the Directors;
- consent to the Administrators executing a Deed of Company Arrangement (**DOCA**); or
- wind up the Company (i.e. place it into liquidation).

We are of the opinion that it is in the best interests of creditors that the Company executes the proposed DOCA (refer to Section 9 for more detail).

2.4 Second meeting of creditors

The second meeting of creditors for the Company (**Second Meeting**) will be held virtually by Microsoft Teams on **Wednesday, 26 February 2025 at 1:00pm AEDT**. Formal notification *Form 529 – Notice of Meeting of Creditors* is attached at **Appendix A**.

In order to attend and vote at the meeting, creditors will need to complete a Proof of Debt Form and, where applicable, a Proxy Form. A Proxy Form must be completed where a corporate creditor is attending, or an individual creditor wants to appoint another person to act on their behalf at the meeting. A creditor may also choose to appoint the Chairperson to vote on their behalf. A copy of the Proxy Form is attached at **Appendix B**.

If you plan on attending the Second Meeting, please note that you are required to submit your Proof of Debt Form and Proxy Form (if applicable) by no later than **4:00pm AEDT, Monday, 24 February 2025**. A copy of the Proof of Debt form is attached at **Appendix C**. Subject to receiving your completed forms and supporting documentation, we will provide you with access details to the Microsoft Teams meeting.

2.5 Deed of Company Arrangement

A DOCA is a binding agreement between a company and its creditors setting out how a company's affairs will be dealt with. The primary purpose of a company entering into a DOCA is to provide a better return to creditors than would be achieved by winding up the company (i.e. liquidation).

We have received a DOCA proposal from COVA Thinking Pty Ltd (**DOCA Proponent**) which is explained in detail at Section 9 of this Report. A draft DOCA is expected to be available for creditors to review before the Second Meeting. The intent of the proposed DOCA is to allow for:

- former employees to be paid their outstanding entitlements in full; and
- control of the Company to revert to its directors.

For the DOCA to come into effect, the majority of the creditors present at the Second Meeting will need to pass a resolution voting in favour of it.

As set out in Section 2.3 above and Section 11 below, based on our investigations and analysis, in our opinion it is in the creditors' best interests to execute the proposed DOCA. The key reason for this is that the proposed DOCA will in all likelihood provide a superior return to creditors (that is, employee creditors) and in a quicker timeframe than liquidation.

The proposed DOCA provides, in summary:

- that the Administrators will become the Deed Administrators;
- additional funds provided by the DOCA Proponent will ensure all outstanding employee liabilities are paid in full;
- the return of control to the directors (i.e., to avoid liquidation); and
- the directors of the COVA Group companies will not cause any of the COVA Group companies to make any claim to prove or receive a distribution under the proposed DOCA based on any inter-group loan account balances or otherwise.

No return is expected for ordinary unsecured creditors under the proposed DOCA which we currently believe would be the same position pursuant to a liquidation scenario.

The key terms of the proposed DOCA are provided in Section 9.

Estimated returns to creditors are summarised in Section 2.6 below and detailed in Section 10.

Creditors should note the following important information concerning the proposed DOCA:

- Should creditors approve the DOCA at the Second Meeting, it must be executed within 15 business days of the Second Meeting, otherwise the Company will automatically proceed into liquidation. The Court can allow a longer time if required.
- If the DOCA is approved at the Second Meeting:
 - creditors will be bound by the DOCA during the period between the Second Meeting and the execution of the DOCA;
 - the combined effect of ss444A and 444D of the Act is that the DOCA will bind all creditors that existed prior to the Appointment;
 - unsecured creditors will be bound by the DOCA, even if they vote against the DOCA proposal; and
 - unsecured creditors that receive no return under the DOCA will have their claims released by the DOCA.
- Property owners, lessors, and secured creditors who vote in favour will be bound by the DOCA proposal.
- The Court can bind any creditor to the DOCA.

2.6 Estimated return to creditors

A detailed comparison of estimated returns to creditors under the DOCA and liquidation scenarios are set out in detail in Section 10. A summary is provided below:

Creditor Class	Liquidation cents in \$		DOCA cents in \$	
	Low	High	Low	High
Priority claims (employees)	49	64	100	100
Secured creditors	Not applicable	Not applicable	Not applicable	Not applicable
Unsecured Creditors	Nil	Nil	Not participating	Not participating

2.7 Breaches/contraventions and liquidation recoveries

It remains possible that the Directors of the Company may have breached their duties under s180 of the Corporations Act and their fiduciary duties to the Company in performing obligations and incurring costs in relation to a project with the Fremantle Ports Authority (FPA) (see Section 7.2.1) which resulted in the Company suffering loss in circumstances where a written contract did not exist.

In the time available, our investigations to date have not identified any other reasonable claims in relation to the conduct of the Directors or other recoveries that may be available to a liquidator.

Should a liquidator(s) be appointed, further investigations may be conducted in this regard.

Our preliminary view is that the Company was likely to have become insolvent shortly after our Appointment on 21 January 2025.

The forecast cash position prepared by Management indicated that the Company would experience a material cash deficit in the week ending 31 January 2025 of approximately \$736k, which was forecast to continue and increase thereafter.

We are not aware of any creditors pressing for payment prior to our Appointment. At appointment the aged accounts payable ledger showed third party creditor balances were essentially within credit terms. We note that intercompany loans payable (between members of the COVA Group companies) were in some instances outstanding for more than 3 months, although not subject to formal repayment arrangements.

Periodically, since FY22, the Company has received unsecured loan funds and made loans to entities in the COVA Group. This appears to have been part of the COVA Group's treasury function, wherein funds were moved between entities as and when needed so that short term commitments could be met (see Sections 4.4.6 and 6.2). Management advises no formal loan documents existed for intercompany loans. As at the date of our Appointment, the Company reportedly had outstanding net liabilities of c.\$1.9m to COVA Group entities (i.e. no amount was receivable by the Company from inter-group loans).

Shortly prior to appointment, we understand the COVA Group determined not to fund any further financial needs of the Company.

We have not identified any reasonable claims relating to insolvent trading (against the Directors or holding company) or unfair preference claims (against creditors) (see Section 8).

We note that the Australian Group and the Company have common directors and Management. In our view, this is not unusual in the circumstances of the Australian Group. While the Australian Group clearly collaborated, the Company appears to have operated on a standalone basis, executing contracts, incurring credit and employing staff.

Our current view is that the Company likely maintained adequate books and records that record and explain its transactions and financial position and performance, however we note that there are substantial requests for books and records which have not yet been completed. We are informed by Management that this is because of resourcing constraints and that the Company's books and records are intermingled with those of the Australian Group.

2.8 Administrators' overview

2.8.1 Conduct of administration

Since our appointment we have undertaken the following work:

- secured the Company's assets;
- held the first meeting of creditors **on 3 February 2025 (First Meeting)**;
- obtained a valuation of the Company's plant and equipment;
- conducted investigations into the affairs of the Company and reported to creditors;
- liaised with key stakeholders including, but not limited to, former employees and creditors;
- met with the Directors and Management;
- obtained books and records of the Company;
- held meetings with parties in dispute with the Company; and
- undertaken various other statutory reporting obligations.

2.8.2 Company financial background

The table below provides a summary of the Company's statement of financial performance (**Profit and Loss**) for the period FY22 to YTD January 2025.

Financial Metrics (\$'000 AUD)	FY22	FY23	FY24	YTD Jan-25
Revenue	2,562	28,080	58,698	18,846
Cost of Sales	2,646	25,881	60,249	15,438
Gross Profit	(84)	2,200	(1,551)	3,408
EBITDA	(88)	1,831	(8,011)	613

The data in the above table shows significant losses were incurred in FY24 (discussed in Section 6) which contributed significantly to the collapse of the Company. While YTD January 2025 profits are shown, the clear expectation of Management was that significant losses would eventuate in FY25. The Company experienced significant fluctuations in its financial performance including:

- Revenue was inconsistent because of the changing size and number of projects being conducted in each accounting period.
- Cost of sales varied due to:
 - labour and raw material expenses relative to project revenue size, as well as rising costs over the period shown; and
 - internal restructuring undertaken in FY24. This restructuring involved the internal transfer of employees from an Australian Group entity to the Company, resulting in additional employee-related expenses.
- In FY24 gross profit was negative, indicating losses at the project level before Company operating costs and overheads.

Based on discussions with Management and our review of Company books and records, we understand the major cause of losses in FY24 related to a project with the Fremantle Ports Authority (**FPA**) wherein project variances could not be recovered and costs escalated above fixed price contracts.

Further discussion relating to the Company's Profit and Loss is provided in Section 6.1.

The table below provides a summary of the Company's statement of financial position (**Balance Sheet**) for the period FY22 to YTD January 2025.

Balance Sheet Metrics				
(\$'000 AUD)	FY22	FY23	FY24	YTD Jan 25
Total Assets	1,058	8,114	6,854	2,253
Total Liabilities	723	6,758	14,664	9,594
Net Assets	335	1,356	(7,809)	(7,341)

The table shows the Company had significantly more liabilities than assets at the end of FY24 and YTD January 2025. This was largely a result of the project losses during FY24, growth in funding from the COVA Group (liability) and the inability of the Company to generate sufficient profits.

2.8.3 Reasons for the Company's difficulties

Based on our review of the Company's books and records and discussions with Management, the Company's financial difficulties arose largely as a result of:

- the inability to recover material costs incurred for variations on client projects;
- insufficient future work to cover ongoing operating costs; and
- the Company's reliance on funding via loans from the COVA Group (particularly in late 2024) to allow it to pay creditors as and when due (see Section 4.4.6). Such funding was provided on an unsecured and informal basis, and it appears the COVA Group determined not to continue funding on or around the time of our Appointment.

2.9 Remuneration

We are seeking approval for our remuneration at the Second Meeting as summarised below:

Period	Amount \$ (ex GST)
Voluntary Administration (VA)	
Resolution 1: 21 January 2025 to 10 February 2025	142,329
Resolution 2: 11 February 2025 to the end of the Administration ¹	57,572
Total VA remuneration sought	200,000
Deed of Company Arrangement (DOCA)	
Resolution 3: For the period from appointment of Deed Administrators to the effectuation of the DOCA ¹	50,000
Total DOCA remuneration sought	50,000
Liquidation	
Resolution 4: For the period from appointment of the Liquidators to the conclusion of the liquidation ¹	110,000
Total Liquidation remuneration sought	110,000

¹Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the voluntary administration / DOCA / liquidation. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.

Please refer to our Remuneration Report at **Appendix E** for full details of key activities undertaken by us, our partners and staff and the remuneration approval sought.

3 Introduction

3.1 Appointment information

Craig Crosbie, Rebecca Gill and Robert Ditrich were appointed as Administrators of the Company on 21 January 2025 by a majority of the Directors under s436A of the Act.

3.2 Declaration of Independence, Relevant Relationships and Indemnities

Our Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**) was provided in our initial report to creditors dated 23 January 2025. The DIRRI discloses information regarding any prior personal or professional relationships the Administrators and PwC had with the Company or related parties, our independence and any indemnities received relating to this appointment.

We confirm that the DIRRI dated 23 January 2025 remains current.

3.3 Purpose of Appointment and Report

The primary objective of an Administration is to administer the business, property and affairs of a company in a way that:

- maximises the chances of the company, or as much as possible of its business, continuing in existence; or
- if it is not possible for the company or its business to continue in existence, results in a better return for the company's creditors and members than would result from an immediate winding up of the company.

The Act places various reporting requirements upon an administrator. These requirements include:

- preparing a report to creditors, which provides creditors with information regarding the company's business, property, affairs and financial circumstances to assist them in their decision as to the future of the company;
- providing a statement within the report, setting out the administrator's opinion and reasoning as to which course of action available is in the best interests of creditors; and
- specifying whether there are any voidable transactions that may be recoverable by a liquidator.

This Report is based upon our investigations to date. Any additional issues we identify subsequent to this Report may be the subject of a further written report and/or tabled at the Second Meetings.

Our opinion and recommendation regarding the future of the Company is set out in Section 11 of this Report. In summary, our opinion is that the Company is currently insolvent, and our recommendation is that the Company should enter into the proposed DOCA.

Our investigations have assisted us to formulate our opinion and recommendation. We explain our investigations in more detail in Sections 7 and 8 of this Report.

3.4 Purpose of Second Meeting

The primary purpose of the Second Meeting is to enable creditors to decide the future of the Company by choosing one of three options, being that:

- the Company execute a DOCA; or
- the Company enter into liquidation; or
- the Administration comes to an end (and control of the Company reverts to its directors).

The Second Meetings will also:

- address the contents of this Report;
- respond to questions from creditors;
- seek approval of:
 - the Administrators' remuneration and disbursements; and
 - the future remuneration of the liquidators or deed administrators (as applicable).
- should creditors desire, approve the formation of a COI for the liquidation or deed administration period (as relevant); and
- if a COI is formed, consider and seek approval from creditors that s80-55 of the Insolvency Practice Schedule to the Act (**IPS**) (which prevents COI members from directly or indirectly deriving a profit or advantage from an Administration) will not apply to any COI members.

The current Administrators automatically become the deed administrators or liquidators (as applicable) unless creditors resolve to replace them. Creditors should note that a term of the proposed DOCA requires that the Administrators must be the Deed Administrators.

The options available to creditors and the Administrators' opinion on each option are set out in detail in Section 11.

We recommend that the Company enters into the proposed DOCA.

3.5 Second Meeting convening period

The Act stipulates the timing of the Second Meeting. Generally, the Second Meeting must be convened between 15-25 business days from the date an administration begins. The Court may extend the convening period. However, we have not sought orders from the Court to extend the convening period in this instance.

At the Second Meeting, creditors can consider whether the Second Meeting be adjourned to enable further investigations to be conducted and / or to consider their position. If adjourned, the Second Meeting must be reconvened within 45 business days of the Second Meeting date.

3.6 Second Meeting details

The Second Meeting will be held virtually by Microsoft Teams (i.e. there will be no physical meeting to attend) on Wednesday, **26 February 2025 at 1:00pm AEDT**. Formal notification *Form 529 – Notice of Meeting of Creditors* is attached at **Appendix A**.

In order to attend and vote at the meeting, creditors will need to complete a Proof of Debt Form and, where applicable, a Proxy Form. A Proxy Form must be completed where a corporate creditor is attending, or an individual creditor wants to appoint another person to act on their behalf at the meeting. A creditor may also choose to appoint the Chairperson to vote on their behalf.

Subject to receiving your completed Proof of Debt Form and Proxy Form (if applicable), we will provide you with access details to join the Second Meeting via Microsoft Teams.

3.7 Meeting registration

As detailed above, to register your attendance at the Second Meeting and be entitled to vote, creditors must complete and submit the following forms attached at **Appendix B** and **Appendix C**.

Registration forms	Information
Form 532 –Appointment of Proxy	<p>A new proxy form is required to be completed for each creditors' meeting (i.e. previous meeting proxy forms are invalid for the Second Meeting).</p> <p>If a corporate creditor wishes to be represented at the Second Meeting, it must appoint an individual to act on its behalf by providing an executed proxy form.</p> <p>Individuals may choose to appoint a representative to vote on their behalf by executing a proxy form. If an individual is attending in person a proxy form is not required.</p>
Proof of Debt or Claim	<p>This form is required to be completed to entitle a creditor to vote at the Second Meeting. Documents to support the amount claimed (e.g. unpaid invoices) must also be provided.</p> <p>There is <u>no requirement</u> to resubmit a proof of debt form if previously provided <u>unless the amount claimed has changed</u>.</p> <p>Please take care when completing the form to ensure the correct party is named as the creditor. As an example, this may include XYZ Pty Ltd as trustee for the ABC Family Superannuation Fund.</p>

If you plan on attending the Second Meeting, please note that you are required to submit your Proof of Debt Form and Proxy Form (if applicable) by no later than **4:00pm AEDT, Monday, 24 February 2025**. Please email these completed forms to covadelivery@au.pwc.com.

Subject to receiving your completed forms and supporting information, we will provide you with access details to join the Second Meeting via Microsoft Teams.

Only creditors of the Company are entitled to vote at the Second Meeting.

Creditors are encouraged to join the Second Meeting via Microsoft Teams as early as possible after the registration time to enable the orderly registration of attendees so that the meeting can commence on time.

3.8 Committee of Inspection

At the First Meeting, creditors voted to establish a Committee of Inspection for the Company. For further details on the composition of the COI, please refer to Section 5.1 of this Report.

Regardless of whether creditors vote to accept the proposed DOCA or place the Company into liquidation at the Second Meeting, we recommend that creditors establish a COI for the Company (a minimum of 2 members is required to form a COI).

Creditors will have the opportunity to vote on which creditors will be members of any COI and will be provided the opportunity to nominate to join any COI that is formed.

We recommend creditors consider whether they are able to be a COI member, as membership of a COI requires attendance at future meetings. Members of the COI must have regard for the creditor group's interest, not their own interests.

Importantly, for a creditor to be eligible for appointment as a member of a COI, they must either:

- attend the Second Meeting; or
- appoint a general power of attorney to attend the Second Meeting on their behalf; or
- authorise a person in writing to be a member of the COI on their behalf.

3.9 Further information

To assist creditors, employees, and shareholders to understand the voluntary administration process, the Australian Securities and Investments Commission (**ASIC**) has released a package of insolvency information sheets endorsed by ARITA.

Enclosed at **Appendix E** is ASIC's publication Insolvency information for directors, employees, creditors and shareholders, which provides an index of all the information sheets that are available. You can download these information sheets from:

- www.asic.gov.au; and
- www.arita.com.au

4 Company background

4.1 Company Overview

The Company was first established in 1989 and is a wholly owned and controlled entity of COVA Holdings (Australia) Pty Ltd which is a controlled entity of COVA Group Pty Ltd, the Australian Group's head entity.

A corporate structure chart is provided in **Appendix G**. The Company has four Directors, two of whom are Executive Directors.

The Company exclusively subcontracted to a related entity, COVA Haywards, an incorporated joint venture that is 50% owned by COVA Holdings (Australia) Pty Ltd (which in turn wholly owns COVA Delivery), and which typically acted as the principle contracting party with clients on major projects across Australia. The Company's role in the Australian Group was to provide engineering solutions, equipment procurement and construction commissioning services to those projects. Recent key projects include:

Project Name	Description	Value \$, m (Excl. GST)	Estimated Time Period
Fremantle Port Authority Project (FPA Project)	Design and construction of a complex clinker import circuit	\$64	28 June 2022 – 28 February 2025
Dulverton Regional Organics Facility Project (Dulverton Project)	Construction of organics recycling facility based on the facility design provided by expert subcontractors	\$26	5 September 2022 – 31 July 2024
Burnie Port Minerals Ship Loader Project (Burnie Project)	Design and construction of minerals ship loader	\$16	31 August 2021 – 28 February 2025
Olive Downs	Design and procurement of a thermal product radial and a coking product radial stacker	\$2	29 April 2022 – 31 August 2023

Immediately prior to our appointment, the Company employed 37 employees. On appointment all employees were made redundant as there was no commercial benefit in continuing to operate the Company.

Information regarding the Company's financial background is discussed in Section 6.

4.2 Recent Events

Outlined below is a brief timeline of key recent events relevant to the Company:

- February 2024 – May 2024:
 - dispute develops with a client, FPA, relating to variation claims on the FPA Project (ultimate claim value of c.\$11.4m)
 - work continues at FPA Project while dispute continues (as required by relevant contractual framework according to Management)
 - 10 May 2024 – c.\$1.36m part payment of FPA disputed amount owing is made
 - June 2024 - FY24 financial results reveal an EBITDA loss of c.\$8m

- July to November 2024:
 - negotiations to settle FPA Project claim continue
 - work continues at FPA Project
- Management and Board documents during July 2024 to December 2024 indicate:
 - tight periods of cash availability
 - increasing variations on projects that could not be claimed
 - delays in revenue receipts
 - negative expected cash positions
 - the need for staff reductions
 - upcoming cash deficits on projects
- October to December 2024 - \$875k loaned to the Company by COVA Thinking Pty Ltd to assist with working capital needs
- Late November 2024:
 - Burnie Project expected to complete in January 2025 with negative cash flows of c.\$1.1m
 - Dulverton Project expected to complete in January 2025 with negative cash flows of c.\$289k
 - FPA Project expected to complete in May 2025 with negative cash flows of c.\$1.7m
- Company cash position is expected to be marginal in January 2025, without further financial support
- 3 December 2024 – c.\$4.8m received by the Company from COVA Haywards in respect of FPA dispute settlement
- December 2024 to January 2025 - Company is understood to have been advised that expected works to be contracted in FY25 have either been delayed or are not commencing as expected
- 21 January 2025:
 - Administrators are appointed
 - Company ceases to trade
 - Workforce made redundant.

4.3 Statutory information

A search of the ASIC's database reveals the following details of the Company and its Directors, other officers and shareholder:

Company details

Date of incorporation	22 June 1989
Registered office	PKF, Level 15 500 Bourke Street MELBOURNE VIC 3000
Principal place of business / Head Office	Level 3, 480 Collins Street MELBOURNE VIC 3000

Directors' details	Appointment from/to
Benjamin Jason Evans	30 November 2013 - current
Allan Raymond Waitzer	25 September 1997- current
John Wai Kong Loke	30 November 2013 – current
Ronald Vittorio	26 September 2002 - current

Secretary's details	Appointment from/to
Alexander Evan Moores	1 March 2024 - current

The Company has issued 60, \$1 ordinary fully paid shares held by COVA Holdings (Australia) Pty Ltd a wholly owned and controlled entity of COVA Group Pty Ltd, the Australian Group's head entity.

The information shown in the table above has been extracted from ASIC's records on 17 February 2025. We note that the ASIC information appears to be incorrect in so far as the Company's:

- head office is now located at Level 7, 477 Collins Street, Melbourne, VIC 3000; and
- Secretary has changed from Alexander Moores to Allan Waitzer effective 14 February 2025.

4.4 Creditors' claims

We note that the information shown in this section relating to outstanding creditors is materially different in some respects from that disclosed within the Report on Company Activities and Property (**ROCAP**) provided by the Directors (see Section 6.4).

Based on the Company's books and records, at Appointment the estimated amounts owed to creditors of the Company totalled c.\$7.47m. The table below summarises estimated amounts recorded as owed by each class of creditor, however we note figures may change based on further claims and investigations.

Creditor class	Report Reference	Number of creditors	Total Amount (\$)
Secured creditors			
Circulating and non-circulating		-	-
Circulating only		-	-
Non-circulating only	4.4.1	2	5,418
		2	5,418
Employee entitlements			
Priority creditors	4.4.2	38	1,435,140
Unsecured creditors			
Trade/general creditors	4.4.5	50	3,660,689
Statutory bodies (ATO)	4.4.5	1	424,848
Related entities	4.4.6	4	1,945,220
		55	6,030,757
Total creditors		95	7,471,315

The amounts shown in the table above have not been formally adjudicated upon and may be subject to change. Amounts owed to creditors have been calculated based on:

- the ROCAP provided by the Directors (see Section 6.4);
- Company books and records; and
- formal proof of debt or claim forms submitted by creditors.

4.4.1 Secured creditors

A 'secured creditor' is a creditor that holds a security interest over some or all of a company's assets. To be valid, the security interest must generally be registered on the Personal Property Securities Register (**PPSR**) or, in the case of land and buildings, at the relevant Land Titles Office. Security interests can be over:

- circulating assets (formerly known as 'floating' assets) e.g. debtors, stock and cash; and
- non-circulating assets (formerly known as 'fixed' assets) e.g. property, plant and equipment, land, goodwill and rights to dividends.

A PPSR search conducted at Appointment revealed 13 security interests were registered against the Company. These security interests comprise:

- a general security interests over, all, or substantially all, of the assets of the Company (known as All Present and After-acquired Property (**APAAP**) registrations); and
- specific security interests (including claims of other secured parties over specific assets or classes of assets such as leased vehicles or goods supplied).

The table below provides a summary of the classes of the PPSR security interests:

Creditor class	No. of security interest(s)	No. of creditors
APAAP (no exceptions)	1	-
Motor Vehicles	1	-
Other goods	11	2
Total	13	2

The APAAP registration is held by National Australia Bank Limited (**NAB**) which does not have any debt outstanding (NAB exercised its right of set-off to settle an outstanding Company credit card debt of \$19,032 from cash at bank at Appointment).

NAB provided a finance facility with a \$2m limit (see Section 6.2 for further discussion) that was regularly used by the Company to pay creditors. We understand that the Company has issued three bank guarantees for c.\$1m which are cash backed (from COVA Group Pty Ltd funds).

In respect of the two creditors who have submitted minor claims (\$5,418) in respect of specific securities held, we are yet to identify the existence of the underlying assets claimed. If those assets cannot be identified or the claims proven to be valid, those creditors will be treated as being unsecured in nature.

4.4.2 Employees (priority creditors)

Outstanding employee entitlements have a statutory priority for payment over other creditors (except from the proceeds of non-circulating asset realisations).

The Directors advise Company employees are covered by the terms of the COVA Group Pty Ltd Collective Agreement 2024.

Tabled overpage are all known employee entitlements based on the Company's books and records. Employee entitlements have not yet been verified by the Administrators.

Employee Entitlements	Total Amount (\$)
Wages/Time in Lieu	28,303
Superannuation	107,591
Annual Leave	236,647
Long service leave	134,207
Payment in Lieu of Notice and Redundancy	923,395
Total Priority Creditors	1,435,143

We understand wages for the period 1 to 20 January 2025 were paid prior to our Appointment. All employees were made redundant upon our Appointment, therefore one day's wages remains unpaid.

Superannuation liabilities for the period 1 December 2024 to 21 January 2025 remain unpaid.

4.4.3 Excluded employees

Excluded employees are defined in s556(2) of the Act as directors and their spouses or relatives.

Outstanding priority employee entitlements for excluded employees are limited to \$2,000 for wages (including superannuation) and \$1,500 for unpaid annual leave and long service leave. The balance of their entitlements rank as an unsecured claim pursuant to Sections 556(1A) and 556(1B) of the Act.

We are not aware of any excluded employees.

4.4.4 Fair Entitlements Guarantee (FEG)

Under the proposed DOCA, all employee entitlements would be paid in full. Further details are provided in Sections 2.5 and 9.

It is unlikely sufficient assets would be available to enable all outstanding employee entitlements to be paid in full if the Company was to be wound up.

If the Company was placed into liquidation, former employees may be eligible for payment of any shortfall in their entitlements (excluding superannuation) under the Fair Entitlements Guarantee (FEG) scheme which is administered by the Commonwealth Government's Department of Employment and Workplace Relations.

The FEG scheme imposes maximum thresholds on outstanding entitlements (e.g., redundancy pay up to 4 weeks per full year of service). In addition, FEG uses a maximum weekly wage (\$2,793 between 1 July 2024 and 30 June 2025) when calculating the amount of FEG assistance payable. Any remaining unpaid entitlements over the maximum weekly wage are only payable from the employer company.

In the case of the Company, a number of employees would not have their full entitlements paid for by FEG. The Administrators have calculated the shortfall between outstanding employee entitlements and the FEG maximum payable is between c.\$150k and \$200k, largely attributable to payments in lieu of notice and redundancy. We note that the weekly wage of approximately half of the Company's former employees is greater than the FEG maximum weekly wage.

Employees must meet eligibility requirements outlined in the Fair Entitlements Guarantee Act 2012.

FEG advances are repaid to the Government if funds become available, in the same priority as employees' claims.

Further information can be found on FEG's website at <https://fegonlineservices.dewr.gov.au/>

4.4.5 Unsecured Creditors

The Company's books and records and the Directors' ROCAPs indicate there are 51 unsecured creditors (excluding related entities) with debts totalling \$2,174,871 (including claims for retention sums held totalling \$851,135). A retention sum is a portion of the contract price that is held, in this instance by the Company, as security for the proper completion of work.

Based on proofs of debts received to date, additional claims above those recorded in the Directors' ROCAPs and totalling \$1,667,365 have been made (including claims from 3 creditors who were not recorded in the Company's records as being creditors). The most significant claim received is from a subcontractor, OREZ Solutions, which has submitted a claim for c.\$1.26m. This amount is disputed by Management who believe the Company has a substantial claim against OREZ Solutions for defective work which an independent expert has estimated the rectification costs would far exceed any potential claim OREZ Solutions may have.

Total unsecured creditor claims may therefore be in the order of \$4,085,537 (excluding related entities), although such claims have not been formally adjudicated upon and are therefore subject to change.

The Company's top 10 unsecured creditors in value per the Company's records and revised amount based on Proof of Debts submitted and our investigations are provided in the table below:

No.	Creditor name	Amount per Company records (\$)	Revised Amount (\$)
1	OREZ Solutions	-	1,260,184
2	Core Contracting Services	340,843	714,953
3	Australian Taxation Office	-	424,848
4	Industrial Fire & Electrical	38,014	366,168
5	Belle Banne Conveyor Services	281,071	281,071
6	RC Construction WA	187,072	275,715
7	FVS Fire	7,370	63,659
8	SAGE Automation	62,517	Not submitted
9	Donaldson Australasia	46,838	Not submitted
10	Air Environment Consulting	45,659	45,650
Total of top 10 unsecured creditors		1,009,384	3,432,249
Total unsecured creditors (excluding related party debts)		1,323,736	4,085,537
% of total unsecured creditors (excluding related party debts)		76.25	84.00

There are significant discrepancies in the table above between the amounts listed under 'Amount per Company records' and those listed under 'Revised Amount'. In addition to debts disputed by Management (e.g. OREZ Solutions), our investigations reveal that the accounts payable amounts per the Company's records are only up to 10 January 2025, rather than the date of Appointment.

4.4.6 Related entity creditors

The Company's books and records show amounts are owed to COVA Group entities as summarised below:

Related entity	Details	Company records or ROCAP amount (\$)
COVA Thinking Pty Ltd	Predominately intercompany loan	1,166,699
COVA Group Services Pty Ltd	Services provided	610,297
COVA Thinking (Cambodia) Co Ltd	Services provided	113,368
COVA Thinking (Singapore) Pte Ltd	Services provided	54,855
Total related entity creditors		1,945,220

The amounts detailed above have not been verified at this stage. Intercompany loans are discussed in more detail in Section 6.2.

5 Conduct of administration

5.1 First meeting of creditors

The first meeting of creditors of the Company was held on 3 February 2025 pursuant to s436E of the Act. A copy of the first meeting minutes may be obtained from ASIC's website.

Creditors resolved at the First Meeting to appoint a COI comprising:

Representative names	Representing
William Kerr	In his own capacity as a former employee
Chris Tummon	In his own capacity as a former employee
Alex Moores	COVA Thinking Pty Ltd
Max Bergomi	OREZ Solutions Pty Ltd

No COI meetings have been held as at the date of this Report.

5.2 Key Conduct of the Administrators

The key conduct of the Administrators to date is outlined below:

- secured the Company's assets;
- held the first meeting of creditors on 3 February 2025;
- obtained a valuation of the Company's plant and equipment;
- conducted investigations into the affairs of the Company and reported to creditors;
- liaised with key stakeholders including, but not limited to, former employees and creditors;
- met with the Directors and Management;
- obtained certain books and record of the Company;
- held meetings with parties in dispute with the Company; and
- undertaken various statutory reporting obligations.

As discussed earlier in this Report, the Company's main source of revenue was generated via the provision of subcontracted services to a related entity, COVA Haywards, which typically acted as the principle contracting party with clients on major projects across Australia. The Company did not maintain an independent client base or conduct its own sales processes.

Upon our appointment, we became aware that there was no further funding available to the Company for ongoing work on projects underway. Accordingly, the Administrators formed the view that the Company did not have an ongoing business and therefore immediately made all employees redundant as it was uncommercial to continue operating.

6 Company financial background

Below we discuss the financial performance and position of the Company.

Management has informed us that the Company did not prepare a full set of stand-alone financial statements in the form of annual reports or detailed monthly management accounts. COVA Group Services Pty Ltd (**COVA Services**) provides accounting and general administration services to the Australian Group. COVA Services (with input from Company staff) prepared quarterly management accounts for the Company in the form of a basic profit and loss calculation and a basic balance sheet (**Management Accounts**). The source of the Management Accounts (i.e. general ledgers) are maintained on a Xero accounting system.

Management advised:

- a dynamic cash flow forecast is maintained to monitor available cash across the Australian Group;
- historical copies of full forecasts are generally not retained, however we were provided with copies of periodic outputs in the form of forecast weekly cash balances for the Company (and Australian Group) and evidence of some Management discussion regarding same; and
- annual financial statements for the Australian Group (including the Company) were not audited.

The Company's and the Australian Group's Management Accounts are reviewed together by a joint board (i.e. the Board of all Australian Group companies) at least quarterly. The last internally reviewed annual Management Accounts were for the financial year ended 30 June 2024.

In the time available, we have completed a preliminary review of the following:

- FY22, FY23, FY24 and YTD (at 20 January 2025) unaudited Management Accounts;
- cashflow balance forecasts, as available, prepared by Management in the six months leading up to our Appointment; and
- various, but not all, supporting information.

We note that year-on-year comparability of certain line items in the Profit and Loss and Balance Sheet across the periods shown below is limited due to a restructure of the Australian Group effective 1 July 2024 (further discussion is provided below).

6.1 Company financial performance

Key Comments

For the period FY22 to YTD January 2025 the Company experienced significant fluctuations in its financial performance due to:

- variability in cost of sales year-on-year; and
- in FY24 the Company incurred a material loss of c.\$8.4m largely attributable to substantial unrecoverable costs associated with the FPA Project.

The material loss incurred in FY24 reflects the difficulties the Company and the industry was experiencing in respect of cost control, given substantial losses at the project level, before Company operating costs and overheads.

The Company's financial performance (**Profit and Loss**) for the three financial years **FY22**, **FY23** and **FY24** and the period from 1 July 2024 to 20 January 2025 (**YTD Jan 25**) is detailed overpage.

Management Accounts: Profit & Loss

					JAN
AUD in 000's	Notes	FY22	FY23	FY24	YTD 25
Billed Revenue	1	3,333	27,215	59,437	18,043
WIP Movement	2	(739)	1,407	7,882	314
Super Profit/ Loss	3	(31)	(543)	(8,751)	415
Other Income		-	1	130	74
Revenue		2,562	28,080	58,698	18,846
Project Expenses	4	2,646	25,881	51,239	10,698
Labour	5	-	-	9,010	4,741
Cost of Sales		2,646	25,881	60,249	15,438
Gross Profit (\$)	6	(84)	2,200	(1,551)	3,408
Gross (%)	6	(3%)	8%	(3%)	18%
Corporate		3	259	102	51
Employee Labour		-	-	586	200
Contract Labour		-	-	53	164
IMS / IT / Communication		1	93	292	132
Insurance		-	-	1,019	233
Occupancy		-	-	13	18
Marketing & Advertising		-	16	34	14
Other Expenses		1	(1)	590	269
Overheads - Directly Attributable	7	4	368	2,687	1,080
Corporate		-	-	396	171
Employee Labour		-	-	1,489	547
Contract Labour		-	-	-	-
IMS / IT / Communication		-	-	435	213
Insurance		-	-	35	15
Occupancy		-	-	585	329
Marketing & Advertising		-	-	103	38
Other Expenses		-	-	731	400
Overhead - Recharges	7	-	-	3,773	1,714
EBITDA	8	(88)	1,831	(8,011)	613
Depreciation and amortisation		(6)	(1)	(185)	(43)
EBIT		(94)	1,831	(8,195)	571
Finance (Interest)		-	(5)	(187)	(101)
Gain/ Loss before income tax expense		(94)	1,826	(8,382)	470
Income tax (expense) / benefit		(108)	(557)	17	(1)
Net Profit/ (loss)		(201)	1,270	(8,365)	469

Notes

1. 'Billed Revenue' represents income from clients on design and construct projects. Management advised revenue is calculated under the 'percentage of completion method' as described in the relevant accounting standard (AASB 15), wherein the Company recognises revenue based on the progress of a project, rather than at project completion. This method seeks to report an accurate reflection of financial performance over time, particularly for construction projects that extend over several financial periods. Billed Revenue increased year-on-year from FY22 to FY24, however, at YTD January 2025, was tracking materially below the same time period in FY24. Management advised that fluctuation in revenue is linked to, amongst other things, the:
 - cyclical and project based nature of the construction industry; and
 - variability in projects and scale of projects undertaken.
2. 'Work in Progress (**WIP**) Movement' shows time and materials incurred on projects in the period and expected to be billed. This item increased steadily year-on-year from negative c.\$739k in FY22 to c.\$7.9m FY24. The significant WIP movement in FY24 was primarily due to variations and costs on the FPA Project which was unable to be billed at the time. The issues with the FPA Project are discussed in more detail in Section 7.2.1. The low WIP Movement in YTD January 2025 was driven by billing undertaken by the Company on a regular cycle.
3. 'Super Profit/ Loss' is a term used by Management to reflect a margin made (positive or negative) on consulting work performed by the Company that exceed the margin already built into the labour sell rates. A super profit occurs where the contract value is greater than the expenses incurred (generally internal staff costs) by the Company to complete a project, while a super loss reflects a project which cost more to complete than the contract value. Super losses were recorded in FY22 to FY24, while a profit of c.\$415k was recorded in YTD January 2025. Management advised the c.\$8.7m super loss in FY24 was primarily due to the FPA Project. The Company faced difficulties with the FPA in recovering revenue in line with the anticipated claim schedule. These difficulties arose from disputes concerning variations for work beyond the original scope of the contract.
4. 'Project Expenses' are costs associated with raw materials and subcontracting of project execution work to third parties. Management advise the rise in project expenses in the period shown to FY24, can be attributed to an increased number of projects and the complexity / scope changes associated with the FPA Project.
5. 'Labour Expenses' recorded as part of cost of sales reflect direct labour costs involved in projects. No labour expenses were recorded in FY22-FY23 as COVA Thinking Pty Ltd, a separate Australian Group entity, was the employer at that time. In FY24 an internal restructure of the Australian Group took place, resulting in the transfer of employees to the Company and employee-related expenses being recognised in FY24.
6. 'Gross Profit' or 'Gross Profit Margin' represents the Company's margin on projects before overheads, i.e. reflecting direct project costs only. In the period FY22 to FY23 the gross profit margin varied between negative 3.3% and 7.8%. In our opinion, these levels of gross margin are insufficient (even when positive) and would not offset overhead and risks for projects undertaken. This reflects the difficulties relating to cost control, project management and risk allocation on projects undertaken by the Company as mentioned in the Board Packs. The YTD January 2025 gross margin of 18% was due to recovery of WIP previously written off on the FPA Project and timing of settlement of the FPA dispute.
7. Other costs shown below Gross Profit represent overheads to operate the Company's business. Very low overhead costs were recorded in FY22-23 as the Company predominantly was a sub-contracting entity (prior to the transfer of employees as discussed in Note 5.) Following the Australian Group restructure in FY24, the Company has been charged overheads directly attributable to its business and a portion of the Australian Group's costs which were related to the provision of support to the Company (e.g. finance and administration functions). Management has indicated that the allocation of overhead charges is based on a combination of function, employee numbers and financial metrics.
8. EBITDA has varied considerably in the period shown due to inconsistent revenue streams, substantial unrecoverable costs and escalating project-related expenses. These issues have led to a marked decline in EBITDA from c.\$1.8m in FY23 to negative c.\$8.0m in FY24. Management advised unrecoverable costs related to the FPA Project were written off in June 2024. In FY25 the settlement of the FPA dispute and recovery of previously written off WIP resulted in a positive EBITDA of c. \$613k YTD January 2025.

6.2 Company financial position

Key Comments

- As highlighted in Section 6.1, the Company incurred a significant loss in FY24. At year end FY24 a resultant net liability position of c.\$7.8m was recorded.
- The primary drivers of the poor financial position in FY24 were:
 - reduced receivables;
 - increases in payables and accrued project expenses; and
 - an increase in bank debt.
- Together these reflect a degradation in the Company's financial position, which Management advise related primarily to the FPA Project.
- As at the date of our Appointment, the Company reportedly had net outstanding liabilities of c.\$1.9m to the COVA Group.

The Company's financial position (**Balance Sheet**) for the three financial years ended FY24 and as at 20 January 2025 is summarised below.

Management Accounts: Balance Sheet

AUD in 000's	Notes	FY22	FY23	FY24	JAN YTD 25
Cash and cash equivalents		1,537	239	779	1,298
Receivables	1	227	6,994	5,046	155
WIP stock	2	(756)	107	(741)	(13)
Intercompany loans - receivables	3	-	-	256	(3)
AUS Holdings		-	-	-	-
AUS Group Services		-	-	250	(3)
CAM Thinking		-	-	6	-
Other assets		47	34	249	393
Total current assets		1,055	7,374	5,588	1,831
Deferred tax asset		-	1	-	-
Intercompany loans - receivables	3	-	739	871	-
Property, plant and equipment		3	-	31	58
Goodwill	4	-	-	364	364
Total non-current assets		3	740	1,266	423
Total assets		1,058	8,114	6,854	2,253
Accounts payable	1	635	4,100	4,655	3,218
Provisions		-	-	322	395
Accrued expense		7	-	131	53
Accrued project expense	5	-	3,272	6,616	4,327
Accruals & clearing accounts		7	3,272	6,747	4,381
PAYG Withholding		-	-	441	418

AUD in 000's	Notes	FY22	FY23	FY24	JAN YTD 25
SG Superannuation		-	-	48	49
Salary Sacrifice Super		-	-	7	10
Employee Repayments		-	-	-	-
Long Service Leave (Current)		-	-	152	133
Employee entitlements		-	-	649	609
AUS Thinking		-	-	387	1,166
SING Thinking		-	-	-	-
Intercompany loans - payables	6	49	(629)	387	1,166
Other liabilities	7	(30)	(3)	1,850	(219)
Total Current liabilities		661	6,740	14,610	9,550
Employee entitlements		-	-	54	44
Deferred tax liability		63	18	-	-
Total non-current liabilities		63	18	54	44
Total liabilities		723	6,758	14,664	9,594
Net assets	8	335	1,356	(7,809)	(7,341)
Share capital		-	-	-	-
Retained Earnings		536	335	556	(7,809)
Current Year Earnings		-	1,270	(8,365)	469
Accumulated losses		(201)	(248)	-	-
Equity		335	1,356	(7,809)	(7,341)

Notes

- Receivables and accounts payable fluctuate to reflect:
 - the progress of various projects, and for receivables the ultimate client approval of claims;
 - the size and number of projects being undertaken by the Company, which varied year to year as follows:
 - FY22, the Company was undertaking 1 main project in Geelong;
 - FY23, the Company commenced 3 major projects;
 - FY24, the Company remained engaged on those 3 projects; and
 - YTD January 2025, the Company was approaching the completion of all major projects.
- WIP Stock reflects the amount that the Company has yet to bill for work performed. The negative WIP Stock balance for FY24 indicates that the Company has overall billed in advance of work performed.
- Intercompany loan receivables is the amount owing to the Company by other entities in the COVA Group. For example, the Company may have paid other COVA Group entity creditors and in doing so recorded a receivable (increase) in the loan account. Similarly, other COVA Group entities may have paid Company expenses such as insurance etc. which is recorded as a payable (reduction) to the loan account. Funds were also transferred between COVA Group entities (including the Company) to meet funding requirements across the COVA Group. Management advised that the COVA Group operated an informal treasury system wherein funds were transferred between COVA Group entities to facilitate payments as necessary but were recorded in various loan accounts. In FY24 the current loan account recorded a receivable balance of c.\$250k from COVA Group entities, however this was cleared by YTD FY25. The FY24 non-current receivable balance of c.\$870k was also cleared by YTD January 2025 (see section 4.4.6 for further discussion).

4. Management advised that c.\$364k of goodwill recorded in FY24 is associated with minor acquisitions activities in the late 1990s to early 2000s and should most likely be written off as it is not recoverable.
5. Accrued project expenses represents an accrual of costs expected to be incurred to complete a project based on the estimated progress of complete. This amount may include some creditor balances where work has been completed but not yet invoiced to the Company (i.e. therefore not reflected in accounts payable).
6. 'Intercompany loans – payables' are debts owed by the Company to other entities in the COVA Group. This balance includes items similar to those discussed in Note 3. In FY24 the intercompany loans payable figure also included the transfer of employee entitlements and WIP, related to the restructure discussed at Note 5 to the Profit and Loss. There are six intercompany loan ledgers which contain many transactions. In YTD January 2025 approximately 244 transactions occurred and, in the time available, we have not been able to review a material number. Of the transactions reviewed there were, prima facie, reasonable narrations in the ledgers to explain the transactions.
7. Classified under 'other liabilities' is a c.\$2m trade finance facility the Company held with the NAB. This was almost fully drawn at FY24 and repaid during YTD January 2025. Our review indicates this repayment was made on 13 December 2024 from cash on hand predominantly as a result of the timing of the FPA settlement.
8. The Company's net asset position deteriorated from FY23 due to significant losses in FY24, such that liabilities were c.\$7.3m greater than assets at YTD January 2025. As can be seen, almost all liabilities were reportedly current (i.e. due in the near term) and the Company's working capital position at that time was poor (see section 7.3.1 for further discussion). The Company was reliant on Group support to function.

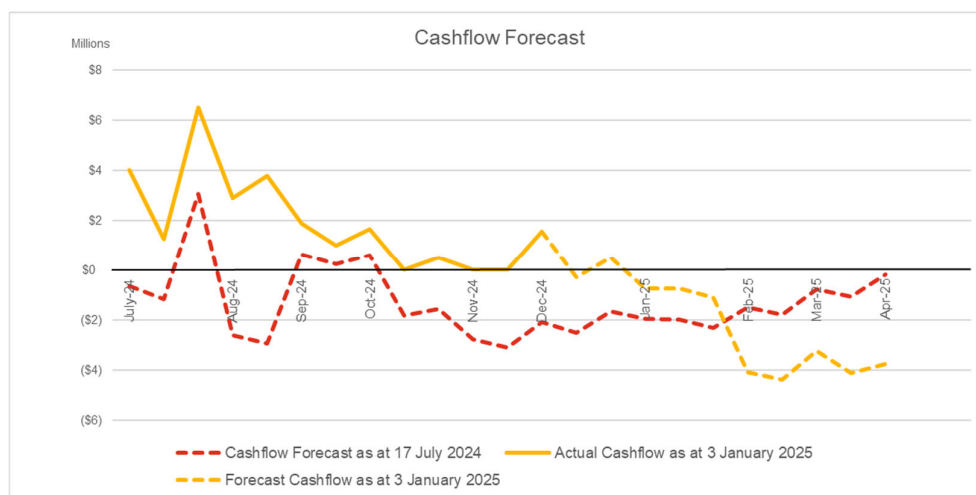
6.3 Company cash flow

Management advise they did not prepare stand-alone cash flow statements or forecasts for the Company.

Management prepared cashflow forecasts (generally for 12 to 18 month periods) for the COVA Group (including the Company) which were updated regularly based on new information as it became available. This facilitated a treasury management function (see note 3 to the Balance Sheet) with the aim of allowing all entities to pay debts as and when due.

Management provided us with copies of cash balance forecasts (**Cash Forecasts**), associated contemporaneous commentary and a sample underlying model used to generate the cash balance forecasts for the COVA Group, for the period from July 2024 to January 2025.

The chart below compares cash balance forecasts prepared in July 2024 and December 2024 (dated 3 January 2025):



While the December forecast showed a better position, in early 2025, around the time of Appointment, the forecast cash position became materially worse and continued to worsen.

We conducted initial reviews of the Cash Forecasts and associated Management commentary and make the following observations:

- There was considerable variation in Cash Forecast outcomes for the Company month-to-month. We understand from Management this occurred due to the following key reasons:
 - delays in ultimate client approval of variations and ultimately lower approvals than claimed by the Company;
 - requirements for the Company to continue to work on projects without the revenue component of variations being approved, which Management advise is a contractual obligation under the Australian Standard contracts;
 - project size and complexity, being compounded by the requirement that the Company continue to deliver the increasing size and complexity of works without payment; and
 - extensions of time to reach practical completion, which also resulted in a revision to those claimed items that were referable directly to the completion date.
- The COVA Group largely had a central treasury function whereby cash was moved between entities as needed.
- The Company's finance facility was factored into cash management needs as required.
- Overall the Company was forecast to be in a cash negative position on numerous occasions and required COVA Group financial support.
- A key factor influencing the cash position of the Company was the recovery amount and timing of large claims outstanding in respect of the FPA Project.
- Forecast cash positions were overstated / understated at times due to:
 - insufficient visibility of costs on projects;
 - some out of scope work which caused additional costs to the Company outside of potential variations, such that corresponding revenue could not be recovered;
 - cash forecasts not including all costs for the Company; and
 - incorrect timing of payment of retention liabilities (c.\$0.85m at Appointment), which we understand were all assumed payable in July 2025 until a more definitive date was known and the forecast updated (we do not hold copies of the cash flow statements at the time).

It is difficult for the Administrators to make definitive comments as to the suitability of the Company's cash flow management and forecasting in the time available. Nevertheless, the Administrators recognise the difficulty of forecasting cash flows for complex construction projects.

6.4 Directors' Report on Company Activities and Property (ROCAP)

The Directors of the Company are required to provide the Administrators with a ROCAP to provide detailed information about the Company's business, property, affairs and financial circumstances at the date of Appointment. The ROCAP should include:

- net asset book values (based on historical financial records);
- estimated asset realisable values; and
- known liabilities.

All Directors have provided us with a ROCAP in accordance with their responsibilities under the Act. The Directors provided us with an identical ROCAP which is summarised below. ROCAP figures may differ from actual realisable values as:

- net book values are based on historical financial records;
- asset values are not market tested; and
- creditor claims are not yet adjudicated upon and quantified.

A summary of the Directors' ROCAPs is provided below:

AUD in '000s	Notes	Directors' ROCAP Book Value	Administrators' Estimated Realisable Value
Trade debtors	1	155	100
Cash at bank	2	Not disclosed	1,149
Motor Vehicles	3	Not disclosed	77
Plant and equipment	4	58	11
Sub Total		213	1,337
Less other creditor claims:			
Employee Entitlements	5	1,338	1,435
Unsecured creditors	6	2,124	6,030
Sub Total		(3,463)	(7,465)
Surplus/(Deficiency) to creditors		(3,250)	(6,128)

Notes

1. At appointment, the Company had a small number of debtors primarily relating to ad-hoc minor consulting / diligence engagements, with one debtor owing \$132k. Upon investigation, we understand this debtor is in dispute. We also identified an additional debtor totalling c.\$77k not included in the Directors' ROCAP for work completed during January 2025, prior to the Administrators' appointment. We anticipate recovering in all likelihood this amount in full.
2. The NAB confirmed that the Company held one bank account at appointment with a balance of \$1,148,701 which was transferred into the Administrators' bank account following our appointment.
3. The Company is the owner of two Ford Ranger motor vehicles. An independent desktop valuation of these vehicles estimates an auction realisable valuation of \$77k.
4. The majority of the Company's plant and equipment is represented by general office furniture located across multiple sites. The book value disclosed in the Directors' ROCAPs represents the historic costs expended less accumulated depreciation. Book value can vary considerably from the estimated realisable value, which reflects the value a buyer may pay for those assets on the open market.

5. As detailed at Section 4.4.2 of this Report, we have reviewed the current employee entitlements calculations based on the Company's books and records. These calculations have been reviewed but not verified by the Administrators and are therefore subject to change. The employee entitlements included in the Directors' ROCAP were those calculated by the Company at the time of the Administrators' appointment. Those entitlements have been revised following discussions with former employees and Management. The difference of c.\$97k is tabled below:

Entitlements (\$'000 AUD)	ROCAP Amount	Administrators' assessment
Wages	19	19
Superannuation	12	108
Annual leave, long service leave and time in lieu	382	380
PILN and redundancy	925	928
Total employee entitlements	1,338	1,435

6. As detailed at Sections 4.4.5 and 4.4.6 of this Report, we have received the following unsecured creditor claims:

Unsecured Creditors (\$'000 AUD)	Total Amount
Trade Creditors	3,660
Statutory bodies	425
Related Party Creditors	1,945
Total Unsecured Creditors	6,030

Claims from creditors who were not included in the Directors' ROCAPs comprise the ATO, RevenueSA and OREZ Solutions. Additionally, several creditors included in the ROCAPs have submitted claims for amounts exceeding those outlined in the ROCAPs. It should be noted that the Administrators have not formally adjudicated upon or accepted any claims received.

7 Investigations

Key Comments

While our investigations are preliminary, we summarise our initial findings below:

- The Company's failure was caused by the following primary factors:
 - difficulty in recovering costs incurred for variations on client projects (notably FPA Project);
 - insufficient future work to cover ongoing operating costs; and
 - the Company relied on funding and loans from the COVA Group (particularly in late 2024) to allow it to pay creditors as and when due (see Sections 4.4.6 and 6.2). Such funding was withdrawn shortly before our Appointment.
- As at the date of our Appointment, the Company reportedly had outstanding net liabilities of c.\$1.9m to COVA Group companies.
- Our preliminary view is that while the Company was incurring significant losses from FY24 onwards, it did not appear to be insolvent while it had the funding support of the COVA Group.
- The Company was likely to have become insolvent shortly after our Appointment on 21 January 2025.
- The Company appears to have maintained adequate books and records. However, they are intermingled with the Group's books and records, making information extraction time consuming.
- In the event the Company is placed into liquidation, the above matters would likely be the subject of further investigation by the appointed liquidator(s).

We have conducted investigations into the reasons for the Company's failure to the extent possible in the available time. Further investigations may be conducted should creditors vote to wind up the Company at the Second Meeting. A liquidator has greater powers to undertake investigations and pursue recoveries than an administrator.

We have based our investigations and opinions on information obtained from:

- Company books and records, including Management reports and Board reports;
- electronic financial systems;
- accounting and database information systems used within the Company/Group; and
- discussions with Directors, Management and key staff members.

7.1 Directors' explanation for the Company's difficulties

The Directors of the Company attribute the Company's current financial position to the following factors:

- In a number of the Company's major projects (particularly the FPA Project), revenue could not be recovered in accordance with the anticipated claim schedule or at the values sought. This resulted in substantial amounts of accrued WIP not being recoverable.
- Several major projects which the Company was to work on in 2025 experienced excessive delays which the Company was only informed of in late 2024.
- The deferral in having contracts awarded further compounded the Company's ability to generate revenue and thereby remain viable.

7.2 Administrators' opinion of the reasons for the Company's difficulties

We generally concur with the Directors' stated reasons for the Company's current financial position and provide further discussion below.

7.2.1 FPA Project

The FPA Project was the largest project undertaken by the Company. The contracted value was originally \$39m and increased to \$64m due to complexity and scale.

Management advise the Company's contract to perform the FPA Project with COVA Haywards was constituted by joint venture arrangements, oral representations reflecting in-practice operations, and understandings between related parties, but not subject to formal written agreement which we understand only existed between COVA Haywards and FPA. We are informed that the Company prepared the tenders for the FPA Project.

We are informed by Management that:

- Due to project complexity, during 2024 the Company and FPA agreed to informal processes to manage a large number of variations and project management activities to save time and cost. This included a deferral of approval and payment of variation costs, project management and design fees.
- During this time the Company continued to work towards project completion and incurred costs Management believed would later be recovered.
- In early to mid-2024 the Company sought to claim accrued costs (WIP). In the intervening period, key personnel at the FPA changed, including the project superintendent and CEO (due to the death of the incumbent).
- The new FPA management disputed the claims made by the Company which were c.\$11.4m (based on information contained in the Company's September 2024 Board Pack).
- An extended period of negotiations (5 to 6 months) ensued wherein the Company ultimately agreed to a settlement of a substantially lower amount totalling \$5.7m (50% reduction), which was received in two tranches:
 - c.\$1.36m on 10 May 2024; and
 - c. \$4.34m on 3 December 2024.
- During the dispute period, the Company's financial position deteriorated as detailed in Section 6.2.

Based on the FPA settlement achieved, the Company's incurred losses of c.\$5.7m. The under recovery of FPA Project costs was a key contribution to the ultimate collapse of the Company, as working capital was eroded. Immediately prior to the FPA settlement being received, the Company's cash position was negative c.\$235k.

We note that the Company continued to incur costs in circumstances where recovery was uncertain. Management advise that under the Australian Standard contracting framework:

- COVA Haywards; and
- by extension the Company engaged by COVA Haywards to deliver the project,

were contractually bound to continue working and the FPA was required to be reasonable in approving submitted claims. Please refer to Section 8.3.1 for the Administrators' comments on potential Director breaches associated with the FPA Project.

It appears the FPA settlement agreement was reached after protracted negotiations and after assessing all options, including litigation. In our opinion, the Company did not have the financial capacity or resources to conduct what would have inevitably been an expensive and long running litigation.

A liquidator, if appointed, would likely conduct further investigations into the Directors' actions associated with the FPA Project. Such investigations would be complex, time intensive, have a significant cost and may not ultimately lead to any recovery for the Company.

7.2.2 Company projects

The Company's Board Packs reported that the Company's three main projects were all nearing completion at around the same time in late 2024 or early 2025. Based on our understanding and review of the Board Packs, this was concerning to the Company for two key reasons:

- The need to obtain further work to meet ongoing operating costs, although we believe the Company routinely reduced and expanded its workforce (including contractors) in order to manage such costs. Based on commentary in the Board Packs, the Company was seeking to develop further work and respond to tenders.
- The Company would recognise profit and receive cash in the early stages of projects and estimate reduced profit expectations and cash shortfalls as the projects approached completion. The net cash loss for the completion of projects in hand was estimated by the Company in the September Board Pack to be c.\$3.4m, calculated as follows:

All Projects	Total Amount (\$'000)
Expected inflows	9,909
Expected outflows / commitments	13,347
Net cash loss remaining	(3,438)

In late November, Management's emails estimate cash losses to complete projects on hand at c.\$2.6m after receiving the FPA claim settlement proceeds and in the December Board Pack, it was noted that a "significant erosion of profit on Fremantle, c.\$1.5m" had occurred.

7.2.3 Lack of working capital

In Section 7.3.1 below we consider the Company's working capital position. In our opinion the Company did not hold sufficient working capital (i.e. cash reserves or funds under its control) to manage the risks or costs it was exposed to. Given the losses experienced in FY24 and likely losses in FY25, the Company did not demonstrate capacity to generate working capital increases via profits.

As discussed in Section 6.2, the COVA Group regularly moved cash between entities to manage working capital and ensure debts could be paid as and when due. However, the Company held little (if anything) in the way of a buffer to:

- deal with unforeseen circumstances;
- fund cost overruns;
- commence legal recovery proceedings, for example as contemplated in the FPA claims; and
- sustain itself when projects completed, and no replacement work existed.

Board discussion in September 2024 indicated the need for additional working capital.

The Company regularly received funding from other entities in the COVA Group (as discussed in Sections 4.4.6 and 6.2). Based on our review, this was subject to close management and allowed the Company to pay its debts as and when they fell due until financial support was effectively withdrawn prior to the Administrators' appointment.

7.2.4 Insufficient future work

We were informed by Management that a number of new projects were expected to commence in early 2025, although these projects were either delayed or cancelled in late 2024.

Management correspondence and the December 2024 Board Pack indicates:

- that anticipated projects were delayed;
- another project was awarded to competitors; and
- another project's scope was reduced considerably.

Without new project work, the Company did not have sufficient capital to continue to operate. Cash forecasts in January 2025 show significant deficits continuing from late January 2025 throughout the remaining forecast period.

Without ongoing support of the COVA Group, the Company could not continue to meet its debts, including employee entitlements, as and when they fell due.

7.3 Insolvency

A company is insolvent if it is unable to pay its debts as and when they become due and payable. Our preliminary view is that while the Company was incurring significant losses from FY24 onwards, it did not appear to be insolvent while it had the funding support of the COVA Group. That support was withdrawn shortly before the Administrators were appointed.

Liquidators are required to demonstrate that a company is insolvent in order to pursue certain recovery proceedings, including voidable transactions and insolvent trading claims (Section 8). Proof of insolvency is subject to detailed and extensive analysis, far beyond what is possible to address in this Report.

In order to test the Company's insolvency, we have conducted a Cash Flow Test and Balance Sheet Test, which are examined below, along with considering other insolvency principles established in case law.

7.3.1 Cash Flow Test

The Cash Flow Test is a measure of a company's ability to pay its liabilities from available resources as and when they fall due. We note resources include funding provided from a financier or, in the Company's situation, the COVA Group's financial resources.

The Company's available books and records indicate that with the support of the COVA Group it was:

- able to pay its debts within trading terms in the lead up to our Appointment; and
- likely to have become insolvent shortly after our appointment on 21 January 2025.

In the absence of further funding from the COVA Group, the most recent cash forecast prior to Appointment (as prepared by Management) indicated that the Company would experience a cash deficit in the week ending 31 January 2025 of c.\$736k and was negative thereafter. Our review indicated that the Company held greater cash than forecast and held positive cash balances throughout January 2025 to the date of Appointment.

In October to December 2024 we understand the COVA Group paid net amounts of c.\$795k into the Company's banks account to allow the Company to pay its debts. As at the date of our Appointment, the Company reportedly had outstanding net liabilities of c.\$1.9m to COVA Group.

We also considered other indicators of insolvency as discussed below.

Working capital and net current assets

Working capital is an indicator of a company's short term liquidity, representing the amount of current assets available to repay debts that are due within the next 12 months. It is calculated by deducting current liabilities from current assets. A working capital ratio (current assets divided by current liabilities) of less than one indicates that a company may not be able to pay its debts as and when they fall due.

Analysis of the Company's Management Accounts, shown below, demonstrate negative working capital as at June 2024 and at YTD January 2025:

(\$'000 AUD)	Jun-22	Jun-23	Jun-24	YTD Jan-25
Current Assets	1,055	7,374	5,588	1,831
Current Liabilities	661	6,740	14,610	9,550
Working Capital	395	634	(9,021)	(7,719)
Working Capital/Liquidity Ratio	2	1	0.4	0.2

A working capital ratio or test is not necessarily conclusive of insolvency, rather a warning sign that indicates possible financial distress.

In considering the Company's working capital position, it is also important to note that included in current liabilities at both June 24 and YTD January 2025 are material amounts for:

- Intercompany loans (c.\$387k and c.\$1.16m respectively) which do not have a defined repayment obligation and are therefore not due for payment; and
- Accrued project expenses (c.\$6.6m and c.\$4.3m respectively) which are costs expected to be incurred by the Company to complete a project based on the stage of completion. Such expenses may not have been incurred, even though the accrual has been recorded in the financial statements.

As discussed in earlier sections of this Report, we are of the view that the Company did not hold sufficient working capital and had to rely on support of the COVA Group to fund its short term commitments.

Overdue trade creditors

As a further test we considered cash compared to overdue creditors for the six month period prior to appointment. Using creditor balances aged 60 days or more as a proxy for being overdue, only one third party creditor was owed a nominal sum. All other third-party creditor balances were recorded as less than 60 days, i.e. 30 days or current. This excludes intercompany creditors, which we consider were not due regardless of aging.

We are not aware of any creditors pressing for payment in the 6 months prior to appointment.

Cash flow review

In Section 6.3 we considered the cash balance forecasts prepared by the Company. While there are regular negative cash balances forecast, based on the tests discussed above, the Company had sufficient funds to pay overdue creditors, with the benefit of support from COVA Group.

7.3.2 Balance Sheet test

The Balance Sheet Test assesses the solvency of a company with reference to a company's net asset position (i.e. the level of total assets relative to total liabilities). The Company Management Accounts indicate a material negative net asset position (total liabilities exceed total assets) at June 2024 and YTD January 2025, as shown in the table below:

(\$'000 AUD)	Jun-22	Jun-23	Jun-24	YTD Jan-25
Total Assets	1,058	8,114	6,854	2,253
Total Liabilities	723	6,758	14,664	9,594
Net Assets	335	1,356	(7,809)	(7,341)

While a negative net asset position is a strong warning sign of financial distress it is not conclusive proof of insolvency. Insolvency is determined by a company's ability to meet its financial obligations when they fall due, not just by its balance sheet position.

As discussed in Section 7.3.1, the Company had ongoing financial support from COVA Group until immediately prior to Appointment, allowing it to pay debts when they fell due.

7.3.3 Other Indicators of Insolvency

Determining whether a company is insolvent (and the date at which insolvency occurred) is often difficult and is ultimately a matter for the courts to decide. The courts have identified fourteen general indicators of insolvency that are considered further in ASIC Regulatory Guide 217.

Our investigations to date have identified that two of these indicators apply, or may apply, to the Company, as summarised below:

Indicator	Present	Comment
Continuing trading losses	Yes	The Company had trading losses in FY24 and was expected by Management to incur a further loss in the FY25 year.
Liquidity ratio below one	Yes	The Company's liquidity ratio fell below 1 in both FY24 and YTD January 2025.
Overdue Commonwealth and state taxes	No	The Company was up to date with its GST and PAYG reporting. We are not aware of any outstanding state taxes.
Poor relationship with borrower/financier including inability to borrow additional funds	No	The Company had facilities with the NAB as well as funding from COVA Group.
No access to alternative finance	No	We are not aware that the Company attempted to access any alternative finance. The Company was provided financial support by COVA Group in order to meet its short term obligations.
Inability to raise further equity	No	We are not aware that the Company attempted to access additional equity. The Company is a wholly owned subsidiary of COVA Group Pty Ltd (the ultimate holding company for the Australian Group).
Supplier placing debtor on COD terms, otherwise demanding special payments before resuming supply	No	We are not aware of any suppliers placing the Company on cash on delivery terms or seeking special payment arrangements.
Creditors outside trading terms	No	No material amounts identified.

Indicator	Present	Comment
Issuing of post-dated cheques	No	The Company did not use cheques. We are not aware of any electronic payment arrangements similar to issuing post-dated cheques.
Dishonoured cheques	No	The Company did not use cheques. We are not aware of any electronic payments being rejected due to lack of funds.
Special arrangements with selected creditors	No	We are not aware of any special arrangements with creditors.
Legal action threatened or commenced, or judgements entered against the company	No	We are not aware of any demands or threats made to the Company.
Payments to creditors of rounded figures, which are irreconcilable to specific invoices	No	We are not aware of any such payments.
Inability to produce timely and accurate financial information to display the Company's trading performance and financial position, and make reliable forecasts	No	Management Accounts were produced on at least a quarterly basis with underlying cash and project reporting on at least monthly basis.

7.3.4 Proving Insolvency

Further investigations into the Company's insolvency may be conducted by a liquidator should the Company be wound up.

Determining when a company became insolvent can be a costly and complex exercise, involving a detailed review of the company's financial position, cash flow, and other relevant information. Ultimately it is a matter for the court to decide whether a company was insolvent or not and on what specified date.

7.4 Legal/class actions

We are unaware of any material legal proceedings against the Company, prior to appointment.

On 21 January 2025 a statement of claim was filed against the Company in relation to the Dulverton Project. The Administrators are currently reviewing the basis of the claim made. Generally, there is a stay of proceedings against a company and its property during the Administration period, except where an administrator has provided consent for the proceedings to continue, or with leave of the court.

7.5 Outstanding or previous winding up applications

We are not aware of any outstanding or previous winding up applications against the Company.

7.6 Books and records

Our preliminary view is that the Company has maintained adequate books and records.

A company must keep written financial records that:

- correctly record and explain its transactions, financial position and performance;
- would enable true and fair financial statements to be prepared and audited; and
- must be kept for seven years after the transactions covered by the records are completed.

Directors are responsible for ensuring that adequate financial records are maintained. Directors who fail to take all reasonable steps to ensure compliance with this requirement may be subject to a civil penalty order. This includes shadow and de facto directors.

Failure to maintain books and records may give rise to a presumption of insolvency (pursuant to s588E of the Act).

A liquidator (if appointed) may continue investigations into whether any breaches of the Act have occurred in relation to the maintenance of proper books and records, including:

- failure to keep proper financial records (s286 of the Act);
- failure to take all reasonable steps to comply with financial records reporting requirements (s344 of the Act); and
- requiring officers to exercise a reasonable degree of care and diligence in the exercise of their powers and discharge of their duties (s180 of the Act).

8 Contraventions and liquidation recoveries

Key Comments

Based on our investigations to date (noting the limited time available), we summarise our preliminary findings below:

- In our view, the Company was likely to become insolvent shortly after our appointment on 21 January 2025 and did not trade whilst insolvent.
- We did not identify:
 - any payments to creditors that may be preferential in nature; or
 - other voidable transactions.
- In relation to the FPA Project, it remains possible that the Directors of the Company may have breached their duties under s180 of the Act and their fiduciary duties to the Company in performing obligations and incurring costs in relation to the FPA Project which resulted in the Company suffering loss, in circumstances where a written contract was not in place.

A liquidator has the ability pursue certain claims that may result in recoveries for creditors. Importantly, these claims are not available to a deed administrator should creditors vote to execute the DOCA proposal.

To compare the likely return to creditors under a DOCA and liquidation scenarios, administrators identify claims that a liquidator could pursue, including voidable transactions and other potential recoveries, including:

- recoveries against past or present directors, secretaries, other officers and company advisors; and
- recoveries against a holding company.

Enclosed at **Appendix F** is a *Creditor Information Sheet: Offences, Recoverable Transactions and Insolvent Trading* published by ARITA, which provides general information for creditors on the types of claims that a liquidator can pursue.

8.1 Voidable transactions

The Act requires an administrator to specify whether there are any transactions that appear to the administrator to be voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under the Act. The voidable transactions are commonly known as:

- unfair preference payments;
- uncommercial transactions;
- unfair loans;
- unreasonable director transactions; and
- voidable dispositions.

We note that a requirement of unfair preference payments and uncommercial transactions is that the Company is insolvent at the date of payment or became insolvent as a consequence of the payment (among other things). As noted in Section 7.3, our preliminary view is that the Company was not insolvent prior to our Appointment.

We have not identified any voidable transactions.

8.2 Insolvent trading

Insolvent trading is when a company incurs a debt at a time when:

- the company was insolvent or became insolvent by incurring the debt; and
- there were reasonable grounds to suspect the company was insolvent or would become so as a result of incurring the debt.

We refer to our earlier comments above regarding our preliminary view on the date of insolvency. Accordingly, we do not believe at this stage that there is a realistic prospect that a liquidator could successfully pursue any claim(s) for insolvent trading.

Company directors have a duty to prevent insolvent trading by not incurring debts when there are reasonable grounds for suspecting that the company is, or will be, unable to pay its debts as and when they fall due.

The objective test or standard of measure in deciding whether insolvent trading has occurred is whether a director can demonstrate that their actions are at the same degree and level that would be required of an ordinary reasonable person holding a similar position and responsibility in the same circumstances.

A director who fails to prevent a company from incurring a debt at a time when there are reasonable grounds for suspecting that the company is insolvent, or will become insolvent by incurring that debt, contravenes s588G of the Act and will be personally liable.

Creditors should note that only a liquidator or an individual creditor with the liquidator's permission can bring an action against a director for breach of s588G. An administrator or deed administrator cannot pursue a director for recoveries from contraventions of s588G of the Act.

A liquidator may recover from a director the amount of loss or damages suffered by a creditor (s588M).

8.2.1 Director defences

Director defences are only relevant where there is an allegation of insolvent trading. If it is determined that a company traded while insolvent, the defences listed below are available to directors under the Act:

- the director had reasonable grounds to expect, and did expect, that the company was solvent at that time and would continue to be solvent if it incurred the debt;
- the director had reasonable grounds to believe that a competent and reliable person was responsible for providing adequate information about whether the company was solvent and that person was fulfilling the responsibility and it was expected, on the basis of the information provided, that the company was solvent and would continue to be solvent when the debt was incurred;
- at the time the debt was incurred the director, due to illness or other good reason, did not take part in the management of the company; and
- the director took all reasonable steps to prevent the company from incurring the debt.

In addition to the above, the Safe Harbour provisions available under the Act may be relied upon to provide a legal defence against any insolvent trading claim. Those provisions require the director(s) to demonstrate that they took genuine steps to restructure or turnaround the relevant company in the lead up to liquidation.

We are not aware if any of the Directors obtained Safe Harbour advice prior to our Appointment.

8.2.2 Holding company liability

Pursuant to Section 588V of the Act, a holding company (i.e. an entity that owns and controls shares in other companies) may be liable for a subsidiary company's debts if the debts were incurred while insolvent.

In summary, the Act provides a holding company will be liable for a subsidiary company's debt if:

- it was a holding company of the subsidiary at the time the debt arose;

- the subsidiary company was insolvent when the debt arose, or became insolvent by incurring the debt;
- at that time, there were reasonable grounds for suspecting that the subsidiary company was, or would become, insolvent; and
- either the holding company, or one or more of its directors, was aware of the grounds for suspecting the subsidiary was insolvent or it would be reasonable for one or more of the directors to suspect the subsidiary was insolvent.

There are similar defences for a holding company to those set out at Section 8.2.1.

As discussed in Section 7.3 our preliminary view is that the Company did not trade while insolvent or incur debt whilst insolvent. Accordingly, we do not currently expect a liquidator could bring a successful claim for insolvent trading against a holding company. It should be noted that the Safe Harbour protection available for directors in respect of insolvent trading claims is also available to a holding company.

The Act provides that a breach of the insolvent trading provisions by a holding company is not an offence.

As part of our investigations, we also considered whether any COVA Group company guaranteed the financial obligations of the Company. Management have advised that no such guarantee(s) exist and we have not identified any evidence of such a guarantee(s). Furthermore, we note that the Australian Group's FY23 consolidated financial statements did not disclose the existence of any guarantees being in place for the Company (or other COVA Group entities).

8.3 Breaches/Contraventions

Directors and others have duties, obligations and responsibilities in relation to common law and statute.

8.3.1 Corporations Act 2001

If a director breaches any duties, obligations and responsibilities, they may be subject to civil and criminal penalties including:

- compensation to the Company for damages resulting from the contravention;
- fines (up to \$200,000);
- imprisonment (up to 5 years); and/or
- disqualification From Managing Corporations.

In relation to the FPA Project, Management has advised the Administrators that no written contract existed between COVA Haywards and the Company. In these circumstances, it remains possible that the directors of the Company may have breached their duties under s180 of the Act and their fiduciary duties to the Company in performing obligations and incurring costs in relation to the FPA Project which resulted in the Company suffering loss, without a written contract.

Our preliminary investigations have not identified any other possible breaches of duties by the directors or others.

A liquidator can conduct more thorough investigations and identify potential offences and recoveries (if any).

8.3.2 Other Legislation

In addition to offences under the Act, directors and others may commit offences in respect of the Company under other legislation, for example, non-exhaustively:

- taxation laws;
- the Australian Consumer Law; and
- the Fair Trading Act.

Our preliminary investigations have not identified any breaches.

8.3.3 Governance and corporate structure

As discussed in earlier sections of this Report, the Company operated as part of the Australian Group but was also part of the broader COVA Group.

Based on discussions with Management and limited Company records, the Company:

- Was originally responsible for arranging subcontract services for the Australian Group's projects.
- From 1 July 2024:
 - became an employing entity for staff involved in the delivery of the Australian Group's projects which included assuming employment of existing staff performing that function, but until that time employed elsewhere in the Australian Group; and
 - assumed WIP and conduct for projects underway in the Australian Group at that time.
- Acted as the delivery entity for the Australian Group's projects and contracted, both formally and informally, to provide services to the Australian Group's joint venture (COVA Haywards) which was the primary contractor to external clients. COVA Haywards would enter into contracts with clients (for example with the FPA). Based on a review of the contracts relating to the Dulverton Project, the arrangements were in relevant and material respects "back to back" i.e. the terms were mirrored as between the ultimate client for the Dulverton Project, COVA Haywards and the Company and on arm's length or industry based terms. Under the arrangements, we understand that the Company would invoice COVA Haywards for work done under the contracts and payments were made to the Company's bank account.
- Prepared tenders for projects it would deliver to COVA Haywards and determined costs etc.
- Was included in the Australian Group's treasury function for day-to-day transactions as well as the making and receiving of loans which are reflected in the Company's loan accounts.
- Provided reporting, including statements of financial performance, position etc, for consideration at joint Australian Group Board meetings.

We have considered the arrangements summarised above. In our experience:

- the arrangements do not seem materially different to the operation of other integrated groups; and
- suppliers/creditors who dealt with the Company did so as a separate legal entity.

A liquidator if appointed would likely further investigate the nature and extent of intra-group transactions and arrangements, including any possible breaches associated with corporate governance, fiduciary duties, financial management, and insolvency laws.

8.4 Directors and Officers insurance policy

A Directors and Officers insurance policy (**D&O Policy**) offers liability cover for company officers to protect them from claims which may arise from the decisions and actions taken within the scope of their regular duties. Such policies cover the personal liability of company directors and officers.

At the date of our appointment, the Company held a Management Liability Policy (**MLP**) which, in addition to protecting the personal assets of directors, provides protection to the Company against legal liabilities and statutory obligations.

We are not disclosing the terms of the MLP to avoid potentially vitiating that policy.

8.5 Public examinations

The Act provides that an 'eligible applicant', such as a liquidator, may examine officers of a company about its 'examinable affairs' and any other person who may be able to provide information relating to such affairs.

'Examinable affairs' is a comprehensive term with wide ranging application and includes:

- the promotion, formation, management, administration or winding up of a company;
- other affairs of a company; and
- the business affairs of a connected entity, insofar as they appear to be relevant to a company or its affairs.

If the Court is satisfied that a summons for examination should be issued, the examinee is usually required to produce at the examination any specified books that are in the person's possession and relate to a corporation.

A liquidator, if appointed, may seek to examine the Directors or other possible persons of interest. Public examinations can be time intensive and expensive, and are often conducted by a barrister after extensive investigations have been undertaken by the appointed liquidator and their legal advisors.

Whilst public examinations play a crucial role in corporate accountability, there is a risk that such examinations yield limited useful information and may extend the liquidation process. Accordingly, the cost of the public examination process must be weighed against the likelihood of a financial recovery being made.

8.6 Reporting of offences to ASIC

Administrators are required to complete and lodge a report with ASIC pursuant to s438D of the Act where it appears that:

- a past or present officer of a company may have committed an offence;
- money or property has been misapplied or retained; or
- a party is guilty of negligence, default, breach of duty or breach of trust in relation to a company.

A liquidator is required to lodge a report of his findings with ASIC, pursuant to s533 of the Act.

Creditors should also be aware that any report lodged pursuant to s438D (or an investigative report lodged by a liquidator pursuant to s533 of the Act) is not available to the public.

We have not identified any offences at this stage which would require us to report to ASIC.

8.7 Costs of investigations and pursuing recovery actions

Creditors should note that recovery actions, where relevant:

- may be difficult, expensive, lengthy and with uncertain outcomes;
- should not be commenced unless defendants have the financial resources to satisfy any judgement (this is often difficult to establish); and
- must be funded by existing assets, creditor funding or external litigation funders. Litigation funders are likely to require a significant share of the proceeds of any judgement as a condition of funding the litigation.

In relation to any potential breaches of the Act by the Directors regarding the FPA Project, a liquidator would incur substantial expenses investigating any potential breach. It would be reasonable to assume that the Directors would strongly defend and oppose any investigation or claims in that regard. The liquidator would also need to assess whether the D&O Policy encompasses such a claim.

9 Deed of Company Arrangement

A DOCA is a binding agreement between a company and its creditors, setting out how a company's affairs will be dealt with. It aims to maximise the chances of the company, or as much as possible of its business, continuing to exist or providing a better return to creditors than would be achieved by winding up the company.

Creditors can vote at the Second Meeting as to whether the Company should execute a DOCA.

9.1 DOCA proposal

On 14 February 2025, we received a DOCA proposal from the DOCA Proponent (**COVA Thinking Pty Ltd**) for the Company.

The intent of the DOCA is to:

- ensure full payment of all employee entitlements in a timely manner;
- avoid liquidation; and
- return control of the Company back to the directors.

There is not a provision in the proposed DOCA for any payment to unsecured creditors (other than priority employee entitlements).

9.2 Key terms and features

The following are the key terms and features of the proposed DOCA. Please note that the terms are indicative and may change.

- a. The Deed Administrators will be the Administrators.
- b. The parties to the DOCA will be the Company, the Deed Administrators and the DOCA Proponent.
- c. The provisions of Schedule 8A of the Act are to apply, subject to modifications agreed between the DOCA Proponent and the Administrators / Deed Administrators in this proposal or in the DOCA.
- d. If creditors desire, a Committee of Inspection (COI) is to be formed.
- e. If a COI is formed, Section 80-55(1) of the Insolvency Practice Schedule (Corporations) 2016 does not apply so that members of the COI are not considered to be deriving any profit or advantage directly or indirectly from the Administration.
- f. A fund will be established to make payments to creditors (employees) including:
 - i. the monies in the Company's bank accounts (whether the Administrators' bank accounts or otherwise);
 - ii. the proceeds of any asset realisations (including any plant and equipment);
 - iii. any monies receivable by the Company; and
 - iv. a payment made by the DOCA Proponent (**DOCA Contribution**) (together, **DOCA Fund**).
- g. The DOCA Fund is to be distributed as follows:
 - i. firstly, in payment of the Administrators' liabilities, disbursements and remuneration;
 - ii. secondly, in payment of the Deed Administrator's liabilities, disbursements and remuneration; and
 - iii. thirdly, in payment of all employee entitlements that would, in a liquidation, be accorded a priority under s556(1), s560 and s561 of the Act, including in respect of wages, superannuation, annual leave, long service leave, notice pay, and redundancy entitlements (collectively, **Fund Payments**).

- h. The directors of the COVA Group companies will not cause any COVA Group company to make any claim to prove or receive a distribution under the proposed DOCA based on any inter-group loan account balances.
- i. The DOCA Contribution is to be sufficient to fully pay the Fund Payments.
- j. The DOCA Contribution is payable within 7 days of the date determined by the Deed Administrators (as advised to the DOCA Proponent) to distribute the DOCA Fund to creditors pursuant to the DOCA.
- k. If there are any funds remaining in the DOCA Fund after full payment of the Fund Payments, such funds will be returned to the DOCA Proponent.
- l. The property available for distribution to participating creditors will be limited to the amounts in the DOCA Fund.
- m. Upon entering into the proposed DOCA, control of the Company will revert to its directors.
- n. From the date the DOCA is executed, there will be a moratorium in place against enforcement of creditors' claims. Creditors entitled to prove must accept their entitlements under the proposed DOCA in full satisfaction of all claims held at the Appointment of Administrators.
- o. Parts of insured claims will not be released by the proposed DOCA. An insured claim is a claim which a creditor has against the Company and which would have been entitled to priority in a liquidation of the Company under Section 562 of the Corporations Act, being a claim where:
 - i. the Company is insured against the claim under a contract of insurance entered into before the date of Appointment of the Administrators; and
 - ii. an amount in respect of that claim would be payable by the insurer to the Company under the contract of insurance, but only to the extent of such part of the claim as would be discharged by the payment from the insurer and, if required by the Deed Administrators, provided the creditor indemnifies the Company in respect of all costs and expenses incurred by the Company in connection with such claim.
- p. The proposed DOCA will be fully effectuated upon payment in full of the Fund Payments.
- q. The proposed DOCA will take effect upon the execution by the parties to it.

9.3 DOCA Important Information

Creditors should note the following **important information** concerning the proposed DOCA:

- Should creditors approve the proposed DOCA at the Second Meeting, it must be executed within 15 business days of the Second Meeting, otherwise the Company will automatically proceed into liquidation. The Court can allow longer time if required.
- If the DOCA is approved at the Second Meeting:
 - creditors will be bound by the DOCA during the period between the Second Meeting and the execution of the DOCA;
 - the combined effect of ss444A and 444D of the Act is that the DOCA will bind all creditors that existed prior to the Appointment;
 - unsecured creditors will be **bound by the DOCA, even if they vote against the proposed DOCA;** and
 - unsecured creditors **that receive no return under the DOCA will have their claims released** by the DOCA.
- Property owners, lessors, and secured creditors who vote in favour will be bound by the proposed DOCA.
- The Court can bind any creditor to the DOCA relevant to their claim(s).

9.4 Administrators' opinion on the proposed DOCA

We are of the opinion that the proposed DOCA outlined above is in the best interests of creditors and therefore should be accepted for the following reasons:

- Employees will be paid their entitlements in full under the proposed DOCA.
- Payments to employees can occur in a shorter time period compared to liquidation.
- Employees will be paid an amount greater than that likely available in a liquidation scenario, noting that:
 - the Commonwealth Government's FEG scheme would have to fund at least a portion of unpaid employee entitlements; and
 - the FEG scheme would not pay in full all outstanding employee entitlements, leaving a material shortfall (estimated to be between c.\$150k to \$200k) owed to employees.
- In the event the Company is placed into liquidation, the Administrators have not identified any claims or other likely sources of recovery that a liquidator could readily pursue (noting our comments in respect of possible breaches of Directors' duties pertaining to the FPA Project in sections 8.3.1 and 8.7).
- If a liquidator was to undertake further investigations (including possibly public examinations of the Directors and other persons of interest), the Company's assets currently available to at least partially pay employee entitlements would be further eroded by liquidator's fees and costs (e.g. legal), unless some form of external funding (e.g. from a creditor) could be sourced. Even then, there would be no guarantee that a claim or other source of recovery could be identified and successfully prosecuted that would provide a greater return than currently offered by the proposed DOCA.
- Whilst there is no return offered to ordinary unsecured creditors under the proposed DOCA (and the claims of ordinary unsecured creditors will be released under the proposed DOCA), the likelihood of a return to such creditors in liquidation is currently considered remote, given that:
 - no claims or other likely sources of recovery have been identified that a liquidator could readily pursue;
 - any recoveries that may ultimately be achieved by a liquidator would be used to:
 - firstly pay the costs and expenses of the liquidation (such as liquidator's fees, legal fees, creditor funding, litigation funding (where necessary) etc); and
 - secondly in payment of any outstanding employee entitlements, including amounts advanced by the FEG scheme (which enjoys a right of subrogation for payments made to employees).

Estimated returns to creditors are discussed in detail in Section 10.

10 Estimated return to creditors

Based on assumptions detailed below, we have prepared an analysis of estimated returns to creditors under a liquidation scenario ('low' and 'high') and under the proposed DOCA ('low' and 'high'). The results are compared in the table below:

Creditor Class	Liquidation cents in \$		DOCA cents in \$	
	Low	High	Low	High
Priority claims (employees)	49	64	100	100
Secured creditors	Not applicable	Not applicable	Not applicable	Not applicable
Unsecured Creditors	Nil	Nil	Not participating	Not participating

The table below and accompanying notes provide a detailed calculation to estimate return scenarios for creditors under liquidation and the proposed DOCA. The notes provided should be read in conjunction with the figures in the table.

The calculations reflect the Administrators' best estimates, the priority regime afforded by the Act, employee entitlement calculations provided by Management (which will ultimately be determined by a deed administrator or liquidator), estimated costs to complete either the proposed DOCA or in liquidation and numerous other factors. As a result, creditors should note that actual returns may vary significantly, particularly in a liquidation scenario, which is more difficult to forecast.

In all scenarios, only employees receive a return.

	Liquidation			DOCA	
(\$'000 AUD)	Notes	Low scenario	High scenario	Low scenario	High scenario
Assets					
Cash and cash equivalents	1	1,149	1,149	1,149	1,149
Trade debtors	2	100	100	100	100
ATO receivable	3	-	-	-	-
Motor Vehicle	4	62	77	62	77
Property, plant and equipment	5	11	11	11	11
Total Assets		1,322	1,337	1,322	1,337
Administration costs					
Administrators' fees and costs	6	(200)	(200)	(200)	(200)
Deed Administrators' fees and costs	6	-	-	(50)	(50)
Liquidators' fees and costs	6	(160)	(110)		
Legal fees	7	(250)	(100)	(70)	(50)
Valuation costs	8	(5)	(3)	(5)	(3)
Total costs non-circulating assets		(615)	(413)	(325)	(303)
Net Assets		707	924	997	1,034

\$'000s	Notes	Liquidation		DOCA	
		Low Scenario	High Scenario	Low Scenario	High Scenario
Priority employee claims					
Wages	9	(19)	(19)	(19)	(19)
Superannuation	9	(108)	(108)	(108)	(108)
Annual leave, TOIL and Long Service Leave	9	(380)	(380)	(380)	(380)
Redundancy and Pay in Lieu of Notice	9	(928)	(928)	(928)	(928)
Total priority employee claims		(1,435)	(1,435)	(1,435)	(1,435)
Surplus / (shortfall) to employees before DOCA contribution		(728)	(511)	(438)	(401)
DOCA Contribution	10	-	-	438	401
Surplus / (shortfall) to employees after DOCA contribution		(728)	(511)	Nil	Nil
Return to Priority Employee Creditor Claims (cents in \$)		49	64	100	100
Unsecured creditor claim estimates					
Trade/External creditors	11	(3,660)	(3,660)	(3,660)	(3,660)
Australian Taxation Office	12	(238)	(238)	(238)	(238)
Related party creditors	13	(1,945)	(1,945)	(1,945)	(1,945)
Total unsecured claims		(5,843)	(5,843)	(5,843)	(5,843)
Surplus / (shortfall) to unsecured creditors		(5,843)	(5,843)	(5,843)	(5,843)
Estimated return to unsecured creditors (cents in the \$)		Nil	Nil	Nil	Nil

Notes

- Denotes cash available in the Company's pre appointment bank account upon Appointment and transferred to the Administrators' bank account, net of:
 - wages for the period 1 to 20 January 2025 that had not cleared; and
 - an offset of c.\$19k for an outstanding amount owed on the Company's credit card.
- The trade debtors balance at Appointment totaled \$155k represented by three debtors, with one debtor owing \$132k. Upon investigation, we understand this balance is in dispute and therefore likely unrecoverable. In addition to the pre-appointment debtors, an invoice totaling \$78k for work completed in the period 1 to 20 January 2025 has also been raised by the Administrators.
- At Appointment, a \$187k refund was expected from the ATO. As the ATO has subsequently claimed c.\$425k for unpaid Pay-as-you-go (**PAYG**) withholding tax, this refund is considered uncollectable.
- Estimated auction realisable value for two Ford Ranger motor vehicles. The low case assumes a 20% discount on the ascribed value for these vehicles.
- The balance of the fixed asset register, excluding the motor vehicles, has been assessed as having an estimated auction realisable value of c.\$11k. The Administrators have received an offer to buy all equipment for \$11.2k, being the 'high' scenario in both Liquidation and DOCA.
- Estimated fees and disbursements of the Administrators, Deed Administrators and Liquidators. In the liquidation scenarios, provision has been made for additional investigations to be conducted, as well as distributing funds to employee creditors.

A detailed summary of the accrued time and description of individual tasks undertaken/expected to be undertaken is outlined in the Remuneration Approval Report at **Appendix E**.

7. Estimated legal fees and disbursements for the period of the appointment of the Administrators / Liquidators. In the liquidation scenarios, provision has been made for additional investigations to be conducted. Legal costs could be significant if, for example, public examinations of persons of interest were undertaken (see Section 8.5).
8. Estimated external valuation fees in realising the motor vehicles, plant and equipment.
9. The value of employee entitlements is based on the Company's records. The amounts owed have not yet been verified by each employee or subject to independent review. In the event of liquidation, employees would be eligible to claim unpaid entitlements under the Commonwealth Government's FEG scheme. We estimate in a liquidation scenario that this would result in a c.\$150k to \$200k lower return to employees than in the DOCA scenarios, as a result of FEG wage caps and exclusions on certain entitlements.
10. Estimated payment required by the DOCA Proponent to cover employee entitlements, that would, in a liquidation, be accorded priority under Section 556(1), 560 and 561 of the Act, including in respect of wages, superannuation, annual leave, long service leave, redundancy and notice entitlements.
11. Trade and external creditors based on the Company's books and records at Appointment, proof of debt claims received by the Administrators over the course of the administration period and our investigations. It should be noted that claims received have not been formally adjudicated upon.
12. The proof of debt provided by the ATO of c. \$425k has been reduced by the expected BAS refund of \$187k (as discussed at note 3).
13. As discussed at Section 4.4.6, the Company's books and records show amounts are owed to other COVA Group entities. Balances have not been verified at this stage.

11 Administrators' opinion

In our opinion it is in creditors' best interests that the Company executes the proposed DOCA.

Our opinion on each option available to creditors is discussed below.

11.1 Liquidation

In our opinion it is not in the best interests of creditors that the Company be wound up.

Based on our investigations to date, there are no clear indications that the Company traded whilst insolvent.

We have not identified any potential recoveries that could be readily pursued (e.g. voidable transactions). However, a liquidator (if appointed) would be able to conduct detailed investigations into the circumstances leading up to the appointment of the Administrators, including the Company's involvement with the FPA Project (see sections 8.3.1 and 8.7).

A liquidator (if appointed) will be empowered to:

- assist employees in applying for the FEG scheme for payment of certain employee entitlements that cannot otherwise be funded by the Australian Group (section 4.6.4);
- pursue various potential recoveries under the Act, such as voidable transactions (if subsequently identified) (section 8);
- distribute recoveries made in accordance with the priority provisions of the Act;
- complete thorough investigations into:
 - the Company's dealings and affairs;
 - actions of the Directors and others; and
 - report findings to ASIC pursuant to the Act.

The 'high' case liquidation scenario provides for an estimated return to priority employee creditors of 64 cents in the dollar and an estimated return of 49 cents in the dollar under the 'low' case liquidation scenario.

Full recovery of employee entitlements in the event of liquidation would require a liquidator to:

- undertake additional investigations (likely requiring public examinations to be conducted);
- identify a viable claim(s);
- prosecute that claim(s) (which would inevitably be defended); and
- ultimately make a significant recovery (estimated to be in the range of \$511k to \$728k) for the benefit of creditors.

There can be no guarantee in the event of liquidation that sufficient asset realisations would ultimately be achieved to enable all outstanding employee entitlements to be paid in full (after costs). Furthermore, the time taken to identify and achieve any recovery could be significant.

The proposed DOCA provides for employee entitlements to be paid in full under both the 'low' and 'high' case scenarios in a relatively short time frame.

The likelihood of a return to unsecured creditors under any liquidation scenario is currently considered remote (there will be no return to unsecured creditors under the proposed DOCA).

11.2 Proposed DOCA

In our opinion it is in the best interests of creditors that the Company enters into the proposed DOCA.

The Administrators expect the return to priority employee creditors under the proposed DOCA to be greater than in liquidation.

Furthermore, in the event of liquidation, the FEG scheme would:

- have to fund at least a portion of unpaid employee entitlements; and
- would not pay in full all outstanding employee entitlements, leaving a material shortfall (estimated to be between c.\$150k - \$200k) owed to employees.

The Administrators note that the likelihood of a return to unsecured creditors under any liquidation scenario is currently considered remote (there is no return to unsecured creditors under the proposed DOCA).

In the Administrators' opinion the returns to creditors (notably employees) under the proposed DOCA will likely be superior to that in liquidation and have a significantly lower risk of being achieved. Moreover, the full payment of the employee entitlements under the proposed DOCA can be achieved in a shorter time frame than which would be possible (if at all) in a liquidation.

11.3 Administration to end

We are of the opinion that it is not in the best interests of creditors to end the Administration of the Company.

It is evident that the Company is now insolvent and unable to pay its debts as and when they fall due (see Section 7.3). Accordingly, returning control of the Company to its directors would be inappropriate in the present circumstances.

12 Enquiries

Should you have any queries, please contact Monique Shearwood via email at covadelivery@au.pwc.com.

DATED this 17th day of February 2025



Craig Crosbie, Rebecca Gill and Robert Ditrich

Administrators

Appendices

Appendix A – Notice of meeting of creditors

**NOTICE OF MEETING OF CREDITORS
COVA DELIVERY PTY LTD
ACN 009 582 218
(ADMINISTRATORS APPOINTED)
("THE COMPANY")**

NOTICE is given that the second meeting of creditors of the Company will be held at **1:00pm Australian Eastern Daylight Time (AEDT) on 26 February 2025**. The meeting will be held electronically using virtual meeting technology only.

A G E N D A

The purpose of the meeting is:

1. To receive a report by the Administrators about the business, property, affairs and financial circumstances of the Company.
2. To receive a statement of the Administrators' opinion and reasons for the opinion:
 - (a) whether it would be in the creditors' interests for the Company to execute a Deed of Company Arrangement; or
 - (b) whether it would be in the creditors' interests for the administration of the Company to end; or
 - (c) whether it would be in the creditors' interests for the Company to be wound up.
3. To receive a statement of such other information known to the Administrators as will enable the creditors to make an informed decision about the matters at paragraphs 2(a) – (c) above.
4. To receive details of any transactions that appear to the Administrators to be a voidable transaction in respect of which money, property, or other benefits may be recoverable by a liquidator under part 5.7B of the Act.
5. To receive details of the proposed deed of company arrangement.
6. For the creditors of the Company to resolve that:
 - (a) the Company execute a deed of company arrangement; or
 - (b) the administration should end; or
 - (c) the Company be wound up.
7. For the creditors of the Company to consider and approve:
 - (a) the Administrators' current remuneration,
 - (b) the Administrators' future remuneration,
 - (c) the Deed Administrators' remuneration (if appointed); and
 - (d) the Liquidators' remuneration (if appointed).
8. To consider appointing a Committee of Inspection to the Company and, if so, who are to be the Committee members.
9. To consider and approve a resolution pursuant to division 80-55 of the Insolvency Practice Schedule (Corporations).
10. Questions from creditors.
11. Any other business that may be lawfully brought forward.

Creditors wishing to attend will be provided with details of the virtual meeting following the submission of a completed proof of debt (if not already submitted previously) and a proxy form for the meeting (as required).

A creditor can only be represented by proxy or by an attorney pursuant to Insolvency Practice Rules (Corporations) (IPR) IPR 75-150 & 75-155 and if a body corporate by a representative appointed pursuant to Section 250D of the *Corporations Act 2001*. Proxies for this meeting should be submitted to the Administrators by **4pm AEDT on Monday, 24 February 2025** by email to covadelivery@au.pwc.com.

Creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the Company in accordance with IPR 75-85 and that claim has been admitted for voting purposes wholly or in part by the Joint and Several Administrators.

DATED this 17th day of February 2025.

A handwritten signature in black ink, appearing to be a stylized 'C' followed by a flourish, representing the joint signature of the administrators.

Craig Crosbie, Rebecca Gill and Robert Ditrich
Joint and Several Administrators

Appendix B – Proxy form

**APPOINTMENT OF PROXY
CREDITORS MEETING
COVA Delivery Pty Ltd
ACN 009 582 218
(Administrators Appointed)
(the Company)**

A. Appointment of a proxy

I/We,
(If a company, strike out "I" and set out full name of the company)

of
(address)

a creditor of the Company appoint
as my/our proxy, or in his/her absence....., to vote at the meeting of creditors
to be held on, or at any adjournment of that meeting.

B. Voting directions

Option 1: ☐ If appointed as a general proxy, as he/she determines on my/our behalf
(Please proceed to section C)

and/or

Option 2: ☐ If appointed as a special proxy in the manner set out below:
(Please include your instructions as to how the proxy holder is to vote)

COVA Delivery Pty Ltd				
No.	Resolution	For	Against	Abstain
1	That the remuneration of the Joint and Several Administrators is approved for the period 21 January 2025 to 10 February 2025 of \$140,544.70 plus GST as set out in the Remuneration Approval Report dated 17 February 2025 to be drawn from available funds immediately or as funds become available.			
2	That the remuneration of the Joint and Several Administrators is approved for the period 11 February 2025 to the conclusion of the Administration up to a maximum of \$59,455.30 plus GST, as set out in the Remuneration Approval Report dated 17 February 2025 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.			
3	That the remuneration of the Joint and Several Deed Administrators is approved for the period commencing from the appointment of Deed Administrators to the conclusion of the Deed of Company Arrangement up to the maximum of \$50,000.00 plus GST, as set out in the Remuneration Approval Report dated 17 February 2025 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.			
4	That the remuneration of the Liquidators is approved for the period commencing from the appointment of the Liquidators to the conclusion of the Liquidation up to the maximum of \$110,000.00 plus GST, as set out in the Remuneration Approval Report dated 17 February 2025 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.			
5	The Company to execute a Deed of Company Arrangement.			
6	The Administration should end (and control revert back to the Company directors).			
7	The Company be wound up (i.e. liquidation).			
7	To form a Committee of Inspection comprising those creditors who have nominated to be members.			
8	In accordance with section 80-55(3) of the Insolvency Practice Schedule, section 80-55(1) of the Insolvency Practice Schedule does not apply in relation to the			

	<i>appointed Committee of Inspection.</i>			
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C. Signature
(in accordance with Sections 127 or 250D of the Corporations Act 2001)

If the creditor is an individual

.....

If the creditor is a Company

.....

Director/Company Secretary

.....

Print name

DATED this day of February 2025.

CERTIFICATE OF WITNESS

Please note: *This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.*

Iof
..... 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 or her before he or she signed or marked the instrument.

Signature of Witness:

Place of residence:

Dated:

Appendix C – Proof of Debt Form

**FORM 535
CORPORATIONS ACT 2001**

*Section 600G
Subregulation 5.6.49(2)*

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Joint and Several Administrators of COVA Delivery Pty Ltd (Administrators Appointed) ACN 009 582 218

1. This is to state that the company was, on 21 January 2025 ⁽¹⁾ and still is, justly and truly indebted to⁽²⁾ (full name):

('Creditor'):

of (full address)

for \$ dollars and cents.

Particulars of the debt are:

Date	Consideration ⁽³⁾ state how the debt arose	Amount \$	GST included \$	Remarks ⁽⁴⁾ include details of voucher substantiating payment

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following:

Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

Date	Drawer	Acceptor	Amount \$ c	Due Date

☐ I am **not** a related creditor of the Company ⁽⁵⁾

☐ I am a related creditor of the Company ⁽⁵⁾

relationship:

If the form is being used for the purpose of voting at a meeting:

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 (eg, what amount did you pay for the debt?) \$

3A.^{(6)*} 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, still remains unpaid and unsatisfied.

3B.^{(6)*} I am the creditor's agent authorised to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this day of 2025

Signature of Signatory

NAME IN BLOCK LETTERS

Occupation

Address

Email:

See Directions overleaf for the completion of this form

OFFICE USE ONLY POD No:		ADMIT (Voting / Dividend) - Ordinary	\$
Date Received:	/ /	ADMIT (Voting / Dividend) – Preferential	\$
Entered into CORE IPS:		Reject (Voting / Dividend)	\$
Amount per ROCAP	\$	Object or H/Over for Consideration	\$
Reason for Admitting / Rejection			
PREP BY/AUTHORISED		TOTAL PROOF	\$
DATE AUTHORISED / /			

Proof of Debt Form Directions

- * Strike out whichever is inapplicable.
- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
- (2) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
- (3) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of", "moneys advanced in respect of the Bill of Exchange".
- (4) Under "Remarks" include details of vouchers substantiating payment.
- (5) Related Party / Entity: Director, relative of Director, related company, beneficiary of a related trust.
- (6) If the Creditor is a natural person and this proof is made by the Creditor personally. In other cases, if, for example, you are the director of a corporate Creditor or the solicitor or accountant of the Creditor, you sign this form as the Creditor's authorised agent (delete item 3A). If you are an authorised employee of the Creditor (credit manager etc), delete item 3B.

Annexures

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
- B. An annexure to a form must:
 - (a) have an identifying mark;
 - (b) and be endorsed with the words:
 - i) "This is the annexure of *(insert number of pages)* pages marked *(insert an identifying mark)* referred to in the *(insert description of form)* signed by me/us and dated *(insert date of signing)*; and
 - (c) be signed by each person signing the form to which the document is annexed.
- C. The pages in an annexure must be numbered consecutively.
- D. If a form has a document annexed the following particulars of the annexure must be written on the form:
 - (a) the identifying mark; and
 - (b) the number of pages.
- E. A reference to an annexure includes a document that is with a form.

Appendix D – Creditor’s Approval to use the email form

**COVA DELIVERY PTY LTD
ACN 009 582 218
(ADMINISTRATORS APPOINTED)
(the Company)**

**CREDITOR'S APPROVAL FOR THE USE OF EMAIL BY THE EXTERNAL ADMINISTRATORS WHEN
GIVING OR SENDING CERTAIN NOTICES UNDER SECTION 600G
OF THE CORPORATIONS ACT 2001**

Should you wish to receive notices and documents relating to the administration of the Company by email, please complete this form and return it to us at the address set out below.

☐

I/We authorise the External Administrators, acting on behalf of the Company, and their employees and agents to send and give notices and documents where such notices and documents may be sent by email to us using the email address provided below. This authorisation continues to apply whether the External Administrators are acting as voluntary administrators, deed administrators or liquidators of the Company.

Signature:	
Creditor name:	
Creditor address:	
Contact name:	
Position:	
Email Address:	
Contact number:	

Return completed form to: PricewaterhouseCoopers

By email: covadelivery@au.pwc.com

By post: 2 Riverside Quay, SOUTHBANK VIC 3006

Appendix E – Remuneration Approval Report

COVA Delivery Pty Ltd (Administrators Appointed) (the Company)

ACN 009 582 218

Remuneration Approval Report

17 February 2025

This Remuneration Approval Report provides you with the information you need to be able to make an informed decision regarding the approval of our remuneration.

You should read this report and the other documentation that we have sent you and then attend the meeting of creditors in order to voice your opinion by casting your vote on the resolutions put to the meeting. The meeting will also give you an opportunity to ask any questions that you may have.

Alternatively, you are also able to appoint a representative to attend on your behalf by lodging a proxy form. Lodging a specific proxy form allows you to specify how your proxy must vote. Lodging a general proxy form allows your representative to choose how your vote is exercised.

You can cast your vote by using the included voting forms. These forms then need to be returned to our office by email to covadelivery@au.pwc.com by no later than **4:00pm AEDT, Monday 24 February 2025**.

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1 Declaration

We, Craig Crosbie, Rebecca Gill and Robert Ditrich of PricewaterhouseCoopers Australia (**PwC**) have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Administrators of COVA Delivery Pty Ltd in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the administration.

2 Executive Summary

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

Period	Report reference	Amount (ex GST)
Current remuneration approval sought:		
Voluntary Administration (VA)		
Resolution 1: 21 January 2025 to 10 February 2025	Appendix A1 and B1	\$140,544.70
Resolution 2: 11 February 2025 to the end of the Administration*	Appendix A2 and B2	\$59,455.30
Total VA remuneration sought		\$200,000.00
Deed of Company Arrangement (DOCA)		
Resolution 3: For the period from appointment of Deed Administrators to the conclusion of the DOCA*	Appendix A3 and B3	\$50,000.00
Total DOCA remuneration sought		\$50,000.00
Liquidation		
Resolution 4: For the period from appointment of the Liquidators to the conclusion of the liquidation*	Appendix A4 and B4	\$110,000.00
Total Liquidation remuneration sought		\$110,000.00

*Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the administration / DOCA / liquidation. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.

Please refer to report section references detailed above for full details of the calculation and composition of the remuneration approval sought.

3 Remuneration

3.1 Remuneration

We will be seeking approval of the following resolutions to approve our remuneration. Details to support these resolutions are included in section 3.2 and attached schedules.

Resolution 1

That the remuneration of the Joint and Several Administrators is approved for the period 21 January 2025 to 10 February 2025 of \$140,544.70 plus GST as set out in the Remuneration Approval Report dated 17 February 2025 to be drawn from available funds immediately or as funds become available.

Resolution 2

That the remuneration of the Joint and Several Administrators is approved for the period 11 February 2025 to the conclusion of the Administration up to a maximum of \$59,455.30 plus GST, as set out in the Remuneration Approval Report dated 17 February 2025 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.

Resolution 3

That the remuneration of the Joint and Several Deed Administrators is approved for the period commencing from the appointment of Deed Administrators to the conclusion of the Deed of Company Arrangement up to the maximum of \$50,000.00 plus GST, as set out in the Remuneration Approval Report dated 17 February 2025 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.

Resolution 4

That the remuneration of the Liquidators is approved for the period commencing from the appointment of the Liquidators to the conclusion of the Liquidation up to the maximum of \$110,000.00 plus GST, as set out in the Remuneration Approval Report dated 17 February 2025 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.

Future remuneration is approved subject to a maximum or cap. Sometimes the actual cost of the administration will exceed the maximum which has been approved, in which case, we may seek another resolution for additional remuneration. We will not pay any amount exceeding the maximum without this approval.

Where funds are available, we will usually pay approved remuneration at intervals not less than one month. Where funds are not available, remuneration will not be paid.

3.2 Details of remuneration

The basis of calculating the remuneration claims is summarised in Schedules **A1** to **A4** of **Appendix A**.

The details of the major tasks performed, and the costs associated with each of those major tasks are contained in Schedules **B1** to **B4** of **Appendix B**.

3.3 Total remuneration reconciliation

This estimate differs to the estimate of costs provided in the Initial Remuneration Notice dated 23 January 2025, which estimated a cost of the administration of \$150,000.00 (excluding GST), for the following reasons:

- Additional time incurred considering, documenting and dealing with the proposed Deed of Company Arrangement
- Reviewing and assessing employee entitlements
- Dealings with enquiries from creditors and overall investigations into the conduct of the Company in the lead up to the appointment of Administrators.

3.4 Likely impact on dividends

The Corporations Act sets the order for payment of claims against a company, and it provides for remuneration of the administrator to be paid in priority to other claims. This ensures that when there are sufficient funds, the administrator

receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve 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.

3.5 Remuneration recovered from external sources

The Joint and Several Administrators have not received any funding from external sources for their remuneration.

4 Disbursements

Disbursements are divided into three types:

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

We are not required to seek creditor approval for costs paid to third parties or for disbursements where we are recovering a cost incurred on behalf of the Administration, but we must account to creditors.

4.1 Future basis of internal disbursements

Future disbursements provided by our firm will be charged to the administration on the following basis:

Basis of disbursement claim

Disbursements	Rate (excl GST)
Externally provided professional services	At cost
Externally provided non-professional services	At cost
Internal disbursements:	
Staff vehicle use	88 cents per kilometre for first 150km of return trip and 40 cents per kilometre thereafter
ASIC Industry Funding Levy	\$77.64 per notifiable event

We do not propose to recover internal disbursements incurred up until the date of this Remuneration Report.

5 Summary of receipts and payments

The summary of receipts and payments for the period from 21 January 2025 to 10 February 2025 is contained in **Appendix C**.

6 Queries

Please contact Dylan Bernando by email at covadelivery@au.pwc.com should you have any further queries or require any further information.

You can access additional information on the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at <http://asic.gov.au/regulatory-resources/insolvency/insolvency-information-sheets/>

DATED this 17th day of February 2025.



Craig Crosbie, Rebecca Gill and Robert Ditrich
Joint and Several Administrators

Appendices

Appendix A	Calculations of remuneration schedules	13
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Appendix A Calculations of remuneration schedules

COVA Delivery Pty Ltd

Schedule A-1

ACN 009 582 218

For the period 20 January 2025 to 10 February 2025

Employee	Position	\$/hours (ex GST)	Total Hrs	Total (\$)	Assets		Creditors		Employees		Investigations		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Craig Crosbie	Appointee	850.00	42.8	36,380.0	1.8	1,530.0	15.4	13,090.0	7.0	5,950.0	10.0	8,500.0	8.6	7,310.00
Robert Ditrich	Appointee	850.00	0.2	170.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	85.0	0.1	85.00
David Haddock	Director	765.00	62.2	47,583.0	1.2	918.0	22.6	17,289.0	3.0	2,295.0	11.8	9,027.0	23.6	18,054.00
Monique Shearwood	Manager	635.00	36.9	23,431.5	0.0	0.0	16.7	10,604.5	4.6	2,921.0	1.2	762.0	14.4	9,144.00
Natalie Wong	Consultant	430.00	27.7	11,928.2	0.0	0.0	24.3	10,466.2	0.0	0.0	3.4	1,462.0	0.0	0.00
Dylan Bernardo	Consultant	430.00	45.1	19,393.0	1.5	645.0	24.9	10,707.0	4.4	1,892.0	2.2	946.0	12.1	5,203.00
	Specialist	210.00	4.2	882.0	0.0	0.0	4.2	882.0	0.0	0.0	0.0	0.0	0.0	0.00
	Administration Support	210.00	3.7	777.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.7	777.00
Total			222.8	140,544.70	4.5	3,093.00	108.1	63,038.70	19.0	13,058.00	28.7	20,782.00	62.5	40,573.00
GST				14,054.47										
Total (Including GST)				154,599.17										
Average rate (excluding GST)				630.70		687.33		582.94		687.26		724.11		649.17

COVA Delivery Pty Ltd

Schedule A-2

ACN 009 582 218

For the period from 11 February 2025 to completion of the Administration

Position	\$/hour (Ex. GST)	Total Actual Hrs	Total (\$)	Assets		Creditors		Employees		Investigations		Administration	
				Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointee	850.00	15.5	13,175.00	2.0	1,700.0	5.0	4,250.0	5.0	4,250.0	2.5	2,125.0	1.0	850.0
Director	765.00	31.0	23,715.00	0.0	0.0	11.0	8,415.0	2.0	1,530.0	17.0	13,005.0	1.0	765.0
Manager	635.00	17.5	11,112.50	0.0	0.0	5.0	3,175.0	7.5	4,762.5	4.0	2,540.0	1.0	635.0
Consultant	430.00	22.0	9,460.00	3.0	1,290.0	8.0	3,440.0	2.0	860.0	7.0	3,010.0	2.0	860.0
Offshore Professional	250.00	7.5	1,875.00	0.0	0.0	3.5	875.0	2.0	500.0	2.0	500.0	0.0	0.0
Administration Support	210.00	0.6	117.80	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	117.8
Total		94.1	59,455.30	5.0	2,990.00	32.5	20,155.00	18.5	11,902.50	32.5	21,180.00	5.6	3,227.80
GST			5,945.53										
Total (including GST)			65,400.83										
Average rate (excluding GST)			695.30		598.00		620.15		643.38		651.69		580.44

Calculations of remuneration schedules

COVA Delivery Pty Ltd

ACN 009 582 218

Schedule A-3

For the period from the commencement of the Deed Administration to the completion of the Deed Administration

Position	\$ /hour (Ex. GST)	Total Actual Hrs	Total (\$)	Assets		Creditors		Employees		Dividend		Administration	
				Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointee	850.00	14.0	11,900.00	0.0	0.0	3.0	2,550.0	5.0	4,250.0	6.0	5,100.0	0.0	0.0
Director	765.00	14.0	10,710.00	0.0	0.0	5.0	3,825.0	2.0	1,530.0	6.0	4,590.0	1.0	765.0
Manager	635.00	23.0	14,605.00	0.0	0.0	7.0	4,445.0	7.0	4,445.0	7.0	4,445.0	2.0	1,270.0
Consultant	430.00	18.8	8,084.00	0.0	0.0	2.0	860.0	6.0	2,580.0	6.0	2,580.0	4.8	2,064.0
Offshore Professional	250.00	8.5	2,125.00	0.0	0.0	3.5	875.0	0.0	0.0	5.0	1,250.0	0.0	0.0
Administration Support	210.00	12.3	2,576.00	0.0	0.0	1.0	210.0	1.0	210.0	1.0	210.0	9.3	1,946.0
Total		90.6	50,000.00	-	-	21.5	12,765.00	21.0	13,015.00	31.0	18,175.00	17.1	6,045.00
GST			5,000.00										
Total (including GST)			55,000.00										
Average rate (excluding GST)			607.29		-		593.72		619.76		-		354.20

COVA Delivery Pty Ltd

ACN 009 582 218

Schedule A-4

For the period from the commencement of the Liquidation to the completion of the Liquidation

Position	\$ /hour (Ex. GST)	Total Actual Hrs	Total (\$)	Creditors		Employees		Investigations		Dividend		Administration	
				Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointee	850.00	31.0	26,350.00	7.0	5,950.0	5.0	4,250.0	12.0	10,200.0	6.0	5,100.0	1.0	850.0
Director	765.00	51.0	39,015.00	10.0	7,650.0	2.0	1,530.0	32.0	24,480.0	6.0	4,590.0	1.0	765.0
Manager	635.00	39.0	24,765.00	5.0	3,175.0	6.5	4,127.5	18.5	11,747.5	7.0	4,445.0	2.0	1,270.0
Consultant	430.00	34.0	14,620.00	10.0	4,300.0	4.0	1,720.0	10.0	4,300.0	6.0	2,580.0	4.0	1,720.0
Offshore Professional	250.00	17.0	4,250.00	5.0	1,250.0	2.0	500.0	1.0	250.0	5.0	1,250.0	4.0	1,000.0
Administration Support	210.00	4.8	1,000.00	1.0	210.0	1.0	210.0	0.0	0.0	1.0	210.0	1.8	370.0
Total		176.8	110,000.00	38.0	22,535.00	20.5	12,337.50	73.5	50,977.50	31.0	18,175.00	13.8	5,975.00
GST			11,000.00										
Total (including GST)			121,000.00										
Average rate (excluding GST)			684.54		-		601.83		693.57		-		434.17

Appendix B

remuneration

Table of major tasks for

Schedule B1

Resolution 1

The below table provides a description of the work undertaken in each major task area for the period 21 January 2025 to 10 February 2025.

Task Area	General description	Includes
Assets 4.5 hours \$3,093.00	Plant and Equipment	Liaised with valuers, auctioneers and interested parties regarding the sale of plant and equipment Reviewed and considered fixed asset register
	Debtors	Investigated recoverability of debtors, including ATO debt receivable Correspondence with management regarding debtor collections Issued letters of demands to debtors and coordinated recovery
	Other Assets	Tasks associated with realising other assets, including correspondence with management Reconciling tax receipt with ATO current balance account
Creditors 108.1 hours \$63,038.70	Creditor Enquiries	Dealt with creditor enquiries via telephone and email correspondence Various correspondence with major creditor regarding contract issues and disputes Engaged with legal counsel regarding review of major creditor claim in advance of first meeting of creditors Maintained creditor enquiry files Reviewed and prepared correspondence to creditors and their representatives via email
	Creditor meetings	Prepared, reviewed and finalised materials for first meeting of creditors, including formal meeting minutes Adjudicated creditor claims in advance of first meeting of creditors Preparation for and attendance at the first meeting of creditors
	Secured creditor reporting	Notified PPSA registered creditors of appointment General correspondence with PPSA creditors Reviewed validity of secured creditor claims Responded to secured creditor's queries
	Creditor reports	Prepared, reviewed and finalised initial circular to creditors Undertook investigations for the purpose of second report to creditors Drafted second report to creditors Prepared analysis to support reporting to creditors Reviewed various records provided by management for the purpose of reporting to creditors Corresponded with nominated Committee of Inspection (COI)
	Dealing with proofs of debt	Reviewed proof of debt claims provided by creditors Reviewed and adjudicated proof of debts (for voting purposes only) ahead of the first meeting of creditors Considered ATO correspondence

Table of major tasks for remuneration

Task Area	General description	Includes
Employees 19 hours \$13,058.00	GSA Creditors	Compiled an Attendance Register for the First Creditors' Meeting
		Prepared and issued initial correspondence to GSA creditor regarding ALLPAP registration
		Corresponded with GSA creditor regarding outstanding debt and security
		Reviewed and considered correspondence from GSA creditor regarding existing banking facilities and funds held
	Employees Correspondence	Attended to various employee queries and correspondence Drafted and issued employee FAQ (frequently asked questions) document
		Attended to updates to FAQ document Prepared and issued employee redundancy letters, including employee entitlement calculations Drafted and issued employee separation certificates Coordinated with management regarding employee queries
Investigation 28.7 hours \$20,782.00	Calculation of entitlements	Reviewed and considered employee entitlement calculations Discussed pre-appointment superannuation guarantee and payroll tax obligations Reviewed and considered correspondence with employees regarding entitlement calculations Reviewed employee files and company's books and records
		Prepared and attendance at initial meeting of employees to advise of appointment Reviewed and considered email from Fair Work Commission concerning claim by former employee
	Conducting investigation	Reviewed and considered correspondence from major creditor regarding pre-appointment conduct Conducted cash flow analysis Collected, reviewed and considered company books and records Coordinated requests for information with management Reviewed financial information provided by company directors / management Reviewed projects and corresponding funds held Attended various meetings with company accountant
		Prepared and issued Day 1 Director information request packs
		Attended to correspondence with Directors regarding appointment
Administration 62.5 hours \$40,573.00	Correspondence	Prepared, reviewed and finalised initial notification to creditors and authorities Reviewed, considered and responded to correspondence from advisers regarding the Company's projects Correspondence to directors regarding obligations to assist and provide information to the Administrators
	Appointment documents & DIRRI	Reviewed, executed and finalised DIRRI for lodgement Drafted ASIC notice of appointment
	Insurance	Reviewed and considered pre-appointment insurance policies Completed notifications to post-appointment insurers
	Bank account administration	Prepared correspondence regarding the Company's pre-appointment bank accounts, including request for bank statements Conducted Bank account reconciliations

Task Area	General description	Includes
		Corresponded with pre-appointment bank regarding a 'freeze' on the company's pre appointment bank account
	ASIC Forms and lodgements	Drafted and lodged various ASIC forms in line with statutory obligations Corresponded with ASIC regarding statutory forms
	ATO and other statutory reporting	Drafted and issued notification of appointment Provided administrators reports to ATO Reviewed ATO correspondence, including proof of debt form provided
	File Maintenance	Attended to filing of correspondence received Uploaded key documents to secured filing system Attended to the maintenance of internal checklist
	Cash Management	Reviewed cash position and funding obligations
	Project Management	Attended appointment meeting Conference calls with Directors regarding DOCA and various administration issues Conducted and attended internal team meetings

Schedule B2**Resolution 2**

The below table provides a description of the work undertaken / to be undertaken in each major task area for the period 11 February 2025 to completion to the Administration.

Task Area	General description	Includes
Assets 5 hours \$2,990.00	Plant and Equipment	Finalising sale of plant and equipment Dealing with ownership issues relating to motor vehicles
	Debtors	Coordinating recovery of outstanding pre-appointment debtors
Creditors 32.5 hours \$20,155.00	Creditor Enquiries	Manging and attending to general creditor enquires Attending to creditor queries relating to the report to creditors or second meeting
	Creditor meetings	Preparation for and attendance at second meeting of creditors
	Creditor reports	Preparing, reviewing and finalising second report to creditors Correspondence with nominated Committee of Inspection (COI) Issuing second report to creditors
	Dealing with proofs of debt	Considering and adjudicating proof of debt claims received in advance of second meeting of creditors Maintaining creditor schedule and ledger
	GSA Creditors	Attending to queries and specific correspondence from GSA creditors
	Employees Correspondence	Attending to employee queries and correspondence Updating employee FAQ document Preparing and issuing updated employee entitlements letters Coordinating with management regarding employee queries
Employees 18.5 hours \$11,902.50	Calculation of entitlements	Reviewing employee entitlement calculations Discussions with accountant regarding entitlements and payroll information Engaging with legal advisors regarding veracity of employee entitlement calculations Review and consider employee entitlement calculations
	Conducting investigation	Analysis of historical trading results Analysis of working capital and liquidity Analysis of financial performance and financial position Review of specific transactions and liaising with directors and management regarding certain transactions Investigations to identify indicators of insolvency and possible claims resulting therefrom Investigating potential voidable transactions Review of aged payables Review of board minutes Preparation of investigation file Attending to creditor correspondence regarding investigations
Investigation 32.5 hours \$21,180.00	Director correspondence & ROCAP	Discussions with Directors regarding investigations

Administration 5.6 hours \$3,227.80	Bank account administration	Conducting bank account reconciliations Corresponding with pre-appointment bank account sweeps and bank statements
	ASIC Forms and lodgements	Drafting and lodging various ASIC forms in line with statutory obligations
	File Maintenance	File maintenance for the administration period
	Project Management	Conducting and attending internal team meetings

Schedule B3**Resolution 3**

The below table provides a description of the work to be undertaken in each major task area for the period from the commencement of the Deed of Company Arrangement to completion.

Task Area	General description	Includes
Creditors 21.5 hours \$12,765.00	Creditor enquiries	Manning and attending to creditor enquiries
	Creditor reports	Corresponding with the Committee of Inspection (COI)
	Creditor meeting	Meeting with the nominated COI (as required)
	GSA creditors	Attending to queries and specific correspondence from GSA creditors
Employees 21.0 hours \$13,015.00	Employees correspondence	Attending to employee queries and correspondence Updating employee FAQ document Coordinating with management regarding employee queries
	Meeting with employees	Meeting with employees (as required)
	Calculation of entitlements	Finalising review of employee entitlement calculations Discussions with accountant regarding entitlements and payroll information
Dividend 31.0 hours \$18,175.00	Processing proofs of debt	Preparing of correspondence to creditors inviting lodgement of proofs of debt (POD) Receiving and assessment POD claims Maintaining the POD register Adjudicating POD Requesting further information from claimants regarding POD Preparing correspondence to claimant advising outcome of adjudication
	Dividend procedures	Preparing correspondence to creditors advising of intention to declare dividend Advertising of intention to declare dividend Preparing dividend calculation Preparing correspondence to creditors announcing declaration of dividend Advertising announcement of dividend Preparing dividend distribution Preparing dividend file Preparing payment vouchers to pay dividend Preparing correspondence to employees enclosing payment of dividend
Administration 17.1 hours \$6,045.00	Bank account administration	Conducting bank account reconciliations Requesting bank statements Preparing correspondence to close bank account
	ASIC forms and lodgements	Drafting and lodging various ASIC forms in line with statutory obligations
	ATO and other statutory reporting	Preparing and lodging forms/returns with ATO
	File maintenance	File maintenance for the administration period
	Project management	Conducting and attending internal team meetings
	Finalisation	Notifying ATO of finalisation Cancelling various statutory registrations

Table of major tasks for remuneration

Task Area	General description	Includes
		Completing checklists
		Sending books and records to storage

Schedule B4**Resolution 4**

The below table provides a description of the work to be undertaken in each major task area for the period from the commencement of the Liquidation to completion

Task Area	General description	Includes
Creditors 38.0 hours \$22,535.00	Creditor enquiries	Manning and attending to creditor enquiries
	Creditor reports	Corresponding with the nominated Committee of Inspection (COI)
	Creditor meetings	Meetings with the COI (as required)
	GSA creditors	Attending to queries and specific correspondence from GSA creditors
Employees 20.5 hours \$12,337.50	Employees correspondence	Attending to employee queries and correspondence Updating employee FAQ document Coordinating with management regarding employee queries
	Meeting with employees	Meeting with employees (as required)
	Fair Entitlement Guarantee	Corresponding with FEG Preparing notification to FEG spreadsheet Preparing FEG verification services
	Calculation of entitlements	Finalising review of employee entitlement calculations Discussing with accountant regarding entitlements and payroll information
Investigations 73.5 hours \$50,977.50	Conducting investigations	Attending to comprehensive review of the Company's books and records to identify possible claims against the directors, related party entities, and others. Analysing records to quantify the value of any identified claims Investigating the financial affairs of the directors, related party entities and others to ascertain whether it would be commercial to pursue any identified claims against them
	Examinations (if applicable)	Preparing brief to solicitors for possible public examinations of the directors and other persons of interest Liaising with solicitors(s) regarding examinations Attending examinations Reviewing examination transcripts Liaising with solicitors regarding outcome of examinations and actions that may be available
	Litigation / Recoveries (if applicable)	Negotiating and entering into funding arrangement with litigation funder Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending mediation / settlement discussions
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
	Processing proofs of debt	Preparing correspondence to creditors inviting lodgement of proofs of debt (POD) Receiving POD claims Maintaining POD register Adjudicating POD Requesting further information from claimants regarding POD Preparing correspondence to claimant advising outcome of adjudication
Dividend 31.0 hours \$18,175.00		

Task Area	General description	Includes
Administration 13.8 hours \$5,975.00	Dividend procedures	Preparing correspondence to creditors advising of intention to declare dividend Advertising intention to declare dividend Preparing dividend calculation Preparing correspondence to creditors announcing declaration of dividend Advertising announcement of dividend Preparing for dividend distribution including the dividend payment file Preparing payment vouchers to pay dividend Preparing correspondence to employees enclosing payment of dividend
	Calculation of entitlements	Finalising review of employee entitlement calculations Discussing with accountant regarding entitlements and payroll information
	ASIC forms and lodgements	Drafting and lodging various ASIC forms in line with statutory obligations
	ATO and other statutory reporting	Preparing and lodging forms/returns with ATO
	File maintenance	File maintenance for the administration period
	Project management	Conducting and attending internal team meetings
	Finalisation	Notifying ATO of finalisation Cancelling various statutory registrations Completing checklists Sending books and records to storage

Appendix C

Summary of receipts and payments

Summarised Receipts & Payments	
For the period 21 January 2025 to 10 February 2025	
	\$
Receipts	
Pre-appointment cash at bank	1,148,701.11
Total Receipts	1,148,701.11
Payments	
Total payments	-
Net Receipts / (Payments)	1,148,701.11

www.pwc.com.au

Appendix F – Information sheets

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.

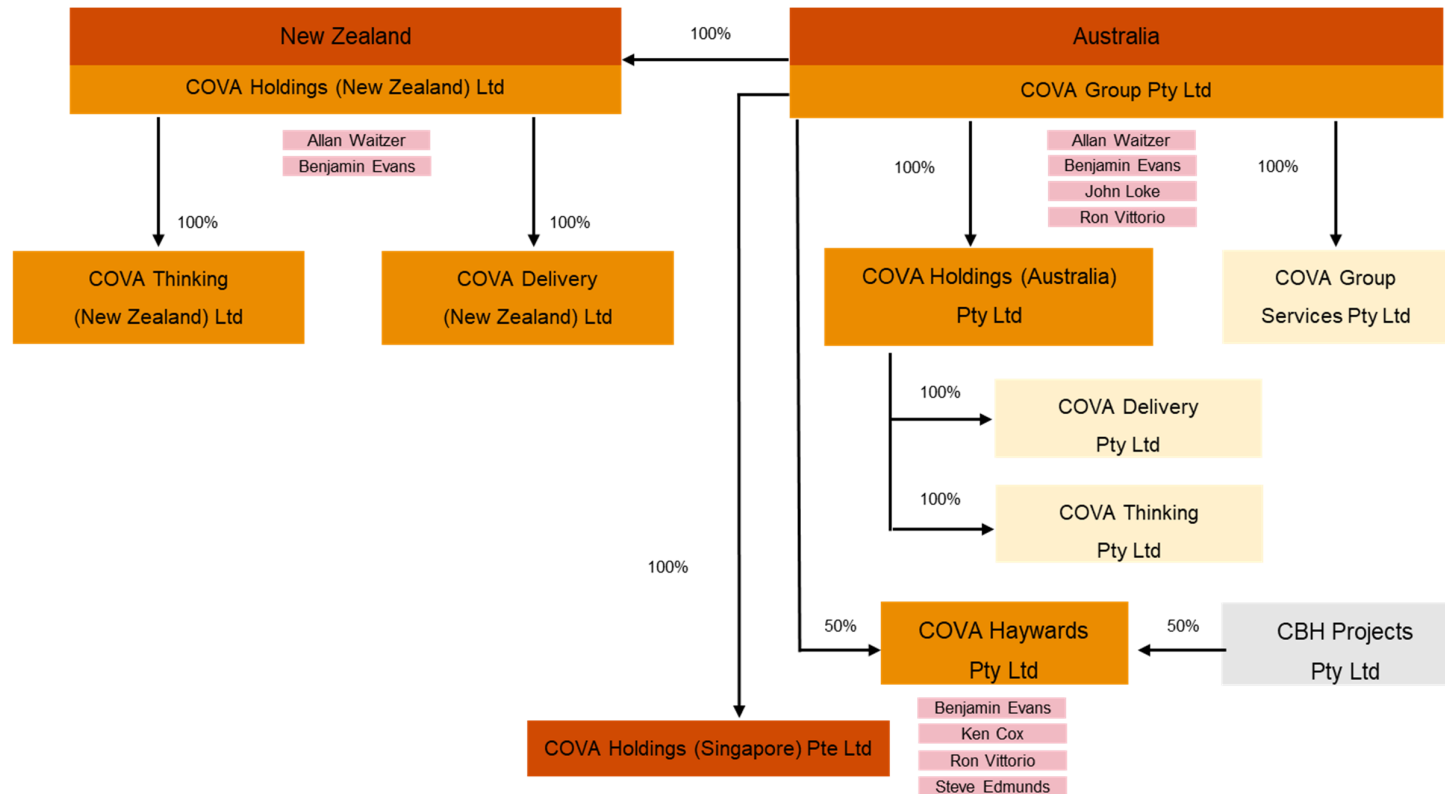
Where can you get more information?

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.**

Appendix G – COVA Group Corporate Structure



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