

# Voluntary Administrators' report

Salt and Lime Pty Ltd (Administrators Appointed)  
ACN 642 142 970 ('SL')

Salt and Lime Funding Pty Ltd (Receivers and Managers  
Appointed) (Administrators Appointed)  
ACN 619 815 833 ('SLF')

(Collectively 'the Companies' or 'the Group')

12 July 2024

## Administrators:

Daniel Walley  
Adam Colley  
Andrew Scott

# Glossary

| Abbreviations                 | Definitions   |
|-------------------------------|---|
| <b>\$'000s</b>                | Thousands   |
| <b>Act</b>                    | Corporations Act 2001 (Cth)   |
| <b>Administrators</b>         | Daniel Walley, Adam Colley, Andrew Scott  |
| <b>AEST</b>                   | Australian Eastern Standard Time  |
| <b>AIIPAAP</b>                | All present and after-acquired property, a term associated with security interest under the PPSA  |
| <b>AMEX</b>                   | American Express credit card  |
| <b>ARITA</b>                  | Australian Restructuring Insolvency and Turnaround Association  |
| <b>ASIC</b>                   | Australian Securities and Investments Commission  |
| <b>ATO</b>                    | Australian Taxation Office  |
| <b>c.</b>                     | Circa   |
| <b>Code</b>                   | ARITA Code of Professional Practice   |
| <b>COI</b>                    | Committee of Inspection   |
| <b>D&amp;O Policy</b>         | Debtors and Officers Insurance Policy   |
| <b>Directors</b>              | William Robert Kiln and Morris Huw Grenfell   |
| <b>DIRRI</b>                  | Declaration of Independence, Relevant Relationships and Indemnities, pursuant to s436DA of the Act and Code.  |
| <b>DOCA</b>                   | Deed of Company Arrangement   |
| <b>EBITDA</b>                 | Earnings before interest, tax, depreciation and amortisation  |
| <b>FEG</b>                    | Fair Entitlements Guarantee, a scheme administered by the Attorney-General's Department to provide assistance to employees owed outstanding employee entitlements following the insolvency/bankruptcy of an employer  |
| <b>FY</b>                     | Financial Year (e.g., the financial year 1 July 2023 to 30 June 2024 would be expressed as FY24)  |
| <b>General Security Deeds</b> | General Security Deeds entered into on or around 22 May 2024 between Salt and Lime Funding Pty Ltd and: <ul style="list-style-type: none"> <li>(i) iPartners Nominees Pty Ltd as trustee for the Salt and Lime Funding Series 4A Sub Trust;</li> <li>(ii) iPartners Nominees Pty Ltd as trustee for the Salt and Lime Funding Series 4B Sub Trust; and</li> <li>(iii) iPartners Nominees Pty Ltd as trustee for the Salt and Lime Funding Series 4C Sub Trust.</li> </ul> |
| <b>GP</b>                     | Gross Profit  |
| <b>iCare</b>                  | Workers Compensation Nominal Insurer  |
| <b>iPartners</b>              | iPartners Nominees. Pty. Ltd.   |
| <b>IP</b>                     | Intellectual Property   |
| <b>K</b>                      | Thousand  |
| <b>m</b>                      | Million   |
| <b>MOU</b>                    | Memorandum of Understanding   |
| <b>NP</b>                     | Net Profit  |
| <b>PAYG</b>                   | Pay as you go   |

| Abbreviations                        | Definitions  |
|--------------------------------------|--|
| <b>PILN</b>                          | Payment in lieu of notice  |
| <b>PPSA</b>                          | Personal Property Security Act 2009 (Cth)  |
| <b>PPSR</b>                          | Personal Property Securities Register – a register set up under the PPSA for the registration of security interests  |
| <b>PW</b>                            | Peer Wealth  |
| <b>R&amp;M</b>                       | Barry Kogan and Damien Pasfield, as Receivers and Managers   |
| <b>Report</b>                        | This report, prepared pursuant to Insolvency Practice Rule 75-225 and section 439A of the Act.   |
| <b>ROCAP</b>                         | Report on Company Activities and Property  |
| <b>s</b>                             | Section of the Act   |
| <b>Second Meeting</b>                | Meeting held pursuant to Insolvency Practice Rule 75-225 and s439A of the Act where creditors determine the future of the Companies  |
| <b>SL</b>                            | Salt and Lime Pty Ltd (Administrators Appointed)   |
| <b>SLF</b>                           | Salt and Lime Funding (Receivers and Managers Appointed) (Administrators Appointed)  |
| <b>Specific Security Deeds</b>       | General Security Deeds entered into on or around 22 May 2024 between Salt and Lime Funding Pty Ltd and: <ul style="list-style-type: none"> <li>(i) iPartners Nominees Pty Ltd as trustee for the Salt and Lime Funding Series 4A Sub Trust;</li> <li>(ii) iPartners Nominees Pty Ltd as trustee for the Salt and Lime Funding Series 4B Sub Trust; and</li> </ul> iPartners Nominees Pty Ltd as trustee for the Salt and Lime Funding Series 4C Sub Trust.   |
| <b>The CEO</b>                       | William Robert Kiln  |
| <b>The Companies</b>                 | Salt and Lime Pty Ltd (Administrators Appointed) and Salt and Lime Funding (Receivers and Managers Appointed) (Administrators Appointed)   |
| <b>The Group</b>                     | Salt and Lime Pty Ltd (Administrators Appointed) and Salt and Lime Funding (Receivers and Managers Appointed) (Administrators Appointed)   |
| <b>VA</b>                            | Voluntary Administration   |
| <b>Warehouse Facility Agreements</b> | Warehouse Loan Facility Agreement – Senior<br>Warehouse Loan Facility Agreement – Mezzanine<br>Warehouse Loan Facility Agreement – Junior<br>entered into on or around 22 May 2024 between Salt and Lime Funding Pty Ltd (Borrower), Salt and Lime Pty Ltd (Servicer) and: <ul style="list-style-type: none"> <li>(i) iPartners Nominees Pty Ltd as trustee for the Salt and Lime Funding Series 4A Sub Trust (Senior);</li> <li>(ii) iPartners Nominees Pty Ltd as trustee for the Salt and Lime Funding Series 4B Sub Trust (Mezzanine); and</li> </ul> iPartners Nominees Pty Ltd |
| <b>Xero</b>                          | Accounting reporting software tool used by the Group   |
| <b>YTD</b>                           | 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 date would be expressed as 'YTD24')   |

# Contents

|  |           |
|--|-----------|
| <b>1. Disclaimer</b>   | <b>6</b>  |
| <b>2. Executive summary</b>  | <b>7</b>  |
| 2.1. Appointment background  | 7         |
| 2.2. Report's purpose  | 7         |
| 2.3. Administrators' opinion   | 7         |
| 2.4. Second meeting of creditors   | 7         |
| 2.5. Deed of Company Arrangement (DOCA)                                  | 8         |
| 2.6. Estimated return to creditors                                       | 8         |
| 2.7. Offences and liquidation recoveries                                 | 8         |
| 2.8. Administrators' overview  | 8         |
| 2.9. Remuneration  | 9         |
| <b>3. Introduction</b>   | <b>10</b> |
| 3.1. Appointment information   | 10        |
| 3.2. Declaration of Independence, Relevant Relationships and Indemnities | 10        |
| 3.3. Report's purpose  | 10        |
| 3.4. Purpose of second creditors meeting                                 | 10        |
| 3.5. Second meeting details  | 11        |
| 3.6. Meeting registration  | 11        |
| 3.7. Committee of Inspection (COI)                                       | 12        |
| 3.8. Further information   | 12        |
| <b>4. Company background</b>   | <b>13</b> |
| 4.1. Company overview  | 13        |
| 4.2. Group structure   | 13        |
| 4.3. Recent events   | 14        |
| 4.4. Statutory information   | 14        |
| 4.5. Creditors' claims   | 14        |
| 4.6. Unsecured Creditors   | 18        |
| 4.7. Related parties   | 19        |
| <b>5. Conduct of administration</b>                                      | <b>20</b> |
| 5.1. First meeting of creditors  | 20        |
| 5.2. Update on current progress  | 20        |
| <b>6. Company financial background</b>                                   | <b>23</b> |
| 6.1. Financial performance – Profit and Loss                             | 23        |
| 6.2. Financial position – Balance Sheet                                  | 26        |

|   |           |
|---|-----------|
| 6.3. Directors' Report on Company Activities and Property (ROCAP)           | 29        |
| <b>7. Investigations</b>  | <b>31</b> |
| 7.1. Directors' explanation for the Companies' difficulties                 | 32        |
| 7.2. Administrators' opinion of the reasons for the Companies' difficulties | 32        |
| 7.3. Insolvency   | 33        |
| 7.4. Legal actions/demands  | 40        |
| 7.5. Outstanding or previous winding up applications                        | 40        |
| 7.6. Books and records  | 40        |
| <b>8. Offences and liquidation recoveries</b>                               | <b>42</b> |
| 8.1. Voidable transactions  | 42        |
| 8.2. Insolvent trading Ben  | 45        |
| 8.3. Offences   | 46        |
| 8.4. Directors' and officers' insurance policy                              | 47        |
| 8.5. Directors' personal financial position                                 | 47        |
| 8.6. Public examinations  | 47        |
| 8.7. Reporting of offences to ASIC  | 48        |
| 8.8. Costs of investigations and pursuing recovery actions                  | 48        |
| 8.9. Funding investigations and recoveries                                  | 48        |
| <b>9. Deed of Company Arrangement (DOCA)</b>                                | <b>49</b> |
| <b>10. Estimated outcome statement</b>                                      | <b>50</b> |
| 10.1. Salt and Lime Pty Ltd   | 50        |
| 10.2. Salt and Lime Funding Pty Ltd   | 52        |
| <b>11. Administrators' opinion</b>  | <b>54</b> |
| 11.1. Liquidation   | 54        |
| 11.2. DOCA  | 54        |
| 11.3. Administration to end   | 55        |
| <b>12. Enquiries</b>  | <b>56</b> |
| Appendices  | 57        |
| <b>Appendix A – Notice of meeting of creditors</b>                          |           |
| <b>Appendix B – Proxy form</b>  |           |
| <b>Appendix C – Proof of debt form</b>                                      |           |
| <b>Appendix D – Remuneration approval request</b>                           |           |
| <b>Appendix E – ASIC/ARITA Information sheets</b>                           |           |
| <b>Appendix F – Shareholder listing</b>                                     |           |

# 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 Companies' books and records, financial systems, representations from the Directors, key 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 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 SL and/or SLF 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

Daniel Walley, Adam Colley and Andrew Scott of PricewaterhouseCoopers, One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000 were appointed Joint and Several Administrators of the Companies on the 17 June 2024 by the Directors under s436A of the Act.

Barry Kogan and Damien Pasfield of McGrathNicol were appointed Receivers and Managers of SLF on 11 June 2024.

Given the interconnectedness of both SL and SLF, we have prepared a joint report on the Group and propose to hold a concurrent second creditors meeting.

### 2.2. Report's purpose

The purpose of this report is to table the findings of our investigations into the Companies' business, property, affairs and financial circumstances, as well as opinion on the three options available to creditors in deciding the future of each Company.

### 2.3. Administrators' opinion

Under the Act, creditors have three options available to determine the future of the Companies:

- The Administration ends with control of the Company reverting to the Directors
- The Administrators execute a Deed of Company Arrangement (DOCA).
- The Company be wound up (i.e. placed into liquidation).

**We recommend that it is in the creditors' interests that the Companies are placed into liquidation.**

No DOCA has been proposed and as such, the Administrators consider that the Companies' should enter liquidation which would still enable the Liquidators and the Receivers and Managers of SLF to pursue a sale strategy for the customer loan book (owned by SLF) and technology and intellectual property (owed by SL). The Administrators believe this will provide the highest prospects of achieving the best return for general unsecured creditors.

A resolution will be put to the creditors to vote on the above options at the second creditors meeting.

### 2.4. Second meeting of creditors

The Second meeting of creditors (**Second Meeting**) will be held on:

|                      |  |
|----------------------|--|
| <b>Date:</b>         | Monday 22 July 2024  |
| <b>Meeting time:</b> | 11am   |
| <b>Location</b>      | Held using virtual meeting technology only.  |
| <b>Registration:</b> | <p>In order to vote at the Second Meeting, creditors will need to submit a Proxy Form (Appendix B) and (where necessary/if not already submitted) a Proof of Debt (Appendix C) by email to <a href="mailto:ben.sullivan@au.pwc.com">ben.sullivan@au.pwc.com</a> by no later than 4:00PM AEST on Friday 19 July 2024.</p> <p>If you do not register by this time, your <b>VOTE WILL NOT BE COUNTED</b> and your attendance at the Second Meeting will be in the capacity as an observer only.</p> <p>Virtual meeting access details will be provided to you once your Proof of Debt and Proxy Form have been received by our office by the abovementioned time.</p> |

## 2.5. Deed of Company Arrangement (DOCA)

As at the date this report was issued, no Deed of Company Arrangement proposals have been submitted.

A DOCA may still be received up to the date of the second creditors meeting, and should a proposal be received, we will notify creditors accordingly. We note that any DOCA proposed would need to present an outcome for creditors which is better than the outcome in a liquidation from recoveries likely to be achieved if the company is placed into liquidation and a sale process is pursued.

## 2.6. Estimated return to creditors

We estimate creditors' returns under a 'high' and 'low' case liquidation scenario and DOCA scenarios will be:

| Creditor type                  | SL                                   | SL                                    | SLF                                  | SLF                                   |
|--------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|
|                                | Liquidation Low<br>(c in the dollar) | Liquidation High<br>(c in the dollar) | Liquidation Low<br>(c in the dollar) | Liquidation High<br>(c in the dollar) |
| Secured creditors              | N/A                                  | N/A                                   | TBC                                  | TBC                                   |
| Priority Employee entitlements | 100c                                 | 100c                                  | N/A                                  | N/A                                   |
| Unsecured creditors            | TBC                                  | TBC                                   | TBC                                  | TBC                                   |

Please refer to **Section 10** for further detail on these figures.

## 2.7. Offences and liquidation recoveries

Our preliminary opinion is that SL may have traded while insolvent from at least 30 June 2023 and SLF from 11 June 2024.

Our preliminary investigations have identified numerous transactions and loan accounts that may be classified as voidable transactions. This is discussed further at **Section 8**.

It should be noted that further investigations would be required to undertaken by a liquidator in order to reach a conclusion of the above claims.

## 2.8. Administrators' overview

### 2.8.1. Conduct of administration

Since our appointment on 17 June 2024, the Administrators have assumed control of SL's business and assets and worked with the Receivers and Managers appointed over SFL to develop a strategy for the administrations.

The initial strategy was as follows:

- Assess the Group's cashflow position and consider whether the business could be traded on during the administration period to allow SL to continue to service the customer loans.
- This included negotiating the provision of funding from the Receivers and Managers of SLF to ensure SL had sufficient cash to fund the loan book operations.
- To the extent that funding allowed, our approach has been to maintain a business as usual approach at SL, while undertaking a review and assessment of the strategy to be pursued by the Receivers.
- We note that prior to our appointment, the Directors had already taken the decision to cease making new loans to customers and focus on collecting out the existing loans.
- We liaised with and worked with key stakeholders including the directors, employees, customers and trade creditors to ensure that we could continue to trade the business.
- The continued trading allowed the Receivers to seek expressions of interest with regards to transitioning the servicing arrangements to a third party and prepare the Group for a sale process.
- Attend to statutory reporting and investigate the history of the Companies and reasons for failure.



### 2.8.2. Group financial background

Our review of the records available has identified that:

- The Companies continuously made losses over the period 30 June 2022 to the date of our appointment. SL was solely reliant on funding from SLF to service the loan book and there was no formal agreement in place for these services.
- SL maintained a net working capital and net asset deficiency, as well as a current ratio below 1 for FY22, FY23 and YTD24. Our review indicates this was due to its large payroll liabilities and intercompany loan from SLF. Whilst SLF had a working capital surplus throughout this period, it suffered from a consistent net asset deficiency due to the amount owed to iPartners outweighing the balance of the loan book as recorded in the management accounts.
- The two entities were heavily intertwined and dependent on each other, however intercompany transactions and loans were not properly recorded. A liquidator would be able to conduct further investigations into this.

### 2.8.3. Reasons for Group's difficulties

The Directors have advised that the Group's financial difficulties arose due to the following reasons:

- Overspending on operational costs in excess of the Companies' ability to generate revenue to meet these costs.
- The use of SLF funds for SL operational costs/losses which was not in accordance with the Facility Agreements, eventually resulting in the appointment of Receivers over SLF on 11 June 2024.

In addition to the Directors' above stated reasons, we believe the following factors are also relevant:

- No formal funding arrangement existed between SLF and SL to ensure income from servicing activities was appropriately paid/documentated.
- There was a failure to closely manage operating costs at SL, and as such, operating costs exceeded available income.
- Ongoing spending and investment in software and IT development which was not capable of being funded from operating income and no external investment was secured to fund these projects.

## 2.9. Remuneration

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

| Period  | SL<br>\$ Amount (excluding GST) | SLF<br>\$ Amount (excluding GST) |
|---|---------------------------------|----------------------------------|
| Voluntary Administration<br>Resolution 1: 17 June 2024 to 9 July 2024           | 196,730.50                      | 23,247.50                        |
| Resolution 2: 10 July 2024 to the meeting on<br>22 July 2024                    | 86,005.00                       | 10,220.00                        |
| Liquidation<br>Resolution 3: 23 July 2024 to execution of a<br>sale/completion* | 150,000.00                      | 25,000.00                        |

**\*Note:** Whilst it remains difficult to determine the actual costs likely to be incurred in the liquidation, we have provided an estimate on the basis that an accelerated sales process will be undertaken shortly after the Companies enter liquidation/once the servicing has been transitioned from SL to an external third party. Should our fees exceed the estimate presented above, we will seek a further resolution from the creditors.

Prospective Liquidators' remuneration will not be sought if creditors elect to form a Committee of Inspection (COI).

Please refer to our Remuneration Report at [Appendix D](#) for full details of key activities undertaken by us, our partners and staff and the remuneration approval sought.

# 3. Introduction

## 3.1. Appointment information

Daniel Walley, Adam Colley and Andrew Scott were appointed as Administrators of the Companies on 17 June 2024 by the Directors pursuant to section s436A of the Act.

Prior to our appointment, Barry Kogan and Damien Pasfield of McGrathNicol were appointed Receivers and Managers of SLF on 11 June 2024.

## 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 19 June 2024 for both Companies. The DIRRI discloses information regarding any prior personal or professional relationships the Administrators and PricewaterhouseCoopers had with the Companies or related parties, our independence and any indemnities received relating to this appointment.

There has been no change with respect to our independence, relevant relationships or indemnities.

## 3.3. Report's purpose

This report is being prepared on a consolidated basis (i.e. on both SL and SLF). We believe that this approach is appropriate and will benefit creditors as:

1. The 'business' of the Companies comprised the activities of both of the companies, and the activities were intertwined.
2. The majority of creditors and customers had largely, if not completely, interacted with the 'business' and did not identify the Companies as separate entities in their day-to-day operations.
3. It is necessary to provide information about the Group as a whole to adequately inform creditors.
4. The first and second meeting of creditors of the Companies was/will be held concurrently.
5. It will reduce costs which would otherwise have been incurred reporting separately on the Companies.

In the report to creditors, the Administrators are required to provide details on:

Their investigation into a companies' business, property, affairs and financial circumstances including:

- Their opinion on the options available to creditors, being that the:
  - Company be wound up (liquidation);
  - Company execute a DOCA; or
  - Administration should end (with control of the company reverting the company's director(s)).
- Any other matters which the Administrator's deem necessary.

## 3.4. Purpose of second creditors meeting

The second meeting will:

- Address the contents of this Report.
- Respond to questions from creditors/employees.
- Determine the future of the Companies by resolving one of the three available options (for each company).
  - End the voluntary administration and return the company to the directors' control
  - Approve a DOCA through which the company will pay all or part of its debts and then be free of those debts
  - Wind up the company and appoint a liquidator.

- Seek approval of
  - Administrators' remuneration
  - Future remuneration of the liquidators or deed administrators (as applicable)
  - Should creditors desire, the formation of a Committee of Inspection (**COI**)

The current Administrators automatically become the Deed Administrators or Liquidators unless creditors resolve to replace them.

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

We recommend to creditors that the **Companies be placed in liquidation**.

### 3.5. Second meeting details

The Second Meeting will be held on Monday 22 July 2024 at 11:00am AEST. Formal notification Form 529 – Notice of Meeting of Creditors is attached at **Appendix A**.

The Act stipulates the timing of the Second Meeting. Generally, the Second Meeting must be convened between 15-25 business days (or 20-30 business days at Christmas and Easter) from the date the administration begins. The Court may extend the convening period if circumstances require.

### 3.6. Meeting registration

To register attendance and be entitled to vote at the Second Meeting, creditors must complete and submit the following forms attached at Appendix B and Appendix C.

| Registration forms                     | Information   |
|--|---|
| <b>Form 532 – Appointment of Proxy</b> | <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 wants 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>            |
| <b>Proof of Debt or Claim Form</b>     | <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 no requirement to resubmit a proof of debt form if previously provided unless the amount claimed has changed.</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> |

Forms must be submitted no later than **4:00PM AEST** on **Friday 19 July 2024** to [ben.sullivan@au.pwc.com](mailto:ben.sullivan@au.pwc.com).

Only creditors of the Companies are entitled to vote at the Second Meeting. Creditors are only entitled to vote on the resolution where that resolution is for the company they are a creditor for. That is, SL creditors can only vote on SL resolutions, SLF creditors can only vote on SLF resolutions.

Creditors are encouraged to dial into the meeting at least 10 minutes prior to the start of the meeting to enable the orderly registration of attendees, so that the meeting can commence on time.

### 3.7. Committee of Inspection (COI)

Creditors may wish to establish a COI at the Second Meeting, typically to assist and guide the liquidator or deed administrator (as applicable). A minimum of two members is required to form a COI.

Creditors should consider whether they are in a position to be a COI member, as membership of a COI requires attendance at meetings (telephone facilities will be available, so members do not have to attend in person). 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
- Appoint a general power of attorney to attend the Second Meeting on their behalf
- Authorise a person in writing to be a member of the COI on their behalf.

Given the size and small number of creditors, we do not recommend that creditors establish a COI, regardless of whether the creditors resolve to wind up the Companies or that it executes a Deed.

### 3.8. 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:

- <https://asic.gov.au/regulatory-resources/insolvency/insolvency-for-creditors/>. It includes information on:
  - Creditor rights
  - Employee entitlement priorities
  - Voluntary Administration, Liquidation and DOCA process overviews
- [www.arita.com.au](http://www.arita.com.au)

Information for employee regarding FEG assistance is available can be found and downloaded from <https://www.dewr.gov.au/fair-entitlements-guarantee/feg-fact-sheets>. The site includes including information for employees on:

- What assistance FEG can provide
- How to apply for FEG assistance
- Accessing FEG Online Services
- Eligibility for FEG assistance
- Reviewing a FEG decision

## 4. Group background

### 4.1. Group overview

The Companies were first established on 29 June 2020 and operate a financial technology and loan financing business with car, personal and debt consolidation loans. SL operated as the servicing company while SLF was the funding company and held the Australian credit licence, loan book and debt to iPartners. Our investigations indicate that these entities weren't mutually exclusive, and their operations were co-dependent on each other.

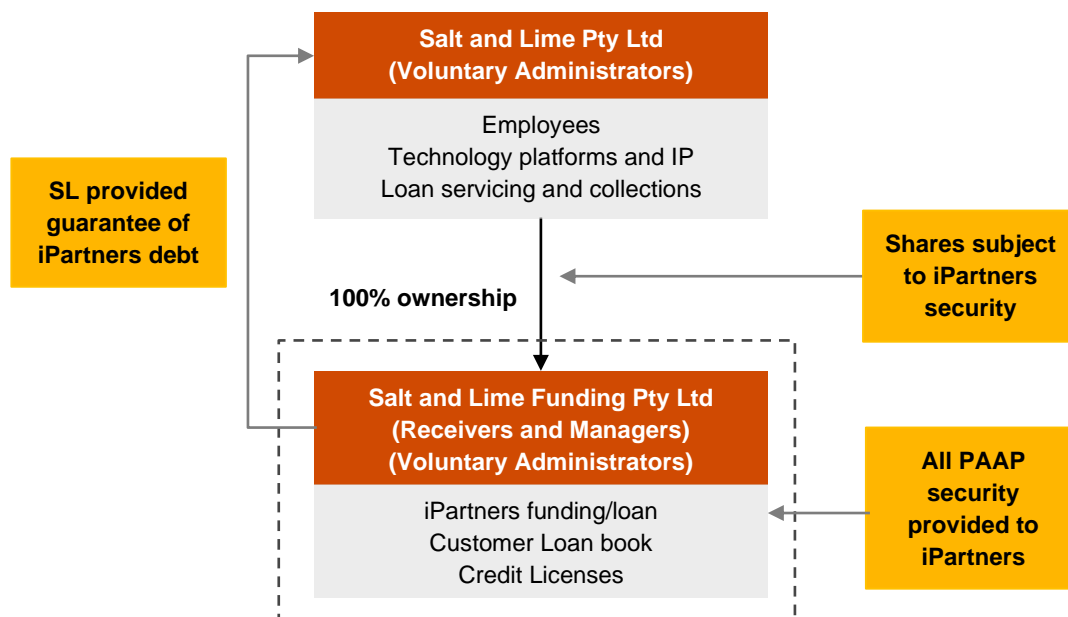
As mentioned above, SLF operated a sub-prime loan book that provided loans to customers and offered a reduction in interest rates as incentives for completing different financial training and learning modules provided by SL. These discounts were only available once you completed the modules and was designed to attract customers interested in financially upskilling which was unique to the loan market.

As at the date of our appointment, SLF had c. 2,200 clients in its loan book.

SL employed 19 staff (including the Directors) as at 17 June 2024, and operated out of its main office at 2/80 Clarence Street, Sydney NSW 2000. Further commentary on the changes the Administrators have made once we took over trading activities is discussed in **Section 5.2**.

Information regarding the Companies' financial background is discussed in **Section 6**.

### 4.2. Group structure



### 4.3. Recent events

The below is a timeline of the events that led to the Companies being placed into voluntary administration.

| Date         | Key event  |
|--------------|--|
| 22 May 2024  | <p>Salt and Lime Funding Pty Ltd entered into a Warehouse Loan Facility Agreement with iPartners Nominees Pty Ltd. The agreements state that Salt and Lime Pty Ltd would operate as the servicer.</p> <p>A General Security Deed was granted by SLF to iPartners.</p> <p>The agreements were a refinancing of the previous facility agreements which were due to expire. The new agreements also provided for an increase in the facilities from \$50m to \$100m however, the additional headroom was not drawn.</p> |
| 1 June 2024  | <p>The CEO obtained general legal advice about solvency options and the safe harbour regime. SL ultimately passed a resolution stating SL had entered into Safe Harbour protection. A liquidator would investigate this position further if subsequently appointed.</p>  |
| 11 June 2024 | <p>It was brought to iPartners attention that various intercompany loans had been advanced from SLF to SL, which potentially included capital funds which were to be retained by SLF for repayment of iPartners debts. Accordingly, iPartners Nominees Pty Ltd appointed Barry Kogan and Damien Pasfield of McGrathNicol as Receivers and Managers of SLF pursuant to the Warehouse Loan Facility Agreement and the General Security Deed.</p>   |
| 17 June 2024 | <p>As a result of the Receiver and Manager appointment, the directors resolved that the Companies were insolvent or likely to become insolvent at some future time, and as such, resolved to appoint Daniel Walley, Andrew Scott and Adam Colley as joint and several administrators of the Companies.</p>   |

### 4.4. Statutory information

A search of ASIC's database reveals the following details of the Companies and its directors, other officers, and shareholders.

|                                    | Salt and Lime Pty Ltd   | Salt and Lime Funding Pty Ltd   |
|------------------------------------|---|---|
| <b>Date of incorporation</b>       | 29 June 2020  | 17 June 2017  |
| <b>Registered office</b>           | C/- Peer Wealth, Unit 202B Level 2, 39 East Esplanade, MANLY NSW 2095 | C/- Peer Wealth, Unit 202B Level 2, 39 East Esplanade, MANLY NSW 2095 |
| <b>Principal place of business</b> | Level 2, 76-80 Clarence Street, SYDNEY NSW 2000                       | Level 2, 76-80 Clarence Street, SYDNEY NSW 2000                       |
| <b>Directors' details</b>          | <b>Appointment from/to</b>  | <b>Appointment from/to</b>  |
| <b>William Robert Kiln</b>         | 23 August 2022 to current   | 01 December 2022 to current   |
| <b>Morris Huw Grenfell</b>         | 1 December 2022 to 6 February 2023                                    | 11 May 2020 to current  |
| <b>Secretary's details</b>         | <b>Appointment from/to</b>  | <b>Appointment from/to</b>  |
| <b>Natalie Anne Grenfell</b>       | 29 June 2020 to current   | 06 February 2023 to current   |
| <b>Shareholders</b>                | Refer to Appendix F   | Salt and Lime Pty Ltd (100%)  |

We are not aware of any inaccuracy in ASIC's records.

### 4.5. Creditors' claims

At our appointment date, and based on the records available to us, the claims of the Companies' creditors totalled approximately \$7.1m for SL and \$42.6m for SLF. The following table summarises estimated claims by each known class of creditor. Further detail on each class of creditor is included in the subsections below.

| Creditor class                       | SL<br>No. of Creditors | SL<br>Amount (\$) | SLF<br>No. of Creditors | SLF<br>Amount (\$) |
|--------------------------------------|------------------------|-------------------|-------------------------|--------------------|
| <b>Secured creditors</b>             |                        |                   |                         |                    |
| <b>Secured creditors</b>             | <b>4</b>               | <b>Nil</b>        | <b>3</b>                | <b>42,514,792</b>  |
| <b>Employee entitlements</b>         |                        |                   |                         |                    |
| <b>Priority (employee) creditors</b> | <b>19</b>              | <b>224,315</b>    | <b>0</b>                | <b>Nil</b>         |
| <b>Unsecured creditors</b>           |                        |                   |                         |                    |
| <b>Statutory creditors</b>           | <b>2</b>               | <b>415,556</b>    | <b>0</b>                | <b>Nil</b>         |
| <b>Trade/External creditors</b>      | <b>48</b>              | <b>159,967</b>    | <b>42</b>               | <b>106,828</b>     |
| <b>Related party creditors</b>       | <b>5</b>               | <b>7,267,183</b>  | <b>0</b>                | <b>Nil</b>         |
| <b>Total creditor claims</b>         | <b>73</b>              | <b>8,067,021</b>  | <b>47</b>               | <b>42,621,620</b>  |

These claims may be subject to change as further information becomes available.

These amounts have been derived from the:

- Report on Company Activities and Property provided by the directors (**Section 6.3**)
- The Companies' books and records
- Formal proof of debt or claim forms submitted by creditors.

#### 4.5.1. 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 search of the PPSR revealed the following security interests registered over the Companies' assets:

| Notes | Secured Creditor  | Type of registration  | SL<br>No. Of security interest(s) | SL<br>Amount (\$) | SLF<br>No. Of security interest(s) | SLF<br>Amount (\$) |
|-------|---|-----------------------|-----------------------------------|-------------------|------------------------------------|--------------------|
| 1     | iPartners Nominees Pty. Ltd.  | AllPAPWith Except     | 3                                 | Nil               | 3                                  | TBC                |
| 1     | iPartners Nominees Pty. Ltd.  | AllPaPNoExcept        | 0                                 | N/A               | 3                                  | 42,514,792         |
| 1     | iPartners Nominees Pty. Ltd.  | Investment Instrument | 3                                 | Nil               | 0                                  | N/A                |
| 2     | Salt And Lime Funding Pty Ltd   | Motor Vehicles        | 1                                 | Nil               | N/A                                | N/A                |
| 3     | iPlatform Nominees Pty. Ltd. & The trustee for the Salt and Lime Series 1 Trust | Investment Instrument | 1                                 | Nil               | 0                                  | N/A                |
| 3     | iPlatform Nominees Pty. Ltd. & The  | AllPAPWithExcept      | 0                                 | N/A               | 1                                  | Unknown            |

| Notes                                | Secured Creditor  | Type of registration  | SL<br>No. Of security interest(s) | SL<br>Amount (\$)                      | SLF<br>No. Of security interest(s) | SLF<br>Amount (\$)  |
|--------------------------------------|---|-----------------------|-----------------------------------|--|------------------------------------|---------------------|
|                                      | trustee for the Salt and Lime Series 1 Trust  |                       |                                   |  |                                    |                     |
| 3                                    | iPlatform Nominees Pty. Ltd. & The trustee for the Salt and Secured Loan Series 2 Trust | Investment Instrument | 1                                 | Unknown                                | 0                                  | N/A                 |
| 3                                    | iPlatform Nominees Pty. Ltd. & The trustee for the Salt and Secured Loan Series 2 Trust | AllPAPWithExcept      | 0                                 | N/A                                    | 1                                  | Unknown             |
| <b>Total secured creditor claims</b> |   |                       | <b>9</b>                          | <b>Nil (however, see note 1 below)</b> | <b>8</b>                           | <b>c.42,514,792</b> |

#### Notes

- iPartners have registered general security interests over all present and after acquired property of SLF and in respect of SL's shareholdings in SLF. We understand the secured creditor is undertaking a detailed review of its liability position. They have advised the most recent estimate of their secured claim is \$42,514,792 and relates specifically to their senior lending facility secured by General Security Deeds and Specific Security Deeds registered on the PPSR. We understand the other registrations made by iPartners relate to Warehouse Loan Facility Agreements which have not been drawn down.  
  
In the event of a default, SL guarantees the monies due to iPartners under the senior lending facility between iPartners and SLF. As such, SL would be liable for any shortfall of the iPartners loan which is not paid by SLF. This would be an unsecured claim.  
  
SL has also provided security over its 100% shareholding in SLF by way of security to iPartners in respect to the Warehouse Loan Facility Agreements.
- SLF have a registered security interest in its favour over a motor vehicle asset of SL. We have located and secured the vehicle. We understand the motor vehicle may have been purchased from funds of SLF however we have not sighted documentation substantiating SLF's security or liability position with respect to the vehicle.
- We have written to the registered parties requesting information including documents to substantiate their security position. As at the date of this report, we have not received a response. Based on our investigations to date, we understand these are parties related to iPartners. We also understand these may be historical registrations based on prior funding arrangements, which were superseded by the registrations in note 1. Accordingly, whilst further investigations are required, we believe that there are no outstanding liabilities attached to these registrations.

#### 4.5.2. Employees

The employee contracts were entered into by SL and all employee services were provided by SL, i.e. software development and maintenance, servicing of the customer loan books and other administrative trading matters. In exchange for the services that SL exclusively provided to SLF, SLF was to pay a service fee to SL.

The payment of the service fee, whilst not documented, was intended to fund SL and its operational costs, including employee costs. As such, we have not identified any evidence to date which suggests that SL was not the true employer.

Outstanding employee entitlements have a statutory priority for payment from assets realisations in SL over other creditors (except from the proceeds of non-circulating asset realisations) pursuant to section 561 of the Act.



We note that we have issued letters to individual employees detailing their entitlements and have sought their confirmation in respect of their entitlement balances.

The table below details the outstanding employee entitlements based on the SL's books and records and the ROCAP provided by the directors (**Section 6.3**). We note the table below does not include any non-priority claims (i.e., claims from excluded employee creditors up to the statutory cap – see section 4.5.3 of this Report).

As SLF did not have any employees, it has no outstanding employee entitlements.

| SL<br>As at 17 June 2024  | Crystallised   | Total Amount (\$) |
|---|----------------|-------------------|
| Wages   | n/a            | Nil               |
| Superannuation  | Yes            | 888               |
| Annual leave  | On termination | 79,772            |
| Long service leave  | On termination | Nil               |
| PILN  | On termination | 61,444            |
| Redundancy  | On termination | 82,212            |
| <b>Total Priority Employee Entitlements (excl non priority employees)</b> |                | <b>224,315</b>    |

We note that the outstanding amount for superannuation has crystallised (i.e. is currently due and payable) and relates to one employee who has not yet provided their superannuation fund details to SL. The balance of the amounts outstanding primarily relate to entitlements for annual leave, long service leave and other entitlements which only become payable in the event that the employees' contracts are terminated. Employees may resign, in which case they would not be eligible for PILN or redundancy.

The amounts presented above for annual leave, PILN, and redundancy are estimates as at the date of our appointment i.e. 17 June 2024, and will need to be updated when employee contracts are terminated (being by redundancy or by resignation).

Since our appointment, and as at the date of this report, we have made 5 employees redundant, 1 employee placed on unpaid leave until further notice and a further employee has resigned.

SLF employed no staff and as such have no employee entitlement liability.

#### 4.5.3. Excluded employees

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

The excluded employee entitlements amount is summarised follows:

| SL Entitlements                      | Total Amount (\$) |
|--------------------------------------|-------------------|
| Annual leave                         | 162,726           |
| PILN                                 | 52,885            |
| Redundancy                           | 145,192           |
| <b>Total Excluded Employee costs</b> | <b>360,803</b>    |

We note priority employee entitlements claims for excluded employees are limited to:

- \$2,000 for wages (including superannuation);
- \$1,500 for unpaid annual leave and long service leave; and
- \$0 for retrenchment payments (i.e. PILN and Redundancy).

The balance of their entitlements will not rank as a priority claim but will rank as an unsecured claim under (s556(1)(1A) and (1)(1B)) of the Act.

SLF employed no staff and as such have no employee entitlement liability.

#### 4.5.4. Fair Entitlements Guarantee (FEG)

If SL (as the employing entity) is placed into liquidation, a former employee may be eligible for payment of any shortfall in their employee entitlements (excluding superannuation) under FEG which is administered by the Attorney-General's Department.

Former employees must meet certain eligibility requirements outlined in the **Fair Entitlements Guarantee Act 2012**. Further information can be found on FEG's website at <https://www.dewr.gov.au/fair-entitlements-guarantee>. We note that any advances made by FEG are repaid to the Government if and when funds become available, in the same priority as any other employees' claims.

We have issued letters to employees setting out their total employee entitlement claim and the element of their claim which would be eligible for the FEG scheme. If you believe you are owed employee entitlements and have not received a letter from the Administrators, please contact our office.

Whilst the FEG scheme is available to eligible employees with entitlement claims, as discussed at **Section 5.2**, the Administrators are negotiating a Memorandum of Understanding (**MOU**) with the Receivers which will include a provision for funding (from available cash at our appointment date) of priority employee claims (excluding excluded employees). As such, we do not expect employees will have a shortfall in their employee entitlements and as such, no claims will be required against the FEG scheme.

SLF employed no staff and as such have no employee entitlement liability.

## 4.6. Unsecured Creditors

At the date of our appointment, the claims of the unsecured creditors of the Companies are as follows:

| Unsecured Creditors                               | No. of SL creditors | SL amount (\$)                      | No. of SLF creditors | SLF amount (\$) |
|---|---------------------|-------------------------------------|----------------------|-----------------|
| Statutory creditors (ATO, iCare, Revenue NSW etc) | 2                   | 415,556                             | Nil                  | Nil             |
| Trade/External creditors                          | 21                  | 159,967                             | 33                   | 106,828         |
| Related party creditors                           |                     | (Refer to <b>Section 4.7</b> below) |                      |                 |
| <b>Total unrelated creditor claims</b>            | <b>22</b>           | <b>575,523</b>                      | <b>33</b>            | <b>106,828</b>  |

These figures are derived from the books and records of the Companies, our own investigations and from proofs of debt submitted by creditors.

The Companies' top 10 unsecured unrelated trade creditors in value are:

| No.                    | SL- Unsecured Creditors (excl. Statutory creditors) | Total value (\$) | SLF- Unsecured Creditors (excl. Statutory creditors) | Total value (\$) |
|------------------------|---|------------------|--|------------------|
| 1                      | Illion  | 26,632           | Freedom Capital Finance                              | 22,541           |
| 2                      | Glass's Guide                                       | 25,885           | Fintelligence Pty Ltd                                | 13,305           |
| 3                      | Knight Frank Australia Pty Ltd                      | 22,173           | Faraday & West                                       | 5,911            |
| 4                      | Punchy Digital Media                                | 18,975           | Braid Finance  | 5,907            |
| 5                      | Bubble  | 14,400           | Peer Wealth Pty Ltd                                  | 4,909            |
| 6                      | Peer Wealth Pty Ltd                                 | 13,346           | Dreamcatcher Finance                                 | 4,523            |
| 7                      | Support Dept  | 8,915            | My Moto Finance                                      | 4,484            |
| 8                      | Financial Education Professionals Pty Ltd           | 8,109            | Scott's Mercantile                                   | 4,345            |
| 9                      | AFCA  | 6,455            | Viking Aggregation                                   | 3,714            |
| 10                     | Nexio   | 6,130            | Loans Unlimited                                      | 3,311            |
| <b>Total of top 10</b> |   | <b>151,020</b>   | <b>Total of top 10</b>                               | <b>72,950</b>    |

|  |               |  |               |
|--|---------------|--|---------------|
| <b>Total trade unsecured creditors</b>   | <b>21</b>     | <b>Total trade unsecured creditors</b>   | <b>40</b>     |
| <b>% of total unsecured trade claims</b> | <b>94.40%</b> | <b>% of total unsecured trade claims</b> | <b>68.29%</b> |

## 4.7. Related parties

The intercompany and related party claims of SL and SLF respectively are summarised below:

| <b>Related entity creditor</b> | <b>Related entity debtor</b> | <b>Relationship</b> | <b>Claim amount (\$)</b> |
|--------------------------------|------------------------------|---------------------|--------------------------|
| Salt and Lime Funding Pty Ltd  | Salt and Lime Pty Ltd        | Related company     | 6,906,380                |
| Excluded employees             | Salt and Lime Pty Ltd        | Employees           | 360,803                  |
| <b>Total</b>                   |                              |                     | <b>7,267,183</b>         |

The accounting system of SLF (Xero) recorded the transfer of funds from SLF to SL as an intercompany loan. The Receivers have taken their understanding from the books and records of SLF.

As such, the Receivers and Managers of SLF claim that a c. \$6.9m intercompany loan arose from SLF funds being transferred to SL to fund their operations. Our investigations have revealed there was no written agreement detailing the funding relationship between SL and SLF, with the iPartners Facility Agreement also placing restrictions on the movement of funds from SLF to SL without their consent. As such, SLF have lodged a claim against SL for a loan account totalling c. \$6.9m. This is further discussed in **Section 6.1.1** and **Section 8.1**.

We note that the Companies' directors are recognised as related parties and are entitled to claim outstanding employee entitlements in SL. Their potential claim is included in **Section 4.5.3**. In addition, our investigations have revealed that SL has two loan receivables from the directors. Our investigations in this regard are detailed in **Section 8.1**.

An administrator/liquidator may be entitled under section 553C of the Act to offset the outstanding employee entitlement claims of the director-employee against the outstanding the director loan. The application of section 553C to offset such amounts would require further consideration by a liquidator.

Related party claims have not been verified or adjudicated upon. Potential voidable transactions involving related parties, including transactions made in favour of other related parties, are discussed in **Section 8.1**.

# 5. Conduct of administration

## 5.1. First meeting of creditors

The first meeting of creditors of the Companies was held on 27 June 2024 (**First Meeting**), pursuant to s436E of the Act.

Creditors of both SL and SLF did not resolve to appoint a Committee of Inspection (**COI**) at the meeting and no replacement Administrator was proposed.

A copy of the first meeting minutes may be obtained from ASIC's website.

## 5.2. Update on current progress

The Administrators assumed control of the Companies' business and assets on 17 June 2024 subject to the assets controlled by the Receivers. The initial strategy was as follows:

- Assess the Companies' cashflow position and consider whether the Companies' business could be traded on during the administration period.
- After confirming the cashflow and funding position, our approach has been to maintain business as usual, continuing to trade SL, and liaising with the Receivers appointed to SLF, while undertaking a review and assessment of operations and a potential sales process.
- SL is currently in negotiations with SLF regarding a Memorandum of Understanding (MOU), which will allow for funding to be provided by SLF to SL to enable SL to continue to trade. The draft MOU also provides protection (by way of additional funding) for payment of outstanding priority employee entitlements (excluding excluded employees entitlements) from the cash existing in SL as at the date of our appointment. This additional funding for employee entitlements, means that no FEG claim is likely to be required as there will be no shortfall for non-excluded employees.
- We liaised with and worked with key stakeholders including the Directors, employees, customers and trade creditors to ensure that we could continue to trade the business.
- Attend to statutory reporting and investigate the history of the Companies' and reasons for failure.

### 5.2.1. Continued trading

Given the Receivers were appointed to SLF which holds the loan book, the ongoing trading under the Administration was limited to supporting the Receivers in executing their strategy. The Directors of SLF advised that they intended to cease making any new loans to customers and as such, the Receivers were focussed on collecting the existing customer loan book.

As no Receiver was appointed to SL, the Administrators of SL liaised with the Receivers and took the view that a limited period of continued trading would be in the best interests of creditors as it allowed for the ongoing collection of funds from the customer loan book.

Whilst this loan collection continues, the Receivers are also exploring options to transition the servicing of the customer loan book to an external third party. We understand parties have been identified and transition planning is currently underway. SLF and the new third-party servicer, will, in the short term, require ongoing assistance from SL and its collection team to enable the transition of the servicing arrangements. The Receivers are still in discussions with the potential new servicer with regards to them taking on some/all of SL's collection team. Affected employees will be contacted by the Administrators when further clarity is obtained.

Shortly after the appointment of the Administrators, the Receivers of SLF asserted a claim that the cash at bank held by SL was held by way of constructive or bare trust for SLF. The Administrators have not agreed with the Receivers position. However, on a no admissions basis the Administrators of SL have been negotiating a Memorandum of Understanding (**MOU**) with the Receivers which will provide for SL to use the cash at bank to fund ongoing operational costs. This will thereby allow SL to continue to trade and service the existing customer loan book. We expect the MOU to be executed prior to the second creditors meeting.

The MOU will also provide for funds to be set aside to meet any priority employee claims (as discussed in **Section 4.5**).

The Administrators and their staff also attended the Companies' premises to meet with staff and management and understand the Companies' operations. The Administrators also:

- communicated with key suppliers and arranged for new trading accounts to be set up;
- liaised with key customers to ensure ongoing support throughout the administration;
- responded to various creditor enquiries;
- prepared a short-term cash flow forecast to identify the potential funding required during the trading period, and
- established appropriate controls to manage cash flow, approve purchases and pay employees and suppliers.

Cash flow has remained a key focus throughout the trading period. As at 9 July 2024, SL's cash balance was \$558,617. A summary of our SL trading receipts and payments is summarised below:

| <b>SL Trading Receipts and Payments<br/>17 June 2024 to 9 July 2024</b> |  | <b>\$ Amount<br/>(inc GST)</b> |
|---|--|--------------------------------|
| <b>Receipts</b>   |  |                                |
| Cash at bank  |  | 612,424                        |
| Pre-appointment insurance refund  |  | 6,406                          |
| Interest  |  | 198                            |
| <b>Total Receipts</b>   |  | <b>619,028</b>                 |
| <b>Payments</b>   |  |                                |
| Employee costs (net wages)  |  | (60,410)                       |
| <b>Total Payments</b>   |  | <b>(60,410)</b>                |
| <b>Cash as at 9 July 2024</b>   |  | <b>558,618</b>                 |

A P&L summary for SL for the trading period 17 June 2024 to 9 July 2024 is summarised below. Please note that these figures and currently provisions for revenue and expenses expected to be received or paid in the future:

| <b>SL Trading P&amp;L<br/>17 June 2024 to 9 July 2024</b> |  | <b>\$ Amount</b> |
|---|--|------------------|
| <b>Income</b>   |  |                  |
| Funding provided by SLF                                   |  | TBC              |
| Revenue   |  | Nil              |
| <b>Total Income</b>                                       |  | <b>Nil</b>       |
| <b>Expenses</b>   |  |                  |
| Gross wages   |  | (160,443)        |
| Payroll tax   |  | (8,744)          |
| Rent  |  | (27,638)         |
| Trade suppliers   |  | (59,512)         |
| Insurance costs   |  | (9,407)          |
| <b>Total Expenses</b>                                     |  | <b>(265,744)</b> |
| <b>Net Profit/(Loss)</b>                                  |  | <b>(265,744)</b> |

The above is exclusive of GST.

Our R&P summary for SLF is detailed below.

| SLF Trading Receipts and Payments<br>17 June 2024 to 9 July 2024 | Amount (\$ AUD)<br>(inc GST) |
|--|------------------------------|
| <b>Receipts</b>  | -                            |
| <b>Total Receipts</b>  | <b>Nil</b>                   |
| <b>Payments</b>  | -                            |
| <b>Total Payments</b>  | <b>Nil</b>                   |
| <b>Cash as at 9 July 2024</b>                                    | <b>Nil</b>                   |

### 5.2.2. Sale of business

Since our appointment, the Administrators and the Receivers and Managers have received a number of enquiries regarding the potential sale of the Companies' assets.

We are working with the Receivers & Managers to develop a sale process for both the customer loan book (owned by SFL) and the technology/software platforms (owned by SL). We believe a sale of both assets together would yield better value than if the assets were sold separately.

A sale process will be launched once the servicing arrangements at SL have been transitioned to a new provider, the book has been stabilised and diligence on the loan book has been completed. We expect the sale process will be launched shortly after the second creditors meeting (i.e. in late July/early August).

As part of the process of transitioning the servicing to a third party, a diligence review is being conducted on the Companies' books and records. A data room will then be compiled and will be available for interested parties to undertake their purchaser due diligence. Compilation and review of this information takes time and as such, launching a sale process before this information is ready would likely result in discounted offers from potential buyers.

The Administrators and Receivers' current expectation is that the sale process will include contacting both inbound parties and outbound parties. A potential purchaser will then need to be in a position to complete a transaction quickly as we expect existing operators already within the market who have existing credit licences, will be the most likely buyers for the business as a whole. Whilst it is the preference for the businesses assets to be sold together, the Administrators and Receivers will consider offers for the purchase of the assets separately if it appears that this will result in a better outcome for creditors of each entity.

We will advise creditors if an offer is received which is capable of being implemented, including the estimated outcome for creditors of any such offer and the timing to complete the agreed offer.

Should there be any parties interested in acquiring the Companies' assets, they should contact the Receivers in the first instance, [at https://www.mcgrathnicol.com/creditors/salt-and-lime-funding-pty-ltd/](https://www.mcgrathnicol.com/creditors/salt-and-lime-funding-pty-ltd/).

### 5.2.3. Deed of Company Arrangement (DOCA)

A deed of company arrangement (DOCA) is a binding arrangement between a company and its creditors governing how the company's affairs will be dealt with. A DOCA is generally proposed by a third party of director and is administered by a deed administrator (ordinarily being the administrators during the voluntary administration period).

A DOCA aims to:

- maximise the chances of the company, or as much as possible of its business, continuing, and/or
- provide a better return for creditors than an immediate winding up of the company.

As at the date of this report, we have not received a DOCA proposal from the directors or any other third party.

## 6. Group financial background

The Companies maintained their management accounts using the Xero accounting software system which we have been provided access to. Based on our preliminary review, the Companies' management accounts contain financial data up to 11 June 2024. We have also received the Companies' annual financial statements for the period FY22 to FY23.

The Companies did not process all of their trading activity and financial transactions through Xero and as such, complete and accurate management accounts were not available. This has limited our inability to investigate certain transactions. This is further discussed in **Section 7.6** with our commentary on the adequacy of the Companies records.

The below analysis has been conducted based on the available information.

### 6.1. Financial performance – Profit and Loss

#### Key Comments

1. The Companies experienced substantial growth over the analysed period as a result of the increase in the loan book size. Despite this, both Companies continued to experience losses.
2. We understand that a service agreement was never entered into between SL and SLF and the quantum and structure of the service fee was never formally agreed. As such, SL had limited visibility on its forecast service fee revenue and the ability of this revenue to fund/meet operating costs.
3. Our review of SL indicates that it continued trading and incurring high operating expenses, primarily driven by payroll and technology investment. These costs continued to be incurred throughout the period even though revenue/income was insufficient to fund these costs. Shortly before the Administrators appointment, Management implemented a redundancy programme in order to reduce the salary costs, however the Companies went into Administration shortly thereafter.
4. We have not sought to establish whether the service fees paid from SLF to SL were on commercial terms. This is a matter that a liquidator will investigate.

#### Salt and Lime Pty Ltd

SL's Profit and Loss for the two financial years ended 30 June 2022 and 2023 and the period year to date to 11 June 2024 is summarised below:

| Profit & Loss Statement<br>(\$'000 AUD) | Notes  | FY22         | FY23           | YTD<br>Jun-24  |
|---|--------|--------------|----------------|----------------|
| Income                                  | 6.1.1. | 424.8        | 1,291.8        | 2,316.7        |
| <b>Gross Profit/(Loss)</b>              |        | <b>424.8</b> | <b>1,291.8</b> | <b>2,316.7</b> |
| Advertising                             |        | -            | -              | (166.5)        |
| Bank Fees & Payment Processing Expense  |        | (0.6)        | (5.7)          | (8.5)          |
| Broker Expenses                         | 6.1.2. | -            | -              | (639.0)        |
| Customer Receivables Impairment Expense | 6.1.2. | (107.8)      | (467.2)        | -              |
| Customer Processing Costs               |        | -            | -              | (356.1)        |
| Depreciation & Amortisation             |        | (11.2)       | (33.3)         | -              |
| Employee Benefit Expense                | 6.1.3. | (663.9)      | (2,203.3)      | (3,739.7)      |
| Entertainment                           |        | -            | -              | (17.2)         |
| Fines and Penalties                     |        | -            | -              | (0.4)          |

| Profit & Loss Statement<br>(\$'000 AUD) | Notes         | FY22             | FY23             | YTD<br>Jun-24    |
|---|---------------|------------------|------------------|------------------|
| Finance Expense                         |               | -                | (1.7)            | -                |
| General & Administrative Expense        |               | (88.4)           | (314.1)          | (99.2)           |
| Insurance                               |               | -                | -                | (67.6)           |
| Legal expenses                          |               | -                | -                | (88.5)           |
| Marketing Expense                       |               | (277.6)          | (506.3)          | (55.5)           |
| Professional Services                   |               | -                | -                | (192.5)          |
| Recruitment Cost                        |               | -                | -                | (75.9)           |
| Rent & repairs                          |               | -                | -                | (252.5)          |
| Sponsorships                            |               | -                | -                | (43.9)           |
| Staff Expenses                          |               | -                | -                | (52.5)           |
| Taxes                                   |               | -                | -                | (173.0)          |
| Technology Development                  | 6.1.4.        | (20.8)           | (27.9)           | (360.4)          |
| Telephone & Internet                    |               | -                | -                | (36.3)           |
| Travel Expense                          |               | -                | -                | (15.1)           |
| Other Expenses                          |               | -                | -                | (0.1)            |
| <b>Total Expenses</b>                   |               | <b>(1,170.3)</b> | <b>(3,559.6)</b> | <b>(6,440.7)</b> |
| <b>Net Profit/(Loss)</b>                | <b>6.1.5.</b> | <b>(745.6)</b>   | <b>(2,267.7)</b> | <b>(4,123.9)</b> |
| <b>NP Margin (%)</b>                    |               | <b>(176%)</b>    | <b>(176%)</b>    | <b>(178%)</b>    |

## Notes

- 6.1.1. Income:** SL's sole source of income was received from SLF for servicing the SLF loan book. Although SL was reliant on SLF for income, there was no formal servicing agreement in place. Our review indicates that SLF would on average transfer to SL c.\$210k per month for service fees or when there was insufficient cash in SL to meet trading obligations. We note that the Facility agreement between SLF, SL and iPartners placed restrictions on the movement of funds from SLF to SL without consent of iPartners.
- 6.1.2. Broker expenses:** Our investigations indicate that these two expenses were incorrectly entered into SL accounts and should have been recorded in SLF. SLF is responsible for broker commissions and customer receivables. A liquidator would be able to further investigate these transactions and determine why they were recorded in SL.
- 6.1.3. Employee Benefits:** On average, employee costs represent c.59% of the total operating costs over the three periods analysed, with related party entitlements totalling c. \$1.3m per year. We also understand that this number includes \$300k of Director bonuses. Whilst we have yet to see any documentation to verify that the Directors were entitled to these funds, our initial investigations indicate that SL had insufficient profit to fund the bonuses. Our commentary on potential recoveries for this matter are included in **Section 8.1.**
- 6.1.4. Technology:** Based on our investigations to date and conversations with SL's CEO, significant time and funds were invested into developing bespoke technology to differentiate SL from other market competitors. This asset will be considered alongside any future sale commenced in the coming weeks (discussed further in **Section 5.2.2.**)
- 6.1.5. Net profit/Loss:** SL experienced losses throughout the period largely due to SL being unable to forecast or generate a consistent and transparent income. SL consistently maintained a poor gross margin over the period reviewed due to a proportionately high-cost base.



## Salt and Lime Funding Pty Ltd

SLF's Profit and Loss for the two financial years ended 30 June 2022 and 2023 and the period year to date to 11 June 2024 is summarised below:

| Profit & Loss Statement                 | Notes          | FY22             | FY23             | YTD              |
|---|----------------|------------------|------------------|------------------|
| Income                                  | 6.1.6.         | 1,085.0          | 3,741.3          | 6,883.2          |
| Interest expense                        | 6.1.7.         | -                | -                | (4,529.7)        |
| <b>Gross Profit/(Loss)</b>              |                | <b>1,085.0</b>   | <b>3,741.3</b>   | <b>2,353.5</b>   |
| Bad Debt Expense                        |                | -                | -                | (991.6)          |
| Bank Fees & Payment Processing Expense  |                | (13.2)           | (57.8)           | (1,149.0)        |
| Customer Receivables Impairment Expense | 6.1.8.         | (396.5)          | (513.2)          | -                |
| Depreciation & Amortisation             | 6.1.9.         | (57.3)           | (383.0)          | -                |
| EziDebit Fees (no GST)                  |                | -                | -                | (9.3)            |
| Finance Expense                         | 6.1.7.         | (518.6)          | (2,018.8)        | -                |
| General & Administrative Expense        |                | -                | (0.3)            | (16.9)           |
| Service Fees                            | 6.1.10.        | (424.8)          | (1,291.9)        | (2,315.0)        |
| <b>Total Expenses</b>                   |                | <b>(1,410.5)</b> | <b>(4,265.0)</b> | <b>(4,481.8)</b> |
| <b>Net Profit/(Loss)</b>                | <b>6.1.11.</b> | <b>(325.5)</b>   | <b>(523.7)</b>   | <b>(2,128.2)</b> |
| <b>NP Margin (%)</b>                    |                | <b>(30%)</b>     | <b>(14%)</b>     | <b>(90%)</b>     |

### Notes

- 6.1.6. Income:** The sole source of SLF's income was from its loan book, with SLF experiencing significant growth in loans issued over the period. As discussed in **Section 4.1**, SLF offered interest rate reductions to customers that complete financial literacy learning modules.
- 6.1.7. Interest Expense:** Amounts due to iPartners in relation to the loan facility. As YTD Jun-24 was extracted from the Xero accounts, it classifies the interest expense under COGS, whilst the financial statements for FY22 and FY23 classify it as an 'other operating expense'.
- 6.1.8. Customer Receivables:** We understand this expense relates to amounts written off from the loan book due to non-paying customers. Please refer to our comments on SLF's balance sheet in **Section 7.2** for further details on the recoverability of the loan book and recognition of bad debts.
- 6.1.9. Depreciation and Amortisation:** We have not been provided with information supporting this balance.
- 6.1.10. Service Fees:** Refers to the amounts paid to SL for servicing the loan book. As discussed earlier, there was no contractual agreement which set out the fees to be paid. Our commentary on the loan account is further discussed at **Section 8.1**.
- 6.1.11. Net profit/loss:** In addition to the above, SLF appears to have been loss making as a result of the service fees paid to SL. Whilst removing the service fees would make SLF profitable, it would still experience tight margins and rely upon the ability to recover the underlying customer loan book. We understand that there was insufficient oversight on the recovery of the loan book (managed by SL and overseen by SLF).

## 6.2. Financial position – Balance Sheet

### Key Comments

1. Our investigations into the Companies' balance sheets have indicated that the two entities were heavily intertwined and dependent on each other. SL's operations solely consisted of servicing SLF's customer book. SLF in turn had not servicing capabilities of its own and was reliant on SL to provide operational support and collect customer loans.
2. As discussed above, the Companies did not accurately record their financial transactions and operations. Our initial investigations have identified some differences between the bank statements, SL and SLF records. The failure to document the intercompany arrangement has also created challenges in confirming the true characterisation and quantum of the intercompany transactions/payments. Based on bank statements we understand c. \$10.1m was transferred by SLF to SL over the period 1 January 2022 to 11 June 2024, yet this is not accurately recorded in the books and records of SL or SLF.
3. SLF did not have any significant assets besides the customer loan book. As iPartners have priority to recoveries from this asset, the Receivers and Managers have conducted the preliminary analysis into the accuracy and recoverability of these loans. Based on their initial investigations, the Receivers and Managers have advised that a significant portion of the customer loans are in arrears/non-payment and as such, may not be fully recoverable.

### Salt and Lime Pty Ltd

SL's balance sheet for the two financial years ended 30 June 2022 and 2023 and the period year to date to 11 June 2024 is summarised below:

| Balance Sheet<br>(\$'000)     | Notes  | Jun-22         | Jun-23       | 11-Jun-24      |
|-------------------------------|--------|----------------|--------------|----------------|
| Cash and cash equivalents     | 6.2.1. | 253.2          | 129.5        | 863.4          |
| Accounts receivable           |        | -              | 52.6         | -              |
| Other current assets          |        | -              | -            | 2.0            |
| <b>Current assets</b>         |        | <b>253.2</b>   | <b>182.1</b> | <b>865.4</b>   |
| Computer Equipment            | 6.2.2. | -              | -            | 38.7           |
| Office Equipment              | 6.2.2. | -              | -            | 9.9            |
| Intercompany Loan             | 6.2.8. | (811.6)        | -            | (40.7)         |
| Bank Guarantee Rent           | 6.2.3. | -              | -            | 253.1          |
| Rental Deposit                |        | -              | -            | 32.6           |
| Rental Bonds                  |        | -              | 120.3        | -              |
| Shares in Associated Entities |        | 8.8            | 8.8          | 8.8            |
| <b>Non-current assets</b>     |        | <b>(802.8)</b> | <b>129.1</b> | <b>253.8</b>   |
| <b>Assets</b>                 |        | <b>(549.7)</b> | <b>311.2</b> | <b>1,167.9</b> |
| Accounts Payable              | 6.2.4. | -              | 155.7        | -              |
| Annual Leave                  | 6.2.5. | 46.8           | 128.5        | 280.3          |
| AMEX                          | 6.2.6. | -              | -            | 84.2           |
| PAYG Payable                  |        | 81.2           | 239.8        | 408.7          |
| Other payroll liabilities     | 6.2.5. | -              | -            | 162.8          |
| <b>Current liabilities</b>    |        | <b>128.0</b>   | <b>524.0</b> | <b>936.1</b>   |
| Directors Loan                | 6.2.7. | 13.0           | 13.0         | (287.0)        |

| Balance Sheet<br>(\$'000)      | Notes         | Jun-22         | Jun-23           | 11-Jun-24        |
|--------------------------------|---------------|----------------|------------------|------------------|
| Car Loan                       |               | -              | -                | (3.8)            |
| Intercompany Loan              | 6.2.8.        | -              | 987.8            | 5,860.1          |
| <b>Non-current liabilities</b> |               | <b>13.0</b>    | <b>1,000.8</b>   | <b>5,569.3</b>   |
| <b>Total liabilities</b>       |               | <b>141.0</b>   | <b>1,524.8</b>   | <b>6,505.4</b>   |
| <b>Net assets</b>              | <b>6.2.9.</b> | <b>(690.7)</b> | <b>(1,213.6)</b> | <b>(5,337.5)</b> |
| Retained Earnings              |               | (734.3)        | (3,001.9)        | (3,001.9)        |
| Reserves                       |               | -              | (82.0)           | (82.0)           |
| Issued Capital                 |               | 1,663.6        | 1,870.3          | 1,870.3          |
| Current Year Earnings          |               | -              | -                | (4,123.9)        |
| <b>Total equity</b>            |               | <b>929.3</b>   | <b>(1,213.6)</b> | <b>(5,337.5)</b> |

## Notes

**6.2.1. Cash:** A review of the bank statements indicates that \$1m was transferred by SLF to SL on 31 May 2024. Our investigations suggest that these funds were used to pay trade suppliers, AMEX credit card balances, and payroll prior to our appointment. As such, on appointment there was c. \$612k remaining.

This figure is different to the above as the management accounts weren't reconciled past 11 June 2024.

**6.2.2. Office Equipment:** Shortly after our appointment, we instructed valuers to attend SL's office and conduct a high-level valuation of the assets. Our valuers have provided us with a continued use market estimated value of \$85,580 and forced liquidation value of \$52,361.

We have not identified a carrying value on SL's balance sheet for its technology and IT software.

**6.2.3. Bank Guarantee Rent:** Our investigations indicate that this relates to term deposits for the previous rented office space (c. \$98k) and the current office (c. \$154k). We are currently investigating if these bonds can be recovered.

**6.2.4. Accounts Payable:** SL did not maintain a complete accounts payable ledger, with most payments being paid through the personal AMEX cards and not then booked through Xero. As such, the balance represented here may be inaccurate.

**6.2.5. Payroll liabilities:** The annual leave liability for SL consists of manual entries in Xero. Our comments on the outstanding employee entitlements balance are discussed in **Section 4.5.2**.

**6.2.6. AMEX:** The Directors used AMEX cards to pay the majority of their suppliers rather than paying suppliers by bank transfer from SL's bank account and subsequently processing journals through Xero. Based on the investigation to date, it remains unclear if this is liability of SL or of the card holders as no credit card agreement has been provided.

**6.2.7. Director Loans:** We understand that the Directors incorrectly recorded a loan as a negative liability when it should have been recorded as a receivable. The Directors were paid a total of \$150k from SL which we are advised relates to a performance bonus. It is not therefore clear if this asset is recoverable, and no further documentation has been identified regarding these payments. Our comments on these loans are provided at **Section 8.1**.

**6.2.8. Intercompany Loan:** SL experienced a material increase in the alleged intercompany loan from SLF, indicating that SLF funded the continuous losses. As discussed in **Section 7.1**, SL's sole source of income was the from SLF service fees which were undocumented. It is not clear if and why this revenue was recorded as an intercompany loan. This will require further investigation from a liquidator.

We note that SFL's balance sheet also shows a net receivable balance of c. \$5.9m (discussed below). However, we note that SLF have submitted a Proof of Debt for the gross amount, being \$6.9m. This claim will be assessed by a liquidator as part of the claim adjudication process.

**6.2.9. Net assets:** SL was consistently in a negative net asset position due to the alleged intercompany loan from SLF and its limited other assets. Our comments on SL's solvency are discussed in **Section 8.3**. We also note that the Net Asset balance does not reconcile with the Total Equity for FY22 & FY23, supporting our assertion that the records may be inaccurate or unreliable.

## Salt and Lime Funding Pty Ltd

SLF's balance sheet for the two financial years ended 30 June 2022 and 2023 and the period year to date to 11 June 2024 is summarised below:

| Balance Sheet<br>(\$'000)      | Notes   | Jun-22          | Jun-23          | 11-Jun-24       |
|--------------------------------|---------|-----------------|-----------------|-----------------|
| Cash and Cash Equivalents      | 6.2.10. | 1,538           | 7,582           | 495             |
| Gross Customer Receivables     | 6.2.11. | Withheld        | Withheld        | Withheld        |
| GST Refund                     |         | 77              | 146             | 301             |
| Bad debt provisions            | 6.2.12. | -               | -               | (1,397)         |
| Other current assets           |         | -               | -               | 101             |
| <b>Current assets</b>          |         | <b>Withheld</b> | <b>Withheld</b> | <b>Withheld</b> |
| Borrowing Costs                | 6.2.13. | 211             | 731             | 1,133           |
| Directors Loan                 | 6.2.14. | -               | 150             | -               |
| Intercompany Loan              | 6.2.15. | -               | 990             | 6,906           |
| <b>Non-current assets</b>      |         | <b>211</b>      | <b>1,870</b>    | <b>8,039</b>    |
| <b>Assets</b>                  |         | <b>9,796</b>    | <b>25,476</b>   | <b>40,544</b>   |
| Superannuation Payable         |         | 1               | 1               | 1               |
| Interest Expense Accrual       |         | 241             | 259             | 259             |
| <b>Current liabilities</b>     |         | <b>242</b>      | <b>260</b>      | <b>260</b>      |
| External Borrowings            | 6.2.16. | 9,112           | 26,109          | 42,450          |
| Related Party Loans            | 6.2.17. | -               | -               | (146)           |
| Intercompany Loan              | 6.2.15. | 812             | -               | 1,002           |
| <b>Non-current liabilities</b> |         | <b>9,923</b>    | <b>26,109</b>   | <b>43,305</b>   |
| <b>Total liabilities</b>       |         | <b>10,165</b>   | <b>26,369</b>   | <b>43,565</b>   |
| <b>Net assets</b>              | 6.2.18. | <b>Withheld</b> | <b>Withheld</b> | <b>Withheld</b> |
| Retained Earnings              |         | Withheld        | Withheld        | Withheld        |
| Issued Capital                 |         | 9               | 9               | 9               |
| Current Year Earnings          |         | -               | -               | (2,128)         |
| <b>Total equity</b>            |         | <b>Withheld</b> | <b>Withheld</b> | <b>Withheld</b> |

### Notes:

- 6.2.10. Cash:** SLF's declined shortly before our appointment due to \$1m being transferred to SL on 31 May 2024. Our comments on the use of these funds is at **Section 7.2.1**.
- 6.2.11. Customer Receivables:** The Receivers and Managers of SLF have performed initial analysis on the loan book and gross customer receivables to assess the recoverability. We have withheld the value of the customer loans recorded in the SL's management accounts as we have not conducted sufficient diligence on the value recorded in those accounts, and due to the commercially sensitive nature of the value of the loan book on any future sales process.
- 6.2.12. Bad Debt:** This figure is a manual journal entry into the management accounts, and we are unable to reconcile the balance to any supporting documentation. We have not conducted analysis into the recoverability or appropriateness of the bad debt provision on the basis that the Receivers are conducting this analysis.

- 6.2.13. Borrowing costs:** Our investigations into SLF's Xero accounts indicates this consists of manual journal entries for iPartners Fees. It is unclear on why this is recorded as an asset.
- 6.2.14. Director Loans:** \$75k for bonuses were paid during FY22, however as discussed above in SL, these were recorded as a loan. This is discussed in **Section 8.1**.
- 6.2.15. Intercompany loan:** This intercompany loan account is a result of the undocumented funding provided by SLF to SL. This is also discussed in **Section 6.2.8**. As noted above, the Receivers have submitted a claim for the \$6.9m balance but have not adjusted for the \$1m liability. This will be investigated by a liquidator when adjudicating on claims.
- 6.2.16. External borrowing:** This balance refers to the secured funding provided by iPartners per the Facility Agreements.
- 6.2.17. Related Party Loans:** We understand this relates to the Director loan discussed in **Section 6.2.14**.
- 6.2.18. Net assets:** SLF's balance sheet shows a negative net asset position, largely due to the assumed recoverability of the customer loan books being insufficient to repay the iPartners funding.

### 6.3. Directors' Report on Company Activities and Property (ROCAP)

A company director must provide an administrator with a ROCAP outlining the company's business, property, affairs and financial circumstances at the appointment date. The ROCAP should include:

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

We requested that Mr Kiln and Mr Grenfell submit separate ROCAPs for both SL and SLF, by 1 July 2024.

Mr Grenfell submitted his ROCAP for SLF on 1 July 2024 however, he did not submit his ROCAP for SL. Mr Grenfell requested an extension of time to submit his ROCAP for SL to 11 July 2024, which was granted. His ROCAP for SL was provided on this date.

Mr Kiln requested an extension of time to submit his ROCAPs to 3 July 2024, which was granted. His ROCAPs for SL and SLF were provided on this date.

Detailed below is the information provided in the directors' ROCAP.

|                                   |       | SL  |   | SLF   |   |
|-----------------------------------|-------|---|---|---|---|
|                                   | Notes | Mr Kiln's<br>ROCAP<br>Estimated value<br>(\$'000) | Mr Grenfell's<br>ROCAP<br>Estimated value<br>(\$'000) | Mr Kiln's<br>ROCAP<br>Estimated value<br>(\$'000) | Mr Grenfell's<br>ROCAP<br>Estimated value<br>(\$'000) |
| Assets:                           |       |   |   |   |   |
| Cash at bank                      | 1     | 865,540   | 865,540   | 500,000   | 494,956   |
| Rental deposit                    | 2     | 32,585  | 32,585  | Nil   | Nil   |
| Motor vehicles                    | 3     | 45,298  | 42,298  | Nil   | Nil   |
| Plant and equipment               | 3     | 85,718  | 85,718  | Nil   | Nil   |
| Related party receivables         | 4     | 286,952   | 286,952   | Nil   | Nil   |
| Loan book                         | 5     | N/A   | N/A   | Withheld  | Withheld  |
| Assets Sub-Total                  |       | 1,313,093   | 1,313,093   | Withheld  | Withheld  |
| Employee Entitlements (unrelated) | 6     | 203,658   | 220,236   | Nil   | Nil   |
| Employee Entitlements (related)   | 6     | 368,986   | 368,986   | Nil   | Nil   |
| Secured creditors                 | 6     | 6,908,380   | 6,906,380   | 41,000,000  | 42,499,874  |

|  | Notes | SL                          |                             | SLF                         |                             |
|--|-------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  |       | Mr Kiln's<br>ROCAP          | Mr Grenfell's<br>ROCAP      | Mr Kiln's<br>ROCAP          | Mr Grenfell's<br>ROCAP      |
|  |       | Estimated value<br>(\$'000) | Estimated value<br>(\$'000) | Estimated value<br>(\$'000) | Estimated value<br>(\$'000) |
| Unsecured creditors                      | 6     | 159,967                     | 159,967                     | 96,000                      | 1,005,607                   |
| <b>Total creditor claims</b>             |       | <b>(7,640,991)</b>          | <b>(7,655,569)</b>          | <b>41,096,000</b>           | <b>43,505,481</b>           |
| <b>Surplus/(Deficiency) to creditors</b> |       | <b>(6,327,898)</b>          | <b>(6,342,476)</b>          | <b>Withheld</b>             | <b>Withheld</b>             |

#### Notes

- Our investigations reveal that the Companies held bank accounts with Westpac. As at the date of our appointment, SL held \$612,434 in a transaction account and a further \$253,106 held in term deposits as bank guarantees in favour of two separate landlords. We are currently trading at one site and are seeking the release of the bank guarantee on the other site.  
  
As at the date of our appointment, SLF's pre-appointment bank account held \$763,570 and is under the control of its R&Ms.
- SL's management accounts state that a rental bond of \$32,585 has been provided to the landlord. We consider the recoverability of this rental bond to be challenging as any rental bond held by the current landlord will be applied towards any reasonable costs incurred by the landlord in restoring the property for a new tenant and loss incurred in his best endeavours in seeking and securing a new tenant.
- Following our appointment, we instructed a valuer to inspect and provide an estimated value of SL's office and IT equipment and one motor vehicle located in Queensland. The valuer provided us with a total forced liquidation value of \$52,361 for SL's office /IT equipment and motor vehicle. We are unaware of any specific security over SL's office and IT equipment. We have identified a PPSR registration in favour of SLF which we are advised relates to the motor vehicle, however our investigations to date have been unable to identify or locate any appropriate security documents which give rise to a priority in favour of SLF.
- Our review of the management accounts revealed director loans on the balance sheet totalling \$286,952 in SF. The directors recognise these as bonuses. Please refer to **Section 8.1** for our further detailed commentary.
- We have performed limited investigations but have liaised with the R&Ms of SLF with regards to the value of the loan book. We have withheld the estimated value so as not to prejudice the process of realising the value of the sale book.
- Please refer to **Section 4.5** for details on employee entitlements, secured creditor and unsecured creditor claims.

ROCAP figures may differ from actual realisable values as:

- Net book values are based on historical financial records.
- Asset values are not market tested.
- Creditor claims are not yet adjudicated upon and quantified.

# 7. Investigations

## Key Comments

Whilst our investigations into the reasons for the insolvencies continues, based on the analysis and information obtained to date, we summarise our initial findings below.

We note that further investigations may be conducted should creditors vote to wind up the Companies at the Second Meeting. A liquidator has greater powers to undertake investigations and pursue recoveries than an administrator or deed administrator.

## Initial findings

- We understand SLF transferred funds to SL to fund its operating costs as SL did not have any other income sources.
- The funds transferred from SLF appear to have been funded from:
  - Capital funds provided by iPartners under the Facility Agreements entered into by both SL and SLF.
  - Capital and the portion of interest funds received from customers, which according to the Facility Agreements, should have been retained by SLF to fund interest costs associated with the iPartners lending.
- The transfer of such funds from SLF to SL was prohibited under the Facility Agreements without the consent of iPartners. As such, once iPartners became aware of funds being transferred from SLF to SL, iPartners took steps to appoint Receivers and Managers to SLF pursuant to their security. We also note that the Facility Agreements assumed that SL was responsible for funding SLF's operating costs, (and are silent as to how SL's operating costs would be funded), but SLF was not responsible for funding SL's operating costs. Given SL did not have access to any external income or funding and its only revenue was from the undocumented service fees from SLF, it is unclear how SL was to fund its own operating costs or indeed SLF's operating costs without payment of the service fee by SLF. In this regard, under the Facility Agreements, SLF had a discretion as to how it dealt with 75% of the Net Interest Margin (as defined) it derived from its revenue such that these funds could have been used to pay SL its service fees.
- Shortly after the Receivers were appointed, the directors of SLF and SL resolved to appointment Voluntary Administrators over both entities.
- Based on the information obtained, it appears SL was loss making from at least 30 June 2022 and possibly earlier, due to the following factors:
  - SL provided services to SLF including credit checks for new customers, ongoing monitoring and servicing of customer loans. However, there was no contractual agreements in place between SLF and SL which set out the fees/income to be paid by SLF to SL for these services.
  - SLF would not have been able to service the customer loan book without SL, as it had no alternative servicing arrangements in place, nor did it have servicing software, people, or infrastructure of its own.
  - Other than the servicing income from SLF above, SL had no other sources of income and as such was reliant on servicing income to meet its operational costs. SL's monthly operating costs were c.\$560k over the period from 1 June 2023 to 31 May 2024, and primarily related to employee/staff costs (47%).
  - The service income received by SL was insufficient to meet SL's ongoing operational costs, including significant investment in IT platforms. The CEO has advised us that significant time and costs were invested in the technology and IT platforms. We are yet to conclude if SL's systems have any realisable value.
- The Companies do not appear to have maintained their obligations to maintain financial records in accordance with the standard prescribed by section 286 of the Act. In reaching this conclusion we note the following:
  - The Companies did not prepare or maintain a short-term cash flow reports to manage short term cash flow/funding needs.

- Did not update their accounting software, Xero, on a regular basis and as such, there was no up-to-date creditors ledger available.
- The Companies did not prepare regular/monthly management accounts which were available for review/monitoring by management/directors.
- The majority of the Companies accounting transactions were manual journal entries at the end of the reporting period.
- No formal agreements were in place which documented the arrangements between SL and SLF.
- Our preliminary view is that SL may have been insolvent from at least 30 June 2023 and SLF from 11 June 2024. If a liquidator were appointed to SL, it would be open to them to consider whether SL was insolvent for the period in which its financial records were not properly maintained pursuant to section 588E(4) of the Act.

We note our investigations to date have been limited for the following reasons:

- we have had a relatively limited timeframe in which to undertake investigations and report to creditors;
- we have had limited funds available to conduct detailed investigations at SL. The c. \$612k cash held by SL at the Appointment date are subject to a constructive and/or bare trust claim by the Receivers of SLF / iPartners. We have not agreed to this characterisation alleged by the Receivers / iPartners;
- any investigations on behalf of SLF, have been undertaken by the Receivers and as such, duplication of this work was not considered an appropriate use of the limited funds in the administration;
- at this stage, we have not conducted formal examinations of the directors, officers or other persons of interest pursuant to the powers available under the Act.

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

- the Companies' books and records;
- the accounting records maintained with Xero;
- the Directors, officers, management and key staff members;
- discussions with the Receivers (on behalf of iPartners); and
- publicly available information.

## **7.1. Directors' explanation for the Companies' difficulties**

The Directors attribute the Companies' current financial position to the following factors:

- overspending on operational costs which eventually exceeded income received from the loan book and capital invested from iPartners; and
- the use of SLF funds for SL operational costs which may not have been in accordance with the Facility Agreements, eventually resulting in the appointment of the Receivers over SLF on 11 June 2024. The appointment of R&Ms over SLF resulted in the withdrawal of funding of the ongoing operational costs incurred by SL.

## **7.2. Administrators' opinion of the reasons for the Companies' difficulties**

In addition to the Directors' above stated reasons for the Companies current financial position, we believe the following factors are also relevant:

- there was no formal funding or servicing arrangement between SLF/iPartners and SL to ensure income from servicing activities was provided and paid for and recorded.
- failure to closely manage operating costs at SL and as such, operating costs exceeded available income.
- ongoing spending and investment in software and IT development which was not capable of being funded from operating income and no external investment was secured to fund these projects.



## 7.3. Insolvency

As per Section 95A of the Act, a company is insolvent if it is unable to pay its debts as and when they become due and payable. Liquidators are required to demonstrate that a company is insolvent in order to pursue certain recovery proceedings (**Section 8**). These recovery actions are not available to Administrators.

We have conducted investigations into the Companies' financial information to determine if and when the Companies became insolvent. If a finding of insolvency is made, the estimated date of insolvency is derived from an assessment of multiple indicators and accordingly we have based our assessment on the following matters:

- cash flow test to determine if the Companies had sufficient liquidity to meet obligations at different points in time.
- balance sheet test to determine the position of the Companies' assets in comparison to its debt and liabilities.
- historical profitability and net margins.
- other indicators detailed in ASIC Regulatory Guide 217.
- any other matters evident as part of our investigations to date.

The above is based on our preliminary assessment and a liquidator would be required to conduct further analysis to more accurately determine the date of solvency and any subsequent financial capacity of defendants to meet any claims made.

Nevertheless, our investigations have identified the following:

- SL was insolvent from at least **30 June 2023**; and
- SLF was insolvent from at least the date the Receivers and Managers were appointed over SLF, being **11 June 2024**. Whilst some of the indicators of insolvency show that SLF may have been insolvent prior to this date, we believe that SLF experienced losses due to a lack of control over cash being provided to SL from SLF. Initial investigations appear to suggest that SLF was over funding SL. As a result, SLF's financial position was negatively impacted, and SL's true underlying financial position may have been worse than appeared at the time.

We also note that the Companies' financial records are deficient and lacking sufficient details to determine the correct financial position of the Companies. Therefore, the analysis below has been prepared on records available to us and in the limited time available.

A liquidator, if appointed, may seek to rely on a presumption of insolvency pursuant to section 588E of the Act for the period in which the company's books and records were not maintained to the standard of section 286 of the Act. Further information in respect of our opinion on the Companies' books and records are discussed at **Section 7.6**.

Creditors should note that insolvent trading claims (claims for losses suffered by a company due to the directors trading the company whilst insolvent) are legally complex and costly to pursue. Even if such claims are successful they may not generate an additional return for creditors. This is discussed further at **Section 8.8**.

### 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. This is the primary test to determine whether a company is insolvent at law.

Another indicator of insolvency is working capital which considers a company's available liquid assets to pay debts ordinarily due within 12 months. A current or working capital ratio of less than one indicates that a company may not be able to pay its debts as and when they fall due.

Our analysis presented below is indicative only and has been prepared based on the information and limited time available.

### Salt and Lime Pty Ltd

The available books and records indicate that SL:

- had a working capital deficiency from 30 June 2023 and possibly earlier; and
- had a deficiency of liquid assets/working capital to meet its due and payable liabilities from 30 June 2023 and possibly earlier.

SL's working capital balances from the last 2 full financial years and YTD 11 June 2024, being the date the accounts were last reconciled, are summarised below.

| Working Capital – Yearly<br>(\$'000) | Jun-22      | Jun-23      | YTD-24      |
|--------------------------------------|-------------|-------------|-------------|
| Current assets                       | 253         | 182         | 863         |
| Current liabilities                  | (144)       | (1,525)     | (6,505)     |
| Working capital                      | 109         | (1,343)     | (5,642)     |
| <b>Current ratio</b>                 | <b>1.75</b> | <b>0.12</b> | <b>0.13</b> |

These balances indicate a net working capital deficiency arose at some point during the year to 30 June 2023. A review of FY23 indicates that the working capital balance fluctuated across the period, largely due to funding from SLF. Please refer to **Section 6.2** for further details on the contents of the balance sheet.

The month-by-month accounts disclose a significant deterioration in month-end working capital from 30 June 2023, with the deterioration steadily worsening each month up until 30 April 2024 when SLF injected c. \$1m into SL. This deterioration was largely driven by:

- high-cost base associated with payroll (e.g. annual leave, PAYG and superannuation); and
- increases in the intercompany loan liability.

| Working Capital –<br>Monthly<br>(\$'000) | Jun-23      | Jul-23      | Aug-23      | Sep-23      | Oct-23      | Nov-23      | Dec-23      |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Current assets                           | 182         | 60          | 40          | 129         | 45          | 24          | 124         |
| Current liabilities                      | (1,525)     | (1,050)     | (1,337)     | (1,828)     | (2,175)     | (2,841)     | (3,349)     |
| Working capital                          | (1,343)     | (990)       | (1,297)     | (1,699)     | (2,130)     | (2,816)     | (3,224)     |
| <b>Current ratio</b>                     | <b>0.12</b> | <b>0.06</b> | <b>0.03</b> | <b>0.07</b> | <b>0.02</b> | <b>0.01</b> | <b>0.04</b> |

| Working Capital –<br>Monthly continued<br>(\$'000) | Jan-24      | Feb-24      | Mar-24      | Apr-24      | May-24      | 11 Jun-24   |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Current assets                                     | 171         | 174         | 109         | 59          | 1,004       | 863         |
| Current liabilities                                | (3,869)     | (4,242)     | (4,534)     | (4,890)     | (6,462)     | (6,505)     |
| Working capital                                    | (3,698)     | (4,068)     | (4,425)     | (4,831)     | (5,457)     | (5,642)     |
| <b>Current ratio</b>                               | <b>0.04</b> | <b>0.04</b> | <b>0.02</b> | <b>0.01</b> | <b>0.16</b> | <b>0.13</b> |

### Salt and Lime Funding Pty Ltd

Our review of SLF's available records show a working capital surplus up to the date of the Receivers and Managers were appointed on 11 June 2024.

SLF's working capital balances from the last 2 full financial years and YTD 11 June 2024, being the date the accounts were last reconciled, are summarised below.

| Working Capital – Yearly<br>(\$'000) | Jun-22       | Jun-23       | YTD-24        |
|--------------------------------------|--------------|--------------|---------------|
| Current assets                       | 9,585        | 23,606       | 32,203        |
| Current liabilities                  | (242)        | (260)        | (109)         |
| Working capital                      | 9,343        | 23,346       | 32,094        |
| <b>Current ratio</b>                 | <b>39.55</b> | <b>90.84</b> | <b>294.24</b> |

The month-by-month accounts discloses sufficient working capital across the analysed period.

| Working Capital – Monthly<br>(\$'000) | Jun-23       | Jul-23        | Aug-23        | Sep-23        | Oct-23        | Nov-23        | Dec-23        |
|---------------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Current assets                        | 23,606       | 24,368        | 23,966        | 35,556        | 35,261        | 33,856        | 33,775        |
| Current liabilities                   | (260)        | (109)         | (109)         | (109)         | (109)         | (109)         | (109)         |
| Working capital                       | 23,346       | 24,258        | 23,857        | 35,446        | 35,152        | 33,747        | 33,666        |
| <b>Current ratio</b>                  | <b>90.84</b> | <b>222.65</b> | <b>218.98</b> | <b>324.88</b> | <b>322.19</b> | <b>309.35</b> | <b>308.61</b> |

| Working Capital – Monthly continued<br>(\$'000) | Jan-24        | Feb-24        | Mar-24        | Apr-24        | May-24        | 11 Jun-24       |
|---|---------------|---------------|---------------|---------------|---------------|-----------------|
| Current assets                                  | 33,318        | 32,786        | 32,793        | 35,276        | 32,214        | Withheld        |
| Current liabilities                             | (109)         | (109)         | (109)         | (109)         | (109)         | (109)           |
| Working capital                                 | 33,208        | 32,676        | 32,683        | 35,167        | 32,104        | Withheld        |
| <b>Current ratio</b>                            | <b>304.43</b> | <b>299.57</b> | <b>299.63</b> | <b>322.32</b> | <b>294.34</b> | <b>Withheld</b> |

Whilst the above tables demonstrate that SLF was able to meet its current liabilities during the period analysed, given the lack of controls over cash movements between SLF and SL, and a potential shortfall in SLF funds, the secured lenders, iPartners took the decision to appoint a Receiver and Manager over the assets of SLF.

### Short term cash flow forecast

We were provided with a high-level short-term cash flow forecast that we understand was prepared shortly before our appointment. We are not aware of the Companies' preparing or managing a short-term cash flow forecast prior to our appointment and as such, it is unlikely that either SLF or SL had good visibility on its immediate trading costs and cash needs.

#### 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).

Where a company's total liabilities exceed its total assets, a company is assessed as being balance sheet insolvent. However, the balance sheet test is considered with the cash flow test and, as noted above, there are a number of other indicators for solvency which will need to be considered, by a Liquidator, to more accurately determine the date of solvency.

Our findings below are preliminary and based on the information and time available.

### Salt and Lime Pty Ltd

The financial records show that SL held negative net asset positions from FY22 up until our appointment.

| Net Assets – Yearly<br>(\$'000) | Jun-22 | Jun-23 | YTD-24 |
|---------------------------------|--------|--------|--------|
|---------------------------------|--------|--------|--------|

|                          |              |                |                |
|--------------------------|--------------|----------------|----------------|
| Total assets             | (550)        | 311            | 1,168          |
| Total liabilities        | 144          | 1,525          | 6,505          |
| <b>Net assets/equity</b> | <b>(694)</b> | <b>(1,214)</b> | <b>(5,338)</b> |

Our investigations identified that SL's main asset was cash at bank with the main liabilities being the employee costs and intercompany loan. Please refer to **Section 6.2** for further commentary on SL's assets and liabilities.

Our review of the month-by-month accounts discloses a material deterioration in net assets occurred leading up to our appointment, with the SLF loan account being further relied upon.

| <b>Net assets – Monthly (\$'000)</b> | <b>Jun-23</b>  | <b>Jul-23</b>  | <b>Aug-23</b>  | <b>Sep-23</b>  | <b>Oct-23</b>  | <b>Nov-23</b>  | <b>Dec-23</b>  |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total assets                         | 311            | (386)          | (354)          | (217)          | (257)          | (61)           | 92             |
| Total liabilities                    | 1,525          | 1,050          | 1,337          | 1,828          | 2,175          | 2,841          | 3,349          |
| <b>Net assets</b>                    | <b>(1,214)</b> | <b>(1,436)</b> | <b>(1,692)</b> | <b>(2,044)</b> | <b>(2,432)</b> | <b>(2,901)</b> | <b>(3,257)</b> |

| <b>Net assets – Monthly continued (\$'000)</b> | <b>Jan-24</b>  | <b>Feb-24</b>  | <b>Mar-24</b>  | <b>Apr-24</b>  | <b>May-24</b>  | <b>11 Jun-24</b> |
|--|----------------|----------------|----------------|----------------|----------------|------------------|
| Total assets                                   | 189            | 264            | 260            | 290            | 1,309          | 1,168            |
| Total liabilities                              | 3,869          | 4,242          | 4,534          | 4,890          | 6,462          | 6,505            |
| <b>Net assets</b>                              | <b>(3,679)</b> | <b>(3,978)</b> | <b>(4,274)</b> | <b>(4,600)</b> | <b>(5,153)</b> | <b>(5,338)</b>   |

#### Salt and Lime Funding Pty Ltd

The financial records show that SLF held a negative asset position from as early as 30 June 2022, being the earliest date for which we have financial records. This is summarised below.

| <b>Net Assets – Yearly (\$'000)</b> | <b>Jun-22</b> | <b>Jun-23</b> | <b>YTD-24</b>  |
|-------------------------------------|---------------|---------------|----------------|
| Total assets                        | 9,796         | 25,476        | 40,243         |
| Total liabilities                   | 10,165        | 26,369        | 43,264         |
| <b>Net assets</b>                   | <b>(370)</b>  | <b>(893)</b>  | <b>(3,022)</b> |

Our investigations identified that SLF's main asset was the loan book with the main liabilities being the iPartners' facility. Please refer to **Section 6.2** for further commentary on SLF's assets and liabilities.

Our review of the month-by-month accounts discloses that a material deterioration in net assets occurred in the months leading up to the appointment of the Receivers and Managers:

| <b>Net assets – Monthly (\$'000)</b> | <b>Jun-23</b> | <b>Jul-23</b> | <b>Aug-23</b>  | <b>Sep-23</b>  | <b>Oct-23</b>  | <b>Nov-23</b>  | <b>Dec-23</b>  |
|--------------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Total assets                         | 25,476        | 26,744        | 26,604         | 38,970         | 38,854         | 38,337         | 38,754         |
| Total liabilities                    | 26,369        | 27,657        | 27,696         | 40,110         | 40,017         | 40,030         | 40,192         |
| <b>Net assets</b>                    | <b>(893)</b>  | <b>(913)</b>  | <b>(1,092)</b> | <b>(1,140)</b> | <b>(1,163)</b> | <b>(1,693)</b> | <b>(1,439)</b> |

| <b>Net assets – Monthly continued (\$'000 AUD)</b> | <b>Jan-24</b> | <b>Feb-24</b> | <b>Mar-24</b> | <b>Apr-24</b> | <b>May-24</b> | <b>11 Jun-24</b> |
|--|---------------|---------------|---------------|---------------|---------------|------------------|
| Total assets                                       | 38,743        | 38,637        | 38,870        | 41,724        | 40,253        | Withheld         |

|                   |                |                |                |                |                |                 |
|-------------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| Total liabilities | 40,242         | 40,309         | 40,366         | 43,343         | 43,265         | 43,264          |
| <b>Net assets</b> | <b>(1,499)</b> | <b>(1,672)</b> | <b>(1,496)</b> | <b>(1,619)</b> | <b>(3,012)</b> | <b>Withheld</b> |

A liquidator may further investigate SLF's balance sheet position should the creditors vote to wind up SLF at the Second Meeting.

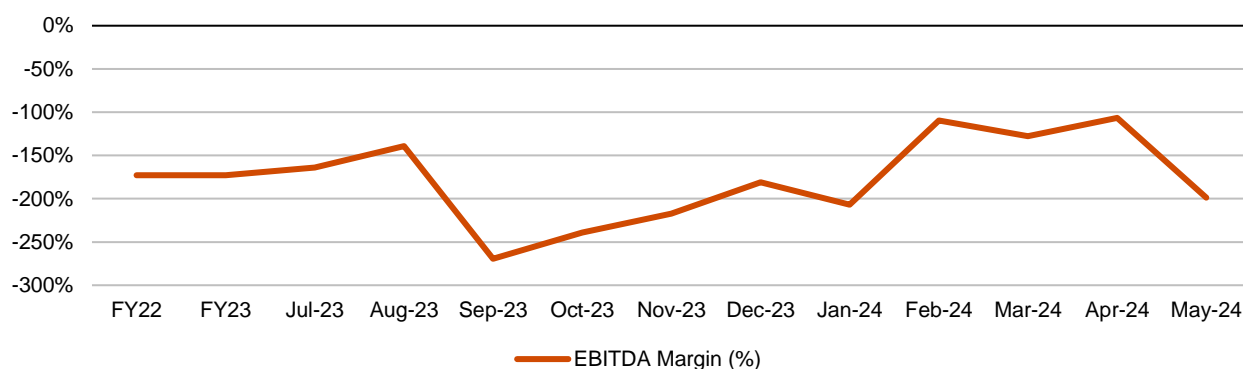
### 7.3.3. EBITDA & Net Profit margin

Earnings before interest, tax, depreciation and amortisation (EBITDA) is commonly used as a proxy for cash generated by trading operations. We have analysed the Companies' EBITDA margin to determine their ability to generate cash in the months leading up to our appointment.

#### Salt and Lime Pty Ltd

The chart below shows SL's EBITDA performance between FY22 to 31 May 2024 based on the FY22 & FY23 financial statements and YTD24 Xero management accounts.

#### EBITDA Margin (%)



The above shows that SL was not generating sufficient revenue to cover its operating costs and as such was loss making from as early as 30 June 2022 (potentially earlier). A summary of the recent financial performance is also detailed below:

| Net profit/(loss) | FY22         | FY23         | YTD-24         |
|-------------------|--------------|--------------|----------------|
| Income            | 1,085        | 3,741        | 2,317          |
| Expenses          | (1,410)      | (4,265)      | (6,441)        |
| <b>Net Profit</b> | <b>(325)</b> | <b>(524)</b> | <b>(4,124)</b> |

#### Income

As SL's only source of income was from SLF in relation to services provided to maintain the loan book, it was entirely reliant on SLF for its revenue and therefore its ability to generate sufficient cash to cover its operating expenses. However, as stated previously, the service fee arrangements between SL and SLF were not documented and as such, it is difficult to determine what level of fees we understood or agreed to be payable for the services provided. A lack of an intercompany/servicing agreement also meant SL was not able to:

- negotiate an increase for additional service fees to cover operating shortfalls;
- assess and therefore claim for any unpaid or outstanding service fees; or
- accurately record in its financial statements its forecast revenue or receivables due from SLF.

#### Expenses

In addition to the comments on income above, SL had a large ongoing cost base, which was not proportionate to the revenue generated. Our key comments in this regard are as follows:

- Salary and wages: Represented c.58% / \$3.7m of total expenditure for FY24. With c.30% relating to the directors and spouse wages. This is not entirely uncommon for a service business where its main operating expenses relates to people costs, however these costs were disproportionate given the business was still in its development and start-up phase and not yet making a profit.
- IT and software development: SL invested significant resources (\$360k in FY24) into developing bespoke software solutions to deliver a unique product to market. Whilst this investment may have yielded benefits in the long run, given this investment was to be funded from SL operations (and not, for example shared with SLF), this investment contributed to SL's historic loss-making position.

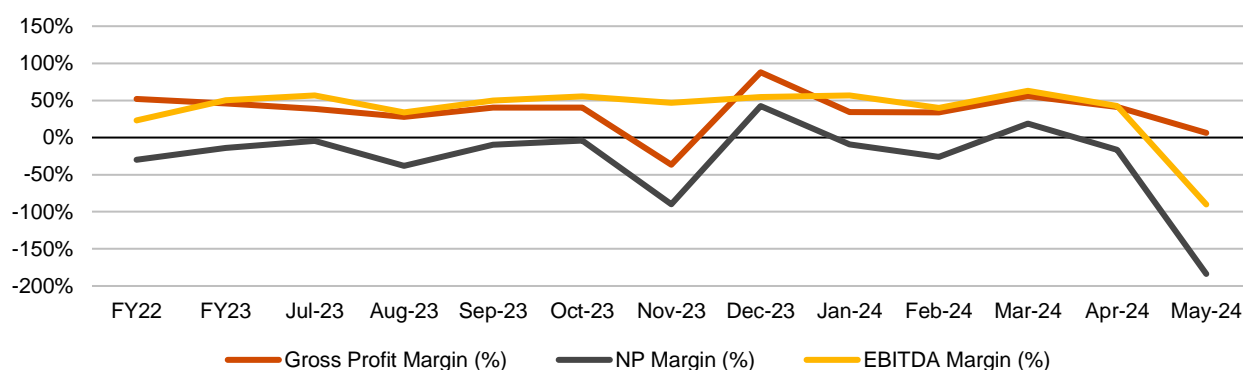
The above profit and loss analysis, combined with the negative net asset and working capital positions, indicates SL was likely to have been insolvent for some time.

### Salt and Lime Funding Pty Ltd

The chart below shows SLF's EBITDA performance.

The chart shows that SLF's losses increased from March 2024, largely due to the additional funding being provided to SL. However, even without this additional funding, SLF appears to have been loss making from as early as 30 June 2022.

### Monthly GP Margin, NP Margin & EBITDA Margin (%)



### 7.3.4. Other Indicators of Insolvency

Determining whether a company is insolvent (and the date at which insolvency occurred) is often legally complex 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.

A summary of our investigations to date on these indicators is provided below.

| Indicator   | Present – SL | Present – SLF | Comment   |
|---|--------------|---------------|---|
| Continuing trading losses   | Yes          | Yes           | The Companies incurred continuous losses for the whole period of our analysis, being from 30 June 2022.   |
| Current ratio below one   | Yes          | No            | SL has had a current ratio below one since 30 June 2023.  |
| Overdue Commonwealth and state taxes  | No           | No            | We are not aware of any significant overdue statutory taxes. Whilst the Companies FY23 income tax return was prepared but not lodged, it shows a loss position with no tax payable. |
| Poor relationship with borrower/financier including inability to borrow additional funds? | N/A          | No            | SLF was able to source additional funds from their financier (iPartners) as is evident from   |

| Indicator   | Present – SL | Present – SLF | Comment  |
|---|--------------|---------------|--|
|   |              |               | <p>the refinancing of the original agreement on 22 May 2024.</p> <p>However, iPartners appointed Receivers and Managers on 11 June 2024 after they became aware of alleged inappropriate use of their loan funds.</p> <p>SL's management team have advised that prior to the Appointment date, consideration was given to whether additional funding could be raised to fund the current trading losses, however these discussions did not progress, and Administrators were ultimately appointed.</p> |
| Access to alternative finance?  | No           | No            | As stated above, SL considered exploring additional funding arrangements, but these were not progressed.   |
| Ability to raise further equity?  | No           | No            | <p>We understand that SL did not attempt to raise further equity.</p> <p>SFL's only shareholder was SL which owned 100% of the shares in SF.</p>   |
| Suppliers placing Companies on COD terms, otherwise demanding special payments before resuming supply   | Not evident  | Not evident   | We are not aware of any suppliers placing the Companies on COD terms.  |
| Creditors outside trading terms   | Not evident  | Not evident   | We are not aware of any suppliers being paid outside trading terms   |
| Issuing of post-dated cheques   | N/A          | N/A           | The Companies did not issue cheques.   |
| Dishonoured cheques   | N/A          | N/A           | The Companies did not issue cheques.   |
| Any special arrangements with selected creditors?   | No           | No            | We are not aware of any special arrangements with selected creditors.  |
| Any legal action threatened or commenced, or judgements entered against the company?  | No           | No            | We are not aware of any legal action against the Companies.  |
| Payments to creditors of rounded figures, which are irreconcilable to specific invoices   | No           | Yes           | <p>Based on our analysis we are not aware of any payments to SL's creditors of rounded figures.</p> <p>As discussed, SLF did make payments to SL of round figures which are not capable of being reconciled to service fees.</p>   |
| Inability to produce timely and accurate financial information to display the company's trading performance and financial position, and make reliable forecasts | Yes          | Yes           | The management accounts were incomplete and did not accurately record the financial position of the Companies (refer to sections 7.6. of this Report for further information).   |

### 7.3.5. Proving Insolvency

As discussed above, further investigations in respect of the Companies' solvency will need to be conducted by any liquidator appointed to the Companies.

Determining when a company is or became insolvent can be a legally complex and costly exercise, involving a detailed review of the company's financial position, cash flow, relevant legal principles and other relevant information. As such, given the available funds in the Companies, it is likely that any subsequently appointed liquidator would require additional funding to be able to more accurately determine when the Companies became insolvent and if any insolvent trading claims can be asserted.

#### **7.4. Legal actions/demands**

We are not aware of any outstanding court matters or legal disputes involving either of the Companies.

Generally, there is a statutory stay of proceedings against a company and their property during the voluntary administration period except where an administrator has provided their consent for the proceedings to continue, or where a court grants leave to a party to proceed against the company in administration.

#### **7.5. Outstanding or previous winding up applications**

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

Generally, there is a statutory stay of proceedings against a company and their property during the voluntary administration period except where an administrator has provided their consent for the proceedings to continue, or where a court grants leave to a party to proceed against the company in administration.

#### **7.6. Books and records**

Pursuant to section 286 of the Act, 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) (discussed above at **Section 7.3**).

A liquidator (if appointed) will 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)
- failure to take all reasonable steps to comply with financial records reporting requirements (s344)
- requiring officers to exercise a reasonable degree of care and diligence in the exercise of their powers and discharge of their duties (s180).

Based on our preliminary review of the records available, our view is that the Companies maintained inadequate books and records from 30 June 2022 (at least) to the date of our appointment.

Whilst the Companies engaged an external accountant, Peer Wealth (**PW**), PW's scope was to prepare certain tax returns for lodgement. PW did not prepare any underlying supporting data and were reliant on information being provided by management to prepare the lodgements.

All ledgers, management reports and financial analysis was prepared by the management team.

The Companies also used an accounting reporting software tool, Xero, however our investigations to date indicate that information was not regularly loaded into Xero and as such, certain financial reporting, such as cash flow statements, accounts payable and accounts receivable ledgers were not maintained, and were not available on our appointment.



In addition, and based on our investigations, information pertaining to the customer loan books does not appear to have been adequately recorded or available for review.

## 8. Offences and liquidation recoveries

### Key Comments

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

- We have identified a number of transactions that may require further investigation by a liquidator to determine if they are voidable transactions. This balance currently totals c. \$6.7m.
- Based on our preliminary investigations, we have concluded that SL is likely to have traded while insolvent from 30 June 2023, and SLF traded whilst insolvent from 11 June 2024.
- Our calculation of the quantum of the insolvent trading claim of SL is ongoing as SL failed to maintain a creditors' ledger. Further investigations are required to identify all outstanding amounts and the period in which they were incurred.
- As any potential recoveries will require substantial further costly investigation, a liquidator if appointed, is likely require access to third part funding. Further analysis will also be required as to the ability of any defendants to meet a recovery claim/s brought by a liquidator.

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

To present the estimated return to creditors in a liquidation, administrators identify claims that a liquidator may be able to pursue, including:

- voidable transactions and other potential recoveries under the Act;
- recoveries against past or present directors, secretaries, other officers and Companies advisors under the Act and common law.

Enclosed at **Appendix E**, 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-related transactions;
- arrangements to avoid employee entitlements; and
- voidable securities.

Our preliminary investigations have identified potential voidable transaction recoveries, summarised below.

| Voidable transactions                           | Note | SL – Amount identified (\$) | SLF – Amount identified (\$) | Recovery probability |
|---|------|-----------------------------|------------------------------|----------------------|
| Transactions that require further investigation | 1    | Nil                         | 256,619                      | TBC                  |
| AMEX Transactions                               | 2    | TBC                         | Nil                          | Low                  |
| Director/related loans                          | 3    | 300,000                     | 161,500                      | Medium               |
| Intercompany loans                              | 3    | Nil                         | 5,900,000                    | TBC                  |
| Director related Salary & Wages                 | 4    | TBC                         | Nil                          | TBC                  |
| <b>Total claim per entity</b>                   |      | <b>300,000</b>              | <b>6,318,119</b>             |                      |
| <b>Total potential recoveries<sup>^</sup></b>   |      |                             | <b>6,618,119</b>             |                      |

<sup>^</sup> If appointed, a liquidator may only recover a transaction once and not multiple times under different voidable transactions provisions.

## Notes

### 1. Transactions that require further investigation

A liquidator may recover from a related entity a benefit resulting from an uncommercial transaction within a four-year period prior to the administrators' appointment.

Additionally, an unreasonable director-related transaction is one that is entered into with a director or close associate of a director where it may be expected that a reasonable person in the company's circumstances would not have entered into the transaction having regard to the benefits and/or detriments to the company. Insolvency is not required to be proved to set an unreasonable director-related transaction aside.

Our investigations have identified payments being made that may require further investigation to determine their true nature. A summary of the payments is detailed below:

| Transaction identified  | Company | Note | Amount identified (\$) |
|---|---------|------|------------------------|
| Funds incorrectly loaned from SLF to an employee of SL                            | SLF     | a.   | 139,443                |
| Funds incorrectly paid from SLF for redemption of shares from a shareholder of SL | SLF     | b.   | 117,176                |

## Notes

- a. Our investigations indicate that this payment was made for the purchase of the Director's car, a review of the payroll records confirms this loan was structured as a novated lease and is being repaid in fortnightly instalments and as such, the balance of the loan has been reduced (to c.\$110k). We have not been provided with the underlying novation agreements but note that any transaction related to employees most likely should have been made through SL, rather than SLF.
4. We have been advised that this transaction relates to a buyback of shares held by a shareholder in SL. Similar to the above, this amount should have been processed in SL, not SLF.

If appointed, a liquidator may investigate the above transactions further to determine if they may be recoverable by SLF as either a loan account or voidable transaction under the Act.

### 2. AMEX transactions

As stated above, an unreasonable director-related transaction is one that is entered into with a director or close associate of a director where it may be expected that a reasonable person in the company's circumstances would not have entered into the transaction having regard to the benefits and/or detriments to the company.

Our investigations have identified that SL's management team set up two AMEX credit card accounts, with 4 approved cards holders (held by the directors and their spouses). We have conducted an initial review of the transactions in the 6-month period prior to our appointment and identified some transactions, which were funded by the business', but which may related to non-business/personal expenses.

Due to the insufficient records of the Companies and time limitations within which we could conduct investigations, we are unable to confirm the true nature of these transactions. A liquidator may choose to perform further investigations into this matter.

### 3. Director/related loans

We have identified a number of loans made to related parties, these are summarised below:

| Loan owed to | Date       | Loan owed by         | Amount (\$)      | Note |
|--------------|------------|----------------------|------------------|------|
| SL           | 6/11/2023  | Huw Grenfell         | 150,000          | a    |
| SL           | 6/11/2023  | William Kiln         | 150,000          | a    |
| SLF          | 12/12/2022 | Huw Grenfell         | 75,000           | a    |
| SLF          | 12/12/2022 | William Kiln         | 75,000           | a    |
| SLF          | 7/08/2023  | Sue & Geoff Grenfell | 11,500           | b    |
| SLF          | 24/07/2023 | SL                   | 5,900,000        | c    |
| <b>Total</b> |            |                      | <b>6,361,500</b> |      |

#### Notes

- Our investigations indicate that both the Directors withdrew funds from SL to pay director related bonuses however, these were recorded as director loans, rather than employee bonus payments. It is unclear why the payments were structured in this way, and there is no supporting documentation related to the transactions. The Companies' records currently show these loans as a recoverable asset due to the Companies.
- The director has advised that this relates to an interest-bearing loan provided to the business in 2019. We have not been provided with any underlying loan documentation regarding this loan. Further investigations are required to determine if SLF received the funds in 2019 or if this remains recoverable as a loan account on SLF's balance sheet.
- Our investigations into the Companies' books and records indicate that there is a net loan account owed to SLF by SL for c. \$5.9m for funds transferred over the period 1 January 2022 to 11 June 2024.

Both Companies' bank statements confirm that c.\$10.1m was paid by SLF to SL. Our investigations are ongoing to determine if any funds were repaid by SL, however there are journal entries in the management accounts which reduce the loan balance as a result of service fees owed to SL.

Please refer to **Section 6** for further details on the intercompany loan account and trading activity between the two entities.

A liquidator may pursue these transactions as potentially uncommercial transactions pursuant to Section 588FB of the Act, or unreasonable director related transactions pursuant to Section 588FDA of the Act.

Further investigations would be required to determine if these transactions should be pursued as a loan account or voidable transaction under the Act.

### 4. Director-related transactions – Salary & Wages

Upon our appointment we performed a review of SL's wages to determine if there were any further opportunities to reduce operating costs. During this review, we identified the following salaries were being paid to related individuals:

| Individual          | Gross annual wages (\$) |
|---------------------|-------------------------|
| Director 1          | 388,500                 |
| Director 1's spouse | 277,500                 |
| Director 2          | 388,500                 |
| Director 2's spouse | 277,500                 |
| <b>Total</b>        | <b>1,332,000</b>        |

In the time available, we have not been able to conduct a benchmarking analysis to assess if these salaries were in line with comparable roles in the market.

## 8.2. Insolvent trading

Based on our preliminary investigations as detailed in **Section 7.3**, we have concluded that:

- SL is likely to have been insolvent from 30 June 2023.
- SLF is likely to have been insolvent from 11 June 2024.

Insolvent trading is established pursuant to section 588G of the Act if:

- A person is a director of a company at the time when the company incurs a debt or debts.
- The company was insolvent or became insolvent by incurring that debt or debts.
- There were reasonable grounds to suspect the Company was insolvent or would become insolvent.

Accordingly, company directors have a positive duty at law to prevent insolvent trading by not incurring debt 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.

Proving whether a director suspected insolvency entails both subjective and objective elements at law. The objective legal test 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 of the particular company.

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.

A liquidator may then recover from a director (or any D&O policy) the amount up to the total loss, or damages suffered by a creditor (s588M).

We refer to our earlier comments above that we consider that SL may have been insolvent from at least 30 June 2023. In this regard, we consider that an insolvent trading claim against the directors would comprise of any debt that was incurred by SL after 30 June 2023 and remains unpaid.

Our preliminary investigations of SL's records and our high-level analysis of the creditors' correspondence is ongoing to determine the quantum and merits of an insolvent trading claim. As SL failed to maintain a creditors' listing, further investigations will be required by any liquidator that is appointed, of all outstanding amounts and the period in which they were incurred.

We have not been able to determine if there is a potential insolvent trading claim for SLF, and this will require more investigation by a liquidator.

We also note that a liquidator may seek to rely on the presumption that the Companies were insolvent for the period during which the company's books and records were not maintained pursuant to the standard prescribed by of section 286 of the Act, increasing the overall period and quantum of any insolvent trading claim.

Creditors should note that only a liquidator or an individual creditor with the liquidator's permission is permitted to bring an action against a director for breach of s588G of the Act. An administrator or deed administrator can not pursue a director in respect of a breach of s588G of the Act.

### 8.2.1. Director defences

Defences available to directors under the Act for allegations of insolvent trading are:

- 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; and
- 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, that 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.
- The director took all reasonable steps to prevent the company from incurring the debt.

We are yet to form a view on whether these defences would be available to the Directors as this would be a matter for a liquidator to further investigate.

### 8.2.2. Safe Harbour

Section 588GA of the Act provides protection for directors against an insolvent trading claim if they started developing one or more courses of action that are reasonably likely to lead to a better outcome for the company than the immediate appointment of a voluntary administrator or liquidator (**Safe harbour**).

The purpose of the Safe Harbour is to provide directors of financially distressed businesses with protection from insolvent trading liability, if they take advice from an appropriately qualified entity in respect of a potential turnaround plan that is reasonably likely to lead to a better result for creditors and shareholders than the immediate appointment of a liquidator or administrator and take steps to implement that plan.

We understand Mr Kiln (director SL) took safe harbour advice on or around 1 June 2024 and passed a circulating resolution on 1 June 2024 to take steps to enter into safe harbour. We also understand Mr Kiln took steps to reduce operating costs by standing down the CFO. Any liquidator appointed to the Companies will need to undertake further investigations in order to determine whether Mr Kiln has satisfied the requirements of Safe harbour pursuant to section 588GA of the Act.

### 8.2.3. Holding company liability

Section 588W of the Act deals with potential insolvent trading claims which can be brought by the liquidator of a subsidiary company against the holding company where there are reasonable grounds for suspecting that the holding company or its directors knew of the subsidiary's insolvency. Certain grounds may include the fact that the Companies had common directors and its financial accounts were reported on a consolidated basis. As such, SL as the parent entity may be capable of being pursued for any insolvent trading of SLF, if such a claim is established in respect of SLF.

However, as SL is also in administration and unlikely to recover sufficient monies to repay unsecured creditors in full or may potentially have its own insolvent trading claim against the Directors, it is unlikely that there would be much merit in SLF pursuing SL for an insolvent trading claim. Further investigation in respect of this issue would be required by a subsequent liquidator.

## 8.3. Offences

Directors and officers have various duties, obligations and responsibilities in relation to both common law and the Act. These include a duty to act in good faith, with care and diligence, to not trade whilst insolvent and to maintain proper books and records. Each is discussed further below.

### 8.3.1. Corporations Act 2001 (Cth)

We will prepare a confidential report into any potential offences of the directors/former directors, which will be submitted to ASIC prior to the second meeting of creditors.

If the Companies are placed into liquidation, a liquidator may conduct more thorough investigations into these potential breaches as well as subsequently identify other potential offences and additional recoveries (if any).

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

- Compensation to the Companies for damages resulting from the contravention;
- Fines (up to \$200,000);
- Imprisonment (up to 5 years); or
- Disqualification from managing corporations.

### 8.3.2. Other Legislation

Our preliminary investigations have not identified any other breaches.

## 8.4. Directors' and officers' insurance policy

A 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.

We have identified a D&O Policy that may be available if a liquidator was successful in a claim against the Directors for any breach of their duties.

Whilst we have not sought to conduct detailed investigations into the ability for the D&O Policy to respond to any actions but understand a D&O Policy was in place which listed the directors as insured parties (but not the Companies).

Further investigation regarding any potential claims against the D&O Policy and the ability for the policy to respond to any claim would be required by any subsequently appointed liquidator.

## 8.5. Directors' personal financial position

When a liquidator assesses the commercial merit of pursuing a claim, a key consideration is the capacity of the defending party to satisfy the claim.

We wrote to the directors of the Companies requesting that they provide a statement of personal financial position.

The directors have provided us with completed statements. However, due to the personal and sensitive nature of the information provided, the detailed information contained therein will not be shared in this report.

In addition, we have completed an initial search of publicly available records for assets held in the directors' names. Based on the information available, there may be some assets available to meet any successful claims against the directors. We have not disclosed the particulars of these searches in this report. We do not consider it necessary to provide it at this time as our investigations are ongoing and a Deed of Company Arrangement has not been proposed to provide creditors with an alternative option to consider.

Further, should creditors resolve to place the Companies into liquidation at the Second Meeting, a liquidator would continue investigating the directors' personal financial positions if it was determined that a potential claim would be made.

## 8.6. 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 the company.
- Other affairs of the company.
- The business affairs of a connected company of the company insofar as they appear to be relevant to the company or its affairs.

If a 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 the corporation.

Should creditors vote to wind up the Companies, the liquidator will consider the merits of undertaking public examination of the Directors, officers and other persons of interest subject to available funds to meet the associated costs of such proceedings.

At this stage, we do not believe there would be any material benefit to creditors in conducting public examinations of Directors or other possible persons. However, our position may be subject to change based on further findings in a liquidation.

## **8.7. 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.
- A party is guilty of negligence, default, breach of duty or breach of trust in relation to a company.

We intend to lodge this report prior to the second creditors meeting and will advise creditors if ASIC intend to pursue the matter further.

A liquidator is also 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.

## **8.8. Costs of investigations and pursuing recovery actions**

Creditors should note that any recovery actions:

- May be 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).
- 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).

## **8.9. Funding investigations and recoveries**

Should creditors resolve that the Companies be wound up and a liquidator appointed, based on the information available to date, it appears likely the liquidator in SL and SLF will be substantially without funds to meet the costs of any recovery actions that may be available to pursue.

In these circumstances, the liquidator may invite creditors to consider providing funding to conduct further investigations into the claims identified.

Alternatively, a liquidator may seek external funding from a litigation funder in exchange for a share of any recovered proceeds.



## 9. Deed of Company Arrangement (DOCA)

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 as prescribed by Part 5.3A of the Act, is 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 that SL, SLF or the Companies execute a DOCA at the Second Meeting if one is proposed.

We have not received a DOCA proposal from the Directors or any other third party.

# 10. Estimated outcome statement

## 10.1. Salt and Lime Pty Ltd

Detailed below is a comparison of the estimated returns to creditors under a 'high' and 'low' case liquidation scenario for SL.

|   | Notes | Liquidation |             |
|---|-------|-------------|-------------|
|   |       | Low (\$)    | High (\$)   |
| Estimated Recoveries  |       |             |             |
| Funding provided by SLF for operational costs               | 1     | TBC         | TBC         |
| Cash at bank  | 2     | 612,424     | 612,424     |
| Sale of IP/software   | 3     | TBC         | TBC         |
| Voidable transactions                                       | 4     | Nil         | TBC         |
| Insolvent trading claims                                    | 5     | Nil         | TBC         |
| Related party loan accounts                                 | 6     | Nil         | 300,000     |
| Rental bond   | 7     | 98,708      | 98,708      |
| Plant & equipment   | 8     | 52,361      | 85,580      |
| Other recoveries  | 9     | 6,604       | 6,604       |
| Total Estimated recoveries                                  |       | 770,097     | 1,103,316   |
| Less: Administration trading costs                          | 10    | (380,000)   | (380,000)   |
| VA trading surplus/(shortfall)                              |       | 385,960     | 719,179     |
| Less: Professional costs                                    |       |             |             |
| Administration costs to 9 July 2024                         | 11    | (196,731)   | (196,731)   |
| Future Administration costs to 22 July 2024                 | 11    | (86,005)    | (86,005)    |
| Estimated Liquidators' costs                                | 11    | (150,000)   | (150,000)   |
| Legal costs   | 12    | (70,000)    | (70,000)    |
| Valuation costs   | 13    | (10,000)    | (10,000)    |
| Total Professional costs                                    |       | (512,736)   | (512,736)   |
| Total Assets less costs                                     |       | (122,639)   | 210,580     |
| Funding provided by SLF for priority claims                 | 14    | 223,053     | 223,053     |
| Priority employee entitlements                              | 14    | (223,053)   | (223,053)   |
| Return to priority employee creditors (cents in the dollar) |       | 100%        | 100%        |
| Surplus to remaining creditors                              |       | (122,639)   | 210,580     |
| Unsecured Creditors   |       |             |             |
| SLF loan amount   | 15    | (6,906,380) | (6,906,380) |
| iPartners SLF shortfall amount                              | 15    | TBC         | TBC         |
| ATO general unsecured claim                                 | 16    | (400,000)   | (400,000)   |
| Trade creditors   | 17    | (175,523)   | (175,523)   |
| Related entities (employee entitlements)                    | 18    | (360,803)   | (360,803)   |
| Total unsecured creditor claims                             |       | (7,842,706) | (7,842,706) |
| Return to ordinary unsecured creditors                      |       | Nil         | TBC         |
| Distribution timing of unsecured creditor claims            |       | N/A         | TBC         |

## Notes

1. **Funding** – As discussed in **Section 5.2.**, an MOU is being negotiated between SL and SLF and will provide funding to SL to enable ongoing trading activity. The MOU will allow SL to call on SLF for additional funds to meet operating costs should the cash at bank be insufficient.
2. **Cash at bank** – This represents the cash available on appointment that was swept from the pre-appointment account. This cash is subject to a bare trust claim asserted by the Receivers of SLF, however under the terms of the draft MOU the Receivers will agree to the use of this cash to fund trading activity.
3. **Sale of IP/Software** – As the joint sale process with SL & SLF has not yet been launched, we have yet to determine the quantum of any value to be attributed to SL's software and this is considered commercially sensitive.
4. **Voidable transactions** – This refers to transactions which we have identified that could potentially be uncommercial transactions or unreasonable director related transactions under the Act, which may be recoverable to a liquidator. Further detailed investigations would be required to determine the prospects of a successful voidable transaction claim. We have presented our estimates in **Section 8.1**, however given the uncertainty regarding recovery, we have not included values in the outcome range.  
  
We note the Low Case assumes nil recoveries on the basis that any legal actions may be unsuccessful or alternatively, there may be insufficient funds available to fund a liquidator to pursue recovery actions.
5. **Insolvent trading claims** – Similar to the above, our investigations are ongoing to determine the quantum of an insolvent trading claim.
6. **Related loan accounts** – As discussed in **Section 8.1** of this Report, SL's accounts indicate a total of \$300k was loaned to the Directors for directors' bonuses.
7. **Rental Bond** – As discussed in **Section 6.2.3.**, we are currently seeking to recover the rental bond for the previous office.
8. **Plant & Equipment** – As discussed in **Section 6.2.2.**, we have engaged a valuer to conduct a high-level valuation of SL's assets. These values are displayed above.
9. **Other recoveries** – This figure represents a number of minor asset recoveries made during the administration.
10. **Administration trading costs** – the Administrators have forecasted that total operating costs for the Administration period (up to the proposed second meeting) to be c. \$400k.
11. **Appointees' Fees** – Please refer to our Remuneration Approval Report at **Appendix D** for further information regarding appointees' remuneration and disbursements.
12. **Legal costs** – This represents our estimate for legal costs over the administration and liquidation.
13. **Valuation costs** – This represents the costs incurred for the valuation of the SL's equipment and expected costs for any sale of equipment.
14. **Priority employee entitlements** – As discussed in **Section 5.2.**, the draft MOU assumes funding will be provided by SLF to SL for the outstanding employee entitlements. For further details on the quantum of outstanding entitlements, please refer to **Section 4.5.2**.
15. **SLF amount outstanding** – The Receivers and Managers of SLF have submitted a claim on behalf of iPartners for c. \$6.9m in relation to the unsecured intercompany loan. Our investigations are ongoing with respect to the accuracy of this amount but note SL's records indicate there is a payable position of \$1m, which suggests the net figure could be \$5.9m.

In addition to the above, as per the terms of the Facility Agreement between iPartners and SLF, SL provided an unsecured guarantee for any shortfall not recovered in SLF. This amount will be confirmed if there is a shortfall from any recoveries in SLF.

16. **ATO general unsecured claim** – As we have yet to receive confirmation from the ATO on their outstanding balance, this figure has been drawn from SL's management accounts.
17. **Trade creditors** – Please refer to **Section 4.6** for details on these claims.
18. **Related entities (excluded employee entitlements)** – Please refer to **Section 4.5.3** for details on these claims.

## 10.2. Salt and Lime Funding Pty Ltd

Detailed below is a comparison of the estimated returns to creditors under a 'high' and 'low' case liquidation scenario for SLF.

|   | Notes | Liquidation  |              |
|---|-------|--------------|--------------|
|   |       | Low (\$)     | High (\$)    |
| Estimated Recoveries                        |       |              |              |
| Sale of business (loan book)                | 1     | TBC          | TBC          |
| Loan income                                 | 2     | TBC          | TBC          |
| Voidable transaction claims                 | 3     | Nil          | TBC          |
| Insolvent trading claims                    | 4     | Nil          | TBC          |
| Loan account – intercompany                 | 5     | Nil          | TBC          |
| Loan accounts – related                     | 6     | Nil          | 161,500      |
| Total Estimated recoveries                  |       | Nil          | 161,500      |
| Less: Professional costs                    |       |              |              |
| Receivers' fees                             | 7     | TBC          | TBC          |
| Administration costs to 9 July 2024         | 8     | (23,247)     | (23,247)     |
| Future Administration costs to 22 July 2024 | 8     | (10,220)     | (10,220)     |
| Estimated Liquidators' costs                | 8     | (25,000)     | (25,000)     |
| Legal costs                                 | 9     | (10,000)     | (10,000)     |
| Total Professional costs                    |       | (68,467)     | (68,467)     |
| Total Assets less costs                     |       | (68,467)     | 93,033       |
| Secured creditor amount (iPartners)         | 10    | 42,514,792   | 42,514,792   |
| Return to secured creditor                  |       | Nil          | TBC          |
| Surplus to remaining creditors              |       | (42,583,259) | (42,421,759) |
| Priority employee entitlements              | 11    | N/A          | N/A          |
| Unsecured Creditors                         |       |              |              |
| Trade creditors                             | 12    | 106,828      | 106,828      |
| Related entities                            | 13    | Nil          | Nil          |
| Total unsecured creditor claims             |       | 106,828      | 106,828      |
| Return to ordinary unsecured creditors      |       | Nil          | TBC          |
| Distribution timing                         |       | N/A          | N/A          |

### Notes

- 1. Sale of business (loan book)** – As the joint sale process with SL and SLF has not yet commenced, we have yet to determine the quantum of any value attributed to the customer loan book. This is discussed in **Section 5.2.2**.
- 2. Loan income** – As discussed in **Section 5.2.1.**, the Receivers are continuing to trade SLF and recover the loan book.
- 3. Voidable transactions** – This refers to transactions which we have identified that could potentially be uncommercial transactions or unreasonable director related transactions under the Act, and as such, may be recoverable by a liquidator. Further detailed investigations would be required to determine the prospects of a successful voidable transaction claim. We have presented our estimates in **Section 8.1** but given the uncertainty regarding recoverability we have not provided a range.

We note the Low Case assumes nil recoveries on the basis that any legal actions may be unsuccessful or alternatively, there may be insufficient funds available to fund a liquidator to pursue recovery actions.

4. **Insolvent trading claims** – As discussed in **Section 8.2.**, we have not yet been able to determine if there is any possible insolvent trading claim for SLF.
5. **Loan account – intercompany** – As discussed in **Section 8.1.** SLF provided funding to SL in the vicinity of c. \$5.9m. iPartners have lodged a claim for this intercompany loan totalling c.\$6.9m. Our investigations are ongoing with respect to the proper characterisation and quantum of this amount but note SL's records indicate there is a payable position of \$1m, which suggests the net figure might be \$5.9m.
6. **Loan account – Related** – As discussed in **Section 8.1.** of this Report, SLF's accounts indicate a total of \$161,500 was loaned to the directors for bonuses.
7. **Receivers' fees** – The Receivers and Managers' of SLF will have priority for their fees pursuant to their security agreement above a return to creditors and the Administrators' costs. We have not been provided with details of these costs.
8. **Appointees' Fees** – Please refer to our Remuneration Approval Report at **Appendix D** for further information regarding appointees' remuneration and disbursements.
9. **Legal costs** – This represents our estimate for legal costs over the administration and liquidation.
10. **Secured creditor amount** – Please refer to **Section 4.5.1.** for details on amounts owed to iPartners.
11. **Priority employee entitlements** – There are no employees held in SLF.
12. **Trade creditors** – Please refer to **Section 4.6.** for details on these claims.
13. **Related entities** – We are unaware of any related entity claims against SLF.

# 11. Administrators' opinion

We are of the opinion that it is in the creditors' best interests that the Companies be placed into liquidation.

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

## 11.1. Liquidation

We are of the opinion that it is in the best interest of creditors that the Companies be wound up.

A liquidator (if appointed) would be in a position to conduct detailed investigations into the circumstances leading up to the appointment of the Administrators.

Our preliminary view is that SL was insolvent from 30 June 2023 and SLF was insolvent from 11 June 2024. However, further investigation would be required by a liquidator in order to reach a conclusion on this issue. Creditors should note that establishing insolvency and insolvent trading claims are legally complex and costly to pursue, and even if successful they may not generate an additional return for creditors.

For completeness, we do not believe it is feasible or in the creditors' best interest to extend the convening period for the second meeting of creditors in the respective administrations (i.e. extend the voluntary administration of the Companies for the following reasons:

- The primary argument for extending the convening period would, in this case, be to allow for the ongoing trading of the business in circumstances where there may be reasonable prospects of a better outcome to creditors (e.g. via a DOCA proposal), as well as avoiding the triggering of certain conditions which would be unfavourable to creditors generally. We do not consider there to be reasonable prospects of this.
- The Receivers and Managers strategy for the loan book does not include the ongoing services of SL in the long-term, with a sale to a third party anticipated.
- The process of extending the convening period will incur additional costs.
- SL is currently dependant on funding from the secured lender, iPartners, to meet ongoing trading costs.
- This would delay the opportunity for a liquidator to conduct a more thorough investigation into the Companies and/or pursue claims available to them.

We also note that, if appointed, a liquidator will be empowered to:

- Assist employees in applying for FEG for the payment of certain employee entitlements that cannot otherwise be funded by SL (refer to **Section 4.5.4** of this report).
- Pursue various potential recoveries under the Act, such as voidable transactions (refer to **Section 8.1.** of this report).
- Distribute recoveries made in accordance with the priority provisions of the Act.
- Complete thorough investigations into:
  - The Companies' dealings and affairs
  - Actions of the directors
- Report findings to ASIC pursuant to the Act.

Given the above, we consider it in the best interest of creditors to place the Companies into liquidation.

## 11.2. DOCA

No DOCA was submitted.

### 11.3. Administration to end

Section 439A of the Act provides that creditors are entitled to vote for the 'Administration to end'. Specifically, this is means that the Administrators return control of the Companies back to its directors without a restructure via the administration process or the appointment of a liquidator to the company. We are of the opinion that it is **not** in the best interest of creditors to end the administration and return the Companies to the Directors.

While our investigations are continuing, it is our preliminary view that the Companies are insolvent and unable to pay their debts as and when they fall due (**Section 7.3**). Accordingly, returning control of the Companies to the directors would not be in the best interest of creditors or shareholders.

## 12. Enquiries

Should you have any enquiries please contact Ben Sullivan of our office on (02) 8266 0275 or by email at [ben.sullivan@au.pwc.com](mailto:ben.sullivan@au.pwc.com).

Dated this 12<sup>th</sup> day of July 2024

A handwritten signature in black ink, appearing to read 'Daniel Walley', with a stylized, flowing script.

**Daniel Walley**

Joint and Several Administrator



# Appendices

# Appendix A – Notice of meeting of creditors

CORPORATIONS ACT 2001  
Section 439A

Insolvency Practice Rules (Corporations)  
75-10, 75-15 & 75-225

**SALT AND LIME PTY LTD  
(ADMINISTRATORS APPOINTED)  
ACN 642 142 970**

**SALT AND LIME FUNDING PTY LTD (RECEIVERS AND MANAGERS APPOINTED)  
(ADMINISTRATORS APPOINTED)  
ACN 619 815 833**

**(Collectively “the Companies”)**

NOTICE is given that a virtual meeting of the creditors of the Companies will be held by virtual meeting via video conference on Monday 22 July 2024 at 11:00am AEST.

A G E N D A

1. To receive the report by the joint and several Administrators concerning the Companies’ business, property, affairs and financial circumstances.
2. For each company, for creditors to resolve:
  - a. that the company execute a Deed of Company Arrangement; or
  - b. that the administration should end; or
  - c. that the company be wound up.
3. For each company, to approve:
  - a. The Administrators’ remuneration
  - b. The Deed Administrators’ remuneration, if one is appointed or
  - c. The Liquidators’ remuneration, if one is appointed.
4. If the companies are wound up or a Deed is executed, to consider the appointment of a Committee of Inspection and, if so, who are to be the committee members.
5. Any other business.

Creditors will be provided with details of those facilities following the submission of a completed proof of debt (if not already submitted previously) and proxy form (for this meeting).

Creditors wishing to attend, and vote are advised that proof of debt and proxy forms must be submitted to [ben.sullivan@au.pwc.com](mailto:ben.sullivan@au.pwc.com) by 4:00PM AEST on Friday 19 July 2024.

DATED this 12th day of July 2024.



**Daniel Walley**  
Joint and Several Administrator

**Voting at a Meeting: the effect of Insolvency Practice Rules (Corporations) 75-85**  
**Entitlement to vote at meetings of creditors**

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

# Appendix B – Proxy form

**FORM 532**  
**APPOINTMENT OF PROXY**

**SALT AND LIME PTY LTD**  
**(ADMINISTRATORS APPOINTED)**  
**ACN 642 142 970 (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 22 July 2024, 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 ie do not complete the table below)

**and/or**

**Option 2:** ☐ If appointed as a special proxy in the manner set out below:  
(Please complete the table below before proceeding to section C)

| No | Resolution   | For                      | Against                  | Abstain                  |
|----|--|--------------------------|--------------------------|--------------------------|
| 1  | That the remuneration of the Administrators is approved for the period 17 June 2024 to 9 July 2024 of \$196,730.50 plus GST as set out in the Remuneration Approval Report dated 12 July 2024 to be drawn from available funds immediately or as funds become available.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2  | That the remuneration of the Administrators is approved for the period 10 July 2024 to the meeting on 22 July 2024 of \$86,005.00 plus GST, as set out in the Remuneration Approval Report dated 12 July 2024 to be drawn from available funds immediately or as funds become available.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3  | That the remuneration of the Liquidators is approved for the period 22 July 2024 to the conclusion of the liquidation up to a maximum of \$150,000.00 plus GST, as set out in the Remuneration Approval Report dated 12 July 2024 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. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4  | The Company be wound up  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5  | The Company to execute a Deed of Company Arrangement   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6  | The Administration should end (and control revert back to the Company director(s))   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

|   |  |                          |                          |                          |
|---|--|--------------------------|--------------------------|--------------------------|
| 7 | If the Company is wound up, that a Committee of Inspection be formed comprising representatives as nominated at the meeting of creditors | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|---|--|--------------------------|--------------------------|--------------------------|

**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      .

**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.*

I..... of ..... certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

Signature of Witness: .....

Place of residence: .....

Dated: .....

**FORM 532**  
**APPOINTMENT OF PROXY**

**SALT AND LIME FUNDING PTY LTD (RECEIVERS AND MANAGERS  
APPOINTED)(ADMINISTRATORS APPOINTED)**  
**ACN 619 815 833 (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 22 July 2024, 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 ie do not complete the table below)

**and/or**

**Option 2:** ☐ If appointed as a special proxy in the manner set out below:  
(Please complete the table below before proceeding to section C)

| No | Resolution  | For                      | Against                  | Abstain                  |
|----|---|--------------------------|--------------------------|--------------------------|
| 1  | That the remuneration of the Administrators is approved for the period 17 June 2024 to 9 July 2024 of \$23,247.50 plus GST as set out in the Remuneration Approval Report dated 12 July 2024 to be drawn from available funds immediately or as funds become available.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2  | That the remuneration of the Administrators is approved for the period 10 July 2024 to the meeting on 22 July 2024 of \$10,220.00 plus GST, as set out in the Remuneration Approval Report dated 12 July 2024 to be drawn from available funds immediately or as funds become available.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3  | That the remuneration of the Liquidators is approved for the period 22 July 2024 to the conclusion of the liquidation up to a maximum of \$25,000.00 plus GST, as set out in the Remuneration Approval Report dated 12 July 2024 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. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4  | The Company be wound up   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5  | The Company to execute a Deed of Company Arrangement  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6  | The Administration should end (and control revert back to the Company director(s))  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |



|   |  |                          |                          |                          |
|---|--|--------------------------|--------------------------|--------------------------|
| 7 | If the Company is wound up, that a Committee of Inspection be formed comprising representatives as nominated at the meeting of creditors | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
|---|--|--------------------------|--------------------------|--------------------------|

**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      .

**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.*

I..... of ..... certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him 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 Salt and Lime Pty Ltd (Administrators Appointed) ACN 642 142 970

1. This is to state that the company was, on 17 June 2024 <sup>(1)</sup> and still is, justly and truly indebted to<sup>(2)</sup> (full name):

('Creditor'): .....

of (full address) .....

for \$ ..... dollars and ..... cents.

Particulars of the debt are:

| Date | Consideration <sup>(3)</sup><br>state how the debt arose | Amount \$ | GST<br>included \$ | Remarks <sup>(4)</sup> include details of voucher<br>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 <sup>(5)</sup>

☐ I am a related creditor of the Company <sup>(5)</sup>  
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.<sup>(6)\*</sup> 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.<sup>(6)\*</sup> 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 ..... 2024

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.

**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 Salt and Lime Funding Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) ACN 619 815 833

1. This is to state that the company was, on 17 June 2024 <sup>(1)</sup> and still is, justly and truly indebted to<sup>(2)</sup> (full name):

('Creditor'): .....

of (full address) .....

for \$ ..... dollars and ..... cents.

Particulars of the debt are:

| Date | Consideration <sup>(3)</sup><br>state how the debt arose | Amount \$ | GST<br>included \$ | Remarks <sup>(4)</sup> include details of voucher<br>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 <sup>(5)</sup>

☐ I am a related creditor of the Company <sup>(5)</sup>  
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.<sup>(6)\*</sup> 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.<sup>(6)\*</sup> 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                      2024

Signature of Signatory.....

NAME IN BLOCK LETTERS .....

Occupation .....

Address .....

Email:.....

**See Directions overleaf for the completion of this form**

|   |     |  |    |
|---|-----|--|----|
| <b>OFFICE USE ONLY</b> 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       | \$ |
| <b>Reason for Admitting / Rejection</b> |     |  |    |
| PREP BY/AUTHORISED                      |     | <b>TOTAL PROOF</b>                       | \$ |
| 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 – Remuneration approval request

# **Salt and Lime Pty Ltd (Administrators Appointed)**

## **ACN 642 142 970**

### **Remuneration Approval Report**

12 July 2024



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.

Information about the meeting of creditors is provided at part 8 of this report.

# Contents

|     |   |    |
|-----|---|----|
| 1   | Declaration   | 3  |
| 2   | Executive Summary                                   | 3  |
| 3   | Remuneration  | 4  |
| 3.1 | Remuneration  | 4  |
| 3.2 | Details of remuneration                             | 4  |
| 3.3 | Total remuneration reconciliation                   | 4  |
| 3.4 | Likely impact on dividends                          | 5  |
| 3.5 | Remuneration recovered from external sources        | 5  |
| 4   | Disbursements                                       | 5  |
| 5   | Summary of receipts and payments                    | 6  |
| 6   | Queries   | 7  |
|     | Appendix A - Calculations of remuneration schedules | 11 |
|     | Appendix B - Table of major tasks for remuneration  | 13 |

# 1 Declaration

Daniel Walley, Adam Colley and Andrew Scott of PricewaterhouseCoopers have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Administrators of Salt and Lime Pty Ltd (the Company) 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) |
|---|------------------|-----------------|
| <b>Current remuneration approval sought:</b>                    |                  |                 |
| <b>Voluntary Administration</b>                                 |                  |                 |
| Resolution 1: 17 June 2024 to 9 July 2024                       |                  | \$196,730.50    |
| Resolution 2: 10 July 2024 to the meeting on 22 July 2024       |                  | \$86,005.00     |
| <b>Liquidation</b>  |                  |                 |
| Resolution 3: 22 July 2024 to the conclusion of the liquidation |                  | \$150,000.00    |

\*Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the administration. 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.

The total remuneration for the administration is estimated at \$282,735.50. This estimate is prepared on the assumption there is no extension of the convening period nor adjournment of the meeting of creditors.

This differs to the estimate of costs provided in the Initial Advice to Creditors dated 19 July 2024 for the following reasons:

- The Company's financial information on its accounting platform, Xero, was not maintained to the anticipated level. This meant that additional time and effort was required to perform an appropriate and adequate analysis of the Company's historical financial performance and position and provide appropriate disclosures.
- The Administrators engaged in lengthy discussions and negotiations with the Receivers and Managers of Salt and Lime Funding Pty Ltd (Receivers and Managers Appointed)(Administrators Appointed) in relation to a Memorandum of Understanding, which will provide for funds for SL's continued trading and to secure all outstanding employee entitlements.

No internal disbursements are being claimed and none were previously approved.

# 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 Administrators is approved for the period 17 June 2024 to 9 July 2024 of \$196,730.50 plus GST as set out in the Remuneration Approval Report dated 12 July 2024 to be drawn from available funds immediately or as funds become available.*

### Resolution 2

*That the remuneration of the Administrators is approved for the period 10 July 2024 to the meeting on 22 July 2024 of \$86,005.00 plus GST, as set out in the Remuneration Approval Report dated 12 July 2024 to be drawn from available funds immediately or as funds become available.*

### Resolution 3

*That the remuneration of the Liquidators is approved for the period 22 July 2024 to the conclusion of the liquidation up to a maximum of \$150,000.00 plus GST, as set out in the Remuneration Approval Report dated 12 July 2024 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 are summarised in Schedules A1 to A3 of **Appendix A** of the remuneration approval report.

The details of the major tasks performed and the costs associated with each of those major tasks are contained in Schedules B1 to B3 of **Appendix B** of the remuneration approval report.

## 3.3 Total remuneration reconciliation

This estimate differs to the estimate of costs provided in the Initial Remuneration Notice dated 19 June 2024, which estimated a cost of the administration of \$150,000 - \$250,000 (excluding GST), for the following reasons:

- The Company's financial information on its accounting platform, Xero, was not maintained to the anticipated level. This meant that additional time and effort was required to perform an appropriate and adequate analysis of the Company's historical financial performance and position and provide appropriate disclosures.
- The Administrators engaged in lengthy discussions and negotiations with the Receivers and Managers of Salt and Lime Funding Pty Ltd (Receivers and Managers Appointed)(Administrators Appointed) in relation to a Memorandum of Understanding, which will provide for funds for SL's continued trading and to secure all outstanding employee entitlements.

We have provided an explanation of tasks remaining to complete, including our estimated costs to complete those tasks to support our current remuneration approval request in Appendix B.

In preparing this remuneration approval report, we have made our best estimate at what we believe the liquidation will cost to complete and we do not anticipate that we will have to ask creditors to approve any further remuneration. However, should the liquidation not proceed as expected, we will advise creditors and we may seek approval of further remuneration and provide details on why the remuneration has changed. Matters that may affect the progress and the cost of the liquidation include:

- The progress and direction of our investigations into the affairs of the Company prior to our appointment.
- Progress and timing of a sale of the Company's assets and/or transition to a complete wind-down of the Company's business operations.

### 3.4 Likely impact on dividends

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

Due to the uncertainty and commercial sensitivities regarding future realisations, we are unable to provide an estimate of a dividend to creditors or whether there will be sufficient funds to pay a dividend in the liquidation. However, this is subject to a range of variables, particularly the future realisations and creditor claims.

### 3.5 Remuneration recovered from external sources

To date, we have not agreed on any funding from external sources for our remuneration. However, the Joint and Several Administrators are negotiating with the Receivers and Managers of Salt and Lime Funding Pty Ltd for future funding. If agreed, the funding will cover our professional costs and disbursements to the extent the cash available is insufficient. The funding cannot be applied towards our remuneration without our remuneration being approved in the usual manner under the Corporations Act.

## 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. We have not made any disbursements claims in the administration.

No disbursements have been paid by the administration to our firm to date. Where amounts will be paid to our firm for externally provided services and costs, that is in reimbursement of a cost previously paid by our firm either due to a lack of funds in the Administration at the time the payment was due or the direct invoicing of our firm by the supplier.

We will not be seeking creditor approval for any internal disbursement claims.

## 5 Summary of receipts and payments

The summary of receipts and payments for the period from 17 June 2024 to 9 July 2024 is contained in **Section 5.2** of the report to creditors of the Company dated 12 July 2024.

## 6 Queries

Please contact Ben Sullivan on (02) 8266 0275 or by email [ben.sullivan@au.pwc.com](mailto:ben.sullivan@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](http://www.arita.com.au/creditors)
- ASIC at <http://asic.gov.au/regulatory-resources/insolvency/insolvency-information-sheets/>

DATED this 12th day of July 2024.



Daniel Walley  
Administrator

# Appendices

|            |  |    |
|------------|--|----|
| Appendix A | Calculations of remuneration schedules | 8  |
| Appendix B | Table of major tasks for remuneration  | 10 |

# Appendix A - Calculations of remuneration schedules

## Schedule A1 - Resolution 1: Administrators' remuneration

| Schedule A1 - Resolution 1: Administrators' Remuneration |                   |          |             |             |        |             |           |             |           |             |          |             |                |             |                |             |
|--|-------------------|----------|-------------|-------------|--------|-------------|-----------|-------------|-----------|-------------|----------|-------------|----------------|-------------|----------------|-------------|
| Staff  | Position          | \$/hours | Total hours | Amount (\$) | Assets |             | Creditors |             | Employees |             | Trade On |             | Investigations |             | Administration |             |
|  |                   | (ex GST) |             |             | Hours  | Amount (\$) | Hours     | Amount (\$) | Hours     | Amount (\$) | Hours    | Amount (\$) | Hours          | Amount (\$) | Hours          | Amount (\$) |
| Administration Team                                      |                   |          |             |             |        |             |           |             |           |             |          |             |                |             |                |             |
| Andy Scott   | Partner           | 850      | 1.80        | 1,530.00    | -      | -           | -         | -           | -         | -           | -        | -           | -              | -           | 1.8            | 1,530.00    |
| Adam Colley  | Partner           | 850      | 1.00        | 850.00      | -      | -           | -         | -           | -         | -           | -        | -           | -              | -           | 1.0            | 850.00      |
| Daniel Walley  | Partner           | 850      | 33.20       | 28,220.00   | -      | -           | -         | -           | -         | -           | 33.2     | 28,220.00   | -              | -           | -              | -           |
| Vanessa Rudder   | Director          | 765      | 97.30       | 74,434.50   | 3.0    | 2,295.00    | 25.0      | 19,125.00   | 6.3       | 4,819.50    | 27.6     | 21,114.00   | -              | -           | 35.4           | 27,081.00   |
| Alvin Yu   | Manager           | 635      | 63.80       | 40,513.00   | 2.5    | 1,587.50    | 19.9      | 12,636.50   | 18.2      | 11,557.00   | -        | -           | 7.0            | 4,445.00    | 16.2           | 10,287.00   |
| Ben Sullivan   | Senior Consultant | 535      | 69.80       | 37,343.00   | 1.3    | 695.50      | 19.9      | 10,646.50   | 4.2       | 2,247.00    | 30.2     | 16,157.00   | 9.6            | 5,136.00    | 4.6            | 2,461.00    |
| Kyle Nacua   | Consultant        | 430      | 18.60       | 7,998.00    | -      | -           | 11.5      | 4,945.00    | -         | -           | -        | -           | 0.2            | 86.00       | 6.9            | 2,967.00    |
| Amber Li   | Consultant        | 430      | 0.60        | 258.00      | -      | -           | -         | -           | -         | -           | -        | -           | -              | -           | 0.6            | 258.00      |
| Subtotal   |                   |          | 286.10      | 191,146.50  | 6.80   | 4,578.00    | 76.30     | 47,353.00   | 28.70     | 18,623.50   | 91.00    | 65,491.00   | 16.80          | 9,667.00    | 66.50          | 45,434.00   |
| Support  |                   |          |             |             |        |             |           |             |           |             |          |             |                |             |                |             |
|  | Administration    | 230      | 8.30        | 1,909.00    | -      | -           | -         | -           | -         | -           | -        | -           | -              | -           | 8.3            | 1,909.00    |
|  | Offshore Support  | 350      | 10.50       | 3,675.00    | -      | -           | 3.6       | 1,260.00    | -         | -           | -        | -           | 6.9            | 2,415.00    | -              | -           |
| Subtotal   |                   |          | 18.80       | 5,584.00    | -      | -           | 3.60      | 1,260.00    | -         | -           | -        | -           | 6.90           | 2,415.00    | 8.30           | 1,909.00    |
| Total time costs (ex GST)                                |                   |          | 304.90      | 196,730.50  | 6.80   | 4,578.00    | 79.90     | 48,613.00   | 28.70     | 18,623.50   | 91.00    | 65,491.00   | 23.70          | 12,082.00   | 74.80          | 47,343.00   |
| GST  |                   |          |             | 19,673.05   |        |             |           |             |           |             |          |             |                |             |                |             |
| Total time costs (inc GST)                               |                   |          |             | 216,403.55  |        |             |           |             |           |             |          |             |                |             |                |             |
| Average Rate (ex GST)                                    |                   |          |             | 645.23      |        |             |           |             |           |             |          |             |                |             |                |             |

## Schedule A2 - Resolution 2: Administrators' remuneration

| Schedule A2 – Resolution 21: Administrators' Remuneration |                   |                      |             |             |        |             |           |             |           |             |          |             |                |             |                |             |
|---|-------------------|----------------------|-------------|-------------|--------|-------------|-----------|-------------|-----------|-------------|----------|-------------|----------------|-------------|----------------|-------------|
| Staff   | Position          | \$/hours<br>(ex GST) | Total hours | Amount (\$) | Assets |             | Creditors |             | Employees |             | Trade On |             | Investigations |             | Administration |             |
|   |                   |                      |             |             | Hours  | Amount (\$) | Hours     | Amount (\$) | Hours     | Amount (\$) | Hours    | Amount (\$) | Hours          | Amount (\$) | Hours          | Amount (\$) |
| Administration Team                                       |                   |                      |             |             |        |             |           |             |           |             |          |             |                |             |                |             |
| Daniel Walley   | Partner           | 850                  | 8.00        | 6,800.00    | -      | -           | 5.0       | 4,250.00    | 1.0       | 850.00      | 1.0      | 850.00      | 1.0            | -           | -              | -           |
| Vanessa Rudder  | Director          | 765                  | 39.00       | 29,835.00   | -      | -           | 20.0      | 15,300.00   | 4.0       | 3,060.00    | 4.0      | 3,060.00    | 10.0           | -           | 1.0            | -           |
| Alvin Yu  | Manager           | 630                  | 35.00       | 22,050.00   | 1.0    | 630.00      | 20.0      | 12,600.00   | 10.0      | 6,300.00    | -        | -           | 2.0            | 1,260.00    | 2.0            | 1,260.00    |
| Ben Sullivan  | Senior Consultant | 530                  | 41.00       | 21,730.00   | -      | -           | 20.0      | 10,600.00   | 2.0       | 1,060.00    | 5.0      | 2,650.00    | 12.0           | 6,360.00    | 2.0            | 1,060.00    |
| Kyle Nacua  | Consultant        | 430                  | 13.00       | 5,590.00    | 1.0    | 430.00      | 5.0       | 2,150.00    | -         | -           | 2.0      | 860.00      | 3.0            | 1,290.00    | 2.0            | 860.00      |
|   | Administration    | 230                  | 3.00        | 690.00      | -      | -           | -         | -           | -         | -           | -        | -           | -              | -           | 3.0            | 690.00      |
|   | Offshore Support  | 350                  | 3.00        | 1,050.00    | -      | -           | -         | -           | -         | -           | 1.0      | 350.00      | 1.0            | 350.00      | 1.0            | 350.00      |
| Total time costs (ex GST)                                 |                   |                      | 136.00      | 86,005.00   | 2.00   | 1,060.00    | 70.00     | 44,900.00   | 17.00     | 11,270.00   | 12.00    | 7,420.00    | 28.00          | 8,910.00    | 7.00           | 3,180.00    |
| GST   |                   |                      |             | 8,600.50    |        |             |           |             |           |             |          |             |                |             |                |             |
| Total time costs (inc GST)                                |                   |                      |             | 94,605.50   |        |             |           |             |           |             |          |             |                |             |                |             |
| Average Rate (ex GST)                                     |                   |                      |             | 632.39      |        |             |           |             |           |             |          |             |                |             |                |             |



- Calculations of remuneration schedules

**Schedule A3 - Resolution 3: Liquidators' remuneration**

| Staff                      | Position          | \$/hours<br>(ex GST) | Total hours | Amount (\$) | Assets |             | Creditors |             | Employees |             | Trade on |             | Investigations |             | Dividend |             | Administration |             |
|----------------------------|-------------------|----------------------|-------------|-------------|--------|-------------|-----------|-------------|-----------|-------------|----------|-------------|----------------|-------------|----------|-------------|----------------|-------------|
|                            |                   |                      |             |             | Hours  | Amount (\$) | Hours     | Amount (\$) | Hours     | Amount (\$) | Hours    | Amount (\$) | Hours          | Amount (\$) | Hours    | Amount (\$) | Hours          | Amount (\$) |
| Administration Team        |                   |                      |             |             |        |             |           |             |           |             |          |             |                |             |          |             |                |             |
| Daniel Walley              | Partner           | 850                  | 27.00       | 22,950.00   | 6.0    | 5,100.00    | 4.0       | 3,400.00    | 2.0       | 1,700.00    | 5.0      | 4,250.00    | 8.0            | 6,800.00    | 1.0      | 850.00      | 1.0            | 850.00      |
| Vanessa Rudder             | Director          | 765                  | 53.00       | 40,545.00   | 10.0   | 7,650.00    | 3.0       | 2,295.00    | 5.0       | 3,825.00    | 10.0     | 7,650.00    | 20.0           | 15,300.00   | 3.0      | 2,295.00    | 2.0            | 1,530.00    |
| Alvin Yu                   | Manager           | 635                  | 40.00       | 25,400.00   | 5.0    | 3,175.00    | 5.0       | 3,175.00    | 10.0      | 6,350.00    | 5.0      | 3,175.00    | 5.0            | 3,175.00    | 5.0      | 3,175.00    | 5.0            | 3,175.00    |
| Ben Sullivan               | Senior Consultant | 535                  | 60.00       | 32,100.00   | 10.0   | 5,350.00    | 10.0      | 5,350.00    | 5.0       | 2,675.00    | 10.0     | 5,350.00    | 20.0           | 10,700.00   | -        | -           | 5.0            | 2,675.00    |
| Kyle Nacua                 | Consultant        | 430                  | 60.00       | 25,800.00   | 5.0    | 2,150.00    | 10.0      | 4,300.00    | 5.0       | 2,150.00    | 5.0      | 2,150.00    | 15.0           | 6,450.00    | 10.0     | 4,300.00    | 10.0           | 4,300.00    |
| Subtotal                   |                   |                      | 240.00      | 146,795.00  | 36.00  | 23,425.00   | 32.00     | 18,520.00   | 27.00     | 16,700.00   | 35.00    | 22,575.00   | 68.00          | 42,425.00   | 19.00    | 10,620.00   | 23.00          | 12,530.00   |
| Support                    |                   |                      |             |             |        |             |           |             |           |             |          |             |                |             |          |             |                |             |
|                            | Administration    | 230                  | 15.00       | 3,450.00    | -      | -           | -         | -           | -         | -           | -        | -           | -              | -           | -        | -           | 15.0           | 3,450.00    |
|                            | Offshore Support  | 350                  | 18.00       | 6,300.00    | -      | -           | -         | -           | -         | -           | 1.0      | 350.00      | 15.0           | 5,250.00    | 1.0      | 350.00      | 1.0            | 350.00      |
| Subtotal                   |                   |                      | 15.00       | 3,450.00    | -      | -           | -         | -           | -         | -           | 1.00     | 350.00      | 15.00          | 5,250.00    | 1.00     | 350.00      | 16.00          | 3,800.00    |
| Total time costs (ex GST)  |                   |                      | 255.00      | 150,245.00  | 36.00  | 23,425.00   | 32.00     | 18,520.00   | 27.00     | 16,700.00   | 36.00    | 22,925.00   | 83.00          | 47,675.00   | 20.00    | 10,970.00   | 39.00          | 16,330.00   |
| but say                    |                   |                      |             | 150,000.00  |        |             |           |             |           |             |          |             |                |             |          |             |                |             |
| GST                        |                   |                      |             | 15,000.00   |        |             |           |             |           |             |          |             |                |             |          |             |                |             |
| Total time costs (inc GST) |                   |                      |             | 165,000.00  |        |             |           |             |           |             |          |             |                |             |          |             |                |             |
| Average Rate (ex GST)      |                   |                      |             | 589.20      |        |             |           |             |           |             |          |             |                |             |          |             |                |             |

# Appendix B - Table of major tasks for remuneration

## Schedule B1

### Resolution 1

The below table provides a description of the work undertaken in each major task area for the period 19 June 2024 to 9 July 2024

| Task Area   | General description         | Includes   |
|---|-----------------------------|--|
| <b>Assets</b><br><b>6.8 hours</b><br><b>\$4,578.00</b>      | Plant and Equipment         | Obtaining valuation of office and IT equipment and vehicle<br>Liaising with valuers and arrange for collection and sale of vehicle<br>Reviewing asset listings   |
|   | Bank guarantee              | Correspondence with previous landlord and with bank regarding release of bank guarantee  |
|   | Sale of business            | Discussions with management regarding draft sales flyer<br>Discussions with Receivers and Managers of Salt and Lime Funding Pty Ltd regarding proposed sale process  |
| <b>Creditors</b><br><b>76.3 hours</b><br><b>\$47,353.00</b> | Creditor Enquiries          | Dealing with creditor enquiries<br>Maintaining creditor enquiry files<br>Review and prepare correspondence to creditors and their representatives  |
|   | Secured creditors           | Notifying PPSA registered creditors of appointment   |
|   | Creditor reports            | Preparing initial notice to creditors<br>Preparing detailed report to creditors  |
|   | Dealing with proofs of debt | Receipting and filing POD when not related to a dividend   |
|   | Meeting of Creditors        | Preparation of meeting notices, proxies and advertisements<br>Forward notice of meeting to all known creditors<br>Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting                 |
|   |                             | Conducting first meeting of creditors<br>Preparation and lodgement of minutes of meetings with ASIC<br>Responding to stakeholder queries and questions immediately following meeting   |
| <b>Employees</b><br><b>28.7 hours</b><br><b>\$18,623.50</b> | Employees enquiries         | Receive and follow up employee enquiries<br>Maintain employee enquiry files<br>Review and prepare correspondence to employees and their representatives<br>Preparation of letters to employees regarding their entitlements<br>Receive and prepare correspondence in response to employee's objections to leave entitlements |
|   | FEG                         | Correspondence with FEG  |

- Table of major tasks for remuneration

| Task Area   | General description                        | Includes   |
|---|--|--|
| <b>Trade On</b><br><b>91.00 hours</b><br><b>\$65,491.00</b>       | Calculation of entitlements                | Calculating employee entitlements<br>Reviewing employee files and company's books and records<br>Reviewing awards and VISA arrangements  |
|   | Trade on Management                        | Liaising with suppliers<br>Liaising with management and staff<br>Attendance on site<br>Prepare cashflow and monitor cashflow and funding need<br>Preparing and authorising receipt vouchers<br>Preparing and authorising payment vouchers  |
|   | Processing receipts and payments           | Entering receipts and payments into accounting system  |
|   | Budgeting and financial reporting          | Reviewing company's budgets and financial statements<br>Preparing budgets<br>Meetings with Receivers to discuss trading position   |
| <b>Investigation</b><br><b>16.80 hours</b><br><b>\$9,667.00</b>   | Conducting investigation                   | Collection of company books and records<br>Reviewing company's books and records<br>Review and preparation of company nature and history<br>Conducting and summarising statutory searches<br>Preparation of comparative financial statements<br>Review of specific transactions and liaising with directors regarding certain transactions<br>Liaising with directors regarding certain transactions<br>Investigations to identify indicators of insolvency and possible claims for insolvent trading<br>Preparation of investigation file |
|   | Memorandum of Understanding                | Lengthy discussions and negotiations with Receivers and Managers of Salt and Lime Funding Pty Ltd regarding a Memorandum of Understanding regarding, amongst other things, use of company funds, security of employee entitlements, cash flow, investigations and other updates. Correspondence and discussions with legal advisors  |
| <b>Administration</b><br><b>66.50 hours</b><br><b>\$45,434.00</b> | Document maintenance/file review/checklist | Filing of documents<br>File reviews<br>Updating checklists   |
|   | Insurance                                  | Review and confirmation of adequacy of cover<br>Identification of potential issues requiring attention of insurance specialists<br>Correspondence with insurer regarding initial and ongoing insurance requirements<br>Reviewing insurance policies  |
|   | Bank account administration                | Preparing correspondence<br>Requesting bank statements<br>Bank account reconciliations<br>Correspondence with bank regarding specific transfers  |
|   | ASIC Forms and lodgements                  | Preparing and lodging ASIC forms   |
|   | ATO and other statutory reporting          | Notification of appointment  |
|   | Planning / Review                          | Discussions regarding status of administration   |
|   |  |  |

## Schedule B2

### Resolution 2

The below table provides a description of the work to be undertaken in each major task area for the period 9 July 2024 to 22 July 2024.

| Task Area   | General description               | Includes  |
|---|-----------------------------------|---|
| <b>Assets</b><br><b>2.00 hours</b><br><b>\$1,060.00</b>         | Plant and Equipment               | Correspondence with auctioneers   |
| <b>Creditors</b><br><b>70.00 hours</b><br><b>\$44,900.00</b>    | Creditor reports                  | Preparing detailed VA report<br>Preparing remuneration report   |
|   | Dealing with proofs of debt       | Receipting and filing POD when not related to a dividend  |
|   | Meeting of Creditors              | Preparation of meeting notices, proxies and advertisements<br>Forward notice of meeting to all known creditors<br>Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting<br>Conducting second meeting of creditors<br>Preparation and lodgement of minutes of meetings with ASIC<br>Responding to stakeholder queries and questions immediately following meeting |
|   |                                   |   |
| <b>Employees</b><br><b>17.00 hours</b><br><b>\$11,270.00</b>    | Employees enquiries               | Receive and follow up employee enquiries<br>Maintain employee enquiry files<br>Receive and prepare correspondence in response to employee's objections to leave entitlements  |
|   | Calculation of entitlements       | Calculating employee entitlements<br>Reviewing employee files and company's books and records<br>Reconciling superannuation accounts<br>Reviewing awards<br>Liaising with solicitors regarding entitlements   |
| <b>Trade On</b><br><b>12.00 hours</b><br><b>\$7,420.00</b>      | Trade on Management               | Liaising with suppliers<br>Liaising with management and staff<br>Attendance on site<br>Prepare cashflow and monitor cashflow and funding need<br>Preparing and authorising receipt vouchers<br>Preparing and authorising payment vouchers   |
|   | Processing receipts and payments  | Entering receipts and payments into accounting system   |
|   | Budgeting and financial reporting | Reviewing company's financial statements<br>Meetings with Receivers of Salt and Lime Funding Pty Ltd to discuss trading position  |
| <b>Investigation</b><br><b>28.00 hours</b><br><b>\$8,910.00</b> | Conducting investigation          | Review of specific transactions and liaising with directors regarding certain transactions<br>Liaising with directors regarding certain transactions<br>Preparation of investigation file   |
|   | ASIC reporting                    | Preparing statutory investigation reports   |
| <b>Administration</b>   | Correspondence                    | General correspondence with third parties   |

- Table of major tasks for remuneration

| Task Area         | General description                        | Includes   |
|-------------------|--|--|
| <b>7.00 hours</b> |  | First month administration review  |
| <b>\$3,180.00</b> |  | Filing of documents  |
|                   | Document maintenance/file review/checklist | File reviews   |
|                   |  | Updating checklists  |
|                   | Insurance                                  | Correspondence with insurer regarding initial and ongoing insurance requirements |
|                   | Bank account administration                | Managing Administrators' bank account  |
|                   | ASIC Forms and lodgements                  | Preparing and lodging ASIC forms   |
|                   | Planning / Review                          | Discussions regarding status of administration                                   |

## Schedule B3

### Resolution 3

The below table provides a description of the work to be undertaken in each major task area for the period 22 July 2024 to the completion of the liquidation.

| Task Area  | General description               | Includes   |
|--|-----------------------------------|--|
| <b>Assets</b><br><b>36.00 hours</b><br><b>\$23,425.00</b>        | Sale of IP assets                 | Liaising with Receivers of Salt and Lime Funding Pty Ltd regarding sale of loan book and connection to IP assets<br>Preparation of sale materials<br>Consideration of offers<br>All tasks associated with completing sale transaction  |
|  | Plant and Equipment               | Arranging collection and completion of sale of motor vehicle, office and IT equipment  |
| <b>Creditors</b><br><b>32.00 hours</b><br><b>\$18,520.00</b>     | Creditor Enquiries                | Deal with creditor enquiries<br>Maintaining creditor enquiry files<br>Review and prepare correspondence to creditors and their representatives via facsimile, email and post   |
|  | Creditor reports                  | Preparing further reports and updates to creditors   |
|  | Dealing with proofs of debt       | Receipting and filing POD when not related to a dividend<br>Corresponding with OSR and ATO regarding POD when not related to a dividend  |
| <b>Employees</b><br><b>27.00 hours</b><br><b>\$16,700.00</b>     | Employees enquiries               | Receive and follow up employee enquiries<br>Maintain employee enquiry files<br>Review and prepare correspondence to employees and their representatives via facsimile, email and post<br>Receive and prepare correspondence in response to employee's objections to leave entitlements   |
|  | Employee dividend                 | Correspondence with employees regarding dividend<br>Preparing distribution<br>Receipting POD<br>Adjudicating POD<br>Ensuring PAYG is remitted to ATO   |
| <b>Trade On</b><br><b>36.00 hours</b><br><b>\$22,925.00</b>      | Trade on Management               | All tasks related to the operational and financial transition and wind down of the business  |
|  | Processing receipts and payments  | Entering receipts and payments into accounting system  |
|  | Budgeting and financial reporting | Reviewing company's financial statements<br>Discussions and updates with Receivers of Salt and Lime Funding Pty Ltd  |
| <b>Investigation</b><br><b>83.00 hours</b><br><b>\$47,675.00</b> | Conducting investigation          | Reviewing company's books and records<br>Review of specific transactions and liaising with directors regarding certain transactions<br>Liaising with directors regarding certain transactions<br>Investigations to identify indicators of insolvency and possible claims for insolvent trading<br>Progress investigation file<br>Preparation and lodgement of supplementary report if required |
|  | Examinations (if required)        | Preparing brief to solicitor<br>Liaising with solicitor(s) regarding examinations<br>Attendance at examination<br>Reviewing examination transcripts  |

| Task Area   | General description                        | Includes  |
|---|--|---|
|   |  | Liaising with solicitor(s) regarding outcome of examinations and further actions available  |
|   | Litigation / Recoveries (if applicable)    | Preparing brief to solicitors<br>Liaising with solicitors regarding recovery actions<br>Attending to negotiations<br>Attending to settlement matters  |
|   | ASIC reporting                             | Preparing statutory investigation reports<br>Liaising with ASIC   |
|   | Processing proofs of debt                  | Preparation of correspondence to potential creditors inviting lodgement of POD<br>Receipt of POD<br>Maintain POD register<br>Adjudicating POD<br>Request further information from claimants regarding POD<br>Preparation of correspondence to claimant advising outcome of adjudication   |
|   | Dividend procedures                        | Preparation of correspondence to creditors advising of intention to declare dividend<br>Advertisement of intention to declare dividend<br>Obtain clearance from ATO to allow distribution of company's assets<br>Preparation of dividend calculation<br>Preparation of correspondence to creditors announcing declaration of dividend<br>Advertise announcement of dividend<br>Preparation of distribution<br>Preparation of dividend file<br>Preparation of payment vouchers to pay dividend<br>Preparation of correspondence to creditors enclosing payment of dividend |
| <b>Dividend</b><br><b>20.00 hours</b><br><b>\$10,970.00</b>       |  |   |
|   | Correspondence                             | General correspondence with third parties   |
|   | Document maintenance/file review/checklist | First month, then six monthly administration review<br>Filing of documents<br>File reviews<br>Updating checklists   |
|   | Insurance                                  | Review and confirmation of adequacy of cover<br>Identification of potential issues requiring attention of insurance specialists<br>Correspondence with insurer regarding initial and ongoing insurance requirements<br>Reviewing insurance policies   |
|   | Bank account administration                | Preparing correspondence opening and closing accounts<br>Requesting bank statements<br>Bank account reconciliations<br>Correspondence with bank regarding specific transfers  |
|   | ASIC Forms and lodgements                  | Preparing and lodging ASIC forms<br>Correspondence with ASIC regarding statutory forms  |
|   | ATO and other statutory reporting          | Notification of appointment<br>Preparing BAS<br>Completing group certificates   |
|   |  |   |
| <b>Administration</b><br><b>39.00 hours</b><br><b>\$16,330.00</b> |  |   |
|   |  |   |
|   |  |   |
|   |  |   |
|   |  |   |

- Table of major tasks for remuneration

| Task Area | General description         | Includes   |
|-----------|-----------------------------|--|
|           | Finalisation                | Notifying ATO of finalisation<br>Cancelling ABN / GST / PAYG registration<br>Completing checklists<br>Finalising WIP |
|           | Planning / Review           | Discussions regarding status of administration   |
|           | Books and records / storage | Dealing with records in storage<br>Sending job files to storage  |



[www.pwc.com.au](http://www.pwc.com.au)

# **Salt and Lime Funding Pty Ltd (Receivers and Managers Appointed)(Administrators Appointed)**

## **ACN 619 815 833**

**Remuneration Approval Report**

12 July 2024

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.

Information about the meeting of creditors is provided at part 8 of this report.

# Contents

|     |   |    |
|-----|---|----|
| 1   | Declaration   | 3  |
| 2   | Executive Summary                                   | 3  |
| 3   | Remuneration  | 3  |
| 3.1 | Remuneration  | 3  |
| 3.2 | Details of remuneration                             | 4  |
| 3.3 | Total remuneration reconciliation                   | 4  |
| 3.4 | Likely impact on dividends                          | 4  |
| 3.5 | Remuneration recovered from external sources        | 5  |
| 4   | Disbursements                                       | 5  |
| 5   | Summary of receipts and payments                    | 5  |
| 6   | Queries   | 5  |
|     | Appendix A - Calculations of remuneration schedules | 9  |
|     | Appendix B - Table of major tasks for remuneration  | 11 |

# 1 Declaration

Daniel Walley, Adam Colley and Andrew Scott of PricewaterhouseCoopers have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Administrators of Salt and Lime Funding Pty Ltd (the Company) 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) |
|---|------------------|-----------------|
| <b>Current remuneration approval sought:</b>                    |                  |                 |
| <b>Voluntary Administration</b>                                 |                  |                 |
| Resolution 1: 17 June 2024 to 9 July 2024                       |                  | \$23,247.50     |
| Resolution 2: 10 July 2024 to the meeting on 22 July 2024       |                  | \$10,220.00     |
| <b>Liquidation</b>  |                  |                 |
| Resolution 3: 22 July 2024 to the conclusion of the liquidation |                  | \$25,000.00     |

\*Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the administration. 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.

The total remuneration for the administration is estimated at \$33,467.50. This estimate is prepared on the assumption there is no extension of the convening period nor adjournment of the meeting of creditors.

This differs to the estimate of costs provided in the Initial Advice to Creditors dated 19 June 2024 for the following reasons:

- The Company's financial information on its accounting platform, Xero, was not maintained to the anticipated level. This meant that additional time and effort was required to perform an appropriate and adequate analysis of the Company's historical financial performance and position and provide appropriate disclosures.

No internal disbursements are being claimed and none were previously approved.

## 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 Administrators is approved for the period 17 June 2024 to 9 July 2024 of \$23,247.50 plus GST as set out in the Remuneration Approval Report dated 12 July 2024 to be drawn from available funds immediately or as funds become available.*

## **Resolution 2**

*That the remuneration of the Administrators is approved for the period 10 July 2024 to the meeting on 22 July 2024 of \$10,220.00 plus GST, as set out in the Remuneration Approval Report dated 12 July 2024 to be drawn from available funds immediately or as funds become available.*

## **Resolution 3**

*That the remuneration of the Liquidators is approved for the period 22 July 2024 to the conclusion of the liquidation up to a maximum of \$25,000.00 plus GST, as set out in the Remuneration Approval Report dated 12 July 2024 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 are summarised in Schedules A1 to A3 of **Appendix A** of the remuneration approval report.

The details of the major tasks performed and the costs associated with each of those major tasks are contained in Schedules B1 to B3 of **Appendix B** of the remuneration approval report.

### **3.3 Total remuneration reconciliation**

This estimate differs to the estimate of costs provided in the Initial Remuneration Notice dated 19 June 2024, which estimated a cost of the administration of \$10,000 - \$20,000 (excluding GST), for the following reasons:

- The Company's financial information on its accounting platform, Xero, was not maintained to the anticipated level. This meant that additional time and effort was required to perform an appropriate and adequate analysis of the Company's historical financial performance and position and provide appropriate disclosures.

We have provided an explanation of tasks remaining to complete, including our estimated costs to complete those tasks to support our current remuneration approval request in Appendix B.

In preparing this remuneration approval report, we have made our best estimate at what we believe the liquidation will cost to complete and we do not anticipate that we will have to ask creditors to approve any further remuneration. However, should the liquidation not proceed as expected, we will advise creditors and we may seek approval of further remuneration and provide details on why the remuneration has changed. Matters that may affect the progress and the cost of the liquidation include:

- The progress and direction of our investigations into the affairs of the Company prior to our appointment.

### **3.4 Likely impact on dividends**

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

Due to the commercial sensitivities regarding future realisations, we are unable to provide an estimate of a dividend to creditors or whether there will be sufficient funds to pay a dividend in the liquidation. However, this is subject to a range of variables, particularly the future realisations and creditor claims.

### 3.5 Remuneration recovered from external sources

To date, we have not agreed on any funding from external sources for our remuneration. However, the Joint and Several Administrators are negotiating with the Receivers and Managers of Salt and Lime Funding Pty Ltd for future funding. If agreed, the funding will cover our professional costs and disbursements to the extent the cash available is insufficient. The funding cannot be applied towards our remuneration without our remuneration being approved in the usual manner under the Corporations Act.

## 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. We have not made any disbursements claims in the administration.

No disbursements have been paid by the administration to our firm to date. Where amounts will be paid to our firm for externally provided services and costs, that is in reimbursement of a cost previously paid by our firm either due to a lack of funds in the Administration at the time the payment was due or the direct invoicing of our firm by the supplier.

We will not be seeking creditor approval for any internal disbursement claims.

## 5 Summary of receipts and payments

The summary of receipts and payments for the period from 17 June 2024 to 9 July 2024 is contained in **Section 5.2** of the report to creditors of the Company dated 12 July 2024.

## 6 Queries

Please contact Ben Sullivan on (02) 8266 0275 or by email [ben.sullivan@au.pwc.com](mailto:ben.sullivan@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](http://www.arita.com.au/creditors)
- ASIC at <http://asic.gov.au/regulatory-resources/insolvency/insolvency-information-sheets/>

DATED this 12th day of July 2024.

A handwritten signature in black ink, appearing to read 'Daniel Walley', with a stylized, flowing script.

Daniel Walley  
Administrator



# Appendices

|            |  |    |
|------------|--|----|
| Appendix A | Calculations of remuneration schedules | 8  |
| Appendix B | Table of major tasks for remuneration  | 10 |

# Appendix A - Calculations of remuneration schedules

## Schedule A1 - Resolution 1: Administrators' remuneration

| Schedule A7 – Resolution 1: Administrators' Remuneration |                   |                      |             |             |                    |             |                   |             |                         |             |                         |             |
|--|-------------------|----------------------|-------------|-------------|--------------------|-------------|-------------------|-------------|-------------------------|-------------|-------------------------|-------------|
| Staff  | Position          | \$/hours<br>(ex GST) | Total hours | Amount (\$) | Creditors<br>Hours | Amount (\$) | Trade On<br>Hours | Amount (\$) | Investigations<br>Hours | Amount (\$) | Administration<br>Hours | Amount (\$) |
| Administration Team                                      |                   |                      |             |             |                    |             |                   |             |                         |             |                         |             |
| Andy Scott   | Partner           | 850                  | 0.70        | 595.00      | -                  | -           | 0.7               | 595.00      | -                       | -           | -                       | -           |
| Vanessa Rudder   | Director          | 765                  | 2.50        | 1,912.50    | 1.6                | 1,224.00    | -                 | -           | -                       | -           | 0.9                     | 688.50      |
| Alvin Yu   | Manager           | 635                  | 11.30       | 7,175.50    | 1.0                | 635.00      | -                 | -           | 1.3                     | 825.50      | 9.0                     | 5,715.00    |
| Ben Sullivan   | Senior Consultant | 535                  | 18.50       | 9,897.50    | 3.0                | 1,605.00    | 3.4               | 1,819.00    | 2.9                     | 1,551.50    | 9.2                     | 4,922.00    |
| Kyle Nacua   | Consultant        | 430                  | 3.70        | 1,591.00    | 1.1                | 473.00      | -                 | -           | -                       | -           | 2.6                     | 1,118.00    |
| Subtotal   |                   |                      | 36.70       | 21,171.50   | 6.70               | 3,937.00    | 4.10              | 2,414.00    | 4.20                    | 2,377.00    | 21.70                   | 12,443.50   |
| Support  |                   |                      |             |             |                    |             |                   |             |                         |             |                         |             |
|  | Administration    | 230                  | 3.70        | 851.00      | 3.7                | 851.00      | -                 | -           | -                       | -           | -                       | -           |
|  | Offshore Support  | 350                  | 3.50        | 1,225.00    | -                  | -           | -                 | -           | -                       | -           | 3.5                     | 1,225.00    |
| Subtotal   |                   |                      | 7.20        | 2,076.00    | 3.70               | 851.00      | -                 | -           | -                       | -           | 3.50                    | 1,225.00    |
| Total time costs (ex GST)                                |                   |                      | 43.90       | 23,247.50   | 10.40              | 4,788.00    | 4.10              | 2,414.00    | 4.20                    | 2,377.00    | 25.20                   | 13,668.50   |
| GST  |                   |                      |             | 2,324.75    |                    |             |                   |             |                         |             |                         |             |
| Total time costs (inc GST)                               |                   |                      |             | 25,572.25   |                    |             |                   |             |                         |             |                         |             |
| Average Rate (ex GST)                                    |                   |                      |             | 529.56      |                    |             |                   |             |                         |             |                         |             |

## Schedule A2 - Resolution 2: Administrators' remuneration

|                            |                   | \$/hours |             |             | Creditors |             | Trade On |             | Investigations |             | Administration |             |
|----------------------------|-------------------|----------|-------------|-------------|-----------|-------------|----------|-------------|----------------|-------------|----------------|-------------|
| Staff                      | Position          | (ex GST) | Total hours | Amount (\$) | Hours     | Amount (\$) | Hours    | Amount (\$) | Hours          | Amount (\$) | Hours          | Amount (\$) |
| Administration Team        |                   |          |             |             |           |             |          |             |                |             |                |             |
| Daniel Walley              | Partner           | 850      | 1.00        | 850.00      | 0.5       | 425.00      | -        | -           | 0.5            | 425.00      | -              |             |
| Vanessa Rudder             | Director          | 765      | 2.00        | 1,530.00    | 1.0       | 765.00      | -        | -           | 1.0            | 765.00      | -              |             |
| Alvin Yu                   | Manager           | 635      | 2.50        | 1,587.50    | 2.0       | 1,270.00    | -        | -           | -              | -           | 0.5            | 317.50      |
| Ben Sullivan               | Senior Consultant | 535      | 5.50        | 2,942.50    | 2.0       | 1,070.00    | 1.0      | 535.00      | 2.0            | -           | 0.5            | 267.50      |
| Kyle Nacua                 | Consultant        | 430      | 5.00        | 2,150.00    | 2.0       | 860.00      | 1.0      | 430.00      | 1.0            | 430.00      | 1.0            | 430.00      |
|                            | Administration    | 230      | 2.00        | 460.00      | -         | -           | -        | -           | -              | -           | 2.0            |             |
|                            | Offshore Support  | 350      | 2.00        | 700.00      |           | -           |          | -           | 2.0            | 700.00      | -              | -           |
| Total time costs (ex GST)  |                   |          | 20.00       | 10,220.00   | 7.50      | 4,390.00    | 2.00     | 965.00      | 6.50           | 2,320.00    | 4.00           | 1,015.00    |
| GST                        |                   |          |             | 1,022.00    |           |             |          |             |                |             |                |             |
| Total time costs (inc GST) |                   |          |             | 11,242.00   |           |             |          |             |                |             |                |             |
| Average Rate (ex GST)      |                   |          |             | 511.00      |           |             |          |             |                |             |                |             |

- Calculations of remuneration schedules

**Schedule A3 - Resolution 3: Liquidators' remuneration**

| Staff                      | Position          | \$/hours<br>(ex GST) | Total hours | Amount (\$) | Creditors<br>Hours | Amount (\$) | Trade on<br>Hours | Amount (\$) | Investigations<br>Hours | Amount (\$) | Administration<br>Hours | Amount (\$) |
|----------------------------|-------------------|----------------------|-------------|-------------|--------------------|-------------|-------------------|-------------|-------------------------|-------------|-------------------------|-------------|
| Administration Team        |                   |                      |             |             |                    |             |                   |             |                         |             |                         |             |
| Daniel Walley              | Partner           | 850                  | 1.50        | 1,275.00    | 0.5                | 425.00      | -                 | -           | 1.0                     | 850.00      | -                       | -           |
| Vanessa Rudder             | Director          | 765                  | 6.50        | 4,972.50    | 0.5                | 382.50      | -                 | -           | 5.0                     | 3,825.00    | 1.0                     | 765.00      |
| Alvin Yu                   | Manager           | 635                  | 8.00        | 5,080.00    | 1.0                | 635.00      | 1.0               | 635.00      | 5.0                     | 3,175.00    | 1.0                     | 635.00      |
| Ben Sullivan               | Senior Consultant | 535                  | 12.00       | 6,420.00    | 2.0                | 1,070.00    | 1.0               | 535.00      | 8.0                     | 4,280.00    | 1.0                     | 535.00      |
| Kyle Nacua                 | Consultant        | 430                  | 15.00       | 6,450.00    | 4.0                | 1,720.00    | -                 | -           | 8.0                     | 3,440.00    | 3.0                     | 1,290.00    |
| Subtotal                   |                   |                      | 43.00       | 24,197.50   | 8.00               | 4,232.50    | 2.00              | 1,170.00    | 27.00                   | 15,570.00   | 6.00                    | 3,225.00    |
| Support                    |                   |                      |             |             |                    |             |                   |             |                         |             |                         |             |
|                            | Administration    | 230                  | 5.00        | 1,150.00    | -                  | -           | -                 | -           | -                       | -           | 5.0                     | 1,150.00    |
|                            | Offshore Support  | 350                  | 3.00        | 1,050.00    | -                  | -           | 1.0               | 350.00      | 2.0                     | 700.00      | -                       | -           |
| Subtotal                   |                   |                      | 5.00        | 1,150.00    | -                  | -           | 1.00              | 350.00      | 2.00                    | 700.00      | 5.00                    | 1,150.00    |
| Total time costs (ex GST)  |                   |                      | 48.00       | 25,347.50   | 8.00               | 4,232.50    | 3.00              | 1,520.00    | 29.00                   | 16,270.00   | 11.00                   | 4,375.00    |
|                            |                   |                      | but say     | 25,000.00   |                    |             |                   |             |                         |             |                         |             |
| GST                        |                   |                      |             | 2,500.00    |                    |             |                   |             |                         |             |                         |             |
| Total time costs (inc GST) |                   |                      |             | 27,500.00   |                    |             |                   |             |                         |             |                         |             |
| Average Rate (ex GST)      |                   |                      |             | 528.07      |                    |             |                   |             |                         |             |                         |             |

# Appendix B - Table of major tasks for remuneration

## Schedule B1

### Resolution 1

The below table provides a description of the work undertaken in each major task area for the period 19 June 2024 to 9 July 2024

| Task Area   | General description                        | Includes   |
|---|--|--|
| <b>Creditors</b><br><b>10.4 hours</b><br><b>\$4,788.00</b>        | Creditor Enquiries                         | Deal with creditor enquiries<br>Maintaining creditor enquiry files<br>Review and prepare correspondence to creditors and their representatives   |
|   | Secured creditors                          | Notifying PPSA registered creditors of appointment   |
|   | Creditor reports                           | Preparing initial notice to creditors<br>Preparing detailed report to creditors  |
|   | Dealing with proofs of debt                | Receipting and filing POD when not related to a dividend   |
|   | Meeting of Creditors                       | Preparation of meeting notices, proxies and advertisements<br>Forward notice of meeting to all known creditors<br>Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting<br>Conducting first meeting of creditors<br>Preparation and lodgement of minutes of meetings with ASIC<br>Responding to stakeholder queries and questions immediately following meeting                                       |
| <b>Trade On</b><br><b>4.1 hours</b><br><b>\$2,414.00</b>          | Trade on Management                        | Liaising with IT and service suppliers   |
|   | Budgeting and financial reporting          | Reviewing company's budgets and financial statements<br>Meetings with Receivers of Salt and Lime Funding to discuss trading position   |
| <b>Investigation</b><br><b>4.2 hours</b><br><b>\$2,377.00</b>     | Conducting investigation                   | Collection of company books and records<br>Reviewing company's books and records<br>Review and preparation of company nature and history<br>Conducting and summarising statutory searches<br>Preparation of comparative financial statements<br>Review of specific transactions and liaising with directors regarding certain transactions<br>Liaising with directors regarding certain transactions<br>Investigations to identify indicators of insolvency and possible claims for insolvent trading<br>Preparation of investigation file |
| <b>Administration</b><br><b>25.20 hours</b><br><b>\$13,668.50</b> | Correspondence                             | General correspondence with external parties   |
|   | Document maintenance/file review/checklist | Filing of documents<br>File reviews<br>Updating checklists   |

- Table of major tasks for remuneration

| Task Area | General description               | Includes  |
|-----------|-----------------------------------|---|
|           | Insurance                         | Identification of potential issues requiring attention of insurance specialists |
|           | Bank account administration       | Preparing correspondence<br>Requesting bank statements                          |
|           | ASIC Forms and lodgements         | Preparing and lodging ASIC forms  |
|           | ATO and other statutory reporting | Notification of appointment   |
|           | Planning / Review                 | Discussions regarding status of administration                                  |

## Schedule B2

### Resolution 2

The below table provides a description of the work to be undertaken in each major task area for the period 9 July 2024 to 22 July 2024.

| Task Area  | General description                        | Includes   |
|--|--|--|
| <b>Creditors</b><br><b>7.5 hours</b><br><b>\$4,390.00</b>      | Creditor reports                           | Preparing detailed VA report   |
|  | Dealing with proofs of debt                | Receipting and filing POD when not related to a dividend   |
|  | Meeting of Creditors                       | Preparation of meeting notices, proxies and advertisements   |
|  |  | Forward notice of meeting to all known creditors   |
|  |  | Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting |
|  |  | Conducting second meeting of creditors   |
| <b>Trade On</b><br><b>2.0 hours</b><br><b>\$965.00</b>         | Budgeting and financial reporting          | Preparation and lodgement of minutes of meetings with ASIC   |
|  |  | Responding to stakeholder queries and questions immediately following meeting  |
| <b>Investigation</b><br><b>6.5 hours</b><br><b>\$2,320.00</b>  | Conducting investigation                   | Meetings with Receivers to discuss trading position and strategy   |
|  | ASIC reporting                             | Review of specific transactions and liaising with directors regarding certain transactions   |
| <b>Administration</b><br><b>4.0 hours</b><br><b>\$1,015.00</b> | Correspondence                             | Liaising with directors regarding certain transactions   |
|  | Document maintenance/file review/checklist | Preparation of investigation file  |
|  |  | Preparing statutory investigation reports  |
|  |  | General correspondence with third parties  |
|  | Insurance                                  | First month administration review  |
|  |  | Filing of documents  |
|  | Bank account administration                | File reviews   |
|  | ASIC Forms and lodgements                  | Updating checklists  |
|  | Planning / Review                          | Correspondence with insurer regarding initial and ongoing insurance requirements   |
|  |  | Managing Administrators' bank account  |
|  |  | Preparing and lodging ASIC forms   |
|  |  | Discussions regarding status of administration   |

## Schedule B3

### Resolution 3

The below table provides a description of the work to be undertaken in each major task area for the period 22 July 2024 to the completion of the liquidation.

| Task Area   | General description                        | Includes   |
|---|--|--|
| <b>Creditors</b><br><b>8.0 hours</b><br><b>4,232.50</b>         | Creditor Enquiries                         | Deal with creditor enquiries<br>Maintaining creditor enquiry files<br>Review and prepare correspondence to creditors and their representatives via facsimile, email and post   |
|   | Creditor reports                           | Preparing further reports and updates to creditors   |
|   | Dealing with proofs of debt                | Receipting and filing POD when not related to a dividend<br>Corresponding with OSR and ATO regarding POD when not related to a dividend  |
| <b>Trade On</b><br><b>3.0 hours</b><br><b>\$1,520.00</b>        | Trade on Management                        | All tasks related to the operational and financial transition and wind down of the business and loan book  |
|   | Budgeting and financial reporting          | Discussions and updates with Receivers of Salt and Lime Funding Pty Ltd  |
| <b>Investigation</b><br><b>29.0 hours</b><br><b>\$16,270.00</b> | Conducting investigation                   | Reviewing company's books and records<br>Review of specific transactions and liaising with directors regarding certain transactions<br>Liaising with directors regarding certain transactions<br>Investigations to identify indicators of insolvency and possible claims for insolvent trading<br>Progress investigation file<br>Preparation and lodgement of supplementary report if required |
|   | Examinations (if required)                 | Preparing brief to solicitor<br>Liaising with solicitor(s) regarding examinations<br>Attendance at examination<br>Reviewing examination transcripts<br>Liaising with solicitor(s) regarding outcome of examinations and further actions available  |
|   | Litigation / Recoveries (if applicable)    | Preparing brief to solicitors<br>Liaising with solicitors regarding recovery actions<br>Attending to negotiations<br>Attending to settlement matters   |
|   | ASIC reporting                             | Preparing statutory investigation reports<br>Liaising with ASIC  |
|   | Correspondence                             | General correspondence with third parties  |
| <b>Administration</b><br><b>11.0 hours</b><br><b>\$4,375.00</b> | Document maintenance/file review/checklist | First month, then six monthly administration review<br>Filing of documents<br>File reviews<br>Updating checklists  |
|   | Insurance                                  | Review and confirmation of adequacy of cover<br>Identification of potential issues requiring attention of insurance specialists<br>Correspondence with insurer regarding initial and ongoing insurance requirements<br>Reviewing insurance policies  |

- Table of major tasks for remuneration

| Task Area | General description               | Includes   |
|-----------|-----------------------------------|--|
|           | Bank account administration       | Preparing correspondence opening and closing accounts<br>Requesting bank statements<br>Bank account reconciliations<br>Correspondence with bank regarding specific transfers |
|           | ASIC Forms and lodgements         | Preparing and lodging ASIC forms<br>Correspondence with ASIC regarding statutory forms   |
|           | ATO and other statutory reporting | Notification of appointment<br>Preparing BAS   |
|           | Finalisation                      | Notifying ATO of finalisation<br>Cancelling ABN / GST / PAYG registration<br>Completing checklists<br>Finalising WIP   |
|           | Planning / Review                 | Discussions regarding status of administration   |
|           | Books and records / storage       | Dealing with records in storage<br>Sending job files to storage  |



[www.pwc.com.au](http://www.pwc.com.au)

# Appendix E – ASIC/ARITA Information sheets

# Insolvency information for directors, employees, creditors and shareholders

This is **Information Sheet 39 (INFO 39)**. It lists ASIC's information sheets for directors, employees, creditors and shareholders affected by a company's insolvency.

We have produced these with endorsement from the Australian Restructuring Insolvency & Turnaround Association (ARITA).

The information sheets give a basic understanding of the three most common company insolvency procedures – liquidation, voluntary administration and receivership – as well as the independence requirements for external administrators and approving external administrator remuneration. There is also a glossary of commonly used insolvency terms.

## List of information sheets

- [INFO 41](#) *Insolvency: A glossary of terms*
- [INFO 42](#) *Insolvency: A guide for directors*
- [INFO 43](#) *Insolvency: A guide for shareholders*
- [INFO 45](#) *Liquidation: A guide for creditors*
- [INFO 46](#) *Liquidation: A guide for employees*
- [INFO 54](#) *Receivership: A guide for creditors*
- [INFO 55](#) *Receivership: A guide for employees*
- [INFO 74](#) *Voluntary administration: A guide for creditors*
- [INFO 75](#) *Voluntary administration: A guide for employees*
- [INFO 84](#) *Independence of external administrators: A guide for creditors*
- [INFO 85](#) *Approving fees: A guide for creditors*

## Where can I get more information?

Further information is available from the [ARITA website](#). The ARITA website also contains the [ARITA Code of Professional Practice for Insolvency Practitioners](#).

## Important notice

Please note that this information sheet is a summary giving you basic information about a particular topic. It does not cover the whole of the relevant law regarding that topic, and it is not a substitute for professional advice. We encourage you to seek your own professional advice to find out how the applicable laws apply to you, as it is your responsibility to determine your obligations.

You should also note that because this information sheet avoids legal language wherever possible, it might include some generalisations about the application of the law. Some provisions of the law referred to have exceptions or important qualifications. In most cases, your particular circumstances must be taken into account when determining how the law applies to you.

Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

This information sheet was updated on 1 September 2017.

Last updated: 06/03/2024 10:14

# Voluntary Administration

## Creditor Information Sheet

### Offences, Recoverable Transactions and Insolvent Trading



#### Offences

**A summary of offences under the Corporations Act that may be identified by the administrator:**

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

#### Recoverable Transactions

##### **Preferences**

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

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

##### **Creditor-defeating disposition**

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

### **Uncommercial Transaction**

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

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

### **Unfair Loan**

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

### **Arrangements to avoid employee entitlements**

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

### **Unreasonable payments to directors**

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

### **Voidable charges**

Certain charges over company property are voidable by a liquidator:

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

## **Insolvent trading**

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

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

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

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

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

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

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

**Queries about the voluntary administration should be directed to the administrator's office.**

# Appendix F – Shareholder listing

© 2024 PricewaterhouseCoopers. All rights reserved.

PwC refers to the Australia member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

Liability limited by a scheme approved under Professional Standards Legislation.

PWC200927762



**Salt & Lime Pty Ltd**  
**(Administrators appointed)**  
**ACN 642 142 970 (the Company)**

**Appendix F – List of shareholders**

| Shareholder                                    | Type of shareholding | No. of shares held |
|--|----------------------|--------------------|
| ALTRIDGE PTY LTD                               | Ordinary             | 50,000             |
| KILN FAMILY PTY LTD                            | Ordinary             | 50,000             |
| JETTGUSBUDDY PTY. LTD.                         | Ordinary             | 14,771             |
| SUMMER AND PARKER INVESTMENTS PTY LTD          | Ordinary             | 4,773              |
| DANIEL STEEN                                   | Ordinary             | 1,136              |
| DIBBS CO NO 146 PTY LTD                        | Ordinary             | 1,140              |
| MALLARME PTY LIMITED                           | Ordinary             | 570                |
| JOHN JAMES BARROW                              | Ordinary             | 568                |
| CONRAD FULLER                                  | Ordinary             | 182                |
| MATTHEW KILN                                   | Ordinary             | 1,136              |
| MARK SHERWOOD                                  | Ordinary             | 1,818              |
| ANDREW LACK                                    | Ordinary             | 570                |
| PLASPAC PTY LTD                                | Ordinary             | 568                |
| GUNNIT INVESTMENTS PTY LTD                     | Ordinary             | 1,420              |
| DGJE PTY LTD                                   | Ordinary             | 2,387              |
| GALT INVESTMENT (INTL) PTY LTD                 | Ordinary             | 2,130              |
| BERNARD JAMES BALLANTYNE                       | Ordinary             | 2,046              |
| MARK LESLIE LANE<br>KATY SYLVIA LANE           | Ordinary             | 739                |
| JOHN JAMES BARROW<br>ELIZABETH WILLIAMS-BARROW | Ordinary             | 739                |
| BIGMO'S SUPER NO1 PTY LTD                      | Ordinary             | 341                |
| MARK OWEN HALLYER                              | Ordinary             | 341                |
| RAPAKI PTY LTD                                 | Ordinary             | 683                |
| ARCTURUS RETIREMENT PTY LTD                    | Ordinary             | 342                |
| SAMUEL THOMAS COCHRANE                         | Ordinary             | 69                 |
| CHRISTOPHER GRUNDY                             | Ordinary             | 1,136              |
| TERRENCE MICHAEL COYNE<br>ANNE PATRICIA COYNE  | Ordinary             | 1,024              |
| VENTURECROWD NOMINEES PTY LTD                  | Ordinary             | 598                |