

Vince  
& Associates



business restructuring & insolvency

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24 May 2010

**TO THE CREDITOR AS ADDRESSED**

Dear Sir/Madam

**RE: VENTUREAXESS GROUP LIMITED  
(ADMINISTRATORS APPOINTED)  
ACN 087 426 953**

As you are aware, Kylie Maree Wright and I were appointed joint and several Administrators of the above company on 28 April 2010 pursuant to Section 436A of the Corporations Act, 2001 ("the Act").

At a first meeting of creditors held on 10 May 2010, the appointment of Kylie Wright and myself as Administrators was ratified by creditors. Pursuant to Section 439A of the Act, I am obliged to convene a second meeting of creditors within 36 days of the date of my appointment, and to hold such meeting within five (5) days after the end of the convening period.

Accordingly, the second meeting of creditors of the company has been convened for 2 June 2010 at 10:00 am at the offices of Vince and Associates, 51 Robinson Street, Dandenong, Victoria.

The purpose of this meeting is to report on the company's financial position and for the Administrator to set out an opinion as required by Section 439A(4) of the Act. At the meeting creditors will decide whether:

- a) the company should execute a Deed of Company Arrangement;
- b) the administration of the company should end;
- c) the company should be wound up; or
- d) to adjourn the meeting.

I enclose the following information for your attention:

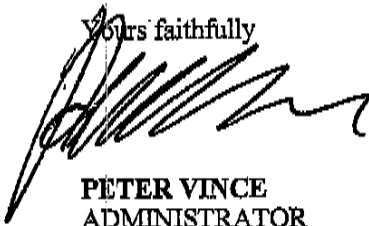
- 1. Notice of Meeting;
- 2. Administrators' Report;
- 3. Formal Proof of Debt form;
- 4. Proxy Form for voting purposes at the meeting;
- 5. List of creditors;
- 6. Remuneration Reports; and
- 7. General information for creditors of a company under Administration published by the IPAA and ASIC.

Creditors who have previously submitted proofs of debt do not need to submit this form again.

Please note that proof of debt and proxy forms should be lodged at my office by 4.00pm on the day prior to the meeting.

Should you have any queries regarding the above matter, please contact Ms Danielle Roche of my office on (03) 9793 5588.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Vince', written over the typed name.

**PETER VINCE**  
ADMINISTRATOR

Encl

## FORM 529

Sub-regulation 5.6.12(2)

Corporations Act 2001

## NOTICE OF MEETING OF CREDITORS

**VENTUREAXESS GROUP LIMITED  
(ADMINISTRATORS APPOINTED)  
ACN 087 426 953**

Notice is given that a meeting of the creditors of the company will be held at the offices of Vince & Associates, 51 Robinson Street, Dandenong, Victoria on 2 June 2010 at 10:00 am.

**AGENDA**

1. To consider the report by the Administrators.
2. Creditors to consider the options available and to resolve either that:
  - a. The company should execute a Deed of Company Arrangement;
  - b. The administration should end;
  - c. The company be wound up; or
  - d. The meeting be adjourned.
3. To consider the following resolution in relation to the remuneration of the Administrators:

*"That the remuneration of the Administrators and their staff be approved for the period of 28 April 2010 to 2 June 2010 in the amount of \$12,500 (plus GST), calculated at the rates set out in the Vince & Associates schedule of hourly rates."*
4. To consider the following resolution in relation to the remuneration of the Deed Administrators:

*"That the remuneration of the Deed Administrators and their staff be fixed to a limit of \$7,500 (plus GST) and that the Deed Administrators be authorised to make periodic payments on account of such accruing remuneration."*
5. To consider the following resolution in relation to the remuneration of the Liquidators:

*"That the remuneration of the Liquidators and their staff be fixed to a limit of \$10,000 (plus GST) and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration."*
6. If the company is wound up, to consider the appointment of a Committee of Inspection
7. To consider the destruction of the books and records of the company.
8. Any other business that may be lawfully brought forward.

DATED this 24<sup>th</sup> day of May 2010



**PETER VINCE  
ADMINISTRATOR**

Vince & Associates  
51 Robinson Street  
DANDENONG VIC 3175

**Note:**

To enable creditors to vote at the meeting, proof of debt and proxy forms should be forwarded the office of Vince & Associates by 4:00pm on the day prior to the meeting.

Proof of debt and proxy forms are enclosed.

V:\Clients\VentureAxess\VA Report\notice of 2nd meeting.doc

**CORPORATIONS ACT 2001****REPORT BY ADMINISTRATORS****Sections 439A(4) (a) and (b)****VENTUREAXESS GROUP LIMITED  
(ADMINISTRATORS APPOINTED)  
ACN 087 426 953**

I refer to my circular to creditors dated 29 April 2010 advising of the appointment of Kylie Maree Wright and myself as joint and several Administrators of the company on 28 April 2010 pursuant to Section 436A of the Corporations Act 2001 ("the Act").

I hereby provide my report to creditors and opinion as required by Section 439A of the Act and Regulation 5.3A.02 of the Corporations Regulations.

This report takes the following format:

1. Investigation of the Company's Affairs
  - 1.1 Statutory Information
  - 1.2 Background Information
  - 1.3 Credit Elect Pty Ltd
2. Books and Records
3. Financial Position of the Company
  - 3.1 Investigations
4. Causes of financial difficulty
5. Historical Financial Performance
6. Deed of Company Arrangement
7. Liquidator's Recoveries
  - 7.1 Voidable Transactions
  - 7.2 Uncommercial Transactions
  - 7.3 Unfair Loans
  - 7.4 Insolvent Trading
8. Options Available and Administrator's Recommendation
  - 8.1 Deed of Company Arrangement
  - 8.2 Administration Ends
  - 8.3 Liquidation of the Company
9. Estimated Return to Creditors
10. Administrators'/Deed Administrators'/Liquidators' Remuneration
11. Meeting of Creditors

## 1. Investigation of the Company's Affairs

### 1.1 Statutory Information

According to a search of the database of the Australian Securities and Investment Commission, at the date of my appointment, the officers and shareholders of the company were recorded as follows:

| Director               | Date Appointed   |
|------------------------|------------------|
| Karalyn Jeannette Day  | 1 May 2007       |
| Richard Randall Green  | 21 April 2008    |
| David Michael Hickie   | 22 October 2009  |
| Simon Henry Van Assche | 22 October 2009  |
| Charles Wantrup        | 17 November 2009 |

| Secretary             | Date Appointed |
|-----------------------|----------------|
| Karalyn Jeannette Day | 3 October 2007 |

#### Share Structure

14,862,911 ordinary shares

| Chargeholder/s   | ASIC Charge No. | Type               |
|--|-----------------|--------------------|
| BMW Australia Finance Limited  | 1661216         | Fixed              |
| Lamont Capital Pty Ltd   | 1892271         | Fixed and Floating |
| Jeremy Cutts in Trust<br>Salisbury Cove<br>Superannuation Fund         |                 |                    |
| Evalon Investments Pty Ltd   |                 |                    |
| Custodian Company Pty Ltd<br>atf Venture Axxess Trust<br>Group Limited |                 |                    |

#### Winding Up Action

The ASIC records indicate that an application for the winding up of the company was filed by a creditor, Challenger Networks Ltd, on 31 March 2010.

The hearing for the winding up was scheduled to be held on 24 May 2010.

The petitioning creditor has consented to the adjournment of the hearing until the outcome of the creditors meeting scheduled for 2 June 2010 is determined.

Given the petitioning creditor's support, the Court adjourned the petition until 10 June 2010.

### **Listing Status**

The company's listed status on the Newcastle Stock Exchange has been suspended.

## **1.2 Background Information**

The company was incorporated on 11 May 1999 as Union Technologies Limited.

Since that time, the following changes to the status of the company have occurred:

| <b>Date</b>      | <b>Status Change</b>  |
|------------------|---|
| 17 October 2001  | Became a private company  |
| 23 November 2001 | Changed name to U-Marketing Pty Ltd                                 |
| 21 November 2002 | Changed name to Jabmail Pty Ltd                                     |
| 27 August 2004   | Changed name to JAB Technologies Limited and became publicly listed |
| 1 November 2007  | Changed name to Ventureaxess Group Limited                          |

The company operates as a venture capitalist, raising capital for and investing in entities which are identified as having potential for growth.

The return for the investment in such entities, as well as management fees, represents the company's source of income.

The company is the ultimate holding company of a company known as Medical Science Limited ("MSA").

MSA holds the following investments:

| <b>Investment</b>                      | <b>Owned (%)</b> |
|--|------------------|
| XempleX Pty Ltd                        | 17.53            |
| Aquaculture Research & Marking Pty Ltd | 20.87            |
| Ceebron                                | 21.00            |
| Lumitex                                | 4.70             |
| Heart Assist Technologies Pty Ltd      | 38.01            |
| SinoWeb Pty Ltd                        | 6.62             |
| Bridgewater                            | 100.00           |

Mr David Hickie, one of the directors of the company, has advised that the investments held by MSA will not generate returns without further capital investment and time.

There are also various creditors, including Bendigo Bank, of MSA, whose claims are currently unpaid and need to be dealt with.

Accordingly, the company is not receiving any returns for its investment in MSA.

The company is also the ultimate holding company for Venturexess Fund Managers Limited ("VAFM"). Mr Hickie advises that VAFM holds a financial services licence and is owed management fees for certain dealings with MSA.

VAFM is not presently producing any returns for the benefit of the company.

I am unaware of the company being involved in other business interests and understand that it is not generating an income to meet the claims of its creditors.

Accordingly, consideration was given by the directors as to the options available to the company, which resulted in the directors electing to appoint Voluntary Administrators on the basis that the company was unable to meet its liabilities.

### 1.3

#### **Credit Elect Pty Ltd**

The company's status as a publicly listed company on the Newcastle Stock Exchange is valuable and presents as a source of opportunity, provided an alternate, viable source of income can be identified.

The financial services licence held by VAFM is also considered valuable, although not transferable given that it must be managed by a responsible entity. I understand that one of the directors, Mr Richard Randall Green, is the responsible entity of the licence.

In this regard, the directors have identified a financial services company which they consider presents as an opportunity for investment, known as Credit Elect Pty Ltd ("Credit Elect").

Credit Elect has been formed to introduce credit management and advice and debt management programs to consumers, however requires an Australian Financial Services License in order to expand its business.

It is possible that the Financial Services License held by VAFM may be utilised by Credit Elect.

It was the directors' intention to realise the investments held in MSA and then acquire an interest in Credit Elect, with the long term intention to move from its listing with the Newcastle Stock Exchange to the Australian Stock Exchange.

However, due to realisation issues in regards to MSA's investments and the financial position of the company, this has not been possible.

Mr David Hickie, one of the directors, has advised that Credit Elect is prepared to enter into a non-binding Heads of Agreement with respect to the company's acquisition of Credit Elect.

They are also prepared to advance funding to the company to enable the directors to formulate a proposal for a Deed of Company Arrangement for creditors' consideration, to avoid the possible liquidation of the company.

Accordingly, I have received from Mr Hickie a skeleton proposal for a Deed, the details of which need to be formalised. This is discussed further at Point 6 of this report.

## **2. Books and Records**

Section 286 of the Act places a requirement on a company to keep financial records that correctly record and explain the transactions of the company and would enable true and fair financial reports to be prepared.

Failure to maintain books and records in accordance with the requirements of Section 286 of the Act can provide a presumption of insolvency. This presumption can be relied upon by a Liquidator in insolvent trading and other recovery actions.

Following my appointment, I requested the directors to deliver up the books and records of the company. The following records have been received by my office by email correspondence:

- Spreadsheet detailing creditor claims
- Medical Science Australia Pty Ltd draft accounts for the 2008 financial year
- VentureAxess Fund Managers draft accounts for the 2009 financial year
- Copies of invoices pertaining to certain creditors' claims
- Copy of newsletter issued to shareholders
- Half year report as at 31 December 2008
- Draft annual reports for the 2009 financial year
- Draft consolidated reports for the 2009 financial year
- Rights issue offer document dated 31 October 2009

In this regard, I have been advised that most of the company records are in the possession of its auditors.

Accordingly, I have not been able to conduct a thorough analysis of the company's accounts.

Being publicly listed, the company was required to issue audited half yearly consolidated reports.

The company became publicly listed on 27 August 2004.

Provided that the company prepared financial reports for the period 31 December 2004 to 31 December 2008, and qualified opinions were not issued with respect to those reports, I would consider that the company had maintained its records in accordance with Section 286 of the Act.

However, I have not reviewed such reports at this stage and therefore, am not in the position to provide an opinion as to the company's compliance.



I shall request the auditors to forward copies of the company's financial reports to my office and provide an update to creditors at the forthcoming meeting.

Draft financial statements for the period ending 30 June 2009 have been prepared, however I have not received supporting documentation or a back up of the software system maintained by the company to test the accuracy of the draft statements.

In this regard, I have been advised that the company's records were maintained by an external bookkeeper who utilised the software package "MYOB".

I have requested a backup of the MYOB records however have not yet received such information. I have been advised that as the 2009 financial statements have not been finalised, the bookkeeper has been unable to make necessary adjustments to MYOB. He cannot "rollover" to the 2010 financial year and commence entering transactions for that year until the adjustments for the 2009 year are received.

In view of the above, I am unable to form a view as to whether the company has complied with Section 286 for periods after which the last audited accounts were prepared. However, I note that work is still being conducted by the directors in this regard and I shall request updates accordingly.

### 3. Financial Position of the Company

Following my appointment, the directors were requested to submit a Report as to Affairs ("RATA") of the company, detailing its assets and liabilities as at the date of my appointment.

At the date of writing this report, a RATA had not been received from the directors.

However, detailed below is my estimate of the assets and liabilities of the company based largely on advice provided by Mr Hickie and creditors of the company, as well as investigations conducted by myself and my staff:

| Assets                                | Administrators<br>ERV<br>\$ | Notes |
|---------------------------------------|-----------------------------|-------|
| Cash at Bank                          | 0                           | 1     |
| Medical Science Australia Pty Ltd     | Nil                         | 2     |
| VentureAxess Funds Management Limited | Nil                         | 2     |
| <b>Liabilities</b>                    |                             |       |
| BMW Australia Finance Limited         | 10,985                      | 3     |
| Secured Convertible Note Holders      | 150,000                     | 4     |
| Employee Entitlements                 | 25,927                      | 5     |
| Ordinary Unsecured Creditors          | 150,163                     | 6     |
| Unsecured Convertible Note Holders    | 345,500                     | 6     |
| E Jones (Contingent)                  | 175,000                     | 7     |
| <b>Net Deficiency</b>                 | <b>(857,575)</b>            |       |

**Note 1: Cash at Bank**

I have been advised by Mr Hickie that the company is not in possession of any cash or holds any bank accounts with significant balances.

In this regard, following my appointment, I contacted all of the major financial institutions to identify any accounts which may have been registered to the company and to confirm the balance of any identified accounts.

Westpac Banking Corporation advised of two accounts registered in the company's name. One account had a nil balance as at the date of my appointment, whilst the second account had an overdrawn balance of \$308.03.

Accordingly, no recoveries have been made from this source.

**Note 2: Investments in Subsidiaries**

As detailed in the background of this report, the company is the ultimate holding company of Medical Science Australia Pty Ltd and VentureAxess Fund Managers Pty Ltd.

Mr Hickie has advised that the investments held by MSA will not generate returns without the investment of further capital and time and there are pressing issues existing with respect to the creditors of MSA which need to be dealt with. Accordingly, he does not consider MSA to an immediate source of income or realisation.

VentureAxess Funds Managers Pty Ltd is owed a management fee by MSA and I am unaware of any other source of income available to VAFM at this time.

The management fee will not be received by VAFM unless MSA is able to either realise or generate a return from its investments, some of which I am advised consist of intellectual property being held by effectively dormant companies.

VAFM's value apparently lies with its status as a holder of an Australian financial services licence. I have been advised by Mr Hickie that a financial services licence must be held under the supervision of a responsible entity. The responsible entity of VAFM's licence is Mr Richard Randall Green, who is also a director of VentureAxess Group Limited.

I have been advised that the licence is not easily transferable, as it co-exists with the responsible entity and therefore, cannot be transferred without Mr Green. This suggests that the value of the licence can only be determined by reference to the potential income stream that it is producing, which at this time, I am advised is nil. Therefore, based on information provided to me, I it does not appear that VAFM is an immediate source of income or realisation to the company.

**Note 3: BMW Australia Finance Limited**

I have been advised that the company is a party to a lease agreement with BMW Australia Finance Limited and that following default in payment, the vehicle was repossessed and sold.

One of the directors, Ms Karalyn Day, is a guarantor to the facility and I understand that BMW is pursuing Ms Day under the facility for an amount due of \$10,985.51. This amount represents an unsecured claim against the company.

**Note 4: Secured Convertible Note Holders**

A search of the records maintained by the Australian Securities and Investments Commission discloses the following convertible note holders, whose claims are secured by way of a fixed and floating charge over the company's present and future assets and undertakings:

| <b>Creditor</b>  | <b>Amount Owing (\$)</b> |
|--|--------------------------|
| Lamont Capital Pty Ltd   | 50,000                   |
| GV & KD Allen in trust for K & G Superannuation Fund           | 25,000                   |
| Jeremy Cutts Salisbury Cove Superannuation Fund                | 50,000                   |
| Evalon Investments Pty Ltd                                     | 25,000                   |
| Custodian Company Pty Ltd atf VentureAxess Trust Group Limited | See below                |

I understand that Custodian Company Pty Ltd is a company of which Mr Hickie is associated and that the charge in favour of that entity represented security for funds which had been advanced and which were being held in a solicitor's trust account. I understand that this entity intends to arrange for the funds to be transferred from the solicitor's trust account to the company under the proposed Deed of Company Arrangement.

**Note 5: Employee Entitlements**

Mr Hickie has advised of entitlements due to two former employees totalling \$25,927.16. Of this amount, \$3,768 relates to unpaid superannuation.

Details of the nature of the balance have not yet been disclosed, however I note that the former employees do not appear to be related to the company or its directors.

In this regard, employees are afforded priority with respect of payment to outstanding entitlements in accordance with Section 556 of the Act.

In accordance with the definition contained in Section 9 of the Act, a director is considered an excluded employee.

Under Section 556, excluded employees are entitled to priority payment of \$2,000 in respect of unpaid wages and arrears of superannuation and \$1,500 for annual leave. As an excluded employee, a director is limited to a total

priority distribution for unpaid wages, superannuation and annual leave of \$3,500.

I am not aware of any claims being made by directors of the company or their relatives with respect to employee entitlements.

**Note 6: Ordinary Unsecured Creditors and Unsecured Convertible Note Holders**

Mr Hickie has disclosed ordinary unsecured creditors of \$123,262 and unsecured convertible note holders of \$345,500.

Many of the creditors appear to relate to costs associated with compliance, such as ASIC fees, NSX listing fees and bookkeeping fees.

The other major unsecured creditors of the company appear to be Challenger Networks Pty Ltd for \$17,438 and Lion Advantage Limited, to which I understand Mr Hickie is associated for \$24,972.

As abovementioned, an adjournment of a winding up hearing has been requested with respect to winding up proceeding instigated by Challenger Networks Pty Ltd.

The Australian Taxation Office ("ATO") is not disclosed as a creditor of the company and the ATO has not advised a claim presently existing against the company. However, the ATO has advised of certain lodgements that remain outstanding.

Therefore, it is possible that once the lodgements are processed further claims may emerge from either the ATO or another currently unknown creditor.

A schedule of the unsecured convertible note holders has been provided to me which details that the major note holder is ANZ Nominees Ltd, which is owed \$250,000 and holds 500 notes.

The extent of creditor claims may also increase by the amount of any interest which is payable to the note holders.

**Note 7: E Jones (Contingent)**

Mr Hickie has advised that MSA owe VAFM management fees of \$683,026. Due to the financial position of MSA, the recovery of the management fee is speculative at this stage.

Bendigo Bank is a secured creditor of MSA with respect to borrowings and accrued interest in the vicinity of \$200,000. The directors dispute the validity of Bendigo Bank's charge for a number of reasons. This matter is subject to further investigation by the directors of MSA and not required to be analysed in depth for the purpose of this report.

Mr Jones was apparently a key person involved in securing the MSA finance from Bendigo Bank and it has been alleged that the funds were paid directly

to another entity of which Mr Jones was associated, Webnd Pty Ltd, rather than MSA. MSA serviced the Bendigo Bank loan.

Mr Jones is the holder of a convertible note with respect to funds advanced of \$175,506.82.

Mr Hickie has advised that in view of the above issue, an agreement has been entered into with Mr Jones whereby he will not seek to convert his note unless MSA realise a sufficient amount of its investments to enable VAFM to recover its management fee and that such amount exceeds the amount paid to satisfy the claim of the Bendigo Bank.

Mr Hickie has advised that Mr Jones's claim is therefore contingent in nature.

### **3.1 Investigations**

Since my appointment, various investigations have been conducted to identify any other assets or avenues of recovery. Such investigations have included the following:

- Land titles office searches
- Searches of the share registry records
- Correspondence with the major financial institutions
- ASIC searches
- Vicroads and Sheriff's Office searches
- Discussions with the directors

No assets or avenues of recovery have been identified, other than those disclosed by the directors.

## **4. Causes of Financial Difficulty**

From meetings and discussions held with the directors of the company, it appears that the underperforming investments held by MSA have impacted on the ability of the company to generate a cash flow, which along with the death of the former managing director, may have lead to the company's current financial position.

Due to the lack of books and records made available to me for review, I have been unable to identify whether there are any other reasons which may have contributed to the company's current financial state.

## **5. Historical Financial Performance**

As detailed at Point 2 of this report, I have not yet received all of the books and records of the company.

The most recent detailed financial reports of the company in my possession are the draft financial statements for the financial year ending 30 June 2009.

I summarise the financial statements below:

### Profit & Loss

|                                     | 2009      | 2008     |
|-------------------------------------|-----------|----------|
| Revenue                             | 99,619    | 48,350   |
| Less                                |           |          |
| Finance Costs                       | 4,151     | 0        |
| Expenses from Continuing Operations | 321,667   | 102,457  |
| (Loss) before income tax            | (226,199) | (54,107) |

It is apparent that the company has incurred losses for the past two financial years.

### Balance Sheet

|                          | 2009      | 2008      |
|--------------------------|-----------|-----------|
| Current Assets           | 334,542   | 66,454    |
| Non Current Assets       | 5,642,933 | 2,351,286 |
| Total Assets             | 5,977,475 | 2,417,740 |
| Current Liabilities      | 210,193   | 31,178    |
| Non Current Liabilities  | 645,500   | 494,222   |
| Net Assets (Liabilities) | 5,121,782 | 1,892,340 |

The Balance Sheets for the past two financial years disclose strong net asset positions.

However, a review of the Balance Sheets indicates that the majority of the assets owned by the entity appear to relate to its investments in its subsidiaries.

In this regard, "Investment in Subsidiaries" is disclosed as \$5,642,933 and \$2,361,286 for the 2009 and 2008 financial years respectively. This represents 94% of the company's assets for the 2009 financial year.

Mr Hickie has advised that the ability of the company to derive value from its subsidiaries at this point in time is speculative, given the level of further cash and time resources that are required to enable such investments to generate a return.

Based on this advice, it would appear that values disclosed in the financial statements are not an accurate reflection of the company's financial position and certainly not an indication of the recoverable value of the company's assets.

The Balance Sheet for the 2009 financial year also discloses receivables of \$334,256. The notes to the financial statements indicate that \$220,146 of this amount represents monies payable by subsidiaries, which based on the above advice, I would not consider to be collectible.

Further enquiry is required to determine the receipt and application of the balance of outstanding debtors of \$114,110.

From my review of the Balance Sheets, I have not identified the existence or disposal of any assets which have not been disclosed by the directors and in particular, Mr Hickie.

## 6. Deed of Company Arrangement

As detailed earlier in this report, I have been advised that it is the directors' intention to submit a proposal for a Deed of Company Arrangement for creditors' consideration.

At the time of writing this report, I had received a skeleton proposal, detailing the directors' general strategy for dealing with the claims of the company's creditors. This includes the company obtaining funding from Credit Elect Pty Ltd and another entity for dealing with the claims of certain creditors.

However, I have not received a signed formal proposal at his time. Therefore, I am not in the position to elaborate further about the terms and conditions of any proposal.

Further, I cannot provide a comparison of the return which creditors may expect to receive in a Deed scenario, compared to a liquidation scenario, other than to state that it is my current view that in a liquidation scenario, it would be unlikely that creditors would receive a return with respect to their claims.

Given the above, I consider it prudent that the forthcoming creditors meeting be adjourned for seven (7) days.

In the event that a proposal for a Deed is received prior to the forthcoming meeting, I will, time permitting, forward to creditors a copy of the proposal and a revised recommendation as to whether the proposal should be accepted or other action taken.

## 7. Liquidator's Recoveries

In the event of a winding up of a company, the Liquidator may recover certain monies or properties from parties who have dealt with the company in the period preceding the liquidation. Pursuant to regulation 5.3A.02 of the Corporations regulations, I am required to report on such transactions.

My investigations are limited by the time constraints imposed by the administration and accordingly the following matters are only a preliminary summary of the matters investigated.

### 7.1 *Voidable Transactions – Recovery of preferential payments*

Section 588FA of the Act provides for the recovery of unfair preferences. To constitute an unfair preference, the transaction must have the effect of conferring an advantage to one creditor over other creditors of the company.

In addition, the Act allows a Liquidator to challenge certain transactions entered into by a company during the six-month period preceding the relation back day or four years preceding the relation back day should the transaction involve a "related entity".

Section 588FE of the Act deems that certain transactions entered into by the company, when it was insolvent, may be overturned by a Liquidator and the proceeds recovered for the benefits of creditors.

One of the categories of transactions which may be recovered is unfair preferences. In order to be recoverable as an unfair preference the transaction must have taken place within six (6) months prior to the relation back day (being 31 March 2010) and at a time when the company was insolvent. The payment must confer upon the creditor a preference, priority or advantage over other unsecured creditors.

Due to the matters raised at Point 2 of this report, I have been unable to conduct an independent analysis of the transactions entered into by the company during the relation back period, in order to identify the existence of any preference payments.

I have requested the company's external bookkeeper to provide details of transactions entered into by the company and/or bank statements for the relation back period, however have not received such information to date.

A further update will be provided to creditors at the forthcoming meeting and I note that in a liquidation scenario, further analysis would also be conducted.

However, as the company was not a trading entity in its own right but rather, relied on the returns that would be received from the investments in its subsidiaries, I consider the possibility of the existence of preference payments to be remote.

## **7.2 Uncommercial Transactions**

Section 588FB of the Act defines an uncommercial transaction as a transaction entered into by the company 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 following:

- a) the benefits (if any) to the company of entering the transactions;
- b) the detriment to the company of entering into the transaction; and
- c) the respective benefits to other parties to the transaction of entering into it.

Similarly to my investigations in relation to preference payments, I have been unable to conduct a thorough analysis of the company's books and records in order to identify whether any uncommercial transactions have been entered into.

I requested one of the directors to provide details of payments made by the company to its directors or director related entities since 30 June 2008.

Mr Hickie has advised an entity related to him, Lion Advantage Limited received \$25,000 to December 2009 in consulting fees and legal fees were paid to another director, Mr Charles Wantrup of \$10,000.

Although I have not had the benefit of reviewing details of the services provided in consideration for these payments, I do not consider them to be excessive.

Further investigation would be conducted in the event the company were placed into liquidation.



### **7.3 Unfair Loans**

A loan to a company is considered to be unfair in accordance with the provisions of Section 588FD where the interest on the loan was extortionate, or has since become extortionate or the charges in respect of the loan were extortionate.

Subject to the limitations set out at Point 2, I am not aware of any loans which would be considered of an unfair nature.

### **7.4 Insolvent Trading**

The provisions of Section 588G of the Act allow a Liquidator to recover from directors of the company, debts incurred whilst a company was unable to pay its debts as and when they fell due.

The company is clearly insolvent, being unable to pay its debts as and when they fall due.

Consideration needs to be given as to the point of time in which it was reasonable to expect that the company was insolvent and the actions taken by the directors to address this issue.

An analysis of the debts incurred by the company during the period of insolvency would need to be established.

However, I note that it is the claims of the unsecured convertible note holders that are significant, rather than those of the ordinary unsecured creditors.

The dates that such notes were issued and the financial position of the company at that time is most likely what needs to be considered in the context of an insolvent trading investigation.

However, the company's records which have been made available to me are insufficient to enable me to determine what debts, if any, were incurred whilst the company was insolvent.

The time costs that would be incurred by myself and my staff in establishing and pursuing an insolvent trading claim, as well as the associated legal costs, would be significant. As the company is presently without funds, such costs would need to be funded by a litigation funder or creditors.

Further investigations would continue in this regard, should the company be placed into liquidation.

## **8. Options Available**

Creditors are normally presented with three options regarding the company's future on which they are required to vote at the meeting of creditors. Each of these options is discussed below.

### **8.1 Deed of Company Arrangement**

I am advised that the directors intend to propose a Deed of Company Arrangement. As at the date of this report, a formal proposal has not been received.

I expect to receive a proposal shortly. In the event that a proposal is received, I will, time permitting, forward a copy of the proposal, including my recommendation as to what is in the best interest of creditors, prior to the forthcoming meeting.

## **8.2 Administration Ends**

Should creditors resolve that the Administration should end, control of the company reverts back to the directors of the company. As the company is clearly insolvent, no longer trading, this option is not recommended.

## **8.3 Liquidation of the Company**

The company is clearly insolvent, being unable to pay its debts as and when they fall due. Liquidation will provide for the orderly winding up of the company.

Placing the company into liquidation will enable a more thorough investigation of the company's affairs to be conducted.

This may identify avenues of recovery pursuant to Part 5.4B of the Act which may ultimately benefit creditors.

However, the extent of such potential recoveries is uncertain and there would be limited funds, if any, available to pursue the recovery of any potential claims.

Based on my investigations conducted, it is unlikely that creditors would receive a return in a liquidation scenario.

### **Recommendation**

In the event that a proposal for a Deed of Company Arrangement is not received in time for such proposal to be considered by creditors at the forthcoming meeting, it is my opinion and my recommendation that it is in the best interests of the creditors that the meeting scheduled for 2 June 2010 be adjourned for a period of seven (7) days.

## **9. Estimated Return to Creditors**

In a liquidation scenario, based on my investigations conducted to date, it does not appear that a dividend would be paid to any class of creditor.

#### 10. Administrators/Liquidators Remuneration

Fees in the amount of \$15,483 have been incurred on this Administration for the period of 28 April 2010 to 24 May 2010, being the date of this report.

I anticipate that an additional \$4,000 in fees will be incurred up to and including the date of the second meeting of creditors. A schedule relating to my remuneration claim is attached for your reference.

Accordingly, at the forthcoming meeting of creditors, I will be seeking the following resolution:

*"That the remuneration of the Administrators and their staff be approved up to the sum of \$12,500 (plus GST) for the period of 28 April 2010 to the conclusion of the Voluntary Administration period, such remuneration being calculated at the hourly rates applicable to the grades or classifications set out in the Vince & Associates scale of fees."*

In addition to these fees, I will be seeking a resolution from creditors for the approval of my remuneration as Deed Administrator, should a proposal be accepted in time for consideration by creditors. Accordingly, if this occurs, at the forthcoming meeting of creditors, I would intend to seek the following resolution:

*"That the remuneration of the Deed Administrators and their staff be fixed to a limit of \$7,500 (plus GST), such remuneration being calculated at the hourly rates applicable to the grades or classifications set out in the Vince & Associates scale of fees and that the Deed Administrators be authorised to make periodic payments on account of such accruing remuneration."*

In the event that creditors resolve to place the company into liquidation, I will be seeking the following resolution from creditors for the approval of my remuneration as Liquidator:

*"That the remuneration of the Liquidators and their staff be fixed to a limit of \$10,000 (plus GST), such remuneration being calculated at the hourly rates applicable to the grades or classifications set out in the Vince & Associates scale of fees and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration"*

#### 11. Meeting of Creditors

I have convened a meeting of creditors of the company to be held at Vince & Associates, 51 Robinson Street, Dandenong, Victoria on Wednesday 2 June 2010 at 10:00am.

I enclose a Proof of Debt form and proxy to be completed by creditors prior to the meeting. Creditors who have already completed a Proof of Debt form do not need to complete this form.

Proof of Debt and Proxy forms should be returned to this office no later than 4:00pm on 1 June 2010.

Should you wish to discuss any matters raised in this report, please contact Ms Danielle Roche of my office on (03) 9793 5588.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Vince', written over the typed name.

**PETER VINCE**  
ADMINISTRATOR

Ref: C-

**FORM 535**

Subregulation 5.6.49(2)

*Corporations Act 2001***FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)**

To the Administrator of: **VENTUREAXESS GROUP LIMITED**  
**(ADMINISTRATORS APPOINTED)**  
**ACN 087 426 953**

1. This is to state that the company was on **28 April 2010** and still is, justly and truly indebted to:

i ..... ABN ..... for  
 ..... dollars and ..... cents.

**Particulars of the debt are:**

| Date | Consideration | Total Inclusive of<br>GST<br>\$ | GST<br>amount of<br>\$ | Remarks |
|------|---------------|---------------------------------|------------------------|---------|
|      |               |                                 |                        |         |
|      |               |                                 |                        |         |

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

| Date | Drawer | Acceptor | Amount<br>\$ | Due Date |
|------|--------|----------|--------------|----------|
|      |        |          |              |          |

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

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

DATED this                      day of                      2010

Signature ..... Occupation .....

Name ..... Daytime Telephone .....

Address ..... Email Address .....

**SEE DIRECTIONS OVERLEAF FOR THE COMPLETION OF THIS FORM**

**OFFICE USE ONLY**

|                    |    |                    |    |
|--------------------|----|--------------------|----|
| CREDITOR CODE:     |    | ADMIT              | \$ |
| PROOF NO:          |    | GST INCLUDED ABOVE | \$ |
| AMT. Per RATA      | \$ | REJECT             | \$ |
| PREP BY/AUTHORISED |    | WITHDRAW           | \$ |
|                    |    | CONSIDERATION      | \$ |
|                    |    | TOTAL PROOF        | \$ |

### DIRECTIONS

**\* Do not complete this part, if this proof is made by the creditor personally.**

- i Insert full name and address of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
- ii 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".
- iii This total amount is inclusive of GST.
- iv Notate separately the GST portion of the total amount.
- v Under "Remarks" include details of vouchers substantiating payment.
- vi 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 above form.

Form 532  
Regulation 5.6.29

*Corporations Act 2001*

**APPOINTMENT OF PROXY**

**VENTUREAXESS GROUP LIMITED  
(ADMINISTRATORS APPOINTED)  
ACN 087 426 953**

I/We <sup>(1)</sup> \_\_\_\_\_  
of \_\_\_\_\_  
a creditor of VentureAxess Group Limited  
appoint <sup>(2)</sup> \_\_\_\_\_  
or in his/her absence  
as my/our\* general/special\* proxy to vote at the meeting of creditors to be held on 2 June 2010 at  
10:00 am.  
To Vote as follows <sup>(3)</sup>

|    |   | For                      | Against                  | Abstain                  |
|----|---|--------------------------|--------------------------|--------------------------|
| 1. | That the administration should end.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. | That the company be wound up  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. | That the company be required to execute a Deed of Company Arrangement   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. | The meeting be adjourned for a period of seven (7) days   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. | That the remuneration of the Administrators and their staff be approved for the period of 28 April 2010 to 2 June 2010 in the amount of \$12,500 (plus GST), calculated at the rates set out in the Vince & Associates schedule of hourly rates.                                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. | That the remuneration of the Deed Administrators and their staff be fixed to a limit of \$7,500 (plus GST) and that the Deed Administrators be authorised to make periodic payments on account of such accruing remuneration.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. | That the remuneration of the Liquidators and their staff be fixed to a limit of \$10,000 (plus GST) and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. | That subject to obtaining the approval of the Australian Securities and Investments Commission, pursuant to Section 542(3) of the Corporations Act 2001, the books and records of the company be disposed of by the Liquidator six (6) months after the dissolution of the company. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Dated this      day of      2010

.....  
Signature <sup>(4)</sup> of individual or  
person <sup>(5)</sup> authorised by corporate  
resolution to represent corporation

OR      The Common Seal <sup>(6)</sup> of  
was hereunto affixed in the presence  
of:-

.....  
Director

.....  
Secretary

### Place of Residence

- (1) If a firm, strike out "I" and set out the full name of the firm.
- (2) Insert the name, address & description of the person appointed.
- (3) Where a special proxy is appointed, specify the manner in which that proxy is to vote on the appropriate resolutions
- (4) The signature of the creditor is not to be attested by the person nominated as proxy.
- (5) A corporation by resolution of its directors, provide standing authority for a person to represent it at members meetings and appoint proxies. (Section 249(3)&(5)). Copy of authority to be annexed.
- (6) The method of affixing the Common Seal should be prescribed by the creditor's corporation's articles. See Note (5).
- (7) This certificate is to be completed only where the person giving it is blind.



**Creditor Listing****VenturreAcess - VentureAcess Group Limited (Administrators Appointed)**

All Creditors

**SECURED CREDITORS**

| <b>Creditor Name</b>   | <b>Address</b>  | <b>RATA</b> | <b>Advised</b>    | <b>Claimed</b>   | <b>Trans ID</b> |
|--|---|-------------|-------------------|------------------|-----------------|
| BMW Finance  | C/- Mills Oakley, PO Box 453, Collins Street West<br>MELBOURNE VIC 8007 | 9,000.00    | 0.00              | 0.00             | <u>46343</u>    |
| Custodian Company Pty Ltd ATF<br>Venture Acess Trust Group Limited | Level 7, 160 Queen Street MELBOURNE VIC 3000                            | 1.00        | 0.00              | 0.00             | <u>46342</u>    |
| Evalon Investments Pty Ltd   | PO Box 119 SOUTH PERTH WA 6951  | 25,000.00   | 25,000.00         | 0.00             | <u>46341</u>    |
| G V & K D Allen In Trust for K & G<br>Superannuation Fund          | 31 Westgarth Street MALVERN EAST VIC 3145                               | 25,000.00   | 0.00              | 0.00             | <u>46338</u>    |
| Jeremy Cutts in Trust Salisbury Cover<br>Superannuation            | 31 Westgarth Street MALVERN EAST VIC 3145                               | 50,000.00   | 50,000.00         | 0.00             | <u>46340</u>    |
| Lamont Capital Pty Ltd   | 31 Westgarth Street MALVERN EAST VIC 3145                               | 50,000.00   | 0.00              | 0.00             | <u>46339</u>    |
| <b>Totals for Secured Creditors</b>                                |   | <b>6</b>    | <b>159,001.00</b> | <b>75,000.00</b> | <b>0.00</b>     |

**PRIORITY CREDITORS**

| <b>Creditor Name</b>                 | <b>Address</b> | <b>RATA</b> | <b>Advised</b>   | <b>Claimed</b> | <b>Trans ID</b> |
|--------------------------------------|----------------|-------------|------------------|----------------|-----------------|
| Mr Scott Webb                        | TBA            | 10,390.16   | 0.00             | 0.00           | <u>46324</u>    |
| Ms Kate Roche                        | TBA            | 15,537.00   | 0.00             | 0.00           | <u>46323</u>    |
| <b>Totals for Priority Creditors</b> |                | <b>2</b>    | <b>25,927.16</b> | <b>0.00</b>    | <b>0.00</b>     |

**UNSECURED CREDITORS**

| <b>Creditor Name</b>   | <b>Address</b>                                       | <b>RATA</b> | <b>Advised</b> | <b>Claimed</b> | <b>Trans ID</b> |
|--|--|-------------|----------------|----------------|-----------------|
| Anaric Pty Ltd as Trustees for Brynes<br>Superfund a/c                 | PO Box 6835 SHEPPARTON VIC 3632                      | 2,500.00    | 0.00           | 0.00           | <u>46352</u>    |
| ANZ Nominees Ltd   | GPO Box 2842AA MELBOURNE VIC 3001                    | 2,500.00    | 0.00           | 0.00           | <u>46358</u>    |
| ANZ Nominees Ltd   | GPO Box 2842AA MELBOURNE VIC 3001                    | 2,000.00    | 0.00           | 0.00           | <u>46359</u>    |
| ANZ Nominees Ltd   | GPO Box 2842AA MELBOURNE VIC 3001                    | 250,000.00  | 0.00           | 0.00           | <u>46360</u>    |
| ASIC   | Locked Bag 5000 GIPPSLAND MC VIC 3841                | 1,600.00    | 1,600.00       | 1,600.00       | <u>45643</u>    |
| ASX  | PO Box H224 AUSTRALIA SQUARE NSW 1215                | 6,423.36    | 0.00           | 6,715.65       | <u>45644</u>    |
| Balyata Pty Ltd  | PO Box 13 BURRUM HEADS QLD 4659                      | 500.00      | 0.00           | 0.00           | <u>46351</u>    |
| Dun & Bradstreet Collections   | PO Box 743 TOOWONG QLD 4066                          | 1,292.95    | 0.00           | 0.00           | <u>45651</u>    |
| Foster Nicholson Legal   | Level 1, 441 Little Bourke Street Melbourne VIC 3001 | 2,200.00    | 0.00           | 0.00           | <u>45599</u>    |
| Hotline IT   | PO Box 6115 Frenchs Forest DC NSW 2086               | 2,717.00    | 0.00           | 2,717.00       | <u>45596</u>    |
| Keoth and Juliet Osbourne atf K & J<br>Osbourne S/F                    | GPO Box 3593 SYDNEY NSW 2000                         | 2,500.00    | 0.00           | 0.00           | <u>46361</u>    |
| Kobler Superannuation Fund   | lauriekobler@hotmail.com                             | 10,000.00   | 0.00           | 0.00           | <u>46364</u>    |
| Lamont Capital Pty Ltd   | 31 Westgarth Street MALVERN EAST VIC 3145            | 0.00        | 0.00           | 0.00           | <u>46339</u>    |
| Lion Advantage Limited   | Level 7, 160 Queen Street MELBOURNE VIC 3000         | 22,000.00   | 0.00           | 0.00           | <u>46332</u>    |
| Mr David Hertert & Ms Norma<br>Freemantle                              | 9 McCallum Street HASTINGS VIC 3915                  | 2,000.00    | 0.00           | 0.00           | <u>46363</u>    |
| Mr Geoff Mullins   | 31 Wesley St ELANORA HEIGHTS NSW 2101                | 2,000.00    | 0.00           | 0.00           | <u>46357</u>    |
| Mr Geoff Mullins   | 31 Wesley St ELANORA HEIGHTS NSW 2101                | 25,000.00   | 0.00           | 0.00           | <u>46345</u>    |
| Mr Graham Wallace Smith  | PO Box 941 MAROOCHYDORE QLD 4558                     | 5,000.00    | 0.00           | 0.00           | <u>46362</u>    |
| Mr Ianaki Semerdlez  | 5/9 Kidman Street COOGEE NSW 2034                    | 5,000.00    | 0.00           | 0.00           | <u>46350</u>    |
| Mr Jason Agapiou   | 27 Water Reserve Road NORTH BALGOWLAH NSW<br>2093    | 14,559.51   | 0.00           | 0.00           | <u>46334</u>    |
| Mr Jason Agapiou   | 27 Water Reserve Road NORTH BALGOWLAH NSW<br>2093    | 28,559.51   | 0.00           | 0.00           | <u>46331</u>    |
| Mr Michelle Wallin   | 31 Margaret Street WALKERSTON QLD 4751               | 500.00      | 0.00           | 0.00           | <u>46365</u>    |
| Mr Murray George Dowdle  | 37 Beresford Crescent TULLAMARINE VIC 3043           | 2,500.00    | 0.00           | 0.00           | <u>46355</u>    |
| Mr Ralph Marvyn Greenham   | 1 Flinders Road HILLCREST SA 5086                    | 5,000.00    | 0.00           | 0.00           | <u>46347</u>    |
| Mr Raymond Domenico Furfaro  | 20 Coral Rd KALAMUNDA WA 6076                        | 2,000.00    | 0.00           | 0.00           | <u>46354</u>    |
| Mr Richard Green   | 22 Hampden Rd ARMADALE VIC 3143                      | 10,000.00   | 0.00           | 0.00           | <u>46348</u>    |
| Mr Sigrid & Christopher Semmens atf<br>The Semmens Superannuation Fund | 51 Viewway NEDLANDS WA 6009                          | 2,500.00    | 0.00           | 0.00           | <u>46356</u>    |
| Mr Stephen G Bauer   | 46 Belfast St MORLEY WA 6062                         | 5,000.00    | 0.00           | 0.00           | <u>46349</u>    |
| Mr Stuart Arthur Burton  | 121 William St MOUNT WAVERLEY VIC 3149               | 2,000.00    | 0.00           | 0.00           | <u>46353</u>    |
| Ms Janet Roche   | PO Box 782 CROWS NEST NSW 1585                       | 1,000.00    | 0.00           | 0.00           | <u>46344</u>    |
| Ms Jeannette Harvison  | 52 William St STRATHFIELD NSW 2135                   | 5,000.00    | 0.00           | 0.00           | <u>46346</u>    |

**UNSECURED CREDITORS**

| <b>Creditor Name</b>                  | <b>Address</b>  | <b>RATA</b> | <b>Advised</b>    | <b>Claimed</b>   | <b>Trans ID</b>  |
|---------------------------------------|---|-------------|-------------------|------------------|------------------|
| Ms Karalyn Day                        | gmullins@venturexess.com  | 1.00        | 0.00              | 0.00             | <u>46333</u>     |
| Ms Kate Roche                         | TBA   | 1,390.00    | 0.00              | 0.00             | <u>46335</u>     |
| NSX - Listing Fees                    | PO Box 283 Newcastle NSW 2300   | 4,291.18    | 4,219.18          | 4,291.00         | <u>45613</u>     |
| NSX - Nomad Fees                      | PO Box 283 Newcastle NSW 2300   | 2,200.00    | 0.00              | 1,100.00         | <u>45614</u>     |
| NSX Services Pty Ltd                  | PO Box 283 NEWCASTLE NSW 2300   | 7,315.72    | 0.00              | 0.00             | <u>46322</u>     |
| Registries Limited                    | PO Box R69, Royal Exchange Sydney NSW 1223  | 8,732.20    | 0.00              | 0.00             | <u>45617</u>     |
| Telstra                               | National Insolvency Centre, Telstra Corporation Limited, Locked Bag 5655 MELBOURNE VIC 3001 | 575.44      | 0.00              | 0.00             | <u>46329</u>     |
| Telstra                               | National Insolvency Centre, Telstra Corporation Limited, Locked Bag 5655 MELBOURNE VIC 3001 | 1,465.80    | 0.00              | 0.00             | <u>46330</u>     |
| Wightons Lawyers - Challenger         | Attention: Murray Pegg, 89 Myers Street Geelong VIC 3220                                    | 17,438.74   | 17,438.74         | 0.00             | <u>45597</u>     |
| <b>Totals for Unsecured Creditors</b> |   | <u>40</u>   | <u>468,262.41</u> | <u>23,257.92</u> | <u>16,423.65</u> |

**CONTINGENT CREDITORS**

| <b>Creditor Name</b>                   | <b>Address</b> | <b>RATA</b> | <b>Advised</b>    | <b>Claimed</b> | <b>Trans ID</b> |
|--|----------------|-------------|-------------------|----------------|-----------------|
| Emyr Jones MSA                         |                | 175,000.00  | 0.00              | 0.00           | <u>46336</u>    |
| <b>Totals for Contingent Creditors</b> |                | <u>1</u>    | <u>175,000.00</u> | <u>0.00</u>    |                 |

|                                  |           |                   |                  |                  |
|----------------------------------|-----------|-------------------|------------------|------------------|
| <b>Totals for All Creditors:</b> | <u>49</u> | <u>828,190.57</u> | <u>98,257.92</u> | <u>16,423.65</u> |
|----------------------------------|-----------|-------------------|------------------|------------------|

# **VOLUNTARY ADMINISTRATION PERIOD (ACTUAL TIME)**

## **Remuneration Report Part 1: Description of Actual Work Completed**

|                     |                            |             |               |    |             |
|---------------------|----------------------------|-------------|---------------|----|-------------|
| Company             | Ventureaxess Group Limited | Period From | 28 April 2010 | To | 24 May 2010 |
| Practitioner        | Peter Vince & Kylie Wright |             |               |    |             |
| Administration Type | Voluntary Administration   |             |               |    |             |

| Task Area                                | General Description             | Includes   |
|--|---------------------------------|--|
| Assets<br>0.3 hours<br>\$102             | Subsidiary companies            | Investigations in relation to the subsidiary companies   |
|  | Cash at bank                    | Contact all financial institutions to determine if accounts held<br>Review information provided by financial institutions  |
| Creditor<br>24.20 hours<br>\$6,758       | Creditors Enquiries             | Receive and follow up creditor enquiries via telephone<br>Maintaining creditor enquiry register<br>Review and prepare correspondence to creditors and their representatives via facsimile, email and post  |
|  | Creditor reports                | Preparing 439A, investigation, meeting and general reports to creditors  |
|  | Dealing with proofs of debt     | Review and receipt of all other creditor POD's   |
|  | 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, report to creditors, advertisement of meeting and draft minutes of meeting<br>Preparation and lodgement minutes of meetings with ASIC<br>Respond to stakeholder queries and questions immediately following meeting |
| Employees<br>0.2 hours<br>\$68           | Employee enquiry                | Maintain employee enquiry register<br>Review and prepare correspondence to creditors and their representatives via facsimile, email and post<br>Calculation of entitlements in Liquidation and Deed  |
| Investigations<br>4.25 hours<br>\$1,514  | Conducting investigation        | Collection of books and records of the company<br>Review and preparation of company history<br>Conducting and summarising statutory searches<br>Preparation of comparative financial statements<br>Preparation of investigation file<br>Preference analysis<br>Unreasonable director related transactions analysis<br>Insolvent trading analysis   |
|  | Deed Proposal                   | Discuss Deed and restructure options with Director<br>Assist director with preparation of Deed proposal & RATA<br>Prepare analysis of likely outcome to creditors between Deed proposal and Liquidation scenario   |
| Administration<br>19.35 hours<br>\$7,041 | Insurance                       | Identification of potential issues requiring attention of insurance specialists  |
|  | Bank account administration     | Preparing correspondence opening and closing accounts<br>Requesting bank statements<br>Bank account reconciliation<br>Correspondence with bank regarding specific transfers  |
|  | ASIC Form 524 and other forms   | Preparing and lodging ASIC forms including 505, 524, 5011 etc<br>Correspondence with ASIC regarding statutory forms  |
|  | ATO & other statutory reporting | Notification of appointment<br>Preparing BAS'  |
|  | Finalisation                    | Completing checklists<br>Finalising WIP  |
|  | Planning / Review               | Discussions regarding status of administration   |
|  | Books and records / storage     | Dealing with records in storage  |

Ref B10

**VENTUREXESS GROUP LIMITED**  
**(ADMINISTRATORS APPOINTED)**  
**ACN 087 426 963**

**Remuneration Report Part 2 : Calculation of Remuneration**

| Employee        | Position                 | \$/Hr<br>(Ex GST) | Total<br>Actual<br>Hours | Total<br>\$}               | Task Area     |                |               |                |                |    |
|-----------------|--------------------------|-------------------|--------------------------|----------------------------|---------------|----------------|---------------|----------------|----------------|----|
|                 |                          |                   |                          |                            | Assets        | Creditors      | Employees     | Investigations | Administration |    |
| Peter Vince     | Appointee                | 440.00            | 10.10                    | 4444.00                    | \$            | \$             | \$            | \$             | \$             | \$ |
| Kylie Wright    | Director                 | 340.00            | 0.55                     | 187.00                     | 0.00          | 704.00         | 0.00          | 352.00         | 3388.00        |    |
| Danielle Roche  | Director                 | 340.00            | 25.50                    | 8670.00                    | 34.00         | 68.00          | 0.00          | 0.00           | 86.00          |    |
| Rebecca Cuny    | Senior                   | 200.00            | 0.50                     | 100.00                     | 68.00         | 4114.00        | 68.00         | 1156.00        | 3264.00        |    |
| Kylie Robertson | Senior                   | 200.00            | 5.90                     | 1180.00                    | 0.00          | 1060.00        | 0.00          | 0.00           | 0.00           |    |
| Adam Pfeiffer   | Intermediate             | 160.00            | 5.20                     | 832.00                     | 0.00          | 588.00         | 0.00          | 0.00           | 120.00         |    |
| Penny Zydwyk    | Senior Secretary         | 140.00            | 0.20                     | 28.00                      | 0.00          | 0.00           | 0.00          | 0.00           | 144.00         |    |
| Shae Ross       | Administrative Assistant | 120.00            | 0.10                     | 12.00                      | 0.00          | 0.00           | 0.00          | 0.00           | 28.00          |    |
| David Lee       | Administrative Assistant | 120.00            | 0.20                     | 24.00                      | 0.00          | 24.00          | 0.00          | 0.00           | 12.00          |    |
| Kelly Carter    | Administrative Assistant | 120.00            | 0.05                     | 5.00                       | 0.00          | 0.00           | 0.00          | 0.00           | 0.00           |    |
| <b>TOTAL</b>    |                          |                   |                          | <b>15483.00</b>            | <b>102.00</b> | <b>6758.00</b> | <b>68.00</b>  | <b>1514.00</b> | <b>7041.00</b> |    |
|                 |                          |                   |                          | <b>GST</b>                 | <b>10.20</b>  | <b>675.80</b>  | <b>6.80</b>   | <b>151.40</b>  | <b>704.10</b>  |    |
|                 |                          |                   |                          | <b>TOTAL (INCL GST)</b>    | <b>112.20</b> | <b>7433.80</b> | <b>74.80</b>  | <b>1665.40</b> | <b>7745.10</b> |    |
|                 |                          |                   |                          | <b>AVERAGE HOURLY RATE</b> | <b>340.00</b> | <b>279.26</b>  | <b>340.00</b> | <b>356.24</b>  | <b>363.88</b>  |    |

# **VOLUNTARY ADMINISTRATION PERIOD (ESTIMATED)**

## **Remuneration Report Part 1:**

## **Description of Estimated Work to be completed**

|                     |                            |             |             |    |             |
|---------------------|----------------------------|-------------|-------------|----|-------------|
| Company             | Ventureaxess Group Limited | Period From | 25 May 2010 | To | 2 June 2010 |
| Practitioner        | Peter Vince & Kylie Wright |             |             |    |             |
| Administration Type | Voluntary Administration   |             |             |    |             |

| Task Area                 | General Description             | Includes  |
|---------------------------|---------------------------------|---|
| Creditor<br>\$400         | Creditors Enquiries             | Receive and follow up creditor enquiries via telephone<br>Maintaining creditor enquiry register<br>Review and prepare correspondence to creditors and their representatives via facsimile, email and post |
|                           | Dealing with proofs of debt     | Receipt and review of POD's for voting purposes   |
|                           | Meeting of Creditors            | Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, advertisement of meeting and draft minutes of meeting                                      |
| Employees<br>\$100        | Employee enquiry                | Confirmation of entitlements of former employees<br>Liaise with employees of the company  |
| Investigations<br>\$3,000 | Conducting investigations       | Collection of additional books and records<br>Reviewing additional books and records<br>Review of the company's audited financial statements when received  |
|                           | Deed Proposal                   | Provide guidance and assistance to director regarding the Deed Proposal<br>Review and verify the estimations of Deed and Liquidation scenario with respect to returns to creditors<br>Report to creditors |
| Administration<br>\$500   | Bank account administration     | Requesting bank statements<br>Bank account reconciliation   |
|                           | ATO & other statutory reporting | Preparing BAS'  |
|                           | Finalisation                    | Completing checklists<br>Finalising WIP   |
|                           | Planning / Review               | Discussions regarding status of administration  |
|                           | Books and records / storage     | Dealing with records in storage   |

# **DEED OF COMPANY ARRANGEMENT SCENARIO (ESTIMATED)**

## **Remuneration Report Part 1:**

|                     |   |             |             |    |                    |
|---------------------|---|-------------|-------------|----|--------------------|
| Company             | Ventureaxess Group Limited              | Period From | 2 June 2010 | To | Conclusion of Deed |
| Practitioner        | Peter Robert Vince & Kylie Maree Wright |             |             |    |                    |
| Administration Type | Deed Administration                     |             |             |    |                    |

| Task Area           | General Description          | Includes   |
|---------------------|------------------------------|--|
| Creditor<br>\$1,500 | Creditors Enquiries          | Receive and follow up creditor enquiries via telephone<br>Review and prepare correspondence to creditors and their representatives via facsimile, email and post   |
|                     | Creditor reports             | Preparing report to creditors, investigation and final dividend to creditors <ul style="list-style-type: none"> <li>Notification of acceptance of Deed</li> <li>Notification of execution of Deed</li> <li>Calling for Proofs of Debt</li> <li>Notification of Intention to Declare Dividend</li> <li>Report enclosing payment of dividend</li> <li>Final report to creditors on completion of Deed</li> <li>Possible Reports where terms of Deed breached and meeting to terminate Deed required</li> </ul> |
|                     | Meeting of Creditors         | Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, report to creditors, advertisement of meeting and draft minutes of meeting<br>Preparation and lodgement minutes of meetings with ASIC   |
|                     | Legal Matters                | Engaging Solicitors to prepare Deed of Company Arrangement document<br>Reviewing and executing Deed documents<br>Lodgement of Deed Documents<br>Preparing statutory notices regarding execution  |
| Employee<br>\$500   | Calculation of entitlements  | Calculating and verifying employee entitlements<br>Determination of interest applicable to superannuation entitlements pursuant to Superannuation Guarantee Charge legislation<br>Reviewing employee files and company's books and records   |
|                     | Employee dividend            | Correspondence with employees regarding dividend<br>Correspondence with ATO regarding SGC POD<br>Calculating dividend rate<br>Preparing dividend file<br>Advertising dividend notice<br>Preparation of distributions<br>Ensuring PAYG is remitted to ATO<br>Preparing PAYG Payment Summaries for employees   |
| Dividend<br>\$2,000 | Receipt of Proof of Debt     | Request PODs from creditors with evidence to support claim<br>Formally request PODs to be submitted  |
|                     | Processing of Proofs of Debt | Adjudicating PODs<br>Request further information from claimants regarding POD<br>Preparation of correspondence to claimant advising outcome of adjudication.<br>Formal rejection of Proofs where applicable  |

|                           |  |  |
|---------------------------|--|--|
|                           | Dividend Procedure                         | Preparation of dividend calculation<br>Preparation of correspondence to creditors announcing declaration of dividend<br>Preparation of distribution<br>Preparation of Increasing Adjustment calculation with respect to claim of ATO<br>Preparation of correspondence to creditors enclosing payment of dividend |
| Administration<br>\$1,000 | Document maintenance/file review/checklist | Filing of documents<br>File reviews<br>Updating Checklist  |
|                           | Bank account administration                | Bank account reconciliation<br>Correspondence with bank regarding specific transfers   |
|                           | ATO & other statutory reporting            | Notification of change to appointment<br>Preparing BAS   |
|                           | Finalisation                               | Notifying ATO of finalisation<br>Cancelling ABN / GST / PAYG Registrations<br>Completing checklists<br>Finalising WIP  |
|                           | Planning / Review                          | Discussions regarding status of Deed   |
|                           | Books and records / storage                | Dealing with records in storage<br>Sending job files to storage  |

## LIQUIDATION SCENARIO (ESTIMATE)

### Remuneration Report Part 1:

|                     |   |             |             |    |              |
|---------------------|---|-------------|-------------|----|--------------|
| Company             | Ventureaxess Group Limited              | Period From | 2 June 2010 | To | Finalisation |
| Practitioner        | Peter Robert Vince & Kylie Maree Wright |             |             |    |              |
| Administration Type | Liquidation                             |             |             |    |              |

| Task Area                | General Description         | Includes  |
|--------------------------|-----------------------------|---|
| Assets<br>\$1,000        | Subsidiary companies        | Further investigation of the company's subsidiaries   |
|                          | Cash at bank                | Review information provided by financial institutions   |
| Creditor<br>\$3,000      | Creditors Enquiries         | Receive and follow up creditor enquiries via telephone<br>Review and prepare correspondence to creditors and their representatives via facsimile, email and post<br>Collection and receipt of PODs  |
|                          | Creditor reports            | Preparing report to creditors, investigation and final dividend to creditors <ul style="list-style-type: none"> <li>▪ Notification of resolution to wind company up</li> <li>▪ Annual General Meeting reports where the Liquidation exceeds 1 year</li> <li>▪ Reporting to creditors to convene final meeting</li> </ul>  |
|                          | Meeting of Creditors        | Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, report to creditors, advertisement of meeting and draft minutes of meeting<br>Preparation and lodgement minutes of meetings with ASIC  |
| Employees<br>\$1,000     | Employees enquiry           | Maintain employee enquiry register<br>Preparation of letters to employees advising of their entitlements and options available<br>Referral of employees to DEEW to make an application for payment of entitlements under GEERS  |
|                          | GEERS                       | Correspondence with GEERS<br>Preparing Notification spreadsheet<br>Preparing GEERS quotations<br>Preparing GEERS distributions  |
|                          | 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<br>Possible partial payment to employee creditors with respect to unpaid entitlements   |
| Investigation<br>\$2,000 | Conducting Investigation    | Collection of company books and records<br>Review and archiving company's books and records<br>Preparation of investigation file<br>Determination of voidable transactions<br>Identification of offences reportable to statutory bodies<br>Liaising with director and creditors regarding findings of investigations<br>Identification of voidable transactions recoverable by the Liquidators<br>Initiating proceedings, where necessary, to recover voidable transactions |



|                           |  |  |
|---------------------------|--|--|
|                           | ASIC reporting                             | Preparing statutory investigation reports<br>Preparing affidavits seeking non lodgements assistance where applicable<br>Liaising with ASIC<br>Determination of requirements to submit supplementary report where breaches by the director are identified |
| Administration<br>\$3,000 | Document maintenance/file review/checklist | Filing of documents<br>File reviews<br>Updating Checklist  |
|                           | Bank account administration                | Bank account reconciliation<br>Correspondence with bank regarding specific transfers<br>Closure of bank accounts upon finalisation   |
|                           | ATO & other statutory reporting            | Notification of appointment<br>Preparing BAS'<br>Completing group certificates<br>Regular statutory reporting to ASIC (6 monthly basis)  |
|                           | Finalisation                               | Notifying ATO of finalisation<br>Cancelling ABN / GST / PAYG Registrations<br>Completing checklists<br>Finalising WIP  |
|                           | Planning / Review                          | Discussions regarding status of Liquidation  |
|                           | Books and records / storage                | Dealing with records in storage<br>Sending job files to storage  |

## VINCE & ASSOCIATES

### GUIDE TO HOURLY RATES

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

| Title                    | Description  | Hourly Rate<br>\$<br>(excl GST) |
|--------------------------|--|---------------------------------|
| Appointee                | Registered Liquidator/Trustee. Partner bringing his/her specialist skills to Administrations and/or Insolvency tasks.  | 440                             |
| Director                 | May be registered as a Liquidator or Trustee. Senior member of the firm bringing his/her specialist skills to Administrations and/or Insolvency tasks.                         | 340                             |
| Manager                  | Qualified: 6-8 years experience. Well developed technical and commercial skills. Planning and control of all Administrations and/or Insolvency tasks                           | 280                             |
| Supervisor               | Typically Qualified: 4-7 years experience. Co-ordinates planning and control of medium to larger Administrations and/or Insolvency tasks.                                      | 240                             |
| Senior                   | Typically Graduate, Part Qualified: 2-4 years experience. Required to control the fieldwork on Administrations and/or Insolvency tasks   | 200                             |
| Intermediate             | Typically Graduate: Up to 2 years experience. Required to control the fieldwork on smaller Administrations and/or insolvency tasks under the supervision of more senior staff. | 160                             |
| Senior Secretary         | Appropriate skills, including keyboard and computer skills   | 140                             |
| Typist/Computer Operator | Appropriate skills, including keyboard and computer skills   | 140                             |
| Administrative Assistant | Appropriate skills, based on some University undergraduate studies   | 120                             |

**Notes:**

1. The Guide to Level of Insolvency Experience is intended only to be a guide as to the qualifications and experience of the staff engaged. It should be noted that in some instances staff may be engaged under an appropriate classification principally due to their experience.
2. Time spent on matters is recorded and charged in six (6) minute intervals.
3. The firm rates are effective as at 1 May 2009.


**ASIC**

Australian Securities &amp; Investments Commission

## Insolvency information for directors, employees, creditors and shareholders

ASIC has 11 insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Insolvency Practitioners Association (IPA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

### List of information sheets

- INFO 41 *Insolvency: a glossary of terms*
- INFO 74 *Voluntary administration: a guide for creditors*
- INFO 75 *Voluntary administration: a guide for employees*
- 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 43 *Insolvency: a guide for shareholders*
- INFO 42 *Insolvency: a guide for directors*
- INFO 84 *Independence of external administrators: a guide for creditors*
- INFO 85 *Approving fees: a guide for creditors*

### Getting copies of the information sheets

To get copies of the information sheets, visit ASIC's website at [www.asic.gov.au/insolvencyinfosheets](http://www.asic.gov.au/insolvencyinfosheets). The information sheets are also available from the IPA website at [www.ipaa.com.au](http://www.ipaa.com.au). The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.

**Important note:** The information sheets contain 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. These documents may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.