

18 September 2013

TO CREDITORS

Dear Sir/Madam

DA Information Services Pty Ltd
ACN 006 414 688

The Information Specialists Pty Ltd
ACN 115 922 873

Central Book Services Pty Ltd
ACN 124 498 586

(All Voluntary Administrators Appointed)
(Collectively referred to as 'the Group')

SECOND MEETING OF CREDITORS

I refer to the appointment of George Georges and myself as Voluntary Administrators over the Group on 5 July 2013 pursuant to section 436A of the Corporations Act 2001 (the Act).

Creditors ratified our appointment at a first meeting of creditors held on 17 July 2013. At that meeting, creditors did not resolve to appoint a Committee of Creditors.

Enclosed is my report to creditors pursuant to section 439A(4)(a) of the Act. You will note that there is no proposal for a Deed of Company Arrangement between the Group and its creditors. Accordingly, I have convened a meeting of creditors to consider and, if thought fit, resolve that the Group be placed into liquidation. I enclose the following regarding the meeting of creditors.

1. Notice of Meeting. *Please note that the meeting commences at 3:00pm. You should arrive for registration at least 15 minutes prior to the meeting.*
2. Informal Claim Form for Voting Purposes. If you submitted one of these for the purposes of the first meeting of creditors, you do not need to submit another one for this meeting;

*A person is not entitled to vote at the meeting unless they provide particulars of the debt or claim to the Administrators before the meeting. **Please note this form is for voting purposes only.** All creditors must furnish full details of their claims, indicating whether they rank as secured, preferential or unsecured, and whether they claim title to any goods supplied to the company or any lien/pledge over goods in their possession which are property of the company.*

3. Appointment of Proxy form. The form enables you to appoint another person to act on your behalf at the meeting. Proxy Forms submitted for the first meeting of creditors are not valid for this meeting.

The Informal Claim Form for Voting Purposes and Proxy Form should be lodged with this office before the meeting and, in any event not later than 4.00pm on the day prior to the meeting. Forms can be sent by facsimile on **03 9642 5887** marked to the attention of Brent Smith or scanned and emailed to Brent.Smith@fh.com.au. However, Corporations Regulation 5.6.36A requires lodgement of the original of the Proxy Form with the Administrators' office within 72 hours of lodging the faxed/emailed copy.

4. Administrators' report to creditors pursuant to section 439A(4)(a) of the Act which includes:

An opinion, with supporting reasons, on each of the following matters:

- Whether it would be in the creditors' interests for the Group to be wound up.
- Whether it would be in the creditors' interests for the Administration to end.

The Administrators' Remuneration

The Administrators' report includes a remuneration report explaining their remuneration claim setting out:

- (a) Details of time spent by category of staff at the rates applicable for such staff; and,
- (b) A summary of the work undertaken by the Administrators and their staff in the administration.

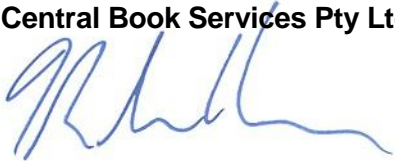
Remuneration of Liquidators

Where creditors resolve that the Group be wound up, the liquidators intend that their remuneration be fixed on the basis of time spent by them and their staff of an appropriate level having regard to the nature and complexity of the work and calculated by reference to the hourly rates set out in the schedule accompanying the Notice of Meeting of Creditors sent out for the purposes of the first meeting of creditors. A further copy of the schedule is included in the Administrators' report to creditors together with a schedule setting out the liquidators' likely tasks.

For further information concerning the Voluntary Administration process and Ferrier Hodgson, you may wish to visit our website at www.ferrierhodgson.com. Queries regarding the administration should be directed to Brent Smith of this office.

Yours faithfully

**The Information Specialists Pty Ltd
DA Information Services Pty Ltd
Central Book Services Pty Ltd**



John Lindholm
Administrator

Encl.

Form 529
Notice of Meeting

Corporations Act 2001
Subregulation 5.6.12(2)

The Information Specialists Pty Ltd
ACN 115 922 873

DA Information Services Pty Ltd
ACN 006 414 688

Central Book Services Pty Ltd
ACN 124 498 586

(All Voluntary Administrators Appointed)
(Collectively referred to as 'the Group')

NOTICE is given that a meeting of creditors of the Group will be held on 26 September 2013 at 3:00pm at Level 29, 600 Bourke Street, Melbourne Victoria 3000.

Agenda

1. To consider a statement by the Directors about the Group's business, property, affairs and financial circumstances.
2. To consider the circumstances leading to the appointment of the Administrators to the Group and the various options available to creditors.
3. To consider the report of the Administrators.
4. To resolve that:
 - the Administration should end; or
 - the Group be wound up.
5. If it is resolved that the Group be wound up, consider whether a Committee of Inspection is to be appointed, and if so, the members of that Committee.
6. If it is resolved that the Group be wound up, consider whether, pursuant to Section 477(2A) of the Corporations Act 2001 (the Act), creditors authorise the liquidators to compromise a debt owed to the Group of any amount.
7. If it is resolved that the Group be wound up, consider whether, subject to obtaining the approval of the Australian Securities & Investments Commission (ASIC) pursuant to Section 542(4) of the Act, the books and records of the Group and of the liquidators may be disposed of by the liquidators 12 months after the dissolution of the Group or earlier at the discretion of ASIC.
8. To fix the remuneration of the Administrators.
9. If it is resolved that the Group be wound up, to fix the remuneration of the liquidators.
10. Any other business that may be lawfully brought forward.

For a person to be eligible to attend and vote at the meeting on your behalf, a Form 532 Appointment of Proxy, is to be completed and submitted by no later than 4:00pm on 25 September 2013, to:

The Information Specialists Pty Limited and associated entities (Administrators Appointed)
c/- Ferrier Hodgson

PO Box 290, Collins Street West, Melbourne Victoria 8007
Tel: 03 9604 5150
Fax: 03 9642 5887
Email: brent.smith@fh.com.au

Note: In accordance with Regulation 5.6.36A of the Corporations Regulations 2001, if a proxy is submitted by facsimile, the original document must be lodged within 72 hours after lodging the faxed copy.

A Group may only be represented by proxy or by an attorney appointed pursuant to Corporations Regulations 5.6.28 and 5.6.31 respectively or, by a representative appointed under Section 250D of the Act.

In accordance with Subregulation 5.6.23(1) of the Corporations Regulations, creditors will not be entitled to vote at the meeting unless they have previously lodged particulars of their claim against the Group in accordance with the Corporations Regulations and that claim has been admitted, for voting purposes, wholly or in part.

Dated: 18 September 2013



John Lindholm
Administrator

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

Please tick the applicable entity:

- ☐ **The Information Specialists Pty Ltd**
ACN 115 922 873
- ☐ **DA Information Services Pty Ltd**
ACN 006 414 688
- ☐ **Central Book Services Pty Ltd**
ACN 124 498 586

(All Voluntary Administrators Appointed)

Name of creditor:

Amount of debt claimed: (see note)

Consideration for debt:

Whether debt secured or unsecured:

If secured, give details of security including dates, etc:

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

.....
Creditor (or person authorised by creditor)

NOTE:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his claim has been admitted, wholly or in part, by the Administrator; or
- b. he has lodged with the Administrator particulars of the debt or claim, or if required, a formal proof of debt.

For the purposes of Part 5.3A, a secured creditor may vote (Regulation 5.6.24):

- a. for the whole of his debt without regard to the estimated value of his security.

Proxies must be made available to the Administrator

Form 532
Appointment of Proxy

Corporations Act 2001
Regulation 5.6.29

- ☐ **The Information Specialists Pty Ltd**
ACN 115 922 873
- ☐ **DA Information Services Pty Ltd**
ACN 006 414 688
- ☐ **Central Book Services Pty Ltd**
ACN 124 498 586

(All Voluntary Administrators Appointed)
(Collectively referred to as 'the Group')

Instructions:

Please complete Sections A, B, C and D and submit in accordance with Section E.

* Strike out if inapplicable.

A. Name and Contact Details of Person or Entity Entitled to Attend Meeting

(if entitled in a personal capacity, given name and surname; if a corporate entity, full name of company, etc)

of

(address)

Tel:

Fax:

B. Appointment of Person to Act as Proxy

Note: You may nominate "the Chairperson of the meeting" as your proxy (or your alternate proxy in the event that the first-named proxy is not in attendance).

*I / *We, as named in Section A above, a *creditor / *contributory / *debenture holder /
*member of the Company, appoint

(name of person appointed as proxy)

or in his / her absence

(address of person appointed as proxy)

(name of person appointed as alternate proxy)

as *my / *our proxy

(address of person appointed as alternate proxy)

to vote at the meeting of creditors to be held on 26 September 2013 at 3:00pm at Level 29, 600 Bourke Street, Melbourne Victoria 3000, or at any adjournment of that meeting in accordance with the instructions in Section C below.

C. Voting Instructions

Note: A **general proxy** is entitled to vote on any resolution, subject to Regulation 5.6.33 of the Corporations Regulations 2001, as they see fit at the meeting – tick the “**general proxy**” box.

A **special proxy** is entitled to vote **only** in accordance with your specific instructions – tick the “**special proxy**” box and indicate your specific voting instructions by ticking **one option only for each** resolution for which you wish to give such instructions.

Your proxy may act as both a **special proxy**, in accordance with your instructions in relation to specific resolutions, and as a **general proxy**, in relation to resolutions where you have not issued specific instructions – tick **both** the “**general proxy**” and “**special proxy**” boxes. Your proxy will then be authorised to vote specifically in accordance with your instructions in relation to those resolutions where specific instructions have been given, and generally in relation to resolutions where no specific instructions have been given, and other business of the meeting.

*My / *Our proxy, as named in Section B above, is entitled to act as *my / *our :

☐ **general proxy**, to vote on *my / *our behalf generally, as *he / *she determines, subject to any specific instructions below, if applicable.

and / or

☐ **special proxy**, to vote on *my / *our behalf specifically, in accordance with the following special instructions: (for each resolution for which you wish to give specific voting instructions, please tick one option only)

Resolution	For	Against	Abstain
1. That the Administration should end.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. That the Group be wound up.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. That the remuneration of the Administrators of DA Information Services Pty Ltd (Administrators Appointed), as set out in the Remuneration Request Approval Report dated 18 September 2013, for the period from commencement of the Administration to 13 September 2013 be fixed in the amount of \$530,882.00, plus any applicable GST, and may be paid.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. That the remuneration of the Administrators of The Information Specialists Pty Ltd (Administrators Appointed), as set out in the Remuneration Request Approval Report dated 18 September 2013, for the period from commencement of the Administration to 13 September 2013 be fixed in the amount of \$906.50, plus any applicable GST, and may be paid.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution	For	Against	Abstain
5. That the remuneration of the Administrators of Central Book Services Pty Ltd (Administrators Appointed), as set out in the Remuneration Request Approval Report dated 18 September 2013, for the period from commencement of the Administration to 13 September 2013 be fixed in the amount of \$2,472.50, plus any applicable GST, and may be paid.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. That the remuneration of the Administrators of DA Information Services Pty Ltd (Administrators Appointed), as set out in the Remuneration Request Approval Report dated 18 September 2013, for the period from 16 September 2013 to conclusion of the Administration be fixed up to a maximum amount of \$20,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors, or the Committee of Inspection should one be appointed, and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. That the remuneration of the Administrators of The Information Specialists Pty Ltd (Administrators Appointed), as set out in the Remuneration Request Approval Report dated 18 September 2013, for the period from 16 September 2013 to conclusion of the Administration be fixed up to a maximum amount of \$5,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors, or the Committee of Inspection should one be appointed, and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. That the remuneration of the Administrators of Central Book Services Pty Ltd (Administrators Appointed), as set out in the Remuneration Request Approval Report dated 18 September 2013, for the period from 16 September 2013 to conclusion of the Administration be fixed up to a maximum amount of \$5,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors, or the Committee of Inspection should one be appointed, and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. That a Committee of Inspection be appointed, the members of which are to be determined by the meeting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution	For	Against	Abstain
10. That, pursuant to Section 477(2A) of the Corporations Act 2001, creditors authorise the liquidators to compromise a debt owed to the Group of any amount.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. That, subject to obtaining the approval of the Australian Securities & Investments Commission (ASIC) pursuant to Section 542(4), the books and records of the Group and of the liquidators be disposed of by the liquidators 12 months after the dissolution of the Group or earlier at the discretion of ASIC.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. That the remuneration of the liquidators of DA Information Services Pty Ltd be fixed in accordance with Ferrier Hodgson hourly rates up to a maximum sum of \$85,000.00 (plus GST if applicable) but subject to upward adjustment by resolution of creditors/ Committee of Inspection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. That the remuneration of the liquidators of The Information Specialists Pty Ltd be fixed in accordance with Ferrier Hodgson hourly rates up to a maximum sum of \$5,000.00 (plus GST if applicable) but subject to upward adjustment by resolution of creditors/ Committee of Inspection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. That the remuneration of the liquidators of Central Book Services Pty Ltd be fixed in accordance with Ferrier Hodgson hourly rates up to a maximum sum of \$10,000.00 (plus GST if applicable) but subject to upward adjustment by resolution of creditors/ Committee of Inspection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

D. Signature

Dated: _____

Signature: _____

Name / Capacity #: _____

If an individual, insert full name

If a sole trader, insert in accordance with the following example: "full name, proprietor"

If a partnership, insert in accordance with the following example: "full name, partner of the firm named in Section A above"

If a company, pursuant to Regulations 5.6.28 and 5.6.31A of the Corporations Regulations 2001, it may only be represented by proxy or attorney respectively, or by a representative appointed under Section 250D of the Corporations Act 2001. The document appointing the proxy, attorney or representative must be in executed in accordance with Section 127 of the Corporations Act 2001, in which instance, insert in accordance with the following example: "full name, director / secretary / director/secretary of the company named in Section A above" or under the hand of some officer duly authorised in that capacity, and the fact that the officer is so authorised must be stated in accordance with the following example: "full name, for the company named in Section A above (duly authorised under the seal of the company)" – a copy of authority / power of attorney is to be annexed.

Certificate of Witness (to be completed only in special circumstances – see below)

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

I

(name of witness)

of

(address of witness)

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

Dated:

Signature:

E. Submitting the Proxy

For a person to be eligible to attend and vote at the meeting on your behalf, this form is to be completed and submitted by no later than 4:00pm on 25 September 2013, to:

The Information Specialists Pty Limited and associated entities (Administrators Appointed)
c/- Ferrier Hodgson
PO Box 290, Collins Street West, Melbourne Victoria 8007
Tel: 03 9604 51510
Fax: 03 9642 5887
Email: brent.smith@fh.com.au

Note: In accordance with Regulation 5.6.36A of the Corporations Regulations 2001, if a proxy is submitted by facsimile, the original document must be lodged within 72 hours after lodging the faxed copy.

**DA Information Services Pty Ltd
ACN 006 414 688**

**The Information Specialists Pty Ltd
ACN 115 922 873**

**Central Book Services Pty Ltd
ACN 124 498 586**

**(All Voluntary Administrators Appointed)
(Collectively referred to as 'the Group')**

**Report by Administrators pursuant to
Section 439A(4)(a) of
the Corporations Act 2001**

**John Lindholm
George Georges**

18 September 2013

**Ferrier
Hodgson**

FERRIER HODGSON

LEVEL 29, 600 BOURKE STREET, MELBOURNE VIC 3000
PO BOX 290, COLLINS STREET WEST, MELBOURNE VIC 8007
TELEPHONE 03 9600 4922 FACSIMILE 03 9642 5887

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Glossary of terms

Abbreviation	Description
ABN	Australian Business Number
ACN	Australian Company Number
Act	The Corporations Act 2001
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
Award	Clerks Award 2010 Storage Services & Wholesale Award 2010
Bankwest	Bank of Western Australia
Central Book Services	Central Book Services Pty Ltd (Administrators Appointed)
CA	Confidentiality Agreement
Capital Finance	Capital Finance Australia Limited
DA Information Services	DA Information Services Pty Ltd (Administrators Appointed)
DOCA	Deed of Company Arrangement
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities
ERV	Estimated Realisable Value
FY	Financial Year
GEERS	General Employee Entitlements Redundancy Scheme
Group	DA Information Services Pty Ltd The Information Specialists Pty Ltd Central Book Services Pty Ltd (All Administrators Appointed)
GST	Goods and Services Tax
IPA	Insolvency Practitioners Association of Australia
IM	Information Memorandum
IT	Information Technology
PAYG	Pay As You Go
PPSR	Personal Property Securities Register
SGC	Superannuation Guarantee Charge
Statement	Directors' Statement about the Group's Business, Property, Affairs and Financial Circumstances
The Information Specialists	The Information Specialists Pty Ltd (Administrators Appointed)
YTD	Year to Date

Listing of annexures

Annexure 1 Administrators' Remuneration Report

Annexure 2 IPA – Creditor Information Sheet – Offences, Recoverable Transactions and Insolvent Trading

1. Executive summary

My partner, George Georges, and I were appointed joint and several Administrators of the Group on 5 July 2013 by the Group pursuant to Section 436A of the Act.

Immediately following our appointment, I undertook an urgent assessment of the Group's operations and financial position, and sought expressions of interest for a sale of the Group's businesses as a going concern.

Creditors ratified our appointment as Administrators at the first meeting of creditors held on 17 July 2013. A Committee of Creditors was not formed.

Investigations undertaken are detailed in section 8 of this report. The main issues arising from these investigations are:

- Whether the Group was allowed to trade and incur debt while insolvent;
- Any other possible breaches of the law

The second meeting of creditors is convened for 26 September 2013 and will be held at the offices of Ferrier Hodgson at 3:00pm.

There is no proposal for a DOCA. In the absence of a proposal for a DOCA, my opinion is that, for the reasons set out in this report, the Group should be wound up.

I estimate a dividend payable to unsecured creditors in the event the Group is wound up of between 22 and 27 cents in the dollar.

2. Introduction

2.1 Purpose of Administrators' appointment and this report

My partner, George Georges, and I were appointed joint and several Administrators of the Group on 5 July 2013 pursuant to Section 436A of the Act.

The purpose underlying an administrator's appointment is to allow for independent control and investigation of an insolvent company's affairs. During the administration period, creditors' claims are put on hold. I am required to provide creditors with information and recommendations to assist creditors decide upon the Group's future.

Section 439A(4) of the Act explains the purpose of an administrator's report in providing that the notice (of second meeting) must be accompanied by a copy of:

- (a) *A report by the Administrator about the company's business, property, affairs and financial circumstances; and*
- (b) *A statement setting out the Administrator's opinion about each of the following matters:*
 - *Whether it would be in the creditors' interests for the company to execute a Deed of Company Arrangement;*
 - *Whether it would be in the creditors' interest for the administration to end;*
 - *Whether it would be in the creditors' interest for the company to be wound up;*

- *His or her reasons for those opinions and provide such other information known to the Administrator as will enable the creditors to make an informed decision about each of the above matters; and*

(c) *If a Deed of Company Arrangement is proposed – a statement setting out details of the proposed deed.*

2.2 First meeting of creditors and committee of creditors

Creditors attended a first meeting of creditors held at the offices of the Institute of Chartered Accountants, Level 3, 600 Bourke Street, Melbourne, Victoria on 17 July 2013. At that meeting, creditors ratified our appointment as Administrators of the Group.

Creditors also resolved not to appoint a Committee of Creditors.

2.3 Second meeting of creditors

Following the first meeting of creditors an application was made to the Supreme Court of Victoria seeking an extension to hold the second creditors meeting. On 31 July 2013 Associate Justice Eftim agreed to extend the convening period to 27 September 2013.

This extension was necessary to enable further time for interested parties to perform all due diligence required in order to make a binding offer for the Group's business and to complete the investigations detailed in this report.

Pursuant to Section 439A of the Act, the second meeting of creditors of the Group is convened for 26 September 2013 at the offices of Ferrier Hodgson, Level 29, 600 Bourke Street, Melbourne, Victoria at 3:00pm.

At the second meeting, creditors will decide the Group's future in voting on one of the following options:

- That the administration should end and control of the Group revert to its directors; **or**
- That the Group should be wound up;

2.4 Non-disclosure of certain information

There are sections of this report wherein I considered it inappropriate to disclose certain information to creditors. Such information includes the valuation of specific assets.

I fully recognise the need to provide creditors with complete disclosure of all necessary information relating to the Group. However, I believe this information is commercially sensitive and it would not be in the best interest of creditors for me to disclose the information publicly at this stage.

2.5 Declaration of Independence, Relevant Relationships and Indemnities

The Administrators provided a DIRRI to creditors with their first circular to creditors and also tabled the declaration at the first meeting of creditors.

As advised in the DIRRI, there were no relevant prior relations that required disclosure to the creditors.

There has been no change in the declaration since that time.

George Georges and I are partners of Ferrier Hodgson. Ferrier Hodgson is Australia's and the Asia-Pacific's largest independent corporate restructuring practice with 27 partners and over 320 staff throughout Australia, New Zealand and Asia. Ferrier Hodgson does not provide accounting, audit, legal or taxation services.

George Georges is a Chartered Accountant, Registered Liquidator and member of the IPA with over 20 years experience in corporate insolvency.

I am also a Chartered Accountant, Registered Liquidator and member of the IPA with over 22 years experience in corporate insolvency.

Further information regarding Ferrier Hodgson and the Administrators can be obtained from the firm's website at www.ferrierhodgson.com.

2.6 Summary of receipts and payments

A summary of the Administrators' receipts and payments for the period to 31 August 2013 is included within Part 9 of the Administrators' Remuneration Report in Annexure 1.

3. Group information

3.1 Statutory information

A search of the ASIC database revealed the following information.

3.1.1 Incorporation date and registered office

The ASIC search discloses the incorporation dates and registered offices of each company in the Group as follows:

Company	Incorporation date	Registered office
DA Information Services	22/5/1985	648 Whitehorse Road, Mitcham Victoria 3132
The Information Specialists	24/8/2005	648 Whitehorse Road, Mitcham Victoria 3132
Central Book Services	20/3/2007	648 Whitehorse Road, Mitcham Victoria 3132

3.1.2 Company officers

The ASIC database discloses the company officers of the Group over the past 12 months to be:

Company	Name	Role	Appointment date	Cessation date
DA Information Services	Simon Mark Day	Director/Secretary	20/9/2005	N/A
	Grant Arthur Hyde	Director	20/9/2005	N/A
	Christopher Arthur Malin	Director	20/9/2005	N/A
	Michael Elliot Dupler	Director	20/9/2005	N/A
	Pote Narittakum	Director	20/9/2005	N/A
The Information Specialists	Simon Mark Day	Director/Secretary	24/08/2005	N/A
	Grant Arthur Hyde	Director	20/9/2005	N/A
	Christopher Arthur Malin	Director	20/9/2005	N/A
	Michael Elliot Dupler	Director	20/9/2005	N/A
	Pote Narittakum	Director	20/9/2005	N/A
Central Book Services	Simon Mark Day	Director	20/3/2007	N/A
	Christopher Arthur Malin	Director	25/5/2011	N/A

A search of the National Personal Insolvency Index maintained by the Insolvency Trustee Service, Australia, shows that the Group's directors are not bankrupt or subject to a Personal Insolvency Agreement under Part X of the Bankruptcy Act 1966.

3.1.3 Shareholders

The ASIC database discloses the Group's shareholders to be:

Company	Shareholder	Class	Shares held	%
DA Information Services	Dais International Pty Ltd	Ordinary	2	0.05%
	The Information Specialists Pty Ltd	Ordinary	4,000	99.95%
The Information Specialists	Dharma LLC	Ordinary	757	7.69%
	Pote Narittakum	Ordinary	2,523	25.65%
	Lee Pit Teong (joint shareholding)			
	Simon Tay	Ordinary	1,009	10.26%
	Ail Tiong Tay (joint shareholding)			
	Lawrence Lai	Ordinary	757	7.69%
	Hyde Park Enterprises Pty Ltd	Ordinary	1,683	17.11%
	Christopher Arthur Malin	Ordinary	1,683	17.11%
Central Book Services	Simon Mark Day	Ordinary	1,426	14.49%
	The Information Specialists Pty Ltd	Ordinary	100	100.00%

3.1.4 Security interests

A search of the Personal Property Securities Register revealed the following general security interests:

Company	Secured party	Collateral class	Registration date	Registration number	Debt (\$)
DA Information Services	Commonwealth Bank of Australia	All present and after-acquired property	30/1/2012	201112310080196	\$221,884
	Capital Finance Australia Limited	All present and after-acquired property	30/1/2012	201112120878119	Nil
	Capital Finance Australia Limited	All present and after-acquired property	30/1/2012	201112121427180	Nil
The Information Specialists	Commonwealth Bank of Australia	All present and after-acquired property	30/1/2012	201112310080219	\$221,884
Central Book Services	Commonwealth Bank of Australia	All present and after-acquired property	30/1/2012	201112260008171	\$221,884

In respect to the PPSR I note that:

- The debt amounts have been obtained from the Group's records as at 5 July 2013 and do not take into account any interest and finance costs outstanding.
- The Commonwealth Bank of Australia security interest relates to a Bankwest overdraft facility and bank guarantee facility which is cross-collateralised across all three entities.

I undertook a review of the Commonwealth Bank's charge and determined it to be valid.

Following our appointment Capital Finance Australia Limited advised they have released their charge as there was no debt owing by DA Information Services.

3.1.5 Winding up applications

I am not aware of any winding up applications filed with the Court prior to our appointment.

3.2 Group history

DA Information Services was incorporated on 22 May 1985 in Victoria and has traded from premises located at 648 Whitehorse Road, Mitcham, Victoria since 31 January 1991. It employed 44 employees (including casuals) at the date of our appointment. DA Information Services is the main trading entity of the Group supplying books, eProducts and subscriptions (detailed below) and is ultimately owned by The Information Specialists.

The Information Specialists was incorporated on 24 August 2005 as a special investment company for the acquisition of DA Information Services and operates as the holding company of the Group. This entity does not trade.

Central Book Services was incorporated on 20 March 2007 as a wholly owned subsidiary of The Information Specialists. Central Book Services is a wholesale book supplier that was initially established for the wholesale distribution relationship with Redgroup Retail Pty Ltd (trading as Borders and Angus & Robertson Pty Ltd), Australia's largest book retailer.

The Group trades as a full-service academic library supplier, representing more than 50 United States and European English-language publishers of science, technology, medical and humanities texts, supplying content for the academic, professional and library markets in Australia, New Zealand, Fiji and Papua New Guinea.

The Group trades/has traded under the following business divisions:

- **Books** - sales of books to academic and special libraries and resellers.
- **eProducts** - supply of electronic databases, e-Book collections and e-journal collections to academic and special libraries.
- **Subscriptions** - sales of print and online journals.
- **Languages Direct** – this business was acquired in 2009 to offer foreign language books and materials. The Languages Direct business was sold in 2011.

3.3 Decision to appoint administrators

We understand that the board of directors sought funding from the Group's shareholders to continue to trade. There was not unanimous support for this funding proposal and ultimately the Group's shareholders declined the proposal.

As a result, the directors of the Group sought advice on the financial position of the Group and options available to the Group.

Following this meeting, the directors resolved to place the Group under voluntary administration. The appointment took effect on 5 July 2013.

4. Historical financial information

4.1 Preparation of financial statements

The Group's special purpose financial statements have been prepared up to 30 June 2012. Grant Thornton Audit Pty Ltd audited the special purpose financial statements up to the year ended 30 June 2012.

The Group also prepared various management accounts and reports on a monthly basis. I note that the management accounts do not reconcile to the statutory accounts. I am advised that audit adjustments for the statutory accounts were not applied retrospectively to the management accounts.

At section 8.2.3 of this report, I comment on the adequacy of the Group's books and records.

4.2 Financial statement analysis for the Group

Consolidated Management Accounts

Below is a summary of the Group's profit and loss derived from management accounts for FY11, FY12 and YTD 31 May 2013.

	YTD13	%	FY12	%	FY11	%
	\$'000		\$'000		\$'000	
Sales revenue	33,979	100	40,993	100	44,105	100
Cost of sales	(30,012)	88	(35,405)	86	(37,277)	85
Gross Margin	3,967	12	5,589	14	6,828	15
Direct expenses	(2,436)		(3,007)		(3,898)	
Overhead Expenses	(1,943)		(2,216)		(2,435)	
Operating Profit	(412)	(1)	365	1	495	1

The Group experienced a decline in sales from FY11 to YTD May 2013 which occurred across all business divisions with the most significant decline occurring amongst the books division, in particular, the Central Book Services business unit from FY11 to FY12. This was due to Redgroup Retail Pty Ltd being placed into Administration and closing operations during this time.

To set off the sales decline the Group reduced expenses, primarily wages. The net loss for YTD May 2013 is mainly due to competitive pressure and the economic climate and in particular:

- A decline in consumer spending;
- Publishers selling direct to customers; and
- A reduction in sales commissions.

4.2.1 DA Information Services

Profit and loss statement

Set out below is a summary of the profit and loss statement for the company for the past three (3) financial years together with my preliminary analysis.

	FY12	FY11	FY10
	\$'000	\$'000	\$'000
Revenue from continuing operations			
Sale of goods	40,286	41,975	40,343
Rendering of services	83	55	4
Finance revenue	83	94	27
Total revenue	40,451	42,125	40,375
Expenses			
Changes in inventories of finished goods (cost of sales)	(157)	(638)	115
Purchases of goods (cost of sales)	(33,781)	(34,322)	(34,259)
Employee benefits expenses	(4,179)	(4,627)	(4,920)
Depreciation and amortisation expenses	(66)	(105)	(143)
Other expenses	(2,224)	(1,710)	(2,292)
Finance expenses	(2)	(7)	(60)
Total expenses	(40,411)	(41,409)	(41,559)
Income tax (expense) / benefit	(45)	(235)	142
Other comprehensive Income	-	-	-
Total comprehensive income	(4)	481	(1,042)

NB – Management accounts are consolidated only. Accordingly there is no comparison for YTD FY13.

- Revenue and expenses remained relatively stable over the 3 years. However the company has traded at a small loss or close to breakeven position since FY11.
- The most significant expense appears to be for the purchase of goods/stock, ranging between 82% and 85% of revenue over the 3 year period.
- Other large expense items relate to rent of the office building, consulting fees, freight and distribution costs and foreign exchange gains/losses. Consulting fees relate to various IT contractor fees; in particular it engages a permanent in-house IT manager.
- Total operating revenue increased by 4.17% in FY11 compared to FY10 resulting in a \$866,345 increase in gross margins from FY10 even though cost of sales also increased by 2.39%. Overhead cost savings were also achieved in FY11 leading to an overall increase in net profit after tax of \$1.52m from the previous year.
- Net profit after tax in FY12 decreased by \$485,000 compared to FY11. This is largely attributable to a loss on sale of the Language Direct business in the amount of \$100,000 and foreign exchange losses of \$220,000.
- Despite this, DA Information Services continued to achieve a reduction in its cost of operations (excluding 'purchases of goods'), decreasing overall expenditure by \$457,000 in FY12 compared to FY11. This is mainly due to a reduction in the employee benefit expense as a result of decreasing employee numbers.
- When considered in conjunction with the interim management results for YTD13, it appears that a further decline in profitability was experienced during the current financial year.

Balance sheet

A summary of the company's balance sheet for the past three (3) financial years is set out below together with my preliminary analysis:

	FY12 \$'000	FY11 \$'000	FY10 \$'000
Current Assets			
Cash and cash equivalents	850	1,573	1,096
Trade and other receivables	2,041	1,794	2,166
Inventories	222	379	1,017
Total current assets	3,112	3,745	4,279
Non current assets			
Amount owing from related parties	5,620	5,916	5,592
Plant & equipment	1,053	367	287
Intangible assets	3	3	4
Goodwill	-	700	715
Deferred tax assets	316	177	179
Total non current assets	6,992	7,163	6,776
Total assets	10,104	10,908	11,055
Current liabilities			
Trade and other payables	6,838	7,746	8,280
Provisions	317	398	539
Derivatives financial instruments	446	249	185
Total current liabilities	7,600	8,394	9,004
Non current liabilities			
Provisions	44	50	63
Deferred tax liability	0	0	5
Total non current liabilities	45	51	68
Total liabilities	7,645	8,445	9,072
Net assets	2,459	2,464	1,983
Equity			
Contributed equity	1,360	1,360	1,360
Retained earnings	1,099	1,104	623
Total equity	2,459	2,464	1,983

- The 2010 to 2012 audited financial statements of the company indicate that it held sufficient total assets to meet its total liabilities.
- The increase in plant and equipment of \$686,000 during FY12 relates to capital expenditure incurred in preparation for the consolidation of the Group's existing computing infrastructure. I note that this project did not proceed in FY13.
- The sale of the Languages Direct business resulted in a impairment loss of \$15,000 being recognized in FY11 and a loss on sale of business of \$100,000, relating to a failure to meet an earn out clause, in FY12.
- A large portion of the company's payables are in foreign currency. Accordingly, the company entered into numerous forward currency contracts in varying currencies to hedge against the exposure to changes in foreign exchange rates.
- The company's current asset ratio weakened from 0.48 at 30 June 2010 to 0.41 at 30 June 2012 which may have been driven by the repayment of debt to Bankwest via The Information Specialists. This is commented on further in section 5.1.9 and 8.2.2.
- Most of the amount owing from related parties are not recoverable and are commented on further in section 5.1.9.

4.2.2 The Information Specialists

Profit and loss statement

Set out below is a summary of the profit and loss statement for the company for the past three (3) financial years together with my preliminary analysis.

	FY12 \$'000	FY11 \$'000	FY10 \$'000
Revenue from continuing operations			
Financial revenue	0	1	0
Total revenue	0	1	0
Expense			
Other expenses	(22)	(25)	(14)
Financial expenses	(41)	(75)	(103)
Total expenses	(63)	(99)	(117)
Income tax benefit	19	30	31
Other comprehensive income	-	-	-
Total comprehensive income	(44)	(69)	(86)

NB – Management accounts are consolidated only. Accordingly there is no comparison for YTD FY13.

I make the following comments:

- The Information Specialists is a holding company, with minimal revenue and expenses.
- Other expenses are comprised of bank charges and direct operating expenses.
- Finance costs relate to interest expenses on the Group's core debt/overdraft facilities.

Balance sheet

A summary of the company's balance sheet for the past three (3) financial years is set out below together with my preliminary analysis:

	FY12 \$'000	FY11 \$'000	FY10 \$'000
Current assets			
Cash and cash equivalents	-	14	0
Other receivables	1	1	1
Income tax receivables	-	50	51
Total current assets	1	65	52
Non current assets			
Investments in subsidiaries	7,087	7,087	7,087
Deferred tax assets	2	170	310
Total non current assets	7,088	7,257	7,397
Total assets	7,089	7,322	7,449
Current liabilities			
Trade and other payables	5,497	5,535	5,005
Borrowings	500	650	1,150
Total current liabilities	5,997	6,185	6,155
Total liabilities	5,997	6,185	6,155
Net assets	1,092	1,136	1,294
Equity			
Contributed equity	1,866	1,866	1,955
Accumulated losses	(774)	(730)	(661)
Total equity	1,092	1,136	1,294

- Trade and other payables relate to intercompany loans payable to DA Information Services and Central Book Services. Intercompany loans are discussed further at section 5.1.9 of this report.
- Borrowings relate to a core debt facility and overdraft facility owed to Bankwest, a subsidiary of Commonwealth Bank of Australia and is discussed further at section 8.2.2 of this report.

4.2.3 Central Book Services

Profit and loss statement

Set out below is a summary of the profit and loss statement for the company for the past three (3) financial years together with my preliminary analysis.

	FY12 \$'000	FY11 \$'000	FY10 \$'000
Revenue from continuing operations			
Sale of goods	624	2,033	3,350
Finance revenue	3	4	3
Total revenue	627	2,037	3,353
Expenses			
Purchases of goods	(419)	(1,359)	(2,157)
Employee benefits expenses	-	(27)	(191)
Other expenses	(197)	(838)	(1,073)
Total expenses	(616)	(2,225)	(3,421)
Income tax (expense) / benefit	(3)	56	21
Other comprehensive income	-	-	-
Total comprehensive income	8	(132)	(48)

NB – Management accounts are consolidated only. Accordingly there is no comparison for YTD FY13.

I make the following comments:

- Sale of goods decreased significantly from \$3,350,000 in FY10 to \$624,000 in FY12. A number of factors contributed to this decline:
 - Market trends towards consolidation of the supply chain, with publishers increasingly selling direct to resellers (bypassing wholesale distribution)
 - Consumer trend towards electronic forms of media
 - On 17 February 2011 Central Book Services' major trading partner, Redgroup Retail Pty Ltd (trading as Borders and Angus & Robertson Pty Ltd) was placed into voluntary administration and closed operations
- Despite the decline in sales, net profits have improved during FY12 compared to FY11 by \$140,000 as Central Book Services achieved significant cost reductions in operations.
- Although the Group's employees are employed by DA Information Services, they operate the Central Book Service business however labour costs have not been allocated to the company. Therefore, the company's income statement should be considered in conjunction with the income statements of DA Information Services and The Information Specialists.

Balance sheet

A summary of the company's balance sheet for the past three (3) financial years is set out below together with my preliminary analysis:

	FY12 \$'000	FY11 \$'000	FY10 \$'000
Current assets			
Cash and cash equivalents	17	10	97
Trade and other receivables	111	148	470
Total current assets	128	158	567
Non current assets			
Amount due from ultimate parent company	1,745	1,063	957
Deferred tax assets	2	2	14
Total non current assets	1,747	1,065	971
Total assets	1,875	1,222	1,538
Current liabilities			
Trade and other payables	6	7	38
Amount owing to related parties	2,089	1,443	1,596
Total current liabilities	2,095	1,450	1,634
Total liabilities	2,095	1,450	1,634
Net assets	(220)	(228)	(96)
Equity			
Contributed equity	0	0	0
Accumulated losses	(220)	(228)	(96)
Total equity	(220)	(228)	(96)

- The company's assets have been recorded in the balance sheet of DA Information Services rather than Central Book Services as it operates through the processes established by DA Information Services. As such the net asset position is not an accurate indicator of the company's financial position and should be considered in conjunction with the balance sheets of DA Information Services and The Information Specialists.
- The amount due from ultimate parent company relates to a loan to The Information Specialists which is commented on further in section 5.1.9 of this report.
- The amount owing to related parties has increased considerably. This relates to a loan provided by DA Information Services and is discussed further in section 5.1.9 of this report.
- The company's bank account is used solely to collect debts owed by its trade debtors. It does not make payments from this account. Creditors invoice DA Information Services for Central Book Services' customer's orders. Accordingly, the company's financial position is further obscured in this regard and should be considered together with the balance sheet of DA Information Services.

5. Statement by directors

5.1 Summary

Section 438B of the Act requires the directors to give an Administrator a statement about the Group's business, property, affairs and financial circumstances. I received the directors' Statement on 8 August 2013.

In the Statement, the directors detailed each of the company's assets and liabilities at book value and ERV. The following table summarises the assets and liabilities described in the directors' Statement.

DA Information Services

Statement as at 5 July 2013	Report Reference	RATA \$	Administrators' ERV High \$	Low \$
Assets:				
Interest in land	5.1.1	NIL	NIL	NIL
Sundry debtors	5.1.2	432,050	572,015	548,651
Cash on hand	5.1.3	NIL	NIL	NIL
Cash at bank	5.1.3	1,972,961	2,119,503	2,119,503
Stock on hand	5.1.4	100,825	40,000	40,000
Work in progress	5.1.5	NIL	NIL	NIL
Plant & equipment	5.1.6	345,501	188,580	64,110
Motor vehicles	5.1.7	NIL	NIL	NIL
Deposits and investments	5.1.8	NIL	NIL	NIL
Related party loan accounts	5.1.9	NIL	NIL	NIL
Other assets	5.1.10	391,060	391,175	391,175
Sub Total		3,242,397	3,311,273	3,163,439
Assets subject to specific charges	5.1.11	NIL	NIL	NIL
Less: Amounts owing under charge	5.1.11	NIL	NIL	NIL
Total Available Assets		3,242,397	3,311,273	3,163,439
Liabilities:				
Less: Priority creditors				
Employee entitlements payable in advance of secured creditors	5.1.12	(888,059)	(393,420)	(892,030)
Secured creditors	5.1.13	NIL	(111,884)	(221,884)
Total Priority Creditors		(888,059)	(505,304)	(1,113,914)
Contingent assets	5.1.14	NIL	NIL	NIL
Contingent liabilities	5.1.14	NIL	NIL	NIL
Available to Unsecured Creditors		2,354,338	2,805,969	2,049,525
Ordinary unsecured creditor claims	5.1.15	(7,965,367)	(7,432,914)	(7,965,367)
Estimated Surplus/(Deficiency)		(5,611,029)	(4,626,945)	(5,915,842)

The Information Specialists

Statement as at 5 July 2013	Report Reference	RATA \$	Administrators' ERV High \$	Low \$
Assets:				
Interest in land	5.1.1	NIL	NIL	NIL
Sundry debtors	5.1.2	NIL	NIL	NIL
Cash on hand	5.1.3	NIL	NIL	NIL
Cash at bank	5.1.3	NIL	NIL	NIL
Stock on hand	5.1.4	NIL	NIL	NIL
Work in progress	5.1.5	NIL	NIL	NIL
Plant & equipment	5.1.6	NIL	NIL	NIL
Motor vehicles	5.1.7	NIL	NIL	NIL
Deposits and investments	5.1.8	NIL	NIL	NIL
Related party loan accounts	5.1.9	NIL	NIL	NIL

Other assets	5.1.10	NIL	NIL	NIL
Sub Total		NIL	NIL	NIL
Assets subject to specific charges	5.1.11	NIL	NIL	NIL
Less: Amounts owing under charge	5.1.11	NIL	NIL	NIL
Total Available Assets		NIL	NIL	NIL
Liabilities:				
Less: Priority creditors				
Employee entitlements payable in advance of secured creditors	5.1.12	NIL	NIL	NIL
Secured creditors	5.1.13	(221,884)	(111,884)	(221,884)
Total Priority Creditors		(221,884)	(111,884)	(221,884)
Contingent assets	5.1.14	NIL	NIL	NIL
Contingent liabilities	5.1.14	NIL	NIL	NIL
Available to Unsecured Creditors		(221,884)	(111,884)	(221,884)
Ordinary unsecured creditor claims	5.1.15	NIL	NIL	NIL
Estimated Surplus/(Deficiency)		(221,884)	(111,884)	(221,884)

Central Book Services

Statement as at 5 July 2013	Report Reference	RATA \$	Administrators' ERV High \$	Low \$
Assets:				
Interest in land	5.1.1	NIL	NIL	NIL
Sundry debtors	5.1.2	88,645	59,058	41,859
Cash on hand	5.1.3	NIL	NIL	NIL
Cash at bank	5.1.3	18,665	18,665	18,665
Stock on hand	5.1.4	NIL	NIL	NIL
Work in progress	5.1.5	NIL	NIL	NIL
Plant & equipment	5.1.6	NIL	NIL	NIL
Motor vehicles	5.1.7	NIL	NIL	NIL
Deposits and investments	5.1.8	NIL	NIL	NIL
Related party loan accounts	5.1.9	NIL	NIL	NIL
Other assets	5.1.10	NIL	NIL	NIL
Sub Total		107,310	77,723	60,524
Assets subject to specific charges	5.1.11	NIL	NIL	NIL
Less: Amounts owing under charge	5.1.11	NIL	NIL	NIL
Total Available Assets		107,310	77,723	60,524
Liabilities:				
Less: Priority creditors				
Employee entitlements payable in advance of secured creditors	5.1.12	NIL	NIL	NIL
Secured creditors	5.1.13	NIL	(111,884)	(221,884)
Total Priority Creditors		NIL	(111,884)	(221,884)
Contingent assets	5.1.14	NIL	NIL	NIL
Contingent liabilities	5.1.14	NIL	NIL	NIL
Available to Unsecured Creditors		107,310	(34,161)	(161,360)
Ordinary unsecured creditor claims	5.1.15	NIL	NIL	NIL
Estimated Surplus/(Deficiency)		107,310	(34,161)	(161,360)

I comment on the Statement as follows:

5.1.1 Interest in land

A property search indicates that the Group does not currently own any real property.

5.1.2 Sundry debtors

The debtors ageing of each company in the Group is summarised below. Please note that the debtors ledger is net of customer credit notes and prepayments.

DA Information Services

	Current	30-60	60-90	90+	Total	Total Excluding Credits
Debtors	567,663	119,250	18,178	-273,041	432,050	1,431,480
Percentage of total	131%	28%	4%	-63%	100%	331%

Central Book Services

	Current	30-60	60-90	90+	Total	Total Excluding Credits
Debtors	34,448	41,630	14,394	-1,827	88,644	148,036
Percentage of total	39%	47%	16%	-2%	100%	167%

The Information Specialists does not have any trade debtors.

It is apparent from the debtors ageing above that the majority of trade debtors for both DA Information Services and Central Book Services are within trade terms. Debtor terms range from 30 to 90 days depending on the product type.

The Administrators ERV is based on an estimate of the Company's true debtor position. The Statement amount includes debtors that are more than 12 months old and accordingly are almost certainly uncollectable.

It should be noted that debtors are recorded in varying currencies and were converted to Australian dollars as at 4 July 2013 when the Statement was prepared. Accordingly, this amount will vary with fluctuations in foreign exchange rates.

5.1.3 Cash on hand and cash at bank

DA Information Services operated a number of trading bank accounts with National Australia Bank in various foreign currencies and also operated a cash management account with Westpac. The bank balances on our appointment were as follows:

Account	Balance	Currency	Exchange Rate at 4 July 2013	AUD Equivalent
National Australia Bank	624,606	AUD	1.0000	624,606
National Australia Bank	807,287	EUR	0.7009	1,151,786
National Australia Bank	6,959	USD	0.9096	7,650
National Australia Bank	2,396	GBP	0.5979	4,008
National Australia Bank	1,459	SGD	1.1574	1,260
National Australia Bank	488	CHF	0.8637	566

Westpac	790	AUD	1.0000	790
TOTAL				1,790,666

Further, DA Information Services operated a number of overseas bank accounts as detailed below.

Account	Balance	Currency	Exchange Rate at 4 July 2013	AUD Equivalent
Great Western Bank	130,806	USD	0.9096	143,806
Wells Fargo	20,699	USD	0.9096	22,757
Danske Bank	6,119	EUR	0.7009	8,730
Yorkshire Bank (Estimate)	2,919	GBP	0.5979	4,882
Bank Of New Zealand (Estimate)	2,479	NZD	1.1730	2,113
TOTAL				182,288

Please note that the balance of each of the accounts was based on information that was available to the directors at the time of preparing the Statement. Accordingly, where such information was not available an estimate has been incorporated. In this regard, the Administrators' ERV more accurately reflects the account balances following receipt of updated bank statements, however remain subject to fluctuations in foreign exchange rates.

The domestic foreign currency accounts were created to allow:

- Customers to remit directly into the respective foreign currency account.
- Payments to international publishers (trade creditors) via cheques in the ordinary course of business.

Central Book Services operated a trading account with Bankwest, with a balance of \$18,665.13 as at 5 July 2013. This account is used solely to collect debts owed by its trade debtors. Trade creditors invoice DA Information Services for orders placed for Central Book Services' customers and therefore no payments are made from this account, other than debits for bank fees.

5.1.4 Stock

Inventory as at the date of our appointment had an estimated book value in Australian dollars of \$100,825 which has been acquired from different countries at varying currencies. Accordingly, this value will vary with fluctuation in foreign exchange rates.

The inventory is solely made up of hard copy books and relates to the Books and Subscription divisions. Approximately 40% of this stock was committed to customer orders. The balance of uncommitted stock (approximately \$60,000) largely relates to customer returns, damaged goods and obsolete titles. It is unlikely that this stock will be realised and credits have been requested reducing outstanding creditor claims.

To date, 11 suppliers have lodged retention of title claims totalling approximately \$106,000 in value. The Administrators have assessed each of these claims and our preliminary view is that most claims appear invalid, however may be subject to further investigation.

5.1.5 Work in progress

The Group's records did not identify any work in progress available to the Administrators for realisation.

5.1.6 Plant and equipment

DA Information Services' balance sheet discloses plant and equipment with a book value of \$1,052,615 as at 30 June 2012, which relates predominantly to computer hardware/software and leasehold improvements.

It should be noted that during FY13 the company abandoned a large initiative to consolidate its IT infrastructure. Accordingly there was a significant write off of plant and equipment in FY13.

Following our appointment, we engaged Grays Asset Services to value DA Information Services' plant and equipment and have noted the estimated realisable value on the Statement.

Central Book Services and The Information Specialists did not own any plant and equipment.

5.1.7 Motor vehicles

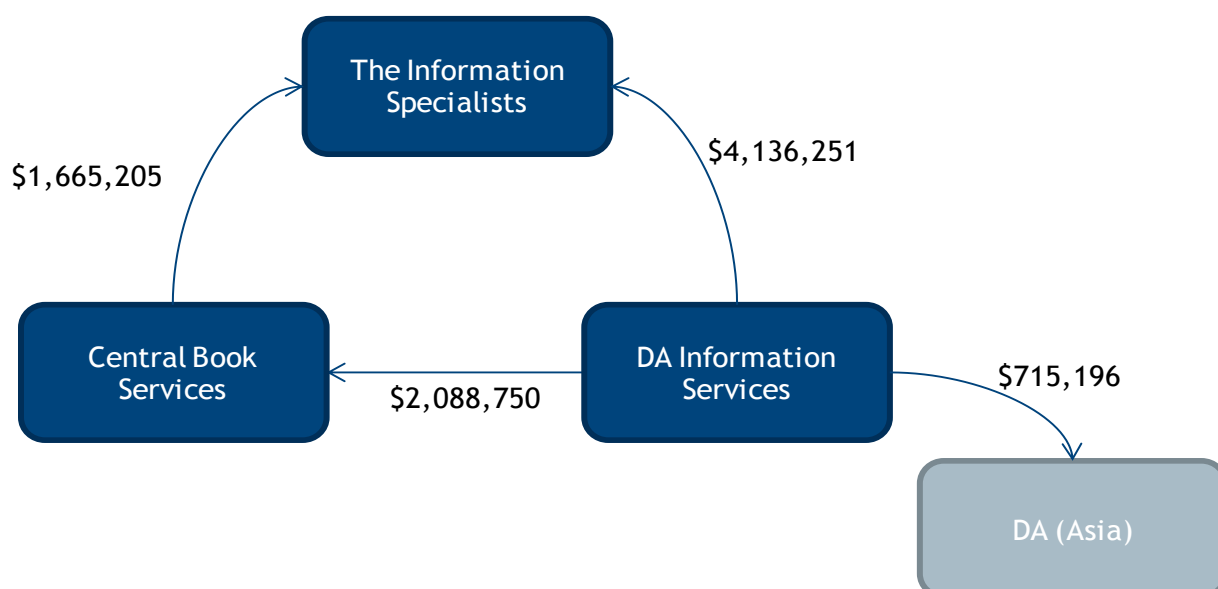
A search of the Vicroads vehicle register did not reveal any motor vehicles registered in the name of the companies of the Group.

5.1.8 Deposits and investments

The Group's records did not identify any deposits and investments available to the Administrators for realisation.

5.1.9 Related party loan accounts

The Group's balance sheet as at 30 June 2012 details the below outstanding related party loan accounts:



I comment on the related party loans as follows:

- The loan from DA Information Services to The Information Specialists relates to funds advanced to purchase the business and repay the Group's core debt facility owed to Bankwest. The Bankwest facility is in the name of The Information Specialists. This amount is unrecoverable as The Information Specialists does not own any realisable assets.

- The loan from Central Book Services to The Information Specialists relates to funds advanced to repay the Bankwest core debt facility. This amount is unrecoverable as The Information Specialists does not own any realisable assets.
- The loan from DA Information Services to Central Book Services relates to inventory purchased from DA Information Services and for outstanding management fees charged to Central Book Services by DA Information Services. This amount may be recovered in part.
- The loan from DA Information Services to DA (Asia) (another related party; Administrators have not been appointed to this entity) relates to inventory purchased by DA (Asia) from DA Information Services and for outstanding management fees charged to DA (Asia) by DA Information Services. DA (Asia) has been dormant for a number of years after foreign operations ceased and does not currently own any substantial assets. Accordingly this amount is unrecoverable.

5.1.10 Other assets

The Group's records identified various forward currency contracts to the value of \$486,749 at 8 July 2013. These contracts were closed out shortly after our appointment realising \$391,175.

5.1.11 Assets subject to specific charges

A review of the PPSR registrations over the Group indicates specific charges are held by the following lessors:

- BOQ Finance (Aust) Ltd
- S.E. Rentals Pty Ltd

I have written to the above parties to request details of leased assets and amounts owing. To date, I have disclaimed all assets subject to S.E. Rentals' registrations however I have not had a response from BOQ Finance (Aust) Ltd. Accordingly, I do not anticipate that any of these registrations will affect the outcome to creditors.

5.1.12 Employee entitlements

I examined the Group's employee records and estimate the priority debts owed to employees at the date of our appointment are as follows:

Entitlement	Amount \$
Unpaid Wages	64,820
Superannuation	30,043
Annual Leave	114,421
Long Service Leave	184,136
Gross Entitlements	393,420
Severance	498,610
Total Gross Entitlements	892,030

The directors' Statement varies to the Administrators' ERV as the Administrators have taken into account changes in the Award.

Employee claims are afforded priority of repayment pursuant to Section 556 of the Act.

The Act provides that "Excluded Employees", which includes company directors and their spouses, are each restricted to a total maximum priority claim of \$2,000 for unpaid wages and \$1,500 for annual leave entitlements.

Amounts owed to Excluded Employees that exceed the statutory cap for wages and superannuation together with annual leave/long service leave, and all payments owing in respect of retrenchment, being redundancy and payment in lieu of notice, rank for dividend with all other unsecured creditors.

The above table does not include any directors' entitlements. We have not received any claims from the directors to date.

5.1.13 Secured creditors

Bankwest, a division of Commonwealth Bank of Australia, holds a general security interest over the Group in relation to the overdraft facility provided to the Group, which:

- Was drawn to \$111,884.42 as at 5 July 2013.
- Includes a bank guarantee of \$110,000.

In accordance with the provisions of Section 450A(3) of the Act, I notified Commonwealth Bank of Australia of the appointment and advised them of their right to enforce their security within 13 business days after our appointment. The secured creditor has not enforced that right to date.

Capital Finance Australia Limited also held general security interests over DA Information Services, however has advised it has since removed its security interests as there is no debt outstanding. Accordingly, the existence of these charges on our appointment will not affect the outcome for creditors.

5.1.14 Contingent assets/liabilities

Other than goodwill, there are no known contingent assets.

Other than potential claims under the lease, in the event the lease terminates, there are no known contingent liabilities.

5.1.15 Ordinary unsecured creditors

The Group's records indicate that the total amount owing to unsecured creditors at the date of our appointment equates to \$7,965,367 Australian dollars. However, please note that the majority of this value relates to goods that were purchased from different countries in varying currencies. Accordingly, this amount will vary with fluctuations in foreign exchange rates.

Furthermore the Group's records reflect that the abovementioned amount relates principally to DA Information Services.

Central Book Services and The Information Specialists do not have any unsecured creditors except for where intercompany loans were provided as outlined above in section 5.1.9.

The Administrators' low ERV estimate is based on the value of claims received at our office to date.

5.1.16 Omissions from Statement

Save for my previous comments regarding specific disclosures in the Statement, there are no material omissions from the directors' Statement.

5.2 Explanation for current financial position

The directors' explanation for the Group's current financial position is as follows:

- Deficiency in working capital requirements of the Group; and
- Inability to secure additional funding from the Group's shareholders

Our preliminary view is that, in addition to the above factors, the Group failed because of:

- Loss of Central Book Services' major trading partner, Redgroup Retail Pty Ltd (trading as Borders and Angus and Robertson Pty Ltd)
- Downturn in sales due to competitive pressure and the economic climate
- Pressure from publishers to reduce sales commissions
- Undercapitalisation

6. Trading by Administrators

The Administrators assumed control of the Group's business upon their appointment and appropriate controls and systems have been put in place in respect of cash, banking, purchase orders, stock control and reporting.

Since our appointment, the Administrators have:

- Conducted an extensive marketing campaign to identify prospective purchasers for the business with a view to achieving a sale of the business as a going concern;
- Continued to manage the day-to-day operations of the business including the management of each business division, together with overseeing the operations of head office;
- Liaising with the landlord to negotiate ongoing lease terms for the Administration period;
- Liaised with key publishers and suppliers regarding continuity of supply
- Liaised with finance companies in relation to leased assets
- Liaised and negotiated with interested parties and purchaser
- Facilitated discussions between interested parties, management and key customers/suppliers
- Reviewed and corresponded with suppliers claiming retention of title
- Entered into a sale of asset agreement with purchaser and facilitated with transition

During the course of the business' trading activities, the Administrators actively supervised its operations and spent considerable time liaising with employees, suppliers, creditors, the landlord, interested parties and other stakeholders throughout the Administration process.

7. Sale of business

7.1 Overview

Given the tight timeframe imposed by the Act and the Group's position, we immediately commenced a sale program seeking a purchase for the Group's business and assets.

Several interested parties proceeded with due diligence and put forward formal offers which were considered by the Administrators.

The value of any offers received will not be disclosed to creditors due to the commercially sensitive nature of the information.

Pertinent details of the sale process are now set out below.

7.2 Advertisement

An advertisement appeared in the Australian Financial Review on 16 July 2013.

7.3 Expressions of Interest

Initial expressions of interest were required to be received by close of business on 19 July 2013.

By the end of the campaign, the Administrators had received 14 expressions of interest. This included offers to purchase the Group on a piecemeal basis, and interest in the business as a going concern in its entirety.

A CA was circulated to 14 parties.

7.4 Information memorandum

We prepared an IM in consultation with Management, and 13 parties who executed the CA received the IM.

The IM was not distributed to those parties who had expressed an interest but did not properly execute a CA.

7.5 Due Diligence

Non binding indicative offers were due on 24 July 2013. Of the 6 interested parties that submitted a non binding indicative offer, 5 parties were invited to proceed to the next stage of the due diligence process.

To enable the formation of a final binding offer, the 5 parties conducting further due diligence were provided access to an electronic data room. Parties were also provided with assistance from the Administrators' staff in this regard.

7.6 Binding Offers

7.6.1 Binding offer for parts of the Group

Two conditional offers were received for parts of the Group's business, including assets of the E-Products and Subscription business. The offers were, inter alia, conditional on the continuity of key publisher and customer arrangements in each respective business division.

7.6.2 Binding offer for the Group

Three conditional offers were received for the Group. The offers were, inter alia, conditional on the continuity of key publisher and customer arrangements.

An assessment of each offer was made based on the estimated return available to the creditors of the Group.

7.7 Consideration of offers

We are pleased to advise that a contract of sale was executed on 30 August 2013 with Co Info Pty Limited, a wholly owned subsidiary of The Co-Op.

On 5 September 2013 the sale agreement was completed.

The pertinent terms of the sale agreement were:

- Purchase price of \$550,000;
- The purchase of all unencumbered assets of the Group;
- The assumption of the majority of accrued employee entitlements (circa \$309,000). This resulted in the avoidance of a redundancy liability of approximately \$450,000;
- The requirement to use reasonable endeavours to assign/novate the Group's property lease, thereby potentially releasing a bank guarantee of circa \$110,000; and
- The requirement to use reasonable endeavours to procure the assignment of key publisher arrangements

8. Statutory investigations

8.1 Nature and scope of review

The Act requires an administrator to carry out preliminary investigations into a company's business, property, affairs and financial circumstances.

Investigations centre on transactions entered into by the company that a liquidator might seek to void or otherwise challenge where the company is wound up. Investigations allow an administrator to advise creditors what funds might become available to a liquidator such that creditors can properly assess whether to accept a DOCA proposal or resolve to wind up the company.

Funds recovered would be available to the general body of unsecured creditors including secured creditors but only to the extent of any shortfall incurred after realising their security.

A liquidator may recover funds from each type of transaction detailed in the Creditor Information Sheet described in Annexure 2 of this report. A deed administrator does not have recourse to these voidable transactions. A liquidator may also recover funds through other avenues; for example, through action seeking compensation for insolvent trading or breach of director duties.

An administrator is not obliged to carry out investigations to the same extent as a liquidator. A liquidator may require many months of investigation and conduct public examinations before forming a concluded view on recovery action. I investigated matters to the extent possible in the time available. The dividend estimate in a liquidation scenario set out in section 9.2 of this report reflects the outcome of my investigations.

The Administrators' knowledge of the Group's affairs comes principally from the following sources:

- Communications with the secured creditors of the Group.

- Communications with the Group's major unsecured creditors regarding the nature and amount of the debts owed.
- The directors' Statement and a detailed questionnaire concerning the Group's affairs prepared by the directors.
- Discussions with the directors and their advisors.
- A search of the ASIC records relating to the Group and any related entities.
- Searches obtained from VicRoads and the Victorian Land Titles Office.
- An examination of the Group's books and records including its financial statements and management accounts.

8.2 The Group's solvency

8.2.1 Overview

A precursor to the recovery of funds by a liquidator through the voiding of certain transactions or through other legal action, such as seeking compensation from directors for insolvent trading, is establishing the Group's insolvency at the relevant time.

Establishing insolvency is a complex matter due in part to the complexity of corporate financial transactions and the lack of clear prescriptive legal authority on proof of insolvency. Notwithstanding, there are two primary tests used in determining a company's solvency, at a particular date, namely:

- Balance sheet test; and
- Cash flow or commercial test.

The Courts have widely used the cash flow or commercial test in determining a company's solvency at a particular date.

Section 95A of the Act also contains a definition of solvency. That definition reflects the commercial test in stating that a person is solvent if *"the person is able to pay all the person's debts as and when they become due and payable"*.

However, the commercial test is not the sole determinant of solvency. Determining solvency derives from a proper consideration of a company's financial position in its entirety and in the context of commercial reality. Relevant issues include, but are not limited to the following:

- The degree of illiquidity. A temporary lack of liquidity is not conclusive;
- Regard should be had to:
 - Cash resources
 - Monies available through asset realisations, borrowings against the security of assets or equity/capital raising;
- All of a company's assets might not be relevant when considering solvency. For example, where a company proposes selling assets which are essential to its business operations, the proceeds of those assets should not be taken into account;
- The voluntary and temporary forbearance by creditors not to enforce payment terms; and
- It is not appropriate to base an assessment of whether a company can meet its liabilities as and when they fall due on the prospect that a company might trade profitably in the future.

In summary, it is a company's inability using such resources as are available to it through the use of its assets, or otherwise, to meet its debts as they fall due, which indicates insolvency.

8.2.2 Preliminary determination

Set out below is a summary of my preliminary investigations and my preliminary determination as to the Group's solvency.

Review of the Group's bank facilities

Below is a summary of the Group's core debt facility over the past 3 years with Bankwest:

Date	Balance
31/03/2010	(1,275,000.00)
30/06/2010	(1,150,000.00)
29/09/2010	(1,025,000.00)
29/12/2010	(900,000.00)
30/03/2011	(775,000.00)
29/06/2011	(650,000.00)
28/09/2011	(525,000.00)
28/12/2011	(400,000.00)
8/02/2012	(350,000.00)
27/02/2012	(300,000.00)
27/02/2012	(350,000.00)
28/03/2012	(175,000.00)
27/06/2012	-
Closing balance	-

Set out below is a summary of the Bankwest overdraft facility over the past 6 months.

Date	Balance
4/01/2013	(102,952.25)
31/01/2013	(103,953.33)
28/02/2013	(104,866.41)
28/03/2013	(105,787.51)
28/03/2013	(107,287.51)
30/04/2013	(108,398.15)
31/05/2013	(109,444.11)
6/06/2013	(110,384.42)
28/06/2013	(111,884.42)
Closing balance	(111,884.42)

The core debt facility decreased from \$1,150,000 in FY10 to \$650,000 in FY11, and was repaid in full during FY12. Repayments were regularly drawn by transfers from Central Book Services and DA Information Services. The core debt facility was replaced with a bank overdraft with a limit of \$500,000. As at 28 June 2013, \$111,884.42 was drawn.

Aged payables review

DA Information Services

The table below sets out an analysis of the aged payables as at 5 July 2013 based on the Group's records.

	Current	30-60	60-90	90+	Total
Creditors	932,930	344,257	458,800	6,229,342	7,965,329
Percentage of total	12%	4%	6%	78%	100%

I comment on the above analysis as follows:

- Springer represents the majority of the 90+ creditors. In this regard, Springer's trading terms were noted as 60 days but the company have advised that they always paid within 120 day terms since it began trading with Springer.
- The company did not enter into any payment plans with creditors nor did it request extended trade terms to meet its debts. Furthermore creditors did not demand payment where debts were outside terms or where the company paid on differing terms.

An aged payables analysis has not been prepared for Central Book Services as trade payables have not been accurately allocated to the company. The Information Specialists does not have any trade creditors. Therefore the only payables within these two entities relate to intercompany loans.

Profitability, Cashflow and Working Capital

DA Information Services

Set out below is an analysis of the company's profitability:

	YTD13	FY12	FY11	FY10
Management Accounts				
Net profit margin	(1.2%)	(0.0%)	1.1%	(2.6%)

The company had been operating at a small loss or breakeven position in the 3 years to FY12; however since FY12 it appears that losses are increasing.

Below is an analysis of the company's working capital position:

	FY12 \$'000	FY11 \$'000	FY10 \$'000
Current Assets			
Cash and cash equivalents	850	1,573	1,096
Trade and other receivables	2,041	1,794	2,166
Inventories	222	379	1,017
Total current assets	3,112	3,745	4,279
Current liabilities			
Trade and other payables	6,838	7,746	8,280
Provisions	317	398	539
Derivatives financial instruments	446	249	185
Total current liabilities	7,600	8,394	9,004
Working Capital	(4,488)	(4,649)	(4,725)
Current ratio	0.41	0.45	0.48

The company's working capital position was negative over the 3 years, indicating that current liabilities significantly exceeded current assets. The current ratio, which is an indicator of the liquidity of a company, suggests that the company may have experienced increasing cash flow difficulties over the 3 years.

A working capital analysis has not been prepared for Central Book Services and The Information Specialists as assets and liabilities have not been accurately allocated to the companies.

Net Assets

The table below sets out the Group's consolidated net assets, excluding intercompany loans, from 30 June 2010 to 30 June 2012.

	FY12	FY11	FY10
	\$'000	\$'000	\$'000
Net assets (as per balance sheet)	1,327	1,230	1,009

The Group's net asset position was positive over the 3 years to 30 June 2012, indicating that the Group was solvent from a balance sheet perspective during this period.

Payment of statutory commitments including Superannuation Guarantee Charge

Enquiries with the ATO have confirmed that GST and PAYG liabilities were paid up to 31 May 2013. Group records indicate that SCG liabilities were paid up to May 2013 as at the date of our appointment. The contribution for June 2013 was not payable until after our appointment.

Conclusion

A liquidator would need to conduct further detailed investigations, and possibly conduct public examinations of relevant parties, to ultimately determine when the Group became insolvent prior to administration.

8.2.3 Presumption of insolvency – inadequate books and records

Failure to keep or retain adequate books and records in accordance with Section 286 of the Act provides a rebuttable presumption of insolvency under Section 588E of the Act. A liquidator can rely on the presumption of insolvency in litigation including:

- Compensation claims arising from insolvent trading; and
- Recovery of voidable transactions from related entities.

The presumption cannot be relied upon in the recovery of an unfair preference except where the recovery is sought from a related entity.

My preliminary view is that the Group maintained adequate books and records in accordance with Section 286 of the Act. Accordingly, the presumption of insolvency under Section 588E would not be available.

8.3 Potential liquidator recoveries - voidable transactions

8.3.1 Unfair preferences

A payment to a creditor is preferential if it is made at a time when a company is insolvent and it results in the recipient receiving a greater return than they would receive if the payment were set aside and the creditor lodged a claim in the liquidation.

Should a liquidator establish any such unfair preference payments, these amounts may be recouped thereby increasing the funds available to ordinary unsecured creditors. If a creditor disgorges an unfair preference payment to a liquidator, the creditor is entitled to provide for dividend. Therefore, whilst recovering an unfair preference increases the pool of funds available to creditors, it also increases total creditor claims.

Factors which indicate these payments might be unfair preferences are:

- Payments in response to winding up applications, statutory demands and other pressure from the creditor;
- Repayment plans with the creditor;
- Significant 'round' figure payments were made to the creditor.

The payments would be protected if the creditor from whom the liquidator seeks to recover:

- Became a party to the transaction in good faith; and
- At the time when they became a party:
 - They had no reasonable grounds for suspecting that the Group was insolvent at that time, or would become insolvent; and
 - A reasonable person in that person's circumstances would have had no such grounds for so suspecting; and
- Provided valuable consideration under the transaction or has changed their position in reliance on the transaction.

A creditor seeking protection must prove all three elements.

Further, where a creditor received a series of payments as part of a so called 'running account' and their overall indebtedness increases over the same period, the creditor is taken not to have received an unfair preference. This is called 'the running account defence'.

A liquidator would likely seek legal advice on the strength of a claim including the applicability of these defences. It is likely any recovery action commenced by a liquidator would be defended. Therefore, costs are a major consideration.

My preliminary investigation into potential unfair preference payments included the following tasks:

- Review correspondence with creditors
- Review of bank statements for the last 12 months
- Review of cash book records for the last 12 months

Based on my preliminary analysis, payments totalling approximately \$40,000 would need to be further investigated by a liquidator to determine if they are preference payments and could be clawed back.

8.3.2 Uncommercial transactions

A transaction is an uncommercial transaction if it is made at a time when a company is insolvent and it may be expected that a reasonable person in a company's circumstances would not have entered into the transaction have regard to:

- The benefits or detriment to the company of entering into the transaction
- The prospective benefits to other parties to the transaction upon entering into it

Should a liquidator establish any such uncommercial transactions, those transaction may be set aside thereby increasing the funds available to ordinary unsecured creditors.

My preliminary investigations do not disclose any transactions of an uncommercial nature which may lead to recoveries by a liquidator in the event that the Group is wound up.

8.3.3 Unfair loans

Section 588FD of the Act provides that a loan to a company is unfair if the interest and charges are extortionate. In considering whether interest and charges are extortionate, regard must be had to:

- Risk the lender is exposed to
- Value of security
- Term
- Repayment schedule
- Amount of loan

Based on my investigations to date, I am not aware of the Group being a party to any unfair loans.

A liquidator would conduct further investigations into any unfair loans.

8.3.4 Unreasonable director-related transactions

Pursuant to Section 588FDA of the Act, a transaction is an unreasonable director-related transaction of a company if:

- The transaction is a payment, transfer of property, issue of securities or incurring of an obligation by the company;
- Made to the director or close associate of the director; and
- A reasonable person in the company's circumstances would not have entered into the transaction having regard to the benefit or detriment to the company or other parties.

Should a liquidator establish any such transactions, they may set aside the transactions thereby increasing the funds available to unsecured creditors.

My preliminary investigations did not reveal any unreasonable director-related transactions.

A liquidator would conduct further investigations into any unreasonable director-related transactions.

8.3.5 Obstruction of creditors' rights

Section 588FE of the Act provides for the voiding of transactions designed to defeat, delay or interfere with creditors rights.

My investigations did not disclose any such transactions.

A liquidator would conduct further investigations into any obstructions of creditors' rights.

Voidable charges

A search of the PPSR register has identified no security interests registered in the 6 months prior to our appointment.

8.4 Potential liquidator recoveries - insolvent trading

8.4.1 Director liability

Section 588G of the Act imposes a positive duty upon company directors to prevent insolvent trading. If a director is found guilty of an offence in contravening Section 588G, the Court may order him or her to pay compensation to the company equal to the amount of loss or damage suffered by its creditors.

8.5 Other potential liquidator recoveries

8.5.1 Compensation for breach of director duties

Based on my preliminary investigations, the directors may have breached their duties as directors in:

- Failing to act in good faith;
- Failing to discharge their duties with reasonable care and diligence;
- Improperly using their position or information;
- Failing to avoid conflicts of interest.

As a consequence of these alleged breaches, the directors may be liable to compensate the Group or are liable under the Act's civil penalty provisions.

Based on my preliminary assessment, it does not appear that any breaches by the directors of the Group of their statutory or fiduciary duties have occurred. Further investigations will be conducted should the Group be placed into liquidation.

8.5.2 Arrangements to avoid employee entitlements

Based on my investigations to date, we have not identified any acts in contravention of Part 5.8A of the Act by any person.

8.5.3 Debts incurred by Group as trustee

Pursuant to Section 197 of the Act, a director of a company, when it incurs a liability while acting or purporting to act as trustee, is liable to discharge the liability if the company:

- (a) Has not, and cannot, discharge the liability or that part of it; and
- (b) Is not entitled to be fully indemnified against the liability out of trust assets.

This is so even if the trust does not have enough assets to indemnify the trustee. The person is liable both individually and jointly with the company and anyone else who is liable under the section.

My investigations do not indicate any companies in the Group were trustees of a trust.

8.6 Summary of potential liquidator recoveries

Set out below is a summary of the potential recoveries by a liquidator in the event the Group is wound up:

Potential Recovery Item	High (\$)	Low (\$)
Unfair preferences	40,000	-
Uncommercial transactions	-	-
Unfair loans	-	-
Unreasonable director related transactions	-	-
Transactions undertaken to obstruct creditors' rights	-	-
Compensation from director for insolvent trading	Unknown	-
Compensation from holding company for insolvent trading	-	-
Breaches of directors duties	-	-
Avoidance of employee entitlements	-	-
Debts incurred by Group as trustee	-	-
Total	40,000	-

8.7 Directors' ability to pay a liquidator's claims

At this stage, the directors have not provided a statement of their financial position. A liquidator would conduct further investigations into the directors' personal financial position.

9. Creditors' options, dividend estimates & cost estimates

Pursuant to Section 439A(4)(b) of the Act, I am required to provide creditors with a statement setting out my opinion on whether it is in the creditors' interests for the:

- Administration to end;
- Group to be wound up; or,
- Group to execute a DOCA.

There is no proposal for a DOCA. Accordingly, creditors only have the options of resolving that the administration ends or resolving that the Group be wound up.

In forming my opinion, I considered an estimate of the dividend creditors might expect, and the likely costs, under each option.

9.1 Administration to end

Creditors may resolve that the administration should end if it appears the Group is solvent or, for some other reason, control of the Group should revert to its directors.

Based on my preliminary investigations and analysis of the Group's financial information, the Group is now insolvent. There appears to be no valid commercial reason why control of the Group should revert to its directors.

If the administration were to end, there is no mechanism controlling an orderly realisation of assets and distribution to creditors.

Therefore, my opinion is that it is not in the creditors' interest for the administration to end.

9.2 Winding up of Group

Based upon the information in this report, where the Group is wound up, the estimated assets and liabilities available to creditors is as follows:

Estimated liquidation dividend	High (\$)	Low (\$)
Available assets		
Cash	2,813,073	2,813,073
Debtors	153,120	87,497
Cash subject to bank guarantee	110,000	Nil
Net funds from voidable transactions and other recoveries	30,000	Nil
Voluntary Administrators liabilities including PAYG & BAS	(300,000)	(350,000)
Less realisation costs		
Other costs	(6,125)	(3,500)
Net realisations from floating charge assets	2,800,068	2,547,070
Less priority claims		
Administrators' fees and disbursements	(550,000)	(570,000)
Liquidators' fees and disbursements	(80,000)	(100,000)
Employee entitlements	(53,943)	(53,943)
Total priority claims	(683,943)	(723,943)
Net funds available to unsecured creditor after priority claims	2,116,125	1,823,127
Unsecured creditor claims		
Known unsecured creditor claims	(7,965,367)	(7,965,367)
Estimated liquidation dividend	0.266	0.229

The above analysis provides a high and low estimate of the realisable value of the assets if the Company were wound up. The high estimate reflects circumstances where there is greater certainty as to realisations. The low estimate reflects the opposite.

The above dividend calculations are an estimate only and may change due to:

- Total liabilities once proofs of debt are lodged and adjudicated upon;
- Costs of litigation (for example, in recovering assets, debtors and voidable transactions); and
- Costs of the administration and liquidation resulting from additional issues arising.

I estimate that any return to creditors from a winding up of the Group would occur by 31 March 2014.

10. Administrators' opinion

As stated in section 9.1 above, the option of the administration ending is clearly not viable. The only remaining option available to creditors is to wind up the Group.

11. Administrators' remuneration report

Pursuant to Section 446E of the Act, I enclose as Annexure 1 the Administrators' Remuneration Report. At the second meeting of creditors, I intend seeking approval of the remuneration set out in the remuneration report. Details of disbursements incurred are also included in the remuneration report.

12. Further queries

I will advise creditors in writing, if practicable, of any additional matter that comes to my attention after the dispatch of this report that, in my view, is material to creditors' deliberations.

In the meantime, should creditors have any queries, please do not hesitate to contact Brent Smith of this office.

DATED this 18th day of September 2013



John Lindholm
Administrator

Annexure 1

Administrators' Remuneration Report

*Corporations Act 2001
Section 449E*

**DA Information Services Pty Ltd
ACN 006 414 688**

**The Information Specialists Pty Ltd
ACN 115 922 873**

**Central Book Services Pty Ltd
ACN 124 498 586**

**(All Voluntary Administrators Appointed)
(Collectively referred to as 'the Group')**

Remuneration Request Approval Report

Part 1: Declaration

We, John Lindholm and George Georges of Ferrier Hodgson, have undertaken a proper assessment of this remuneration claim for our appointment as Administrators of the Group 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.

Part 2: Executive Summary

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

DA Information Services Pty Ltd ACN 006 414 688	Report Reference	Amount (ex GST)
Current remuneration approval sought:		
Voluntary Administration		
<i>Resolution 1</i>		
5 July 2013 to 13 September 2013		
DA Information Services	1A	\$530,882.00
The Information Specialists	2A	\$906.50
Central Book Services	3A	\$2,472.50
<i>Resolution 2:</i>		
16 September 2013 to completion of the Administration*		
DA Information Services	1B	\$20,000.00
The Information Specialists	2B	\$5,000.00
Central Book Services	3B	\$5,000.00
Total – Voluntary Administration*		\$564,261.00

Liquidation (if applicable)

Resolution 3

Commencement of liquidation to completion*

DA Information Services	1C	\$85,000.00
The Information Specialists	2C	\$5,000.00
Central Book Services	3C	\$10,000.00

Total – Liquidation* **\$100,000.00**

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

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

This differs to the estimate of costs provided in the Initial Advice to Creditors dated 8 July 2013 which estimated a cost to completion of the administration of \$220,000 to \$270,000 (excluding GST). This is mainly due to an extension of the convening period being granted which resulted in a longer trading term. Originally the second creditors meeting was to be held on or before 9 August 2013.

Part 3: Description of Work Completed

Resolution 1A

Company: DA Information Services Pty Limited (Administrators Appointed)
Administration Type: Voluntary Administration
Practitioners: John Lindholm and George Georges of Ferrier Hodgson
Period: 5 July 2013 to 13 September 2013

Task Area	General Description	Includes
Assets	Sale of business as a going concern	<ul style="list-style-type: none"> • Prepare sale advertisement • Prepare Confidentiality Agreement • Preparing an information memorandum • Setting up Data Room • Liaising with valuers and interested parties • Clarifying questions received regarding the information contained in the Data Room • Liaising with potential purchasers • Review Non Binding Indicative Offers • Assess Binding Offers received • Agree Contract of Sale with purchaser
357.40 hours		
\$158,234.00		
(excl GST)		
	Plant and equipment	<ul style="list-style-type: none"> • Liaising with valuers and interested parties • Reviewing asset listings
	Assets subject to specific charges	<ul style="list-style-type: none"> • All tasks associated with realising a charged asset
	Debtors	<ul style="list-style-type: none"> • Correspondence with debtors

<i>Task Area</i>	<i>General Description</i>	<i>Includes</i>
	Stock	<ul style="list-style-type: none"> • Reviewing and assessing debtors ledgers • Conducting stock takes • Reviewing stock values • Liaising with purchasers
	Other assets	<ul style="list-style-type: none"> • Tasks associated with realising other assets
	Leasing	<ul style="list-style-type: none"> • Reviewing leasing documents • Liaising with owners / lessors • Tasks associated with disclaiming leases
Creditors	Creditor enquiries	<ul style="list-style-type: none"> • Receive and follow up creditor enquiries via telephone and email • Maintaining creditor enquiry register • Review and prepare correspondence to creditors and their representatives via facsimile, email and post
271.20 hours \$88,285.00 (excl GST)	Retention of title claims	<ul style="list-style-type: none"> • Receive initial notification of creditors' intention to claim • Provision of retention of title claim form to creditor • Receive completed retention of title claim form • Maintain retention of title file • Meeting claimant on site to identify goods • Adjudicate retention of title claim • Forward correspondence to claimant notifying outcome of adjudication
	Creditor reports	<ul style="list-style-type: none"> • Preparing section 439A report, investigation, meeting and general reports to creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> • Receipting and filing proofs of debt when not related to a dividend • Corresponding with OSR and ATO regarding proofs of debt when not related to a dividend
	Meeting of creditors	<ul style="list-style-type: none"> • Preparation meeting notices, proxies and advertisements • Forward notice of meeting to all known creditors
Employees	Employee enquiries	<ul style="list-style-type: none"> • Receive and follow up employee enquiries via telephone • Maintain employee enquiry register • Review and prepare correspondence to creditors and their representatives via facsimile, email and post • Preparation of letters to employees advising of their entitlements and options available • Receive and prepare correspondence in
75.30 hours \$27,614.50 (excl GST)		

Task Area	General Description	Includes
		response to employees objections to leave entitlements
	Calculation of entitlements	<ul style="list-style-type: none"> • Calculating employee entitlements • Reviewing employee files and company's books and records • Reconciling superannuation accounts • Reviewing awards • Liaising with solicitors regarding entitlements
	Workers compensation claims	<ul style="list-style-type: none"> • Review insurance policies • Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements • Correspondence with previous brokers
	Other employee issues	<ul style="list-style-type: none"> • Correspondence with Child Support • Correspondence with Centrelink
Trade On	Trade-on management	<ul style="list-style-type: none"> • Liaising with suppliers • Liaising with management and staff • Attendance on site • Authorising purchase orders • Maintaining purchase order registry • Preparing and authorising receipt vouchers • Preparing and authorising payment vouchers • Liaising with superannuation funds regarding contributions, termination of employees' employment • Liaising with OSR regarding payroll tax issues
446.80 hours \$165,289.00 (excl GST)		
	Processing receipts and payments	<ul style="list-style-type: none"> • Entering receipts and payments into accounting system
	Budgeting and financial reporting	<ul style="list-style-type: none"> • Reviewing company's budgets and financial statements • Finalising trading profit or loss • Meetings to discuss trading position
Investigation	Conducting investigation	<ul style="list-style-type: none"> • Reviewing company's books and records • Review and preparation of company nature and history • Conducting and summarising statutory searches • Preparation of comparative financial statements • Liaising with management regarding certain transactions • Preparation of investigation file
52.60 hours \$18,167.00 (excl GST)		
Dividend	Processing proofs of debt	<ul style="list-style-type: none"> • Receipt of proofs of debt from the secured

<i>Task Area</i>	<i>General Description</i>	<i>Includes</i>
1.00 hours \$325.00 (excl GST)		creditor • Adjudicating proofs of debt from the secured creditor • Request further information from claimants regarding proofs of debt for the secured creditor
	Dividend procedures	• Preparation of payment vouchers to pay dividend to the secured creditor • Preparation of correspondence to secured creditor advising of dividend distribution
Administration 191.50 hours \$72,967.50 (excl GST)	Correspondence	• General correspondence
	Document maintenance / file review / checklist	• First month administration review • Filing of documents • File reviews • Updating checklists
	Insurance	• Identification of potential issues requiring attention of insurance specialists • Correspondence with insurer regarding initial and ongoing insurance requirements • Reviewing insurance policies • Correspondence with previous brokers
	Bank account administration	• Preparing correspondence opening and closing accounts • Requesting bank statements • Bank account reconciliations • Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	• Preparing and lodging ASIC forms including 505, 524, 911, etc • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	• Notification of appointment • Preparing BASs
	Planning / review	• Discussions regarding status / strategy of administration

Resolution 2A

Company: The Information Specialists Pty Limited (Administrators Appointed)
Administration Type: Voluntary Administration
Practitioners: John Lindholm and George Georges of Ferrier Hodgson
Period: 5 July 2013 to 13 September 2013

<i>Task Area</i>	<i>General Description</i>	<i>Includes</i>
Assets	Sale of business as a going	• Preparing an information memorandum

Task Area	General Description	Includes
1.80 hours \$585.00 (excl GST)	concern	<ul style="list-style-type: none"> • Liaising with valuers and interested parties • Liaising with potential purchasers • Internal meetings to discuss / review offers received
	Assets subject to specific charges	<ul style="list-style-type: none"> • All tasks associated with realising a charged asset
	Other assets	<ul style="list-style-type: none"> • Tasks associated with realising other assets
Administration 0.90 hours \$321.50 (excl GST)	Correspondence	<ul style="list-style-type: none"> • General correspondence
	Document maintenance / file review / checklist	<ul style="list-style-type: none"> • First month administration review • Filing of documents • File reviews • Updating checklists
	Insurance	<ul style="list-style-type: none"> • Identification of potential issues requiring attention of insurance specialists • Correspondence with insurer regarding initial and ongoing insurance requirements • Reviewing insurance policies • Correspondence with previous brokers
	Bank account administration	<ul style="list-style-type: none"> • Preparing correspondence opening and closing accounts • Requesting bank statements • Bank account reconciliations • Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> • Preparing and lodging ASIC forms including 505, 524, 911, etc • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> • Notification of appointment • Preparation of BASs
	Planning / review	<ul style="list-style-type: none"> • Discussions regarding status / strategy of administration

Resolution 3A

Company: Central Book Services Pty Limited (Administrators Appointed)
Administration Type: Voluntary Administration
Practitioners: John Lindholm and George Georges of Ferrier Hodgson
Period: 5 July 2013 to 13 September 2013

Task Area	General Description	Includes
Assets 2.50 hours \$812.50	Sale of business as a going concern	<ul style="list-style-type: none"> • Preparing an information memorandum • Liaising with valuers and interested parties • Liaising with potential purchasers • Internal meetings to discuss / review offers

Task Area	General Description	Includes
(excl GST)		received
	Assets subject to specific charges	<ul style="list-style-type: none"> • All tasks associated with realising a charged asset
	Debtors	<ul style="list-style-type: none"> • Correspondence with debtors • Reviewing and assessing debtors ledgers • Liaising with debt collectors and solicitors
Trade On	Trade-on management	<ul style="list-style-type: none"> • Liaising with suppliers • Liaising with management and staff • Attendance on site • Authorising purchase orders • Maintaining purchase order registry • Preparing and authorising receipt vouchers
6.20 hours		
\$1,468.50		
(excl GST)		
	Processing receipts and payments	<ul style="list-style-type: none"> • Entering receipts and payments into accounting system
	Budgeting and financial reporting	<ul style="list-style-type: none"> • Reviewing company's budgets and financial statements • Meetings to discuss trading position
Administration	Correspondence	<ul style="list-style-type: none"> • General correspondence
0.70 hours	Document maintenance / file review / checklist	<ul style="list-style-type: none"> • First month administration review • Filing of documents • File reviews • Updating checklists
\$191.50		
(excl GST)		
	Insurance	<ul style="list-style-type: none"> • Identification of potential issues requiring attention of insurance specialists • Correspondence with insurer regarding initial and ongoing insurance requirements • Reviewing insurance policies • Correspondence with previous brokers
	Bank account administration	<ul style="list-style-type: none"> • Preparing correspondence opening and closing accounts • Requesting bank statements • Bank account reconciliations • Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> • Preparing and lodging ASIC forms including 505, 524, 911, etc • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> • Notification of appointment • Preparation of BASs
	Planning / review	<ul style="list-style-type: none"> • Discussions regarding status / strategy of administration

Part 3: Description of Work to be Completed Resolution 1B

Company: DA Information Services Pty Limited (Administrators Appointed)
Administration Type: Voluntary Administration
Practitioners: John Lindholm and George Georges of Ferrier Hodgson
Period: 16 September 2013 to the completion of the administration

<i>Task Area</i>	<i>General Description</i>	<i>Includes</i>
Creditors 46.22 hours \$15,000.00 (excl GST)	Meeting of creditors	<ul style="list-style-type: none"> 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. Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
Administration 13.21 hours \$5,000.00 (excl GST)	Correspondence	<ul style="list-style-type: none"> General correspondence
	Document maintenance / file review / checklist	<ul style="list-style-type: none"> Final administration review Filing of documents File reviews Updating checklists Collection/storage of books and records
	Bank account administration	<ul style="list-style-type: none"> Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> Preparing and lodging ASIC forms including 505, 524, 911, etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> Preparing BASs Completing group certificates

Part 3: Description of Work to be Completed Resolution 2B

Company: The Information Specialists Pty Limited (Administrators Appointed)
Administration Type: Voluntary Administration
Practitioners: John Lindholm and George Georges of Ferrier Hodgson
Period: 16 September 2013 to the completion of the administration

<i>Task Area</i>	<i>General Description</i>	<i>Includes</i>
Creditors 12.33 hours \$4,000.00	Meeting of creditors	<ul style="list-style-type: none"> Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes

<i>Task Area</i>	<i>General Description</i>	<i>Includes</i>
(excl GST)		<ul style="list-style-type: none"> of meeting. Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
Administration 2.64 hours \$1,000.00 (excl GST)	Correspondence Document maintenance / file review / checklist	<ul style="list-style-type: none"> General correspondence Final administration review Filing of documents File reviews Updating checklists
	Bank account administration	<ul style="list-style-type: none"> Preparing correspondence to close bank accounts Requesting bank statements Bank account reconciliations
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> Preparing and lodging ASIC forms including 505, 524, 911, etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting Planning / review	<ul style="list-style-type: none"> Preparing BASs Discussions regarding status / strategy of administration

Part 3: Description of Work to be Completed Resolution 3B

Company: Central Book Services Pty Limited (Administrators Appointed)
Administration Type: Voluntary Administration
Practitioners: John Lindholm and George Georges of Ferrier Hodgson
Period: 16 September 2013 to the completion of the administration

<i>Task Area</i>	<i>General Description</i>	<i>Includes</i>
Creditors 12.33 hours \$4,000.00 (excl GST)	Meeting of creditors	<ul style="list-style-type: none"> 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. Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
Administration 2.64 hours \$1,000.00 (excl GST)	Correspondence Document maintenance / file review / checklist	<ul style="list-style-type: none"> General correspondence Final administration review Filing of documents File reviews

<i>Task Area</i>	<i>General Description</i>	<i>Includes</i>
		<ul style="list-style-type: none"> • Updating checklists
	Bank account administration	<ul style="list-style-type: none"> • Requesting bank statements • Bank account reconciliations • Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> • Preparing and lodging ASIC forms including 505, 524, 911, etc • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> • Preparing BASs

Part 3: Description of Work to be Completed

Resolution 1C

Company: DA Information Services Pty Limited (In Liquidation)
Administration Type: Creditors Voluntary Liquidation
Practitioners: John Lindholm and George Georges of Ferrier Hodgson
Period: Commencement of Liquidation to completion

<i>Task Area</i>	<i>General Description</i>	<i>Includes</i>
Assets	Sale of business as a going concern	<ul style="list-style-type: none"> • Finalisation of sale of business matters
24.06 hours \$10,625.00 (excl GST)	Assets subject to specific charges	<ul style="list-style-type: none"> • All tasks associated with realising a charged asset
	Debtors	<ul style="list-style-type: none"> • Correspondence with debtors • Reviewing and assessing debtors ledgers • Liaising with debt collectors and solicitors
Creditors	Creditor enquiries	<ul style="list-style-type: none"> • Receive and follow up creditor enquiries via telephone and email • Maintaining creditor enquiry register • Review and prepare correspondence to creditors and their representatives via facsimile, email and post
6.55 hours \$2,125.00 (excl GST)	Retention of title claims	<ul style="list-style-type: none"> • Review correspondence from claimants following notification of invalid claims • Preparation of correspondence to claimant if required
	Creditor reports	<ul style="list-style-type: none"> • Preparing meeting and general reports to creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> • Receipting and filing proofs of debt when not related to a dividend • Corresponding with OSR and ATO regarding proofs of debt when not related to a dividend

Task Area	General Description	Includes
	Meeting of creditors	<ul style="list-style-type: none"> • Preparation 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. • Preparation and lodgement minutes of meetings with ASIC • Respond to stakeholder queries and questions immediately following meeting
Employees	Employee enquiries	<ul style="list-style-type: none"> • Receive and follow up employee enquiries • Review and prepare correspondence to creditors and their representatives
5.79 hours \$2,125.00 (excl GST)	Workers compensation claims	<ul style="list-style-type: none"> • Receipt of claims • Liaising with claimant • Liaising with insurers and solicitors regarding claims • Identification of potential issues requiring attention of insurance specialists
Trade On	Trade-on management	<ul style="list-style-type: none"> • Liaising with suppliers • Liaising with management and staff • Preparing and authorising receipt vouchers • Preparing and authorising payment vouchers • Liaising with superannuation funds regarding contributions, termination of employees employment • Liaising with OSR regarding payroll tax issues
15.41 hours \$5,666.67 (excl GST)	Processing receipts and payments	<ul style="list-style-type: none"> • Entering receipts and payments into accounting system
Investigation	Conducting investigation	<ul style="list-style-type: none"> • Reviewing company's books and records • Review and preparation of company nature and history • Conducting and summarising statutory searches • Preparation of comparative financial statements • Preparation of deficiency statement • Review of specific transactions and liaising with directors regarding certain transactions
30.76 hours \$10,625.00 (excl GST)		

Task Area	General Description	Includes
		<ul style="list-style-type: none"> • Liaising with directors regarding certain transactions • Preparation of investigation file • Lodgement of investigation with ASIC • Preparation and lodgement of supplementary report if required
	ASIC reporting	<ul style="list-style-type: none"> • Preparing statutory investigation reports • Preparing affidavits seeking non-lodgement assistance • Liaising with ASIC
Dividend	Processing proofs of debt	<ul style="list-style-type: none"> • Preparation of correspondence to potential creditors inviting lodgement of proofs of debt • Receipt of proofs of debt • Maintain proof of debt register • Adjudicating proofs of debt • Request further information from claimants regarding proofs of debt • Preparation of correspondence to claimant advising outcome of adjudication
158.47 hours \$46,750.00 (excl GST)	Dividend procedures	<ul style="list-style-type: none"> • Preparation of correspondence to creditors advising of intention to declare dividend • Advertisement of intention to declare dividend • Obtain clearance from ATO to allow distribution of company's assets • Preparation of dividend calculations • Preparation of correspondence to creditors announcing declaration of dividend • Advertise announcement of dividend • Preparation of distribution • Preparation of dividend file • Preparation of payment vouchers to pay dividend • Preparation of correspondence to creditors enclosing payment of dividend
Administration	Correspondence	<ul style="list-style-type: none"> • General correspondence
	Document maintenance / file review / checklist	<ul style="list-style-type: none"> • First month, then six monthly administration review • Filing of documents • File reviews • Updating checklists
18.71 hours \$7,083.33 (excl GST)	Bank account administration	<ul style="list-style-type: none"> • Preparing correspondence opening and closing accounts • Requesting bank statements • Bank account reconciliations

<i>Task Area</i>	<i>General Description</i>	<i>Includes</i>
		<ul style="list-style-type: none"> Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> Preparing and lodging ASIC forms including 505, 524, 911, etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> Notification of appointment Preparing BASs Completing group certificates
	Finalisation	<ul style="list-style-type: none"> Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / review	<ul style="list-style-type: none"> Discussions regarding status / strategy of administration
	Books and records / storage	<ul style="list-style-type: none"> Dealing with records in storage Sending job files to storage

Part 3: Description of Work to be Completed

Resolution 2C

Company: The Information Specialists Pty Limited (In Liquidation)
Administration Type: Creditors Voluntary Liquidation
Practitioners: John Lindholm and George Georges of Ferrier Hodgson
Period: Commencement of Liquidation to completion

<i>Task Area</i>	<i>General Description</i>	<i>Includes</i>
Investigation 11.58 hours \$4,000.00 (excl GST)	Conducting investigation	<ul style="list-style-type: none"> Reviewing company's books and records Review and preparation of company nature and history Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Liaising with directors regarding certain transactions Preparation of investigation file Lodgement of investigation with ASIC Preparation and lodgement of supplementary report if required

<i>Task Area</i>	<i>General Description</i>	<i>Includes</i>
	ASIC reporting	<ul style="list-style-type: none"> Preparing statutory investigation reports Preparing affidavits seeking non-lodgement assistance Liaising with ASIC
Administration 2.64 hours \$1,000.00 (excl GST)	Document maintenance / file review / checklist	<ul style="list-style-type: none"> First month, then six monthly administration review Filing of documents File reviews Updating checklists
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> Preparing and lodging ASIC forms including 505, 524, 911, etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> Notification of appointment Preparing BASs
	Finalisation	<ul style="list-style-type: none"> Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / review	<ul style="list-style-type: none"> Discussions regarding status / strategy of administration
	Books and records / storage	<ul style="list-style-type: none"> Dealing with records in storage Sending job files to storage

Part 3: Description of Work to be Completed

Resolution 3C

Company: Central Book Services Pty Limited (In Liquidation)
Administration Type: Creditors Voluntary Liquidation
Practitioners: John Lindholm and George Georges of Ferrier Hodgson
Period: Commencement of Liquidation to completion

<i>Task Area</i>	<i>General Description</i>	<i>Includes</i>
Assets 4.53 hours \$2,000.00 (excl GST)	Debtors	<ul style="list-style-type: none"> Correspondence with debtors Reviewing and assessing debtors ledgers Liaising with debt collectors and solicitors
Trade On 5.44 hours \$2,000.00 (excl GST)	Trade-on management	<ul style="list-style-type: none"> Liaising with management and staff Preparing and authorising receipt vouchers
	Processing receipts and payments	<ul style="list-style-type: none"> Entering receipts and payments into accounting system

<i>Task Area</i>	<i>General Description</i>	<i>Includes</i>
Investigation 11.58 hours \$4,000.00 (excl GST)	Conducting investigation	<ul style="list-style-type: none"> • Reviewing company's books and records • Review and preparation of company nature and history • Conducting and summarising statutory searches • Preparation of comparative financial statements • Preparation of deficiency statement • Review of specific transactions and liaising with directors regarding certain transactions • Liaising with directors regarding certain transactions • Preparation of investigation file • Lodgement of investigation with ASIC • Preparation and lodgement of supplementary report if required
	ASIC reporting	<ul style="list-style-type: none"> • Preparing statutory investigation reports • Preparing affidavits seeking non-lodgement assistance • Liaising with ASIC
Administration 5.28 hours \$2,000.00 (excl GST)	Correspondence	<ul style="list-style-type: none"> • General correspondence
	Document maintenance / file review / checklist	<ul style="list-style-type: none"> • First month, then six monthly administration review • Filing of documents • File reviews • Updating checklists
	Bank account administration	<ul style="list-style-type: none"> • Preparing correspondence opening and closing accounts • Requesting bank statements • Bank account reconciliations • Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> • Preparing and lodging ASIC forms including 505, 524, 911, etc • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> • Notification of appointment • Preparing BASs
	Finalisation	<ul style="list-style-type: none"> • Notifying ATO of finalisation • Cancelling ABN / GST / PAYG registration • Completing checklists • Finalising WIP
	Planning / review	<ul style="list-style-type: none"> • Discussions regarding status / strategy of administration
	Books and records / storage	<ul style="list-style-type: none"> • Dealing with records in storage

<i>Task Area</i>	<i>General Description</i>	<i>Includes</i>
		<ul style="list-style-type: none"> • Sending job files to storage

Part 4: Calculation of Remuneration

Resolution 3

Employee	Position	Rate (ex GST) (\$/Hour)	Total (Hrs) (\$)		Task Area													
					Assets (Hrs) (\$)		Creditors (Hrs) (\$)		Employees (Hrs) (\$)		Trade On (Hrs) (\$)		Investigation (Hrs) (\$)		Dividend (Hrs) (\$)		Administration (Hrs) (\$)	
J Lindholm	Partner	650	53.3	34,645.00	21.1	13,715.00	2.5	1,625.00	0	0.00	2.9	1,885.00	2	1,300.00	0	0.00	24.8	16,120.00
G Georges	Partner	650	1.3	845.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	1.3	845.00
C Hunter	Executive Director	595	250.2	148,869.00	130.2	77,469.00	22.2	13,209.00	6.8	4,046.00	78	46,410.00	0	0.00	0	0.00	13	7,735.00
J Geri	Senior Manager	515	3.2	1,648.00	0	0.00	0	0.00	0	0.00	0	0.00	3.2	1,648.00	0	0.00	0	0.00
G Mawkes	Assistant Manager	370	338.6	125,282.00	4.6	1,702.00	63.3	23,421.00	44	16,280.00	189.1	69,967.00	0	0.00	0	0.00	37.6	13,912.00
H Lieu	Senior Analyst	325	284.9	92,592.50	203.6	66,170.00	13.9	4,517.50	9.7	3,152.50	18.5	6,012.50	13.3	4,322.50	1	325.00	24.9	8,092.50
S Jing	Senior Analyst	325	92.1	29,932.50	1.3	422.50	56	18,200.00	0	0.00	1.1	357.50	0	0.00	0	0.00	33.7	10,952.50
G Swan	Senior Analyst	325	34.9	11,342.50	0	0.00	0	0.00	0	0.00	0	0.00	32.9	10,692.50	0	0.00	2	650.00
B Smith	Analyst	290	249.7	72,413.00	0	0.00	67.2	19,488.00	13.5	3,915.00	122	35,380.00	0	0.00	0	0.00	47	13,630.00
A Saul	Junior Accountant	170	63.6	10,812.00	0.9	153.00	36.1	6,137.00	1.3	221.00	23.5	3,995.00	1.2	204.00	0	0.00	0.6	102.00
G Bernard	Junior Accountant	170	21	3,570.00	0	0.00	9.5	1,615.00	0	0.00	6.2	1,054.00	0	0.00	0	0.00	5.3	901.00
K Kruger	Senior Secretary	205	2	410.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	2	410.00
S Kobylinski	Computer Operator	145	7.5	1,087.50	0	0.00	0	0.00	0	0.00	7.2	1,044.00	0	0.00	0	0.00	0.3	43.50
K Ball	Computer Operator	145	5.6	812.00	0	0.00	0.5	72.50	0	0.00	4.5	652.50	0	0.00	0	0.00	0.6	87.00
Total (excluding GST)			1,407.90	534,261.00	361.70	159,631.50	271.20	88,285.00	75.30	27,614.50	453.00	166,757.50	52.60	18,167.00	1.00	325.00	193.10	73,480.50
GST				53,426.10														
Total (including GST)				587,687.10														
Average Hourly Rate				379.47		441.34		325.53		366.73		368.12		345.38		325.00		380.53

Part 5: Statement of Remuneration Claim

Resolutions to be put to creditors at the meeting convened for 26 September 2013

At the meeting of creditors convened for 26 September 2013, creditors will be asked to consider the following resolutions:

Resolution 1A: DA Information Services Pty Ltd

"That the remuneration of the Administrators, as set out in the Remuneration Request Approval Report dated **18 September 2013**, for the period from **5 July 2013** to **13 September 2013** be fixed in the amount of **\$530,882.00**, plus any applicable GST, and may be paid."

Please note that further approval of the Administrators' remuneration will not be sought in the future.

Resolution 1B: The Information Specialists Pty Ltd

"That the remuneration of the Administrators, as set out in the Remuneration Request Approval Report dated **18 September 2013**, for the period from **5 July 2013** to **13 September 2013** be fixed in the amount of **\$906.50**, plus any applicable GST, and may be paid."

Please note that further approval of the Administrators' remuneration will not be sought in the future.

Resolution 1C: Central Book Services Pty Ltd

"That the remuneration of the Administrators, as set out in the Remuneration Request Approval Report dated **18 September 2013**, for the period from **5 July 2013** to **13 September 2013** be fixed in the amount of **\$2,472.50**, plus any applicable GST, and may be aid."

Please note that further approval of the Administrators' remuneration will not be sought in the future.

Resolution 2A: DA Information Services Pty Ltd

"That the remuneration of the Administrators, as set out in the Remuneration Request Approval Report dated **18 September 2013**, for the period from **16 September 2013** to the completion of the administration be fixed up to a maximum amount of **\$20,000.00**, plus any applicable GST, but subject to upward revision by resolution of creditors, or the Committee of Creditors should one be appointed, and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."

Please note that the above is an estimate only. Final costs depend heavily upon the work require to complete the sale of business. If costs exceed the estimate, creditors will be advised accordingly and further approval of the Administrators' remuneration will be sought in the future.

Resolution 2B: The Information Specialists Pty Ltd

"That the remuneration of the Administrators, as set out in the Remuneration Request Approval Report dated **18 September 2013**, for the period from **16 September 2013** to the completion of the administration be fixed up to a maximum amount of **\$5,000.00**, plus any applicable GST, but subject to upward revision by resolution of creditors, or the Committee of Creditors should one be appointed, and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."

Please note that the above is an estimate only. Final costs depend heavily upon the work require to complete the sale of business. If costs exceed the estimate, creditors will be advised accordingly and further approval of the Administrators' remuneration will be sought in the future.

Resolution 2C: Central Book Services Pty Ltd

"That the remuneration of the Administrators, as set out in the Remuneration Request Approval Report dated **18 September 2013**, for the period from **16 September 2013** to the completion of the administration be fixed up to a maximum amount of **\$5,000.00**, plus any applicable GST, but subject to upward revision by resolution of creditors, or the Committee of Creditors should one be appointed, and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."

Please note that the above is an estimate only. Final costs depend heavily upon the work require to complete the sale of business. If costs exceed the estimate, creditors will be advised accordingly and further approval of the Administrators' remuneration will be sought in the future.

Where liquidators are appointed:

Resolution 3A: DA Information Services Pty Ltd

"That the remuneration of the Liquidators, as set out in the Remuneration Request Approval Report dated **18 September 2013**, for the period from the commencement of the liquidation to completion be fixed up to a maximum amount of **\$85,000.00** plus any applicable GST, but subject to upward revision by resolution of creditors, or the Committee of Creditors should one be appointed, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred."

Please note that the above is an estimate only. Final costs depend heavily upon the work required to complete the liquidation, including the outcome of any investigations. If costs exceed the estimate, creditors will be advised accordingly and further approval of the Liquidators' remuneration will be sought in the future.

Resolution 3B: The Information Specialists Pty Ltd

"That the remuneration of the Liquidators, as set out in the Remuneration Request Approval Report dated **18 September 2013**, for the period from the commencement of the liquidation to completion be fixed up to a maximum amount of **\$5,000.00** plus any applicable GST, but subject to upward revision by resolution of creditors, or the Committee of Creditors should one be appointed, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred."

Please note that the above is an estimate only. Final costs depend heavily upon the work required to complete the liquidation, including the outcome of any investigations. If costs exceed the estimate, creditors will be advised accordingly and further approval of the Liquidators' remuneration will be sought in the future.

Resolution 3C: Central Book Services Pty Ltd

"That the remuneration of the Liquidators, as set out in the Remuneration Request Approval Report dated **18 September 2013**, for the period from the commencement of the liquidation to completion be fixed up to a maximum amount of **\$10,000.00** plus any applicable GST, but subject to upward revision by resolution of creditors, or the Committee of Creditors should one be appointed, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred."

Please note that the above is an estimate only. Final costs depend heavily upon the work required to complete the liquidation, including the outcome of any investigations. If costs exceed the estimate, creditors will be advised accordingly and further approval of the Liquidators' remuneration will be sought in the future.

Remuneration approved and drawn to date

Creditors have not previously approved any remuneration of the Administrators.

Part 6: Remuneration Recoverable from External Sources

The Administrators have not received, and are not entitled to receive, any funding from external sources in respect of Administrators' remuneration.

Part 7: Disbursements

Disbursements are divided into three types: **A, B1, B2.**

- A** disbursements are all externally provided professional services. These are recovered at cost. An example of an “A” disbursement is legal fees.
- B1** disbursements are externally provided non-professional costs such as travel, accommodation and search fees. “B1” disbursements are recovered at cost.
- B2** disbursements are internally provided non-professional costs such as photocopying, printing and postage. “B2” 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 relevant rates are set out below.

Disbursement Type	Charges (excluding GST)
Advertising	At cost
Couriers	At cost
Mileage Reimbursement	\$0.67 per kilometre
Photocopying (colour)	\$0.50 per page
Photocopying (mono)	\$0.20 per page
Photocopying (outsourced)	At cost
Printing (colour)	\$0.50 per page
Printing (mono)	\$0.20 per page
Printing (outsourced)	At cost
Postage	At cost
Searches	At cost
Storage and Storage Transit	At cost
Telephone Calls	At cost

We have undertaken a proper assessment of disbursements claimed for the Group, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

Disbursements incurred to date are shown in the summary of receipts and payments. Creditor approval for the payment of disbursements is not required. However, the Administrators must account to creditors. Creditors have the right to question the incurring of disbursements and can challenge disbursements in court.

Part 8: Report on Progress of the Administration

The Remuneration Request Approval Report must be read in conjunction with the report to creditors dated **18 September 2013** which outlines the progress of the administration.

Part 9: Summary of Receipts and Payments

A summary of receipts and payments for the period **5 July 2013** to **31 August 2013** is attached.

Part 10: Queries

If you require further information in respect of the above, or have other queries, please contact Brent Smith of this office on 03 9604 5658.

Part 11: Information Sheet

The partners of Ferrier Hodgson are, generally, members of the Insolvency Practitioners Association of Australia ("IPA"). Ferrier Hodgson follows the IPA Code of Professional Practice. A copy of the Code of Professional Practice may be found on the IPA website at www.ipaa.com.au.

An information sheet concerning approval of remuneration in external administrations can also be obtained from the IPA website.

Dated: 18 September 2013



John Lindholm
Administrator

Schedule of Hourly Rates

Standard Rate

Effective 1 July 2012

<i>Classification</i>	<i>Rate (excluding GST) \$/hour</i>
Partner	650
Executive Director	595
Director	575
Senior Manager	515
Manager	435
Assistant Manager	370
Senior Analyst	325
Analyst	290
Accountant	260
Junior Accountant	170
Senior Secretary	205
Computer Operator	145
Clerk	175
Typist	110
Office Assistant	110

DA Information Services Pty Ltd (Administrators Appointed)

Account AUD

Receipts and payments for the period 5 July 2013 to 31 August 2013

Description	Amount \$
Receipts	
Opening Balance	624,606.87
Sundry Receipts	30.79
Accounts Receivable (Post-Appointment)	123,448.35
Accounts Receivable (Pre-Appointment)	674,589.07
FX Forward Contract Closure	391,175.40
Foreign Currency Accounts	16,976.53
Interest Income	1,248.83
Deposit on Sale of Business	25,000.00
Intercompany transfer	1,539,873.10
Total Receipts	3,396,948.94
Payments	
Superannuation	(41,307.67)
Wages & Salaries	(309,355.56)
Advertising	(4,001.25)
Bank Charges	(666.80)
Cataloguing	(9,702.26)
Cleaning	(2,593.00)
Courier	(347.75)
Data Storage	(144.76)
Employee Expense Claims	(3,414.60)
Employee travel claims	(4,837.47)
Freight	(2,493.36)
Gas	(481.10)
I.T Expense	(3,081.60)
Internet	(2,581.98)
Legal Fees	(12,286.56)
Office Supplies	(193.41)
Postage	(7,591.81)
Pre-appointment AMEX	(18,264.54)
Rent & Rates	(46,658.00)
Room Hire	(530.00)
Subcontractors	(28,864.00)
Sundry Expenses	(1,338.48)
Waste Disposal	(903.69)
Voluntary Administration Disbursements	(1,396.33)
Intercompany transfer	(1,539,873.10)
Total payments	(2,042,909.08)
Net receipts and payments	1,354,039.86

DA Information Services Pty Ltd (Administrators Appointed)

Foreign Currency Account - CHF

Receipts and payments for the period 5 July 2013 to 31 August 2013

Description	Amount \$
Receipts	
Opening Balance	488.85
Accounts Receivable (Pre-Appointment)	129.01
Total receipts	617.86
Payments	
Bank Charges	(110.00)
Total payments	(110.00)
Net receipts and payments	507.86

DA Information Services Pty Ltd (Administrators Appointed)

Foreign Currency Account - EUR

Receipts and payments for the period 5 July 2013 to 31 August 2013

Description	Amount \$
Receipts	
Opening Balance	807,287.29
Accounts Receivable (Pre-Appointment)	27,250.11
Total receipts	834,537.40
Payments	
Bank Charges	(39.64)
Total payments	(39.64)
Net receipts and payments	834,497.76

DA Information Services Pty Ltd (Administrators Appointed)

Foreign Currency Account - GBP

Receipts and payments for the period 5 July 2013 to 31 August 2013

Description	Amount \$
Receipts	
Opening Balance	2,396.95
Accounts Receivable (Pre-Appointment)	8,055.31
Total receipts	10,452.26
Payments	
Bank Charges	(57.50)
Total payments	(57.50)
Net receipts and payments	10,394.76

DA Information Services Pty Ltd (Administrators Appointed)
Foreign Currency Account - SGD
Receipts and payments for the period 5 July 2013 to 31 August 2013

Description	Amount \$
Receipts	
Opening Balance	1,459.11
Total receipts	1,459.11
Payments	
Bank Charges	(100.00)
Total payments	(100.00)
Net receipts and payments	1,359.11

DA Information Services Pty Ltd (Administrators Appointed)

Foreign Currency Account - USD

Receipts and payments for the period 5 July 2013 to 31 August 2013

Description	Amount \$
Receipts	
Opening Balance	6,959.33
Transfer to post appointment account	20,532.83
Accounts Receivable (Post-Appointment)	153.99
Accounts Receivable (Pre-Appointment)	38,853.19
Total receipts	66,499.34
Payments	
Bank Charges	(200.02)
Total payments	(200.02)
Net receipts and payments	66,299.32

DA Information Services Pty Ltd (Administrators Appointed)

Foreign Currency Account - NZD

Receipts and payments for the period 5 July 2013 to 31 August 2013

Description	Amount \$
Receipts	
Opening Balance	2,479.67
Total receipts	2,479.67
Payments	
Intercompany transfer	(2,479.67)
Total payments	(2,479.67)
Net receipts and payments	-

Central Book Services Pty Ltd (Administrators Appointed)

Account AUD

Receipts and payments for the period 5 July 2013 to 31 August 2013

Description	Amount \$
Receipts	
Opening Balance	18,665.13
Accounts Receivable (Pre-Appointment)	26,988.65
Accounts Receivable (Post-Appointment)	6,009.85
Interest Income	11.82
Total receipts	51,675.45
Payments	
Bank Charges	(29.00)
Total payments	(29.00)
Net receipts and payments	51,646.45

Annexure 2

IPA – Creditor Information Sheet Offences, Recoverable Transactions and Insolvent Trading

Creditor Information Sheet

Offences, Recoverable transactions and Insolvent Trading



Offences

A summary of offences that may be identified by the administrator:

180	Failure by officer to exercise a reasonable degree of care and diligence in the exercise of his powers and the discharge of his duties.
181	Failure to act in good faith.
182	Making improper use of position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of his position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for proper purpose. Use of position or information dishonestly to gain advantage or cause detriment.
206A	Contravening an order against taking part in management of a corporation.
206A, B	Taking part in management of corporation while being an insolvent under an administration.
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 auditor.
314-7	Failure to comply with requirements for financial statement preparation.
437C	Performing or exercising a function or power as officer while a company is under administration.
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 administrator.
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.

Voidable Transactions

Preferences

A preference is a transaction such as a payment between the company and one or more of its creditors, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant time period is six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Where a creditor receives a preferred payment, 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 either the Corporations Act.

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 time period is four years and if the intention of the transaction is to defeat creditors, the time period is ten years.



The company must have been insolvent at the time of the transaction, or become insolvent as a result 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 have to have been entered into any time on or before the day when 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. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

Liquidators have the power to reclaim "unreasonable payments" made to directors by companies prior to liquidation. The provision relates to transactions made to, on behalf of, or for the benefit of, a director or close associate of a director. To fall within the scope of the section, 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 are voidable by a liquidator:

- Floating charge created with six months of the liquidation unless it secures a subsequent advance;
- Unregistered charges; and
- Charges in favour of related parties who attempt to enforce the charge within 6 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 actually 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.