

---

## Voluntary Administrators' Report to Creditors

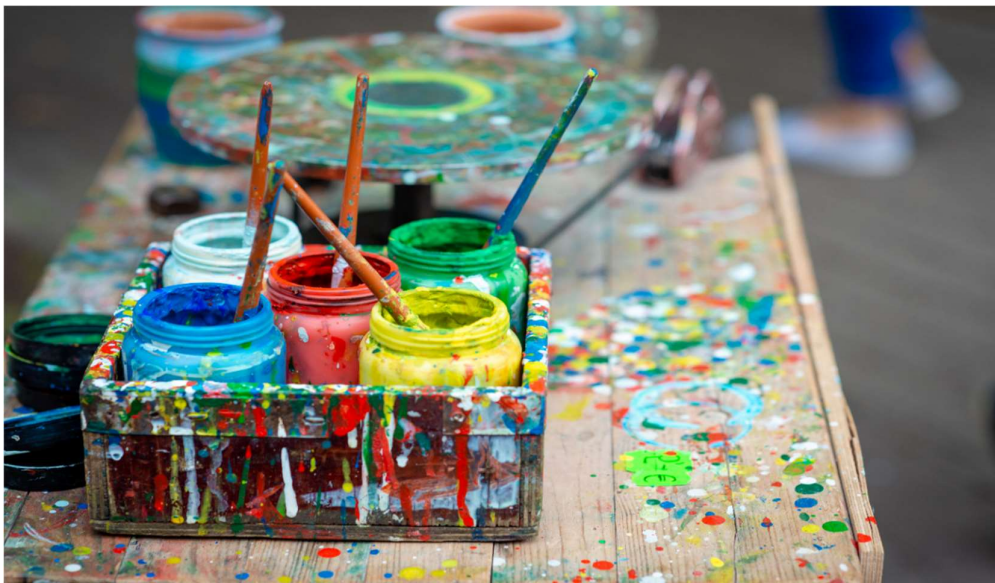
Pursuant to sections 439A of the Corporations Act 2001 and 75-225 of the Insolvency Practice Rules

### Administrators

Alan Walker, Nicholas Charwood & Glenn Livingstone

**10 June 2025**

**Finnish Early Childhood Education (Australia) Pty Ltd  
(Administrators Appointed)  
Trading as "HEI Schools Australia" "HEI Schools Early Learning Centre"  
"Finnish Early Childhood Education"  
ACN 630 629 435 (the Company)**



# TABLE OF CONTENTS

<b>01</b> .....	<b>1</b>
GLOSSARY OF TERMS.....	1
<b>02</b> .....	<b>3</b>
EXECUTIVE SUMMARY.....	3
<b>03</b> .....	<b>6</b>
COMPANY INFORMATION.....	6
<b>04</b> .....	<b>9</b>
DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS, AND INDEMNITIES .....	9
<b>05</b> .....	<b>10</b>
ADMINISTRATORS' REMUNERATION AND INTERNAL DISBURSEMENTS .....	10
<b>06</b> .....	<b>11</b>
TRADING OF THE COMPANY' BUSINESS .....	11
<b>07</b> .....	<b>12</b>
FINANCIAL POSITION .....	12
<b>08</b> .....	<b>16</b>
INVESTIGATION INTO THE COMPANY' AFFAIRS .....	16
<b>9</b> .....	<b>23</b>
RETURN TO CREDITORS .....	23
<b>10</b> .....	<b>24</b>
STATEMENT BY THE ADMINISTRATORS .....	24
<b>11</b> .....	<b>25</b>
FURTHER INFORMATION AND QUERIES .....	25

## ANNEXURES

ANNEXURE	DOCUMENT
A	Creditor information sheets
B	Notice of Second Meeting
C	Remuneration Approval Report
D	Appointment of proxy form
E	Proof of debt form
F	Summary of receipts and payments
G	Group Entities in Administration

All Creditors with claims against the Company are entitled to attend the Second Meeting.

Creditors who wish to participate in the Second Meeting must complete and submit the proof of debt and appointment of proxy forms (**Annexures D and E**) to our office by **4:00pm AEST** on **17 June 2025** by one of the following methods:

Contact name: Billy Foley

By email: [bfoley@wlpr.com.au](mailto:bfoley@wlpr.com.au)

By post: GPO Box 3534, Sydney NSW 2001

# 01

## GLOSSARY OF TERMS

TERM	DESCRIPTION
ACN	Australian Company Number
Act	Corporations Act 2001 (Cth)
Administration	The Voluntary Administration of the Company
Administrators	Glenn Livingstone. Nicholas Charlwood and Alan Walker
ANZ	Australia and New Zealand Banking Group Limited
ARITA	Australian Restructuring, Insolvency & Turnaround Association
ASIC	Australian Securities & Investments Commission
ATO	Australian Taxation Office
BAS	Business Activity Statement required by the TAA and the GST Act
c.	Circa
CBA	Commonwealth Bank of Australia
Code	ARITA Code of Professional Practice
COI	Committee of Inspection
Company	Finnish Early Childhood Education (Australia) Pty Ltd (Administrators Appointed) ACN 630 629 435
Convening Period	The period in which the Second Meeting must be convened
DEWR	Department of Employment and Workplace Relations
Director	Kam Ming Yu
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities, pursuant to section 436DA of the Act and Code
DOA	Date of appointment of the Administrators being 11 February 2025
DOCA	Deed of Company Arrangement
DPN	Director Penalty Notices issued by the ATO
ERV	Estimated Realisable Value
Family Court	Federal Circuit and Family Court of Australia
FEG	Fair Entitlements Guarantee
First Meeting	First meeting of creditors held on 21 February 2025
FTE	Full time equivalent
FY	Financial year
Group	16 entities within Finnish Early Childcare group in Administration under the control of the Administrators
GST	Goods and Services Tax payable pursuant to the GST Act
GST Act	A New Tax System (Goods and Services Tax) Act 1999 (Cth)
IAS	Installment Activity Statement

<b>TERM</b>	<b>DESCRIPTION</b>
ILO Australia	ILO Early Leaning (Australia) Pty Ltd (Administrators Appointed) ACN 649 081 069
Initial Notice	Our initial notice to creditors dated 14 February 2025
IPR	<i>Insolvency Practice Rules (Corporations) 2016</i> (Cth)
ITAA	<i>Income Tax Assessment Act 1997</i> (Cth)
k	Thousand \$
M	Million \$
Management	Senior management group at ILO Australia and the Company
Management Accounts	Accounts maintained by the Company on Xero Accounting Software.
NES	National Employment Standards
PAYG	Pay as you go
PILN	Payment in Lieu of Notice
PPSA	<i>Personal Property Securities Act 2009</i> (Cth)
PPSR	Personal Property Securities Register maintained pursuant to the PPSA
PTE	Part time equivalent
Report	This report of 10 June 2025 pursuant to IPR 75-225
ROCAP	Report on Company Activities and Property
Sales Broker	Doug Lilley of Lilley Childcare Sales Pty Ltd
Second Meeting	Second meeting of creditors held pursuant to IPR 75-225 and section 439A of the Act, where creditors determine the future of the Company. The Second Meeting will be held at 10:00 AM (AEST) on 18 June 2025
SRO	State Revenue Office – Victoria
TAA	Tax Administration Act 1953 (Cth)
VIC	Victoria

## 02

### EXECUTIVE SUMMARY

QUESTION	EXPLANATION
<p><b>What do the Company do?</b></p>	<p>The Company operated as the administrative head office and HEI Schools licensing body for 11 early learning childcare centres that provided childcare and kindergarten services from leasehold properties in Victoria and New South Wales. At the time of our appointment the Company employed 34 full time, part time, and casual employees.</p>
<p><b>Current status of operations</b></p>	<p>Immediately upon our appointment we commenced an urgent review of the Company's financial viability, including whether it could continue to operate. After detailed discussions with Management and undertaking a review of the cashflow and profit and loss forecasts at the Company and the Group level, we formed the view that Head office function was essential to the ongoing operations of the Group and we should continue with its services.</p> <p>This Company was not revenue generating and it was intended that it would charge a management fee to the operating centres in the Group to cover its overheads. This was never put in place prior to the administration.</p> <p>Management has committed to continue to provide administrative support to each of the early learning centres during the Administration period. We have made significant reductions in the staff numbers and costs.</p>
<p><b>What is happening with the Group's business and assets?</b></p>	<p>On appointment, we assessed the Company's short-term viability and considered whether we could preserve the Group's businesses whilst running an accelerated business sale campaign and / or allow time for a DOCA proposal to be formulated.</p> <p>A review of the Company's and Groups' financial position indicated that the business was not generating sufficient cash flow to fund the Group's operations. To assist with working capital funding, the Administrators firstly funded the payment of wages by providing loans to the Group and secondly by securing external funding from an independent financier to fund working capital.</p> <p>To allow the Group's early learning centres to continue, the Administrators secured support from the key stakeholders, including the Company's leadership team, employees, head office staff (from the Group) and families.</p>
<p><b>What is the purpose of this Report?</b></p>	<p>The purpose of the Report is to provide creditors with:</p> <ul style="list-style-type: none"> <li>- a summary of the findings of our investigations into the Company's business, property, affairs and financial circumstances,</li> </ul>

	<ul style="list-style-type: none"> <li>- an update on the status of the Company's business and assets,</li> <li>- our opinion on the two options available to creditors in deciding the future of the Company at the Second Meeting.</li> </ul>
<b>When do the Administrators consider the Company became insolvent?</b>	<p>Based on our preliminary analysis of the Management Accounts, the Companies were relying on capital invested across the Group to fund working capital.</p> <p>Our investigations indicate that the Group became insolvent between April – June 2024 and remained insolvent up until the DOA.</p> <p>Further details relating to our investigations are set out in <b>Section 8</b> of this Report.</p>
<b>Has a DOCA proposal been put forward for creditors to consider?</b>	<p>The Director has advised that he will not be putting a DOCA proposal for creditors to consider and no other party has indicated its intention to do so.</p>
<b>Why did the Company become insolvent?</b>	<p>Based on the Administrators' preliminary investigations and discussions with the Director, the Company's insolvency was primarily caused by the poor financial performance of the Group. Several factors contributed to the Company's failure, including:</p> <ul style="list-style-type: none"> <li>- low occupancy levels across the majority of the Group's Centres</li> <li>- head Office expenses were significantly higher than what was required for a Group of this size</li> <li>- fixed licensing fees due to HEI Schools</li> <li>- loss of state government kindergarten funding for all VIC centres due to the Group's poor financial position</li> <li>- staffing issues across multiple centres leading to increased costs in using casual labour, which is more expensive</li> <li>- poor strategic management decisions, particularly relating to the rapid expansion of new centres, which placed significant strain on the Group's financial and operational resources</li> </ul> <p>Further information should can be found in Section 8.</p>
<b>What is the purpose of the Second Meeting?</b>	<p>At the Second Meeting, creditors will consider this Report and decide the Company' future.</p> <p>The options available to creditors include whether:</p> <ul style="list-style-type: none"> <li>- the Administration should end,</li> <li>- the Company be wound up, or</li> <li>- The Second Meeting be adjourned for a period of up to 45 business days.</li> </ul> <p>The Administrators will also be asking creditors to vote on resolutions for our remuneration for acting as Administrators. No remuneration has been approved or paid to date.</p>

	<p>Creditors should note that the Chairperson of the Second Meeting has the option to adjourn the meeting for a period of up to 45 business days and it is our intention to do so.</p>										
<p><b>What is the recommendation to creditors on the future of the Company?</b></p>	<p>We are required pursuant to s 438A of the Act to provide an opinion on each of the following:</p> <ul style="list-style-type: none"> <li>- Whether the Administration should end,</li> <li>- Whether a DOCA be executed, or</li> <li>- Whether the Company should be wound up.</li> </ul> <p>The Administration cannot end as the Company insolvent.</p> <p>No DOCA proposal has been submitted for creditors to consider at this stage.</p> <p>In the absence of an adjournment, our recommendation is that the Company should be wound up. This is because the Company is insolvent and there is no DOCA proposed at present.</p> <p>Creditors should note that the Chairperson of the Second Meeting has the option to adjourn the meeting for a period of up to 45 business days and it is our intention to do so to allow more time for the sale to be completed.</p>										
<p><b>Would there be any claims or recoveries in a liquidation?</b></p>	<p>Our preliminary view on claims or recoveries that could be pursued by a liquidator in the event of a winding up are:</p> <table border="1" data-bbox="662 1045 1328 1270"> <thead> <tr> <th>Type of claim</th> <th>Likelihood</th> </tr> </thead> <tbody> <tr> <td>Insolvent trading</td> <td>Possible</td> </tr> <tr> <td>Unfair preferences</td> <td>Low</td> </tr> <tr> <td>Payments to related parties</td> <td>Possible</td> </tr> <tr> <td>Breach of duties</td> <td>Possible</td> </tr> </tbody> </table> <p>For further detail, please see <b>section 8</b> of this Report. Creditors are requested to consider funding further investigations by a liquidator should one be appointed.</p> <p>We also note that we are required to report to ASIC pursuant to section 438D of the Act in instances where we form the view that offences may have been committed by an office holder (past and present). We advise that we have not currently submitted this report however this matter could be subject to change will liaise with ASIC on this point if required.</p>	Type of claim	Likelihood	Insolvent trading	Possible	Unfair preferences	Low	Payments to related parties	Possible	Breach of duties	Possible
Type of claim	Likelihood										
Insolvent trading	Possible										
Unfair preferences	Low										
Payments to related parties	Possible										
Breach of duties	Possible										
<p><b>What is the cost of the Administration?</b></p>	<p>Refer to <b>Section 5</b> of the Report for information relating to the approval of Administrators' fees.</p>										
<p><b>What is the estimated return to creditors?</b></p>	<p>Refer to <b>Section 9</b> of this Report for further details relating to the estimated return to creditors.</p>										
<p><b>Where can I get more information?</b></p>	<p>If you require any further information, please contact Billy Foley. Email: <a href="mailto:finnisheducation@wlpr.com.au">finnisheducation@wlpr.com.au</a>.</p>										

## 03

### COMPANY INFORMATION

#### 3.1 STATUS OF THE ADMINISTRATION

We, Alan Walker, Nicholas Charlwood and Glenn Livingstone were appointed Voluntary Administrators to the Company on 11 February 2025 by the Directors of the Company pursuant to an extraordinary resolution signed on the same day by the board.

#### 3.2 OBJECTIVE OF ADMINISTRATION

In a voluntary administration, administrators are empowered by the Act to assume control of an insolvent company, superseding the powers of the directors and officers, to manage the company's affairs and deal with its assets in the interests of its creditors.

Pursuant to Section 435A of the Act, the intention of administration is to maximise the prospects of a company continuing in existence or, if that is not possible, to achieve better returns to creditors than would be achieved by its immediate liquidation. During a voluntary administration there is a moratorium over most claims that are made or able to be made before the start of the administration.

Administrators are also required to:

- investigate the Company' affairs, and
- report to creditors on the Administrators' opinion as to which outcome of the voluntary administration process is in the creditors' best interests, including providing information to the creditors prior to their voting at the Second Meeting.

ASIC has produced information sheets for creditors to assist their understanding of common Company insolvency procedures. These information sheets can be downloaded from <https://asic.gov.au> under the insolvency tab. We have also attached some key information sheets for creditors at **Annexure A**.

#### 3.3 FIRST MEETING OF CREDITORS AND COMMITTEE OF INSPECTION

The First Meeting was held on 21 February 2025 pursuant to s 436E of the Act. At the First Meeting, our appointment was confirmed, and a COI was not formed. No other resolutions were considered or voted upon at the First Meeting.

The minutes of the First Meeting were lodged with ASIC on 7 March 2025.

#### 3.4 SECOND MEETING OF CREDITORS

Due to the number of early learning centres in Administration, as well as the complex way in which the Group finance function was operating prior to the commencement of administration proceedings, a decision was made by the Administrators to file an application with the Court to extend the convening period of the Second Meeting.

This provided the Administrators with more time to investigate the financial affairs of the Group and report their findings to creditors.

The Administrators also required more time to market the early learning centres of the subsidiary companies for sale. On 10 March 2025, the Court ordered the period to convene the Second Meeting be extended by 3 months.

Pursuant to s 439A of the Act, the Second Meeting is convened for 10:00 AM AEST on Wednesday, 18 June 2025 at the offices of WLP Restructuring Suite 19.02 Level 19, 1 Castlereagh Street, Sydney NSW 2000. Teleconference facilities will be provided on request.

At the Second Meeting, creditors will decide the Company' future by voting on one of the following options:

- that the administration end (with control of the Company reverting to the Director); or
- that the Company should be wound up.

We are required to provide creditors with our opinion as to which outcome of the voluntary administration process is in creditors' best interests. Our opinion and recommendation are set out in **section 11** of this Report.

The Notice of Meeting of Creditors is attached (**Annexure B**) along with an Appointment of proxy form (**Annexure D**) and a Proof of debt form (**Annexure E**).

Creditors and the Chairperson presiding at the Second Meeting are permitted to adjourn the meeting for up to a period of 45 business days to enable further investigations to be undertaken, with a view to issuing further reports to creditors in respect of the outcome of those investigations.

All creditors with a claim(s) against the Company are entitled to attend the Second Meeting and vote on the resolutions for the Company.

Creditors who wish to participate in the Second Meeting must complete and submit the following forms to this office **by 4:00pm AEST on Tuesday, 17 June 2025**. Forms can be scanned and emailed to [bfoley@wlp.com.au](mailto:bfoley@wlp.com.au). Teleconference call details will be provided on request once the relevant forms listed below have been submitted.

FORM	COMMENTS	ACTION REQUIRED
Appointment of proxy (Form 532)	<ul style="list-style-type: none"> <li>- Corporate creditors must appoint an individual to act on their behalf.</li> <li>- Individuals voting in person are not required to complete this form unless they are appointing a representative to vote on their behalf.</li> <li>- Proxy forms submitted for the First Meeting are not valid for the Second Meeting. A new proxy form must be submitted.</li> </ul>	To be eligible to vote, creditors must submit proxy and proof of debt forms to our office before 4:00 PM AEST on Tuesday, 17 June 2025.
Proof of Debt (Form 535)	<ul style="list-style-type: none"> <li>- Creditors must submit documentation to support the amount they have claimed.</li> <li>- Creditors who have already submitted a proof of debt are not required to re-submit a proof of debt form unless their claim has changed.</li> </ul>	

### 3.5 PURPOSE AND BASIS OF THIS REPORT

IPR 75-225 requires administrators to provide a report to all creditors ahead of the Second Meeting, outlining:

- Details regarding the business, property, affairs and financial circumstances of the entity under administration, and
- The Administrators' opinion and recommendation on each of the options available to creditors for the entity.

This Report also informs creditors about the preliminary investigations that we have undertaken to date. Accordingly, the views formed in this Report are not final and may be subject to change. Any additional material issues that are identified after this Report may be subject to a further written report and/or tabled at the Second Meeting.

This Report has been prepared primarily from information obtained from the Company's books and records and discussions with the Director. Although we have conducted certain investigations into the affairs of the Company, there may be matters of which we are unaware because an audit of the Company has not been undertaken.

To complete our Report, we have utilised information from the following sources:

- Registers maintained by ASIC and the PPSR
- The Company's book and records
- Discussions with the Director, his advisors, and
- Other public databases and searches.

### **3.6 SUMMARY OF RECEIPTS AND PAYMENTS**

A summary of the receipts and payments of the Administration is attached at **Annexure F**.

### **3.7 CONTEXT OF THIS REPORT**

The statements and opinions given in this Report are in good faith and in the belief that such statements and opinions are not false or misleading. We reserve the right to alter any conclusions reached based on any changed or additional information that may be provided to us between the date of this Report, the date of the Second Meeting (except where otherwise stated) and any subsequent reports and meetings.

In considering the options available to creditors and formulating our opinion and recommendation, we may make forecasts of realisations and creditors' claims based on our best assessment of the information at hand. These forecasts and estimates may change as matters progress, and we receive creditor claims. Consequently, the outcome for creditors might differ from any guidance provided in this Report. Creditors should consider seeking their own independent legal advice as to their rights and the options available to them at the Second Meeting.

## 04

---

### **DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS, AND INDEMNITIES**

In accordance with section 436DA of the Act and the Code, a DIRRI was enclosed with our Initial Notice (and tabled at the First Meeting).

The DIRRI disclosed information regarding our independence, prior personal or professional relationships with the Companies or related parties, and any indemnities received in relation to the appointment. This assessment identified no real or potential risks to our independence.

On 3 March 2025 we issued an updated DIRRI to all known creditors of the Companies following our appointment as Administrators over Longwarry and Waurrn Ponds which was lodged with ASIC on 7 March 2025. There has been no change in the declaration since.

ASIC has produced information sheets for creditors to assist their understanding of common Companies insolvency procedures. These information sheets can be downloaded from <https://asic.gov.au> under the regulatory resources tab.

## 05

### ADMINISTRATORS' REMUNERATION AND INTERNAL DISBURSEMENTS

At the upcoming meeting of creditors, we will be seeking approval of the following remuneration:

PERIOD	AMOUNT (\$)
Administration: 11 February 2025 – 5 June 2025	398,456
Administration: 6 June 2025 – date of the Second Meeting	35,000
Liquidation: Commencement to conclusion of the Liquidation	50,000

Our previous estimate included in our Initial Remuneration Notice dated 13 February 2025 and 3 March 2025, did not allow for the extension of the administration period, the extra weeks of trading the business and extra time taken to negotiate a sale of subsidiary businesses. Therefore, our costs are broadly in line with the Initial Notice.

More details of our proposed remuneration and the terms of the resolutions to be voted upon at the Second Meeting are included in our Remuneration Approval Report at Annexure B. This includes resolutions for our past and future remuneration as Voluntary Administrators. Creditors should complete the proxy forms enclosed with this report at **Annexure D** and return them to [finnish@wlpr.com.au](mailto:finnish@wlpr.com.au) before **4:00 PM on Tuesday, 17 June 2025**.

ARITA has issued an 'Approving remuneration in external administrations' information sheet providing general information for creditors on the approval of an administrator's fees in a liquidation, a voluntary administration, or a DOCA. This information sheet is available from the ARITA website ([www.arita.com.au](http://www.arita.com.au)).

## 06

---

### TRADING OF THE COMPANY' BUSINESS

#### 6.1 TRADING RATIONALE

Generally, a trading business is more valuable for prospective realisations than a business that is immediately closed and its assets sold under a forced-liquidation scenario. It is our view that this is especially relevant in the Company's scenario as it operates as the administrative arm for a number of early learning education centres that provide daily care services to families in the VC and NSW area.

Although the Company does not turnover revenue itself, by continuing to provide support to subsidiary entities, it has increased the prospects of a potential sale for those centres with the intention that a certain amount of the sale proceeds to be up-streamed, increasing the prospect of a return to creditors. As at the date of the Report, this appears to be the only viable means of generating funds to settle costs payable by the Company.

If the Company's business ceased to trade upon our appointment, the Group subsidiary entities would have been materially impaired beyond a meaningful realisable value, with the likely scenario being that all enrollments of children would have been terminated, which would have resulted in the immediate retrenchment of employees, loss of the Group's assets and the inability to maintain its leasing obligations.

It is important to note that whilst continuing to trade the Group subsidiary companies did not initially guarantee a better outcome for creditors, it increased the chances of the subsidiary companies continuing in existence, potentially allowing for an enhanced return to creditors. It also allowed time for any restructuring proposal to be submitted.

Immediately following our appointment, we took control of the Company's business and operations and undertook an urgent review of the Company's and Group's financial position.

Initially, WLP Restructuring loaned funds of \$60,000 to the Group to support the payment of wages and salaries, which enabled the childcare centres to continue to trade.

A third-party loan totalling \$1.5m was also secured by the Administrators which was required as the Group had operated at a loss for some time leading up to the date of Administration.

We made redundancies to reduce costs and losses to ensure that the Group's centres could continue for the period of the sale campaign.

# 07

## FINANCIAL POSITION

### 7.1 FINANCIAL POSITION

Creditors should read the following information together with the historical financial information set out at **section 9**.

Pursuant to section 438B(2) of the Act, within five business days after the DOA, the Director is required to provide a report on the Company's business, property and affairs in the prescribed format (known as a ROCAP).

The Director engaged a specialist business advisory firm to assist with the preparation of the ROCAP and it was received on 3 April 2025 after the Administrators provided an extension of time to submit.

Illustrated in the table below is a summary of the Director's ROCAP together with the Administrators' estimate of the realisable value of assets and an estimate of the Company's liabilities.

### 7.2 FINANCIAL POSITION

The financial position for the Company is illustrated below using the Director's estimated asset values from the ROCAP and our own estimates, followed by explanatory notes.

ASSETS AND LIABILITIES	NOTES	ROCAP \$	ADMINISTRATORS' ESTIMATE \$
<b>Assets</b>			
Cash at Bank	7.2.1	22,225	(42)
Related Party Loans	7.2.2	10,682,019	TBD
Plant and Equipment	7.2.3	5,103	-
Motor Vehicles	7.2.4	125,000	Nil
Head Office Management receipts	7.2.5	-	TBD
Sale of Business	7.2.5	-	TBD
<b>Total Assets</b>		<b>10,834,347</b>	<b>TBD</b>
<b>Liabilities</b>			
Priority Employee Creditors	7.2.6	531,076	600,989
Secured Creditors	7.2.7	145,096	145,097
Unsecured Creditors	7.2.8	15,819,436	16,045,552
<b>Total Liabilities</b>		<b>16,495,608</b>	<b>17,124,450</b>
<b>Estimate Surplus / (Deficiency)</b>		<b>(5,661,261)</b>	<b>TBD</b>

#### 7.2.1 CASH AT BANK

We notified the major banks operating in Australia of our appointment and requested that a freeze be placed on any accounts held under the Company's name.

We have been made aware of the following four bank accounts with Westpac:

<b>BANK</b>	<b>ACCOUNT TYPE</b>	<b>BSB / ACCOUNT NUMBER</b>	<b>BALANCE</b> \$
Westpac	Business	Xxx173 xxx980	75
Westpac	Business	Xxx395 xxx477	(119.50)
Westpac	Business	Xxx395 xxx588	3
Westpac	Business	Xxx395 xxx337	-
<b>TOTAL</b>			<b>(42)</b>

We are not aware of any other accounts held in the Companies' name.

The Company's landlord held a cash rental bond of \$22,225, which was held as security for the Company's lease obligations and was disclosed in the Director's ROCAP. This security was used by the Landlord to pay the arrears of rent.

### **7.2.2 DEBTORS**

Debtors payable to the Company are related party amounts owed by what appear to be payments made to subsidiaries to support working capital requirements. Our investigations have determined that these balances may not be recoverable however further investigations are required to make a final determination on the recoverability.

### **7.2.3 PLANT AND EQUIPMENT**

There are fixtures and fittings held in the Company' name that are recorded in the Company's management accounts. Independent valuations have not been obtained due to the immaterial value of assets by the Company. These assets are not expected to realise any material value for the Company.

### **7.2.4 MOTOR VEHICLES**

There are two cars held in the Company's name operated by the Director as well as one other employee. These two cars were purchased via a secured loan with the loan value exceeding the realisable value for both vehicles. The loan has been included in the secured creditors section below.

### **7.2.5 HEAD OFFICE MANAGEMENT RECEIPTS**

As outlined in **section 2**, the Administrators are currently engaged in selling the Company's subsidiary businesses to several prospective buyers. Negotiations regarding the sales are at an advanced stage. Upon completion, a portion of the expected sales proceeds from each of the subsidiaries are to be up streamed in order to account for the administrative support that was provided during the Administration period which is likely to enhance the Administrators' estimate of the Company's realisable value. The Administrators intend to adjourn the Second Meeting of Creditors which will provide a more accurate picture of the Company's financial position following the completion of the proposed business sales and finalisation of the trading position for each trading Centre.

### **7.2.6 PREFERRED CREDITORS (EMPLOYEES)**

The Director's ROCAP indicated that unpaid superannuation and annual leave made up the majority of the unpaid employee priority claims.

Employees with unpaid entitlements are classified as priority creditors and receive payment before unsecured creditors. The following priority (employee) creditor claims are outstanding as at the DOA:

<b>ENTITLEMENTS</b>	<b>AMOUNT \$</b>
Superannuation	217,315
Unpaid wages	75,159
Redundancy	130,375
PILN	65,469
Annual leave (including loading)	112,671
<b>TOTAL</b>	<b>600,989</b>

Immediately on appointment, the Administrators made redundancies and have continued to do so throughout the course of the Administration period after reviewing the Group costs. As a result, Redundancy and PILN claims of \$130,375, and \$65,469 have crystallised and are a priority claim in the Administration.

As we continued the employment of several permanent employees during the Administration, PILN and Redundancy Entitlements claims of \$46,937 and \$83,539, respectively have not crystallised.

On appointment, the Administrators advised the Company that wages from the commencement of the Administration would be settled in full. There was an element of unpaid wages relating to the pre-Administration period. This has remained unpaid and is a priority claim in the Administration.

Unpaid superannuation claims that have accrued prior to the appointment of the Administrators and remain as a priority claim in the Administration.

We note that the above amounts have been calculated in accordance with section 556 of the Act. Under these provisions, directors are classified as excluded employees and may claim as priority creditors up to \$2,000 for wages and superannuation and up to \$1,500 for unpaid leave entitlements. Any remaining director claims will be treated as unsecured.

#### **7.2.7 SECURED CREDITORS**

A search of the PPSR indicates that no charges have been made over the Company.

As noted in **section 7.2.4**, the Company has two secured creditors resulting from a loan taken out with Silver Star Motors and Ricoh Australia PTY Ltd totalling \$145,097.

The Company was also a guarantor of a loan from Bizcap AU, which has been repaid in full.

#### **7.2.8 UNSECURED CREDITORS**

The unsecured creditors include claims for:

- Ordinary unsecured creditors for services that have been provided to the Company but remain unpaid at the DOA, and
- Statutory creditors included the ATO, SRO and Gallagher Bassett Services (work cover) debts that accrued prior to Administration.

Our current estimate of these amounts is illustrated below:

CREDITOR	ROCAP	POD	ADMINISTRATORS' ESTIMATE
	\$	\$	\$
Loans to Related Entities/Parties	12,365,773	1,847,908	12,365,773
ATO	1,149,672	1,149,672	1,149,672
SRO	290,487		290,487
HEI Schools Finland	1,701,976	1,744,233	1744,233
Gallagher Bassett	221,629		221,629
Other	273,758	201,690	273,758
<b>TOTAL</b>	<b>16,003,295</b>	<b>4,943,503</b>	<b>16,045,552</b>

Any creditors that have not yet submitted details of their claims should do so using the proof of debt form attached at **Annexure E**.

#### **Loans to Related Entities/parties**

The Director's ROCAP has noted loans to several FEC Group Companies, and other relates parties to the amount of \$12,365,773. The Directors have yet to conduct an audit of these payable balances and will be finalised at a later date in the event there is a distribution to unsecured creditors.

#### **ATO**

The Director's ROCAP records the ATO as a creditor for \$1,149,672. The ATO has submitted a claim against the Company for the same amount relating to an RBA deficit of the BAS amounts owed. This amount may change when any outstanding returns are lodged.

#### **SRO**

The Director's ROCAP records amounts owing to the SRO of \$290,487 in relation payroll tax debts. They have not yet filed a claim in the Administration. Based on our appointments to other entities within the Group, we understand that a total debt of at least \$290,487 owed to the SRO.

#### **HEI Schools Finland**

The Director's ROCAP has noted HEI Schools Finland as a creditor to the amount of \$1,701,976. The Administrators have received a POD from this entity totalling \$1,744,233 for unpaid license fees.

#### **Gallagher Basset Services**

The Director's ROCAP has noted Gallagher Bassett Services as a creditor to the amount of \$221,629. The Administrators have yet to receive a POD from Gallagher Bassett Services.

#### **Other**

The ROCAP records 24 suppliers who are owed various amounts in the sum of \$273,758. To date we have received eight POD's relating to amounts included in this balance.

## 08

### INVESTIGATION INTO THE COMPANY' AFFAIRS

#### 8.1 ADMINISTRATORS' INVESTIGATIONS

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

Our investigations have focused on the reasons for failure of the Company, solvency of the Company and claims that a liquidator might be able to pursue if the Company is wound up, including voidable transactions, insolvent trading and breaches of director's duties.

Investigations allow an administrator to advise creditors what funds might become available to a liquidator in a winding up such that creditors can properly assess and decide on whether to give control of the Company back to the Director or resolve to wind up the Company. We investigated matters to the extent possible in the time available and no audit of the financial information was undertaken.

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

- Discussions with the Director and his advisors
- Management Accounts, books and records and financial statements
- Searches obtained from relevant statutory authorities
- Records maintained by the ATO, and
- Publicly available information.

Our investigations are preliminary at this stage and will continue if the Company was to be wound up.

#### 8.2 HISTORY OF THE COMPANY AND REASONS FOR FAILURE

The Company operates as the administrative head office function and licensing body for 11 early learning centres that provide childcare and kindergarten education services to communities in New South Wales and Victoria. At the DOA, the Company employed 34 full time, part time, and casual employees.

We refer to **section 3** of this Report for further information concerning the events leading up to the appointment of Administrators.

The Company' Director has provided us with information concerning the Company' business, property and affairs, including his reasons as to why the Company are unable to afford to pay its liabilities. We have also relied on the Management Accounts, and management to understand the Company' historical affairs and reasons for failure. Based on our discussions and investigations, we note the following:

- The Company were incorporated in 2018 to act as the head office for a number of early learning childcare centres.
- The Company was to manage the administrative and accounting functions of each of the centres, to manage fund flow, employment matters, as well as any other ad-hoc tasks that arose in running each of the centres.
- After a period of sustained losses at the Group level, the Company's Director concluded that the Group no longer had the financial resources to continue operating the centres.
- In November 2024 winding up proceedings commenced against other Companies within the Group.
- On 11 February 2025, the Director appointed Voluntary Administrators for both the Company and to most companies in the Group.

We consider that the key reasons for the Company's failure were:

- The Group had too many employees at the Head Office level, which put a strain on cash flow
- The Group expanded too quickly, which required capital to pay for new leasehold fit outs
- Cash was diverted from profitable companies to fund the new centre's start-up costs
- The Group was under capitalised and was not able to absorb the losses it incurred and fund the expansion
- Inefficiencies in setting up new centres and obtaining service approvals resulted in bigger losses
- Shareholder equity that was invested in the Company was utilised across the Group and was not ring fenced in the Company's accounts, and
- Certain statutory creditors commenced winding up proceedings against certain Group companies.

## 8.2 STATUTORY INFORMATION

Statutory details for the Company as extracted from ASIC's database at the time of our appointment are set out below:

Company name	Finnish Early Childhood Education (Australia) Pty Ltd
ACN	630 629 435
Incorporation date	17 <sup>th</sup> December 2018
Registered office address	Suite 2115 Level 2 1 Main Street, Box Hill VIC 3128
Principal place of business	Suite 2115 Level 2 1 Main Street, Box Hill VIC 3128
Director	Kam Ming Yu
Shareholder	Martin Wai Pak, 28 shares, beneficially held
Shareholder	Kai Lok Tso, 2 shares, beneficially held
Shareholder	Tong Pak Wong, 4 shares, beneficially held
Shareholder	Yan Foon Yip, 2 shares, beneficially held
Shareholder	Presence of Aliveness Pty Ltd, 6 shares, beneficially held
Shareholder	Wenquan Lu, 6 shares, beneficially held
Shareholder	Chao Chun Tsai, 10 shares, beneficially held
Shareholder	Ching Man Wong, 2 shares, beneficially held
Shareholder	Ngai Wai Wan, 1 share, beneficially held
Shareholder	Pui Ka Eleanor Ho, 10 shares, beneficially held
Shareholder	Wai Man Leung, 2 shares, beneficially held
Shareholder	Kuk Fong, 2 shares, beneficially held
Shareholder	Yiu Sang Samuel Chan, 8 shares, beneficially held
Shareholder	Tai Yiu Wong, 28 shares, beneficially held
Shareholder	C and M F/T, 28 shares, beneficially held
Shareholder	Kam Ming Yu, 68 shares, beneficially held
Shareholder	Kam Yu Family Trust, 68 shares, beneficially held
Shareholder	Green Seed Consultancy Limited, 3 shares, beneficially held
Shareholder	Sally Wong, 2 shares, beneficially held
Shareholder	Tao Ng, 4 shares, beneficially held

Shareholder	Invictico Pty Ltd, 1 share, beneficially held
Shareholder	J & M F/T, 1 share, beneficially held
Shareholder	Wai Lun Chan, 1 share, beneficially held
Shareholder	UPC Pty Ltd, 5 shares, beneficially held
Shareholder	Kin Lok Chan Tsang, 1 shares, beneficially held
Shareholder	Chi Wai Shing, 2 shares, beneficially held

#### **8.4 BOOKS AND RECORDS**

Section 286 of the Act requires a Company to keep written financial records that correctly record and explain the Company' transactions, financial position and performance and would enable true and fair financial statements to be prepared. The financial records must be retained for a period of seven years after the transactions covered by the records are completed.

A failure to maintain books and records in accordance with section 286 of the Act provides a rebuttable presumption of insolvency which might be relied upon by a liquidator in an application for compensation for insolvent trading.

To date, we have recovered the following records to assist with our investigations:

- Company bank statements for the accounts held with Westpac and National Australia Bank
- historical financial statements (latest period being FY24)
- Rental Agreements,
- access to the Management Accounts.

We consider that the books and records have been maintained in accordance with section 286 of the Act.

#### **8.12 HISTORICAL FINANCIAL ACCOUNTS**

Detailed below is our analysis of the Company's financial statements and Management Accounts for the period FY22 to YTD25. We advise that the data presented for FY22 to FY24 has been extracted from the financial statements which were prepared the Company's former external accountants. The data presented for YTD25 has been extracted from Management Accounts which was maintained by the bookkeeper during the period. The information for YTD25 may be subject to change as it has not been reviewed or audited by an external accountant.

Creditors should note that we, and the firm of WLP Restructuring, have not performed an audit of the information contained in the financial statements or Management Accounts and are unable to attest to the accuracy of the information presented. We have outlined the financial information from the source it was obtained and have provided our commentary based on that information as well as our review and discussions with bookkeeper and Management.

### 8.13 PROFIT AND LOSS

Illustrated below is a summary of the Company's profit and loss statements for the period from FY22 to YTD25:

PROFIT AND LOSS	FY22	FY23	FY24	YTD25
	\$	\$	\$	\$
Income	2,299,801	43,303	5,429	0
Less: Cost of Sales	(71)	(28,188)	(51,852)	(34,535)
<b>Gross Profit</b>	<b>2,299,801</b>	<b>43,303</b>	<b>5,429</b>	<b>0</b>
Operating Expense	(2,157,406)	(2,814,347)	(3,252,493)	(1,686,469)
<b>Operating (loss)/profit</b>	<b>142,395</b>	<b>(2,771,044)</b>	<b>(3,247,064)</b>	<b>(1,686,469)</b>
Other Income		722,447	199,998	1,153,963
Other Expense				
<b>Net (loss)/profit</b>	<b>142,395</b>	<b>(2,048,597)</b>	<b>(3,047,066)</b>	<b>(532,506)</b>

We make the following comments concerning the Company's trading performance:

- The Company has recorded a profit in FY22 due to the franchise rights that were sold. All other periods losses were recorded.
- YTD25 was the first year the Company was set to begin to record the management fee receivable from the trading entities within the Group however this was not reflected in the management accounts on appointment.
- Wages and salaries account for most the Company's operating expenses each year which is what is expected for a service entity.

### 8.14 BALANCE SHEET

Set out below is a summary of the Company's balance sheets for FY22 to YTD25:

BALANCE SHEET AS AT	FY22	FY23	FY24	YTD25
	\$	\$	\$	\$
Current Asset	137,384	7,438	6,713	1,251
Non-Current Asset	10,255,826	3,458,039	3,449,033	6,473,803
<b>Total Asset</b>	<b>10,393,209</b>	<b>3,465,477</b>	<b>3,455,746</b>	<b>6,475,054</b>
Current Liabilities	500,596	701,158	1,244,506	1,754,375
Non-Current Liabilities	6,727,521	1,803,822	4,391,812	7,433,757
<b>Total Liabilities</b>	<b>7,228,118</b>	<b>2,504,980</b>	<b>5,636,318</b>	<b>9,188,132</b>
<b>NET ASSETS / (LIABILITIES)</b>	<b>3,165,091</b>	<b>960,497</b>	<b>(2,180,572)</b>	<b>(2,713,078)</b>

We make the following comments concerning the Company's financial position:

- The Company has been in a net liability position from the end of FY2024 recording substantial financial losses for that year
- Significant trading losses year on year has reduced the net asset position of the Company in each year examined
- Included in the liabilities are amounts owing to ATO, as well as a significant trade creditors balances on DOA.
- Significant non-current asset and non-current liabilities relate to intercompany amounts. These balances are subject to further investigation as to whether they are payable and/or receivable.

## 8.8 RECOVERIES

A Liquidator has powers to investigate and commence certain recovery actions that may be voidable if it is established that the Company was insolvent at the relevant time. A company is insolvent if it is unable to pay its debts as and when they become due and payable.

More information on the types of recoveries that would possibly be available to liquidators are contained in the information sheet at **Annexure F**.

My preliminary view in relation to potential claims for all the Companies is summarised below:

Type of claim	Likelihood	Reason
Insolvent trading	Possible	Due to the way that the Group managed its finances, from a cash flow perspective the Company and the Group were displaying signs of insolvency from April 2024.
Unfair preferences	Possible	Our preliminary investigations indicate that, during the six months preceding the Administration, there were minimal payments made to creditors that may be considered unfair preference transactions. To date, we have identified a single payment of approximately \$254,001 that may fall within this category. It remains uncertain at this stage whether the recipient creditor has a defence to any potential claim.
Uncommercial transactions	Low	Preliminary investigations appear to show that no uncommercial transactions were made.
Payments to related parties / unreasonable director-related transactions	Possible	Significant payments were made to related parties in the 2 years prior to the Administrators appointment. This was due to the way cash was managed by the Group. Further investigations into intercompany balances owed by Group Companies are required to verify balances.
Breach of duties	Possible	The Director may have breached his fiduciary duties to the Company by transferring funds into other Group entities that were loss making placing financial constraints on the Company. This will be investigated further if the Company is placed into liquidation.

## 8.10 SHAREHOLDER CAPITAL INVESTED

Further to conducting an analysis of the Company's management accounts, it appears that the Company was solvent from a balance sheet perspective, however was still unable to support its own working capital requirements.

As outlined in **Section 2** of the Report, the finance function of the Group was setup in a way whereby cash was pooled at the head office level and distributed down to subsidiary entities as required for cashflow needs.

According to the Company's financial records, the combined capital invested in the Company as at the DOA was \$1,870,000.

It appears that the capital invested by shareholders of the Company was in the first instance utilised to pay set up costs with the balance treated the same way as other cash generated by the Group and transferred across the Group to meet the Group's liabilities.

It appears that the original capital raised at the Company level was transferred to the Head Office and subsequently disbursed to support the working capital requirements of other entities within the Group. Our review indicates that the capital initially raised would likely have been sufficient to fund the Company's own trading losses until it reached profitability, had it remained within the entity.

These shareholder payments have been verified through Company and other Group entity bank accounts.

The Administrators have noted that each of the Group entities had different minority shareholders and that the flow of funds may not have been disclosed to stakeholders. This will require further investigation should the Company be wound up.

### **8.11 BREACHES OF DIRECTORS DUTIES**

A Liquidator is obliged to investigate and report offences to the regulator.

It may be possible to recover claims against officeholders for breach of their duties. The Corporations Act requires that officeholders must:

- Exercise their powers and discharge their duties with care and diligence (Section 180 of the Act)
- Exercise their powers and discharge their duties Act in good faith in the best interests of the corporation and for a proper purpose (Section 181 of the Act)
- Not improperly use their position to gain an advantage for themselves or someone else or cause detriment to the corporation (Section 182 of the Act)
- Not improperly used information gained in as an officeholder of the corporation to gain an advantage for themselves or someone else, or cause detriment to the corporation (Section 183 of the Act), and
- Act in good faith in the best interests of the corporation or fur a proper purpose. An officeholder can commit an offence if they are reckless or dishonest in exercise their powers (Section 184 of the Act).

We have identified possible breaches of Section 180, 181 and 182 of the Act due to the transfer of Company funds to other related entities and a potential breach of duties by trading insolvently.

More information on offences is contained in **Annexure F**.

A liquidator would investigate these matters further if the Company is wound up to identify if these or any other offences are worth pursuing.

#### **8.9.4 DIRECTORS' CAPACITY TO MEET A LIQUIDATOR'S CLAIM**

We have requested a statement setting out the Director's personal assets and liabilities. We have yet to receive this statement, however, we understand that this information is currently being prepared.

Whilst we have not been provided with a statutory declaration outlining the Director's actual financial position, we confirm that publicly available searches did reveal the Director is the part owner of a single property in VIC. The property is secured by a mortgage with the current equity position currently unknown.

We are also not aware at this time of a director's and officer's insurance policy that could be available to meet a claim against the director.

Further investigations into the asset position and the ability of the Director to meet a claim should one be brought, will be undertaken by a liquidator if one is appointed to the Company.

We further note that any claim commenced by a liquidator is likely to be costly and may be vigorously defended. Further investigations would need to be conducted by a liquidator before any such claim is commenced, including undertaking a thorough analysis of the potential claim to form a view on the likelihood of bringing a successful claim and the ability of the party to meet such a claim if one is brought.

# 9

---

## RETURN TO CREDITORS

### 9.1 ESTIMATED OUTCOME STATEMENT

Whilst it is standard practice to provide creditors with a statement outlining the estimated return to creditors from either a liquidation or DOCA, it is our opinion that providing any figures attributable to the Company's assets may prejudice any strategy to complete a sale of business or restructure the Company via DOCA with any third party or its directors. Accordingly, we have omitted an estimated outcome statement in this Report.

As we intend to adjourn the Second Meeting for a period of up to 45 business days, the creditors will not need to decide on the future of the Companies and therefore will only benefit from its omission.

When we reconvene the Second Meeting, we will issue a further supplementary report which will provide an estimated outcome statement.

# 10

## STATEMENT BY THE ADMINISTRATORS

### 10.1 ADMINISTRATORS OPINION

Pursuant to IPR 75-225(3)(b), we are required to provide the creditors with a statement setting out our opinion on whether it is in creditors' interests for each of the Company for:

- the Administration to end
- the Company to execute a DOCA
- the Company to be wound up

In forming our opinion, it is necessary to consider an estimate of the dividend creditors might expect and the likely costs under each option.

Whilst we have provided our opinion on each of the options for the future of the Company as required by the law **it is our intention to adjourn the Second Meeting of creditors for a period of no more than 45 business days**, in accordance with IPR 75-140(3). In our opinion, an adjournment will enable us to continue progressing the sale process that may have a material impact on the outcome for creditors.

Whilst we are not going to be asking creditors to decide on the future of the Company at the upcoming meeting, we must still provide a recommendation to creditors on each of the possible outcomes. In summary, the opinion for the Company is that in the absence of an adjournment, the Company should be wound up.

### 10.2 ADMINISTRATION TO END

The Company is insolvent and is unable to pay all of its debts as and when they fall due.

Accordingly, it **would not be** in the creditors' interests to resolve to end the administration and return control of the Company to the Director.

### 10.3 EXECUTE A DOCA

As a proposal for a DOCA has not been received, this option is not available for creditors to vote on and therefore, it **would not be** in the creditors' interests to resolve to accept a DOCA.

### 10.4 WIND UP THE COMPANY

In the absence of an adjournment, we are of the opinion that it **would be** in creditors interests for the Company to be wound up.

This is because the Company is insolvent and there is no DOCA proposal available at this time.

We reiterate however that we intend to adjourn the second meeting to allow further time for the sales process to continue.

# 11

---

## FURTHER INFORMATION AND QUERIES

ASIC has released several insolvency information sheets to assist creditors, employees and shareholders with their understanding of the insolvency process. You can access the relevant ASIC information sheets at [www.asic.gov.au](http://www.asic.gov.au).

We will advise creditors in writing of any additional matter that comes to our attention after the release of this Report, which in our view is material to creditors' consideration and we may, if appropriate, issue an addendum to this Report.

Should you have any enquiries, please contact Mr. Billy Foley by email at [bfoley@wlpr.com.au](mailto:bfoley@wlpr.com.au).

Yours faithfully



**Alan Walker**

Joint and Several Administrator

---

## ANNEXURE A – NOTICE OF THE SECOND MEETING OF CREDITORS

---

CORPORATIONS ACT 2001

Section 439A

Insolvency Practice Rules (Corporations)

75-10, 75-15 & 75-225

### NOTICE OF SECOND MEETING OF CREDITORS OF COMPANY UNDER ADMINISTRATION

#### FINNISH EARLY CHILDHOOD EDUCATION (AUSTRALIA) PTY LTD (ADMINISTRATORS APPOINTED) TRADING AS "HEI SCHOOLS AUSTRALIA", "HEI SCHOOLS EARLY LEARNING CENTRE", & "FINNISH EARLY CHILDHOOD EDUCATION" ACN 630 629 435 (THE COMPANY)

1. On 11 February 2025, the Company under Section 436A of the Corporations Act 2001 appointed Alan Walker, Nicholas Charlwood, and Glenn Livingstone of WLP Restructuring, Suite 19.02, Level 19, 1 Castlereagh Street, Sydney NSW 2000 as Joint and Several Administrators of the Company.
2. Notice is now given that a meeting of the creditors of the Company will be held at the office of WLP Restructuring, Suite 19.02, Level 19, 1 Castlereagh Street, Sydney NSW 2000 on **Wednesday, 18 June 2025 at 10:00 AM (AEST)**. Additional details and requirements on how to attend by phone and video conference are included in this notice.

#### A G E N D A

1. To receive the Report of the Administrators about the business, property, affairs and financial circumstances of the Company.
2. To receive a statement of the Administrators' opinions and reasons for the opinion:
  - a. whether it would be in the creditors' interests for the Administrations to end
  - b. whether it would be in the creditors' interests for the Company to be wound up
3. To receive a statement of such other information known to the administrator as will enable the creditors to make an informed decision about the matters at paragraphs 2(a) – (b) above.
4. To receive details of any transactions that appear to the Administrators to be a voidable transaction in respect of which money, property, or other benefits may be recoverable by a liquidator under part 5.7B of the Corporations Act 2001 (*Cth*).
5. For the creditors of the Company to resolve that:
  - a. the Administration should end
  - b. the Company be wound up
6. To determine the past and future remuneration of the Administrators.
7. To determine the internal disbursements of the Administrators.
8. To determine the remuneration of the deed administrators' / creditors' trustees' and / or liquidators' future remuneration (if appointed).
9. To determine the internal disbursements of the deed administrators/creditors' trustees and / or liquidators (if appointed), and
10. Any other business that may be lawfully brought forward.

Telephone and video conferencing facilities via Microsoft Teams will be available at the meeting. Creditors wishing to attend the meeting by electronic facilities are to contact Billy Foley of this office by email at

[finnisheducation@wlp.com.au](mailto:finnisheducation@wlp.com.au) by no later than **4:00 PM AEST on Tuesday, 17 June 2025** to obtain access details.

Please note under Insolvency Practice Rules (Corporations) (IPR) 75-35 if you wish to participate in the meeting using such facilities you must give to the convener not later than **4:00 PM on Tuesday, 17 June 2025**:

- (a) A written statement setting out:
  - (i) the name of the person and of the proxy or attorney (if any); and
  - (ii) an address to which notices to the person, proxy or attorney may be sent; and
  - (iii) a method by which the person, proxy or attorney may be contacted for the purposes of the meeting.

Proxies to be used at the meeting should be given to us as Joint and Several Administrators. A creditor can only be represented by proxy or by an attorney pursuant to IPR 75-150 & 75-155 and if a body corporate by a representative appointed pursuant to Section 250D.

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

Dated this 10<sup>th</sup> day of June 2025



**Alan Walker**  
Joint and Several Administrator

WLP Restructuring Pty Ltd  
Suite 19.02, Level 19  
1 Castlereagh Street  
Sydney NSW 2000

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

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

(c) for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.

(6) A person is covered by this subsection if:

(a) the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and

(b) the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and

(c) the person is not an insolvent under administration or a person against whom a winding up order is in force.

## **ANNEXURE B – ADMINISTRATORS’ REMUNERATION REPORT**

---

Schedule 2 to the Corporations Act 2001, Section 70-50  
Insolvency Practice Rules (Corporations) 2016, Section 70-45

**FINNISH EARLY CHILDHOOD EDUCATION (AUSTRALIA) PTY LTD (ADMINISTRATORS APPOINTED)  
TRADING AS “HEI SCHOOLS AUSTRALIA”, “HEI SCHOOLS EARLY LEARNING CENTRE”, & “FINNISH EARLY  
CHILDHOOD EDUCATION”  
ACN 630 629 435 (THE COMPANY)**

### **REMUNERATION APPROVAL REPORT**

This report contains the following information:

- Part 1: Declaration
- Part 2: Approval of remuneration
- Part 3: Executive summary
- Part 4: Remuneration
- Part 5: Disbursements
- Part 6: Report on progress of Administration and summary of receipts and payments
- Part 7: Queries

Next steps for creditors:

- Please review the contents of this report, which sets out the resolutions to be approved by creditors at a meeting of creditors;
- Refer to the accompanying Report to Creditors dated 10 June 2025 for details as to how you can participate in the meeting.

### **PART 1 DECLARATION**

We, Alan Walker, Nicholas Charlwood, and Glenn Livingstone of WLP Restructuring Pty Ltd, have undertaken an assessment of this remuneration and disbursements claim 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 APPROVAL OF REMUNERATION**

#### **REMUNERATION METHODS**

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner as follows:

**1. Time based / hourly rates**

This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.

## 2. Fixed Fee

The total fee charged is normally quoted at the commencement of the Administration and is the total cost for the Administration. Sometimes a practitioner will finalise an administration for a fixed fee.

## 3. Percentage

The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.

## 4. Contingency

The practitioner's fee is structured to be contingent on a particular outcome being achieved.

### METHOD CHOSEN

Given the nature of this Administration, we propose that our remuneration be calculated on time based/hourly rates due to the following:

- Given the size of the Company and wider Group, it is appropriate to charge on an hourly basis and only when tasks are required to be completed by a team member.
- It ensures actual time is billed at an hourly rate applicable to staff experience.
- It ensures that remuneration claimed is only for necessary work properly performed in the Administration.
- We will only be paid for work if sufficient realisations are made from the Company's assets.
- We have a time recording system that can produce a detailed analysis of time spent on each task by each team member enabling creditors to better understand what time has been spent completing each task providing full accountability.

### HOURLY RATES

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

#### Rates from 1 July 2024

TITLE	RATE \$/HR	EXPERIENCE
Appointee/ Partner	\$750	Registered Liquidator. Appointee bringing his or her specialist skills to the Administration or insolvency task.
Director	\$685	More than 9 years insolvency experience. Answerable to the appointee but otherwise responsible for all aspects of Administration. Very competent. Control staff and their training.
Senior Manager	\$625	More than 7 years insolvency experience, more than 3 years as a manager, qualified accountant. Answerable to the appointee but otherwise responsible for all aspects of Administration. Experienced at all levels and considered very competent. Control staff and their training.

<b>TITLE</b>	<b>RATE \$/HR</b>	<b>EXPERIENCE</b>
Manager	\$550	6-7 years, qualified accountant, with well-developed technical and commercial skills. Self-sufficiently conducts small insolvency appointments and takes a supervisory role on work streams in larger matters.
Assistant Manager	\$480	4-6 years. Chartered Accountant (CA) program or equivalent complete. Will have had conduct of minor administrations and experience in control of 1-3 staff. Assists planning and control of medium to larger jobs.
Senior Analyst	\$450	Post graduate qualification (or equivalent) would normally be completed within this period. Assists planning and control of small to medium sized jobs as well as performing some of the more difficult work on larger jobs.
Analyst	\$405	Undertaking or about to undertake Chartered Accountant's qualification or comparable relevant qualification with less than one year of experience. Assists with tasks within work streams and appointments under supervision.
Junior Analyst	\$300	Undertaking university degree, but not yet qualified. Assist with tasks within work stream and appointments under supervision.
Administration	\$265	Appropriate skills, including books and records management and accounts processing particular to the Administration.

Notes:

- o The hourly rates are exclusive of GST.
- o The guide to staff experience is intended only as a general guide to the qualifications and experience of staff engaged in the liquidation. Staff may be engaged under a classification considered appropriate for their experience.
- o Time is recorded and charged in six-minute increments.

### **PART 3 EXECUTIVE SUMMARY**

#### **3.1 Summary of remuneration approval sought for the Company**

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

<b>PERIOD</b>	<b>AMOUNT (EX GST)</b>
<b>VOLUNTARY ADMINISTRATION</b>	
11 February 2025 to 9 June 2025	\$398,456.00
*10 June 2025 to the Date of the Second Meeting of Creditors	\$35,000.00
<b>Total Voluntary Administration</b>	<b>\$433,456.00</b>

PERIOD	AMOUNT (EX GST)
<b>Liquidation (if applicable)*</b>	
From commencement to the end of the liquidation	\$50,000.00
<b>Total Liquidation</b>	<b>\$50,000.00</b>

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

Details of the work already completed and work to be completed in the future are included at **Schedule A**.

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

Actual resolution to be put to the meeting are set out at **Schedule C** for your information. Creditors of the Company are to vote on the resolutions at the upcoming meeting of creditors. Please refer to **Section 3** of the accompanying report for the voting details.

### 3.2 Comparison to estimate of costs provided to creditors in the Initial Remuneration Notice

We estimate that our remuneration for the Voluntary Administration will be \$433,456.00 (ex GST).

The estimate has increased from our previous estimate provided in our Initial Remuneration Notice dated 13 February 2025. This is because of greater than estimated time spend in the following task areas:

- Seeking an extension of the convening period for the Second Meeting through an application made in the Supreme Court of New South Wales
- Advertising the Company's business and assets for sale, leading to the preparation and finalisation of the ASA and related legal documentation
- Preparation of extensive due diligence documents for the sale of business process
- Transitioning the business and assets to the Buyer, including liaising with various regulatory bodies
- Managing trade-on operations across multiple centres, noting that the Company's revenue was intertwined with other entities within the Group
- Detailed investigations into historical trading
- Receiving and responding to shareholder queries
- Dealing with enquiries from management and employees
- Liaising with the DOE, Department of Education of Victoria, staff, and families concerning the sale of business and transfer to new operator, and
- Reconciling outstanding superannuation liabilities.

We estimate that our remuneration for the period of the liquidation should creditors decide to wind up the Company will total \$50,000 (ex GST).

### PART 4 DISBURSEMENTS SOUGHT

We are not required to seek creditor approval for expenses paid to third parties or for disbursements where we are recovering a cost incurred on behalf of the Administration, but we must account to creditors. We must be satisfied that these expenses and disbursements are appropriate, justified and reasonable.

We are required to obtain creditor's consent for the payment of a disbursement where we, or a related entity of ourselves, may directly or indirectly obtain a profit. In these circumstances.

Disbursements are divided into three types:

- **External professional services** - these are recovered at cost. An example of an externally provided professional service is legal fees. It does not include insolvency services, as insolvency services are claimed as remuneration.
- **External non-professional costs** - these are recovered at cost. Examples of external non-professional expenses include travel, accommodation and search fees such as company searches, land title searches and PPSR searches.
- **Firm non-professional costs** - such as photocopying, printing and postage. These costs, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

#### 4.1 Disbursement claim

To date, no internal disbursements have been approved in the Administration of the Company. We are asking creditors to approve our internal disbursements as follows:

PERIOD	AMOUNT (EXCL GST)
<b>VOLUNTARY ADMINISTRATION</b>	
For the period of the Voluntary Administration for the Company	\$1,000.00
<b>LIQUIDATION (IF APPLICABLE)</b>	
For the period of the liquidation for the Company	\$1,000.00

#### 4.2 Disbursement resolutions

The actual resolutions for approval by creditors are included in **Schedule C**. Creditors of the Company are to vote on the resolutions at the upcoming meeting of creditors. Please refer to **Section 3** of the accompanying Report for the voting details.

#### 4.3 Future basis of disbursements

The relevant rates for internal disbursements are set out below:

DISBURSEMENT TYPE	CHARGES (EXCL GST)
Advertising	At cost
ASIC industry funding model levy - metric events	At prescribed ASIC rates
Couriers	At cost
eDiscovery services	Variable
Photocopying / printing (outsourced)	At cost
Postage	At cost
Searches	At cost
Staff travel / out of pocket costs	At cost

<b>DISBURSEMENT TYPE</b>	<b>CHARGES (EXCL GST)</b>
Storage and storage transit	At cost
Telephone calls	At cost

## **PART 5 PREVIOUS AND FUTURE APPROVALS AND ESTIMATES**

### **5.1 Previous approval requests**

There have been no prior approvals for remuneration.

### **5.2 Future estimates and expectation of further remuneration approval requests**

We are seeking approval for our future remuneration as Administrators of the Company. We estimate our total remuneration for acting as Administrators to be \$433,456.00 (excl GST).

Should the company enter into liquidation, we estimate our total remuneration for acting as liquidators to the Company to be \$50,000 (ex GST).

At this stage, based on the information available, it may be necessary to seek approval of further remuneration. If so, details would be provided to creditors in a subsequent report to help explain why the estimated remuneration amount has changed and what the new estimate will be.

### **5.3 Likely impact on dividends**

An external administrator (including a voluntary administrator, deed administrator or liquidator) is entitled to receive remuneration for necessary work properly performed in relation to the external administration. The Act generally provides for the remuneration of an external administrator to be paid in priority to other creditor claims. This ensures that where there are sufficient funds available, an external administrator can be paid for the work they perform.

External administrators must distribute any property realised in accordance with the prescribed order and priorities set by the law. The value of creditors' claims that are admitted to participate in any distribution is also relevant.

Because the remuneration of external administrators is afforded payment ahead of distributions to creditors, any such payment of remuneration approved by creditors will reduce the funds available for distribution to creditors by the amount of that remuneration approved.

Creditors should refer to the Voluntary Administrators' Report to creditors for details of anticipated dividends to creditors.

### **5.4 Remuneration recoverable from external sources**

There is no other remuneration that has been received or is recoverable from external sources for the administration.

## **PART 6 REPORT ON PROGRESS OF ADMINISTRATION AND SUMMARY OF RECEIPTS AND PAYMENTS**

This Remuneration Approval Request must be read in conjunction with the Report to Creditors dated 10 June 2025.

A summary of receipts and payments for the duration of our appointment is at **Annexure C** of the Report.

## PART 7 QUERIES

For any queries in respect of this remuneration approval request, please contact Mr Billy Foley by email at [finnisheducation@wlpr.com.au](mailto:finnisheducation@wlpr.com.au).

Dated this 10<sup>th</sup> day of June 2025



**Alan Walker**

Joint and Several Administrator

## ATTACHMENTS

SCHEDULE	DESCRIPTION
A	Details of work done and work to be completed
B	Time spent by staff on each major task already completed
C	Resolutions

## SCHEDULE A – DETAILS OF WORK

### Resolution 1: Administrators remuneration (11 February 2025 to 9 June 2025)

### Resolution 2: Administrators future remuneration (10 June 2025 to the Date of the Second Meeting of Creditors)

The table below contains detailed descriptions of the tasks performed / to be performed within each task area by the Administrators and their staff. The amounts below are exclusive of GST.

<b>TASKS</b>		
<b>PERIOD</b>	Current remuneration from 11 February 2025 to 9 June 2025	Future remuneration from 10 June 2025 to the Date of the Second Meeting of Creditors
<b>TOTAL AMOUNT (EX GST)</b>	<b>\$398,456.00</b> <b>726.90 hrs</b>	<b>\$35,000.00</b> <b>70.00 hrs</b>
<b>TASK AREA</b>	<b>GENERAL DESCRIPTION</b>	
<b>ASSETS</b>	<b>\$56,485.00</b> <b>94.90 hrs</b>	<b>\$1,000.00</b> <b>2.00 hrs</b>
Leasing	Liaising with owners/lessors Reviewing lease documents	Liaising with owners/lessors
Cash at bank	Liaising with financial institutions concerning pre-appointment accounts, including account identification, access to bank statements Correspondence with pre-appointment financial institution, ongoing request for funds to be transferred to the administration accounts.	Continue liaising with financial institutions concerning transfers of funds from pre-appointment accounts.
Sale of business	Procure information to be supplied as due diligence. Engage and liaise with Sales Broker concerning strategy, information requests, offers etc Internal discussions concerning sale of business updates, strategy, offers etc. Discussions with management.	Liaise with Sales Brokers and interested parties.
Plant and Equipment	Liaising with valuers, auctioneers and interested parties Review asset listing	Liaising with valuers, auctioneers and interested parties
Other assets	Tasks associated with realising other assets.	Tasks associated with realising other assets.
<b>CREDITORS</b>	<b>\$45,762.50</b> <b>86.60 hrs</b>	<b>\$10,000.00</b> <b>20.00 hrs</b>
Creditor Enquiries, Requests & Directions	Receive and follow up creditor enquiries via telephone and email. Maintaining creditor enquiry register	Receive and follow up creditor enquiries via telephone and email. Maintaining creditor enquiry register

<b>TASKS</b>		
	Review and prepare correspondence to creditors and their representatives via email and post.	Review and prepare correspondence to creditors and their representatives via email and post.
Secured creditor reporting	Initial notifications including to PPSR registrants about their security interest and property. General PPSA creditor correspondence and property matters. Responding to secured creditor queries.	Responding to secured creditor queries.
Reports to creditors	Preparing and distributing an initial circular to creditors. Preparing a report to creditors as per s 439A of the Act, including this remuneration approval report.	Finalising this report to creditors including remuneration approval reports and annexures.
Meeting of creditors	Preparation of initial meeting documents and notices and forwarding these to all known creditors. All applicable meeting preparation including venue, documents, registers, reports and mailing, meeting advertisements, recording details of proxies received and draft minutes/agenda preparation Considering claims for voting purposes. Prepare for and attend/hold the meeting of creditors. Preparation and lodgement of minutes of meetings with ASIC. Responding to stakeholder queries and questions immediately following meeting. All applicable meeting preparation for the second meeting of creditors up to the convening of the meeting.	Preparation of meeting documents and notices and forwarding these to all known creditors. All applicable meeting preparation including venue, documents, registers, reports and mailing, meeting advertisements, recording details of proxies received and draft minutes/agenda preparation. Considering claims for voting purposes Prepare for and attend/hold the meeting of creditors. Preparation and lodgement of minutes of meetings with ASIC. Responding to stakeholder queries and questions immediately following meeting. All applicable meeting preparation for the second meeting of creditors up to the convening of the meeting and any adjourned meeting.
Dealing with proofs of debt	Receipting and filling POD's when not related to a dividend.	Correspondence to/from creditors regarding details of debts and claims in the Administration. Receiving and recording formal/informal proofs of debt lodged.
<b>EMPLOYEES</b>	<b>\$34,068.50</b> <b>65.70 hrs</b>	<b>\$5,000.00</b> <b>10.00 hrs</b>
Enquiries and correspondence	Correspondence and meetings with employees about the conduct and status of the Administration, their employment and entitlements including letters, emails and/or calls. Correspondence with Centrelink	Correspondence and meetings with employees about the conduct and status of the Administration, their employment and entitlements including letters, emails and/or calls.
Entitlements	Reviewing employee files, payroll details, records and calculations of employee entitlements.	Further reviewing employee files, payroll details, records and calculations of employee entitlements.

<b>TASKS</b>		
	Reviewing and considering contracts, awards and other relevant agreements.	
Fair Entitlements Guarantee ( <b>FEG</b> )	N/A	Correspondence with FEG
<b>TRADE ON</b>	<b>\$155,665.00</b> <b>253.60 hrs</b>	<b>\$2,000.00</b> <b>4.00 hrs</b>
Trade on management	Decisions and strategy meeting Customer and supplier correspondence and liaison. Management and staff liaison. Day-to-day operations management and oversight. Attendance on site and site visits as required, including meetings with employees to discuss the status of the Administration Process matters including authorisations of payments and receipts. Liaising with the directors and management concerning operations Employee manpower plans and requirements. Employee trade on matters including wages and payroll.	Matters relating to the transfer of operations to the purchasers.
General accounting	All applicable accounting tasks and processes supporting continued operations.	All applicable accounting tasks and processes supporting continued operations.
Budgets and reporting	Preparing budgets. Preparing weekly financial reports. Reviewing company's budgets and financial statements. Trading/operating budgets and forecasts. Cash flow preparation and monitoring. Financial reporting including financial position and performance. Meetings and reviews around financial results and estimated outcomes.	Finalising weekly P&L and cashflow for administration period. Closing off costs relating to Administration and subsequent correspondence with purchasers relating to future outstanding costs.
<b>INVESTIGATION</b>	<b>\$55,806.00</b> <b>116.00 hrs</b>	<b>\$15,000.00</b> <b>30.00 hrs</b>
Conducting investigation	Initial letters and circulars to parties and stakeholders. Collection of books and records from the company, directors and other parties. Performing all applicable land title searches and other statutory searches as needed. Reviewing books and records, company background and history	Performing land title searches and other statutory searches as needed. Reviewing books and records, company background and history. Reviewing management accounts, financial statements and associated information. Reviewing and determining the date of insolvency.

<b>TASKS</b>		
	<p>Preparation of comparative financial statements.</p> <p>Meetings and/or discussions with officers, employees and/or other parties on general company matters.</p> <p>Reviewing management accounts, financial statements and associated information.</p> <p>Reviewing and determining the date of insolvency.</p> <p>Conduct investigations into the existence of voidable transactions and evidence of any insolvency trading.</p> <p>Summarising and documenting work performed and matters requiring additional review and investigation.</p>	<p>Continue investigations into the existence of voidable transactions and evidence of any insolvency trading.</p> <p>Summarising and documenting work performed and matters requiring additional review and investigation.</p>
ASIC reporting	<p>Liaising with ASIC.</p> <p>Drafting and preparing investigative reports to ASIC.</p>	<p>Preparing and finalising investigative reports to ASIC – including providing subsequent assistance to ASIC (if requested).</p>
<b>ADMINISTRATION</b>	<p><b>\$50,669.00</b></p> <p><b>110.10 hrs</b></p>	<p><b>\$2,000.00</b></p> <p><b>4.00 hrs</b></p>
General correspondence	<p>Other on-appointment notices and administrative set up tasks for the administration.</p> <p>Other general correspondence with respect to the conduct and furtherance of the administration.</p>	<p>Other general correspondence with respect to the conduct and furtherance of the administration.</p>
Document maintenance/file review/checklist	<p>Filing of documents.</p> <p>File reviews.</p> <p>Updating checklists.</p>	<p>Ongoing file reviews.</p> <p>Electronic and hard copy filing</p> <p>Ongoing review and updating file materials and checklists.</p>
ASIC Form 524, 5602, 5603 and other statutory lodgements	<p>Preparing and lodging ASIC forms including 505, 531 and etc.</p> <p>Correspondence with ASIC regarding statutory forms.</p>	<p>Preparing and lodging all required ASIC forms.</p> <p>Other company / industry specific reports and statutory requirements.</p>
Bank account and accounting	<p>Preparing correspondence opening term deposit and at call accounts.</p> <p>Accounts &amp; bank account reconciliations.</p> <p>Correspondence with bank regarding specific transfers.</p> <p>Bank account reconciliations.</p>	<p>Bank account reconciliations.</p> <p>All other general bookkeeping and accounting matters for the administration.</p>
Planning / Review	<p>Discussions regarding status of Administration.</p>	<p>Discussions regarding status of Administration.</p>
Insurance	<p>Initial notifications and liaising with insurance brokers.</p> <p>Reviewing policies and discussions with management.</p> <p>Determining insurance needs.</p>	<p>Ongoing monitoring and review of insurance needs.</p> <p>Liaising with insurance brokers.</p>

---

**TASKS**

---

Providing information to/discussions  
with our brokers.

Ongoing monitoring and review of  
insurance needs.

---

ATO reporting

Preparing BAS's.

Preparing and lodging GST / PAYG  
registration forms.

Preparing BAS's.

---

**Resolution 6: Liquidators' Remuneration - From commencement to the end of the liquidation**

The table below contains more detailed descriptions of the tasks performed within each task area by the Administrators and their staff for each of the companies listed above. The amounts below are exclusive of GST.

<b>TASKS</b>	
<b>LIQUIDATION</b>	<b>Commencement of the liquidation to completion</b>
<b>TOTAL AMOUNT (EX GST)</b>	<b>\$50,000.00 100.0 hrs</b>
<b>TASK AREA</b>	<b>GENERAL DESCRIPTION</b>
<b>ASSETS</b>	<b>\$5,000.00 10.0 hrs</b>
Related party loans	Further review and investigation into the loan account ledgers and amounts owing from other FEC entities.
Debtors	Reviewing debtor ledgers Issuing letters of demand to pre-appointment debtors Compiling information required to formally recover outstanding debts. Engaging solicitors / debt recovery agents to assist with recovering debtors.
Sale of business	Finalisation of the ASA process including, queries from the Buyer, accounting for debtor collections and payment of sale of business amounts to other Group entities.
Other assets	Tasks associated with realising other assets.
<b>CREDITORS</b>	<b>\$10,000.00 20.0 hrs</b>
Creditor Enquiries, Requests & Directions	Receive and follow up creditor enquiries via telephone and email. Maintaining creditor enquiry register. Review and prepare correspondence to creditors and their representatives via email and post.
Creditor reports	Preparing and distributing further updates and circulars/reports to creditors. Preparing remuneration reports.
Secured creditor reporting	General PPSA creditor correspondence and property matters. Responding to secured creditor queries.
Dealing with proofs of debts and claims	Correspondence to/from creditors regarding details of debts and claims in the Administration. Receiving and recording formal/informal proofs of debt lodged.

<b>TASKS</b>	
<b>EMPLOYEES</b>	<b>\$10,000.00</b> <b>20.0 hrs</b>
Enquiries and correspondence	Correspondence and meetings with employees about their entitlements including letters, emails and/or calls.
Entitlements	Finalisation of employee entitlements. Reviewing employee files and Company's books and records. Reconciling superannuation accounts. Reviewing awards. Further reviewing employee files, payroll details, records and calculations of employee entitlements.
FEG	Correspondence with FEG and providing details, responding to queries and aspects of entitlements verification (excluding time and costs reimbursed by FEG) Preparing FEG verification sheet.
<b>TRADE ON</b>	<b>\$5,000.00</b> <b>10.0 hrs</b>
Trade on management	All tasks required to finalise trade-on matters. Payment of final accounts & trading invoices. Management and staff liaison. Completing accounting tasks and finalising employee / payroll matters.
<b>Dividend</b>	<b>\$7,000.00</b> <b>60.0 hrs</b>
Proofs of debts and claims	Correspondence to/from creditors regarding lodgement of proofs of debt for dividend purposes Receiving and recording proofs of debt Review and adjudication of debts and claims and requesting further particulars from creditors Updating registers Review and adjudication of all applicable proofs of debt and claims and notifying creditors of outcomes

<b>TASKS</b>	
Dividend procedures	<p>Dividend process for claims including timetable, correspondence, notices, review and adjudication of all applicable proofs of debt and claims</p> <p>Obtaining ATO clearance</p> <p>Issuing all notices, advertisements, acceptance/rejection of claims to creditors</p> <p>Performing final dividend calculations</p> <p>Calculating ATO dividend adjustments</p> <p>Dividend payments and notices to creditors</p>
<b>INVESTIGATION</b>	<p><b>\$10,000.00</b></p> <p><b>20.0 hrs</b></p>
Conducting investigation	<p>Collection of Company books and records.</p> <p>Reviewing Company's books and records.</p> <p>Review and preparation of Company nature and history.</p> <p>Preparation of comparative financial statements.</p> <p>Preparation of deficiency statement.</p> <p>Review of specific transactions and liaising with the director regarding certain transactions.</p> <p>Preparation of investigation file.</p> <p>Continuation of investigations into the affairs of the company regarding the date of insolvency, existence of voidable transactions and evidence of any insolvency trading.</p>
Litigation / recoveries (preliminary stage only)	<p>Summarising and documenting work performed and matters requiring additional review and investigation.</p> <p>Internal meetings to discuss status of litigation.</p> <p>Preparing brief to solicitors.</p> <p>Liaising with solicitors regarding voidable transaction claims or insolvent trading claims.</p> <p>Decisions and strategy on litigation and recovery matters (where applicable).</p>
ASIC reporting	<p>Liaising with ASIC.</p> <p>Drafting and preparing investigative reports to ASIC including supplementary report pursuant to Section 533(2) of the Act, if requested.</p>
<b>ADMINISTRATION</b>	<p><b>\$3,000.00</b></p> <p><b>6.0 hrs</b></p>
General correspondence	<p>Other on-appointment notices and administrative set up tasks for the liquidation.</p> <p>Other general correspondence with respect to the conduct and furtherance of the liquidation.</p>

---

**TASKS**

---

Document maintenance/file review/checklists	Ongoing file reviews. Electronic and hard copy filing. Ongoing review and updating file materials and checklists.
Bank accounts and accounting	Bank account reconciliations. All other general bookkeeping and accounting matters for the Administration.
Statutory matters and lodgements	Preparing and lodging all required ASIC forms, notification of appointment of liquidators, liquidation specific lodgements and periodic receipts and payments. Other company / industry specific reports and statutory requirements.
Specific / other ATO reporting	Preparing and lodging BAS. Preparing and lodging all required taxation returns as required by or requested from the ATO.
Planning / Review	Discussions regarding status of Administration.
Finalisation matters	Finalisation processes and final file reviews. Final notifications and lodgements (ASIC and ATO). Cancelling tax and other registrations as applicable. File Administration and closure processes.
Books and records / storage	All aspects of recording and listing company books and records. File Administration and closure processes.

---

**SCHEDULE B – TIME SPENT BY STAFF ON EACH MAJOR TASK ALREADY COMPLETED**

The tables below outline the time charged for each major task area performed by the Administrators and their staff during the period 11 February 2025 to 9 June 2025, which form the basis of Resolution 1, as referred to in **Schedule C**. Please refer to **Schedule A** for further details with respect to the tasks performed.

EMPLOYEE NAME	POSITION	RATE		TOTAL		ASSETS		CREDITORS		EMPLOYEES		TRADE ON		INVESTIGATIONS		ADMINISTRATION	
		\$/hr	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	
Alan Walker	Appointment Lead	750.00	43.00	32,250.00	9.50	7,125.00	4.80	3,600.00	-	-	13.50	10,125.00	11.30	8,475.00	3.90	2,925.00	
Glenn Livingstone	Appointment Lead	750.00	3.60	2,700.00	-	-	0.60	450.00	-	-	1.30	975.00	0.50	375.00	1.20	900.00	
Nick Charlwood	Appointment Lead	750.00	74.00	55,500.00	15.00	11,250.00	5.00	3,750.00	7.50	5,625.00	36.50	27,375.00	3.00	2,250.00	7.00	5,250.00	
John Thompson	Director	685.00	124.40	85,214.00	14.70	10,069.50	12.50	8,562.50	2.40	1,644.00	86.30	59,115.50	6.00	4,110.00	2.50	1,712.50	
Neil Smail	Director	685.00	1.10	753.50	1.10	753.50	-	-	-	-	-	-	-	-	-	-	
Stephanie Wise	Senior Manager	625.00	9.80	6,125.00	-	-	0.40	250.00	3.70	2,312.50	0.20	125.00	5.50	3,437.50	-	-	
Angus Fraser	Manager	550.00	156.20	85,910.00	41.00	22,550.00	16.00	8,800.00	17.90	9,845.00	18.30	10,065.00	23.50	12,925.00	39.50	21,725.00	
Billy Batbileg	Manager	550.00	42.30	23,265.00	0.40	220.00	-	-	-	-	41.90	23,045.00	-	-	-	-	
Billy Foley	Manager	550.00	64.80	35,640.00	0.80	440.00	15.40	8,470.00	12.50	6,875.00	19.30	10,615.00	14.50	7,975.00	2.30	1,265.00	
Deanne Lee	Senior Analyst	450.00	3.20	1,440.00	-	-	1.90	855.00	-	-	-	-	1.30	585.00	-	-	
Jody Kwee	Senior Analyst	450.00	15.20	6,840.00	-	-	-	-	3.20	1,440.00	10.90	4,905.00	0.10	45.00	1.00	450.00	
Thomas Rodwell	Senior Analyst	450.00	3.80	1,710.00	-	-	-	-	-	-	3.70	1,665.00	0.10	45.00	-	-	
Viendya Karman	Senior Analyst	450.00	0.90	405.00	-	-	0.20	90.00	-	-	-	-	0.20	90.00	0.50	225.00	
Eric Sun	Analyst	405.00	37.10	15,025.50	1.50	607.50	19.00	7,695.00	6.40	2,592.00	1.80	729.00	3.80	1,539.00	4.60	1,863.00	
Oscar Bush	Analyst	405.00	13.60	5,508.00	1.90	769.50	-	-	1.00	405.00	9.10	3,685.50	0.90	364.50	0.70	283.50	
Aqeelah Osmany	Junior Analyst	300.00	0.60	180.00	-	-	-	-	-	-	-	-	-	-	0.60	180.00	
Ege Dogan	Junior Analyst	300.00	39.60	11,880.00	5.00	1,500.00	-	-	7.10	2,130.00	3.40	1,020.00	8.70	2,610.00	15.40	4,620.00	
Gina Jia	Junior Analyst	300.00	6.90	2,070.00	-	-	0.80	240.00	0.30	90.00	0.70	210.00	1.00	300.00	4.10	1,230.00	
Harry Brown	Junior Analyst	300.00	5.30	1,590.00	-	-	-	-	-	-	4.20	1,260.00	-	-	1.10	330.00	
Taylor O'Neill	Junior Analyst	300.00	81.50	24,450.00	4.00	1,200.00	10.00	3,000.00	3.70	1,110.00	2.50	750.00	35.60	10,680.00	25.70	7,710.00	
<b>Total (excl. GST)</b>			<b>726.90</b>	<b>398,456.00</b>	<b>94.90</b>	<b>56,485.00</b>	<b>86.60</b>	<b>45,762.50</b>	<b>65.70</b>	<b>34,068.50</b>	<b>253.60</b>	<b>155,665.00</b>	<b>116.00</b>	<b>55,806.00</b>	<b>110.10</b>	<b>50,669.00</b>	
GST				39,845.60		5,648.50		4,576.25		3,406.85		15,566.50		5,580.60		5,066.90	
<b>Total (incl. GST)</b>				<b>438,301.60</b>		<b>62,133.50</b>		<b>50,338.75</b>		<b>37,475.35</b>		<b>171,231.50</b>		<b>61,386.60</b>		<b>55,735.90</b>	
Average Rate (\$/hr)				548.16		595.21		528.44		518.55		613.82		481.09		460.21	

## **SCHEDULE C - RESOLUTIONS**

### **REMUNERATION RESOLUTIONS**

#### **Resolution 1: Administrators' Current Remuneration (11 February 2025 to 9 June 2025)**

*"That the remuneration of the Administrators from 11 February 2025 to 9 June 2025 is determined at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the remuneration report dated 10 June 2025 and such sum to be capped at the amount of \$398,456.00 exclusive of GST, and that the Administrators may draw the remuneration on a monthly basis or as required."*

#### **Resolution 2: Administrators' Future Remuneration (10 June 2025 to the Date of the Second Meeting of Creditors)**

*"That the future remuneration of the Administrators from 10 June 2025 to the date of the second meeting of creditors of the Administration is determined at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the remuneration report dated 10 June 2025 and such sum to be capped at the amount of \$35,000.00 exclusive of GST, and that the Administrators may draw the remuneration on a monthly basis or as required."*

#### **Resolution 6: Proposed Liquidators' Future Remuneration (as required)**

*"That the remuneration of the Liquidators from the commencement to the conclusion of the Liquidation is determined at a sum equal to the cost of time spent by the Liquidators and the Liquidators' partners and staff, calculated at the hourly rates as detailed in the remuneration report dated 10 June 2025 and such sum to be capped at the amount of \$50,000.00 exclusive of GST, and that the Liquidators may draw the remuneration on a monthly basis or as required."*

### **DISBURSEMENT RESOLUTIONS**

#### **Resolution 3: Administrators' Disbursements**

*"That the internal disbursements of the Administrators are determined at the costs incurred and such sum to be capped at the amount of \$1,000.00, exclusive of GST, and that the Administrators may pay the internal disbursements on a monthly basis or as required".*

#### **Resolution 7: Liquidators' Disbursements (as required)**

*"That the internal disbursements of the Liquidators are determined at the costs incurred and such sum to be capped at the amount of \$1,000.00, exclusive of GST, and that the Liquidators may pay the internal disbursements on a monthly basis or as required".*

## ANNEXURE C – SUMMARY RECEIPTS AND PAYMENTS

**FINNISH EARLY CHILDHOOD EDUCATION (AUSTRALIA) PTY LTD (ADMINISTRATORS APPOINTED)  
TRADING AS "HEI SCHOOLS AUSTRALIA", "HEI SCHOOLS EARLY LEARNING CENTRE", & "FINNISH EARLY  
CHILDHOOD EDUCATION"  
ACN 630 629 435 (THE COMPANY)**

**Receipts and Payments for the period from 11 February 2025 to 10 June 2025**

<b>Receipts and Payments Account</b>	<b>Net \$</b>	<b>GST \$</b>	<b>Gross \$</b>
<b>Receipts</b>			
Cash At Bank	77.54	0.00	77.54
Plant & Equipment	11,818.18	1,181.82	13,000.00
Loan from Administrators	60,000.00	0.00	60,000.00
Loan from External Funder	1,099,991.75	0.00	1,099,991.85
<b>Total Receipts (inc. GST)</b>	<b>1,171,887.47</b>	<b>1,181.82</b>	<b>1,173,069.39</b>
Insurance	43,453.57	4,345.36	47,798.93
Overdraft Interest	511.93	0.00	511.93
Management Fee	40,000.00	4,000.00	44,000.00
Professional Services	3,821.37	382.16	4,203.53
Rent Paid (Commercial)	18,469.85	1,846.99	20,316.84
Sundry Expenses	543.51	54.35	597.86
Superannuation	34,816.45	0.00	34,816.45
Telephone & fax	273.60	27.36	300.96
Wages & Salaries	302,751.10	0.00	302,751.10
Stamp Duty	3,717.80	0.00	3,717.80
Payroll Tax	16,579.92	0.00	16,579.92
Employee Allowances	1,129.17	0.00	1,129.17
FEC Intercompany transfer	83,724.97		83,724.97
Trading loan to related administration entity	185,000.00	0.00	185,000.00
Loan from Administrators	79,810.47	0.00	79,810.47
Agents - Valuers Fees	1,340.00	134.00	1,474.00
Legal Fees GST	10,398.10	1,039.81	11,437.91
Legal Fees GST Free	1,951.81	0.00	1,951.81
Administrators Expenses	27,386.32	2,690.70	30,077.02
Secured Creditor - Debenture Holder	141,114.00	0.00	141,114.00
Superannuation Accrual	(17,173.41)	0.00	(17,173.41)
GST Clearing Account	28,514.00	0.00	28,514.00
PAYG Withholding Tax	(59,083.00)	0.00	(59,083.00)
<b>Total Payments (inc. GST)</b>	<b>949,051.53</b>	<b>14,520.73</b>	<b>963,572.26</b>
<b>Surplus funds on hand</b>			<b>\$209,497.13</b>

**The trading costs have not been finalised yet as we are waiting for final invoices and confirmation of the final payroll tax, work cover and BAS liabilities which will be paid from surplus funds.**

## ANNEXURE D – PROXY FORM

CORPORATIONS ACT 2001  
 Insolvency Practice Rules (Corporations)  
 75-25 & 75-150

### APPOINTMENT OF PROXY CREDITORS MEETING

**FINNISH EARLY CHILDHOOD EDUCATION (AUSTRALIA) PTY LTD (ADMINISTRATORS APPOINTED)  
 TRADING AS "HEI SCHOOLS AUSTRALIA", "HEI SCHOOLS EARLY LEARNING CENTRE", & "FINNISH EARLY  
 CHILDHOOD EDUCATION"  
 ACN 630 629 435 (THE COMPANY)**

*I/*We <sup>(1)</sup>	
Of	
being a creditor of the Company, appoint <sup>(2)</sup> or in his or her absence	
to vote for me/us on my/our behalf at the meeting of creditors to be held on <b>Wednesday, 18 June 2025</b> at 10:00AM, or at any adjournment of that meeting.	

Please mark any boxes with an



Proxy Type:

General

Special

	For	Against	Abstain
<b>Resolution 1: Administrators' Current Remuneration</b>  "That the remuneration of the Administrators from 11 February 2025 to 9 June 2025 is determined at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the remuneration report dated 10 June 2025 and such sum to be capped at the amount of \$398,456.00 exclusive of GST, and that the Administrators may draw the remuneration on a monthly basis or as required."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2: Administrators' Future Remuneration</b>  "That the future remuneration of the Administrators from 10 June 2025 to the date of the second meeting of creditors of the Administration is determined at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the remuneration report dated 10 June 2025 and such sum to be capped at the amount of \$35,000.00 exclusive of GST, and that the Administrators may draw the remuneration on a monthly basis or as required."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3: Administrators' Internal Disbursements</b>  "That the internal disbursements of the Administrators are determined at the costs incurred and such sum to be capped at the amount of \$1,000.00, exclusive of GST, and that the Administrators may pay the internal disbursements on a monthly basis or as required".	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p><b>Resolution 4: Future of the Company</b></p> <p>For creditors of the Company to resolve that:</p>			
<p>(A) "The Company be wound up"</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>(B) "The Administration should end"</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>(C) "That the second meeting of creditors be adjourned for a period of up to 45 business days"</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Resolution 5: Appointment of alternate liquidator (if applicable)</b></p> <p>"To appoint someone else, instead of the Company's Administrators, to be liquidator(s) of the Company."</p> <p>(Note: if voting "For", please attach details of any particular alternate liquidator you wish to vote for)</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Resolution 6: Proposed Liquidators' Future Remuneration (as required)</b></p> <p>"That the remuneration of the Liquidators from the commencement to the conclusion of the Liquidation is determined at a sum equal to the cost of time spent by the Liquidators and the Liquidators' partners and staff, calculated at the hourly rates as detailed in the remuneration report dated 10 June 2025 and such sum to be capped at the amount of \$50,000.00 exclusive of GST, and that the Liquidators may draw the remuneration on a monthly basis or as required."</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Resolution 7: Liquidators' Internal Disbursements (as required)</b></p> <p>"That the internal disbursements of the Liquidators are determined at the costs incurred and such sum to be capped at the amount of \$1,000.00, exclusive of GST, and that the Liquidators may pay the internal disbursements on a monthly basis or as required".</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Resolution 8: Early destruction of books and records (if applicable)</b></p> <p>"That the Liquidators be empowered to destroy all books and records of the Company following the completion of the liquidation".</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Resolution 9: Committee of inspection (if applicable)</b></p> <p>"That a Committee of inspection be appointed."</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



# ANNEXURE E – PROOF OF DEBT FORM

## FORM 535 CORPORATIONS ACT 2001

Section 600G  
Sub-regulation 5.6.49(2)

### FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Administrators of Finnish Early Childhood Education (Australia) Pty Ltd (Administrators Appointed) ACN 630 629 435

1. This is to state that the company was, on 11 February 2025 <sup>(1)</sup> and still is, justly and truly indebted to <sup>(2)</sup> (full name):

('Creditor'):

of (full address):

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

Particulars of the debt are:

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

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

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

Date	Drawer	Acceptor	Amount \$ c	Due Date

I am **not** a related creditor of the Company <sup>(5)</sup>

I am a related creditor of the Company <sup>(5)</sup>  
relationship: \_\_\_\_\_

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

Is the debt you are claiming assigned to you? No  Yes

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

If **yes**, what value of consideration did you give for the assignment (eg, what amount did you pay \$ \_\_\_\_\_  
for the debt?)

3A.<sup>(6)\*</sup> I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

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

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2025

Signature of Signatory

NAME IN BLOCK LETTERS

Occupation

Address

Email

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

**Proof of Debt Form Directions**

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

**Annexures**

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

A reference to an annexure includes a document that is with a form



## Creditor Rights in Voluntary Administrations

As a creditor, you have rights to request meetings and information or take certain actions:



### Right to request information

Information is communicated to creditors in a voluntary administration through reports and meetings.

In a voluntary administration, two meetings of creditors are automatically held. You should expect to receive reports and notice of these meetings:

- The first meeting is held within 8 business days of the voluntary administrator’s appointment. A notice of meeting and other information for this meeting will be issued to all known creditors.
- The second, or decision, meeting is usually held within 6 weeks of the appointment, unless an extension is granted. At this meeting, creditors will get to make a decision about the company’s future. Prior to this meeting the voluntary administrator will provide creditors with a notice of the meeting and a detailed report to assist in making your decision.

Important information will be communicated to creditors prior to and during these meetings. Creditors are unable to request additional meetings in a voluntary administration.

Creditors have the right to request information at any time. A voluntary administrator must provide a creditor with the requested information if their request is ‘reasonable’, the information is relevant to the voluntary administration, and the provision of the information would not cause the voluntary administrator to breach their duties.

A voluntary administrator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the voluntary administrator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

### Requests must be reasonable.

#### They are not reasonable if:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) the information requested would be privileged from production in legal proceedings
- (c) disclosure would found an action for breach of confidence
- (d) there is not sufficient available property to comply with the request
- (e) the information has already been provided
- (f) the information is required to be provided under law within 20 business days of the request
- (g) the request is vexatious

If a request is not reasonable due to (d), (e) or (f) above, the voluntary administrator must comply if the creditor meets the cost of complying with the request.

Otherwise, a voluntary administrator must inform a creditor if their information request is not reasonable and the reason why.

Specific questions about the voluntary administration should be directed to the voluntary administrator’s office.

### Right to give directions to voluntary administrator

Creditors, by resolution, may give a voluntary administrator directions in relation to a voluntary administration. A voluntary administrator must have regard to these directions, but they are not required to comply with the directions.

If a voluntary administrator chooses not to comply with a direction given by a resolution of the creditors, they must document their reasons for not complying.

An individual creditor cannot provide a direction to a voluntary administrator.

### Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a voluntary administrator's remuneration or a cost or expense incurred in a voluntary administration. The review is limited to:

- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

The cost of the reviewing liquidator is paid from the assets of the voluntary administration, in priority to creditor claims.

An individual creditor can appoint a reviewing liquidator with the voluntary administrator's consent, however the cost of this reviewing liquidator must be met personally by the creditor making the appointment.

### Right to replace voluntary administrator

At the first meeting, creditors have the right to remove a voluntary administrator and appoint another registered liquidator to act as voluntary administrator.

A creditor must ensure that they have a consent from another registered liquidator prior to the first meeting if they wish to seek the removal and replacement of a voluntary administrator.

Creditors also have the opportunity to replace a voluntary administrator at the second meeting of creditors:

- If creditors vote to accept a proposed deed of company arrangement, they can appoint a different registered liquidator as the deed administrator.
- If creditors vote to place the company into liquidation, they can appoint a different registered liquidator as the liquidator.

It is however usual for the voluntary administrator to act as deed administrator or liquidator. It would be expected that additional costs would be incurred by an alternate deed administrator or liquidator to gain the level of knowledge of the voluntary administrator.

Like with the first meeting, a creditor must ensure that they have a consent from another registered liquidator prior to the second meeting if they wish to seek to appoint an alternative registered liquidator as deed administrator or liquidator.

**For more information, go to [www.arita.com.au/creditors](http://www.arita.com.au/creditors)**

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

Version: June 2018

12142 (VA) - INFO - CREDITOR RIGHTS INFORMATION SHEET V2\_0

# Voluntary Administration Creditor Information Sheet

## Offences, Recoverable Transactions and Insolvent Trading



### Offences

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

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

### Recoverable Transactions

#### Preferences

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

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

#### Creditor-defeating disposition

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

### **Uncommercial Transaction**

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

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

### **Unfair Loan**

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

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

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

### **Unreasonable payments to directors**

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

### **Voidable charges**

Certain charges over company property are voidable by a liquidator:

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

### **Insolvent trading**

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

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

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

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

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

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

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

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

## **ANNEXURE G – SUMMARY OF GROUP ENTITIES IN ADMINISTRATION**

---

Finnish Early Childhood Education (Australia) Pty Ltd ACN 630 629 435

ILO Early Learning (Australia) Pty Ltd ACN 649 081 069

ILO Early Learning (Kurunjang) Pty Ltd ACN 649 106 909

Finnish Early Childhood Education (St. Leonards) Pty Ltd ACN 645 781 460

Finnish Early Childhood Education (Dandenong) Pty Ltd ACN 630 411 675

Finnish Early Childhood Education (Hampton Park) Pty Ltd ACN 637 712 951

ILO Early Learning (Ballan) Pty Ltd ACN 652 090 465

Holistic Development Pty Ltd ACN 621 106 287

Finnish Early Childhood Education (Norlane) Pty Ltd ACN 630 411 791

Finnish Early Childhood Education (Gosford) Pty Ltd ACN 643 367 720

Finnish Early Childhood Education (Charlotte) Pty Ltd ACN 646 582 881

Finnish Early Childhood Education (Waurm Ponds) Pty Ltd ACN 645 781 460

Finnish Early Childhood Education (Brunswick East) Pty Ltd ACN 641 722 607

Finnish Early Childhood Education (Ballarat Central) Pty Ltd ACN 649 365 006

Finnish Early Childhood Education (Armstrong Creek) Pty Ltd ACN 660 849 374

Finnish Early Childhood Education (Longwarry) Pty Ltd ACN 637 227 546