

The Essential Ingredient Group of Companies (All Administrators Appointed) ("Companies" or the "Group")

Comprised of:

Essential Wholesale NSW Pty Ltd ACN 118 700 780

Essential Franchise Pty Ltd ACN 118 700 762

Essential Distribution Australia Pty Ltd ACN 118 700 771

The Vital Ingredient (Retail) Pty Ltd ACN 088 389 217

J.S. & S Weddell Pty Ltd ACN 007 388 230

Second report to creditors

23 October 2024

Strictly private and confidential



Glossary

Our report includes a number of terms and short descriptions which are defined in the below table.

Term/Abbreviation	Definition	Term/Abbreviation	Definition
ACN	Australian Company Number	Directors	Peter Walmsley, John Sydney Weddell and Susan Weddell
Act	Corporations Act 2001	DIRRI	Declaration of Independence, Relevant Relationships and Indemnities
AEDT	Australian Eastern Daylight Time	DOCA	Deed of Company Arrangement
Administrators	Robert Ditrach, Rebecca Gill and Craig Crosbie	EBITDA	Earnings before interest, tax, depreciation and amortisation
Administrations	The management of the Companies by the Administrators	ED	Essential Distribution Australia Pty Ltd ACN 118 700 771
AllPap	All present and after acquired property. A type of security interest registered on the PPSR	EF	Essential Franchise Pty Ltd ACN 118 700 762
Amort.	Amortisation	ERP	Enterprise Resource Planning
ANZ	Australia and New Zealand Banking Group Limited	EW	Essential Wholesale NSW Pty Ltd ACN 118 700 780
Appointment	Date of appointment of the Administrators	Excl.	Excluding
ARITA	Australian Restructuring Insolvency and Turnaround Association	FEG	Fair Entitlements Guarantee
ASIC	Australian Securities and Investments Commission	First Meetings	The first meetings of creditors of the Group, held on 9 October 2024
ATO	Australian Taxation Office	FX	Foreign Exchange
CBA	Commonwealth Bank of Australia	FY	Financial Year
circa. or c.	approximately	Group	See Companies
COD	Cash on Delivery	GST	Goods & Service Tax
COI	Committee of Inspection	ICA	Integrated Client Account
Companies	Essential Wholesale NSW Pty Ltd ACN 118 700 780 Essential Franchise Pty Ltd ACN 118 700 762 Essential Distribution Australia Pty Ltd ACN 118 700 771 The Vital Ingredient (Retail) Pty Ltd ACN 088 389 217 J.S. & S Weddell Pty Ltd ACN 007 388 230 (all Administrators appointed)	IPR	Insolvency Practice Rules
COPP	Code of Professional Practice	IPS	Insolvency Practice Schedule
		JSW	J.S. & S Weddell Pty Ltd ACN 007 388 230 as trustee for John Weddell Discretionary Trust, trading as "The Essential Ingredient (Wholesale)"

Glossary

Our report includes a number of terms and short descriptions which are defined in the below table.

Term/Abbreviation	Definition
k	Thousand
m	Million
NSW	New South Wales
OD	Overdraft
PAYG	Pay As You Go
PMSI	Purchase Money Security Interest. A type of security interested registered on the PPSR
POD	Proof of Debt
PPSA	Personal Property Securities Act 2009 (Cth)
PPSR	Personal Property Securities Register – a register established under the PPSA for the registration of security interests
PwC	PricewaterhouseCoopers refers to the Australia member firm and may sometimes refer to the PwC network. Each member firm is a separate legal entity
ROCAP	Reports on Company Activities and Property
Second Meetings	The concurrent meetings held pursuant to div 75-225 of the IPR and s439A of the Act where creditors determine the future of each of the Companies
SRO	State Revenue Office
SRONSW	State Revenue Office New South Wales
SROV	State Revenue Office Victoria
t/a	Trading as
TVI	The Vital Ingredient (Retail) Pty Ltd ACN 088 389 217 as trustee for John and Susan Weddell Family Trust, trading as "The Essential Ingredient (Pahran)"
VIC	Victoria

Disclaimer

In reviewing this Report, creditors should note:

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

Creditors should consider seeking their own independent legal advice as to their rights and the options available to them at the Second Meetings.



Robert Ditrich
Administrator

Rebecca Gill
Administrator

Craig Crosbie
Administrator

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To the Creditor as addressed

We report on the voluntary administrations of The Essential Ingredient group of companies (All Administrators Appointed) ("Companies" or the "Group") in accordance with our appointment on 26 September 2024.

This report has been prepared pursuant to section 75-225 of the *Insolvency Practice Schedule 2016* and outlines the Group's financial position, findings from our initial investigations, and our recommendation as to the future of each company within the Group.

The information reviewed for the purpose of this report has not been audited by us and no warranties are given as to the accuracy or completeness thereof. Our comments and findings are predicated on the assumption that the information provided to us is materially accurate.

Yours faithfully

A handwritten signature in blue ink, appearing to read "RDitrich".

Robert Ditrich
Administrator

A handwritten signature in black ink, appearing to read "R Gill".

Rebecca Gill
Administrator

A handwritten signature in black ink, appearing to read "C Crosbie".

Craig Crosbie
Administrator

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23 October 2024

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Executive Summary

Appointment Background

Robert Ditrich, Rebecca Gill and Craig Crosbie of PwC were appointed Joint and Several Administrators of the Group on 26 September 2024 by resolution of the directors of the individual Group companies pursuant to section 436A of the Act.

The companies subject to the appointment are:

- Essential Wholesale NSW Pty Ltd ACN 118 700 780
- Essential Franchise Pty Ltd ACN 118 700 762
- Essential Distribution Australia Pty Ltd ACN 118 700 771
- The Vital Ingredient (Retail) Pty Ltd ACN 088 389 217
- J.S. & S Weddell Pty Ltd ACN 007 388 230

Administrators' overview

On appointment the Administrators assumed control of the Group's business and assets. The strategy was to:

- continue to trade;
- undertake a review and assessment of operations;
- explore options for the sale of the business and assets and / or restructuring of the Group; and
- attend to investigations and statutory reporting, including issuing an initial circular to creditors, holding the First Meetings of creditors, and the preparation of this Report.

Report's Purpose

The purpose of this Report is to table the findings of our investigations into the Group's business, property, affairs and financial circumstances, as well as provide an opinion on the three options available to creditors in deciding the future of each company within the Group.

This single consolidated Report deals with all Group companies (as opposed to a separate report being prepared and issued for each company).

Administrators' opinion (Wind Up the Companies)

Under the Act, creditors have three options available to determine the future of each company within the Group, including the:

- Administration ends, in which case control of the company reverts to its director(s);
- the company executes a Deed of Company Arrangement (**DOCA**); or
- the company be wound up (i.e. placed into liquidation).

As at the writing of this report, it is our opinion that it is in the creditors' best interests that each company within the Group be wound up (i.e. placed into liquidation) for the following reasons:

- A DOCA proposal has not been received for any of the Companies at the date of this Report, therefore this option is not available;
- Each of the Companies are insolvent and therefore we do not consider it to be in the best interests of creditors that the Administrations end, and control of the Companies be returned to the Directors; and
- Winding up each of the Companies is the only viable option for creditors.

Executive Summary (contd.)

Second Meetings of creditors

The Second Meetings of creditors of the Companies will be held concurrently and virtually on:

Date:	Thursday, 31 October 2024
Registration:	9.30am AEDT
Meeting time:	10:00am AEDT
Location:	Virtual meeting

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

- Form 532 – Appointment of proxy
- Form 535 – Proof of debt or claim.

Creditors that have previously lodged a Proof of debt form with the Administrators are not required to lodge a further Proof of debt form unless there is a change in the amount claimed.

Proxy forms from the First Meetings of creditors are unable to be used for the Second Meetings of creditors. Creditors wishing to vote at the Second Meetings must complete a new proxy form (where required).

Video conference details will be provided to creditors that have submitted a proxy form and indicated that they wish to attend.

Forms must be submitted to this office **BY EMAIL** to essentialingredients@au.pwc.com by no later than **4.00pm AEDT** on **Tuesday, 29 October 2024**.

Second Meetings of creditors (continued)

Please note that it is presently the Administrators' intention to adjourn the Second Meetings of creditors. Please refer to section 1.12 for further details.

Estimated return to creditors

At this stage of the Administrations, it is premature to estimate the return to any class of creditors in a liquidation scenario. The Administrators are continuing to trade the Group's business and negotiations are still underway with a number of parties for the sale of the Group's business and assets as a going concern.

We will issue a 'Supplementary Report' prior to the resumed Second Meetings (i.e. at the end of the adjournment period) to update creditors on the Administrations.

Further information is contained in Section 9.

Breaches/contraventions and liquidation recoveries

The Administrators have undertaken preliminary investigations into the affairs of the Group. Based on our investigations to date:

- Potential unfair preference claims may exist against several creditors (see section 7.2)
- A number of related party transactions have been identified that will be subject to further investigation if the Companies are placed into liquidation (see sections 7.3 to 7.5)
- We have not identified any commercial claims against the Directors or other officers of the Companies.

Given the time available since the Administrations commenced, we are not able to provide a conclusive view on potential breaches/contraventions of the Act and other legislation or provide a detailed analysis of potential recoveries in a liquidation scenario.

Executive Summary (contd.)

Remuneration

We are seeking creditor approval for our remuneration for the administration period at the Second Meetings as summarised in the table below. "VA Actual" represents actual remuneration incurred from the commencement of the Administrations to 15 October 2024. "VA Future" is an estimate of remuneration to be incurred from 16 October 2024 to the end of the Administrations. Should the forecast remuneration exceed that estimated, further creditor approval may be sought. Alternatively, if the remuneration is less than estimated (assuming approved) only the amount actually incurred will be paid.

Company	Amount (excl. GST) \$		
	VA Actual	VA Future	VA Total
Essential Wholesale NSW Pty Ltd	177,923	63,866	241,788
Essential Franchise Pty Ltd	45,039	16,167	61,206
Essential Distribution Australia Pty Ltd	5,458	1,360	6,818
The Vital Ingredient (Retail) Pty Ltd	123,894	44,472	168,366
J.S. & S Weddell Pty. Ltd	107,175	38,470	145,645
Total by period	459,489	164,335	623,824

Note:

VA Actual: 26 September 2024 to 15 October 2024

VA Future: 16 October 2024 to the end of the Administrations

While we are seeking approval of remuneration from creditors, the payment of this remuneration is contingent upon sufficient asset realisations being made.

We are not currently seeking approval of our remuneration for the liquidation period (assuming creditors vote to place the Companies into liquidation). Approval will be sought at the resumed Second Meetings (i.e. at the end of the adjournment period).

Please refer to the attached Remuneration Reports at **Appendix J** for details of key activities undertaken / expected to be undertaken by us, our partners and staff and the remuneration approval sought.

At the resumed Second Meetings, the Administrators will also seek the establishment of a Committee of Inspection (COI) for each of the Companies. If established, future remuneration approvals will be sought from the respective COIs.

If creditors do not want to appoint a COI for one or more of the Companies at the resumed Second Meetings, future remuneration approvals will have to be made by a meeting of creditors or the Court.

Enquiries

We ask creditors to submit questions they would like addressed at the Second Meetings by email to essentialingredients@au.pwc.com by no later than **4pm AEDT on Tuesday, 29 October 2024**. Whilst we will make every effort to address questions submitted, we reserve the right to exclude questions to avoid compromising creditors' interests or due to time constraints.

We will address all material matters that come to our attention after the date of this Report at the Second Meetings. Should any significant information affecting the creditors' decision regarding the future of the Companies become known, we will endeavour to advise creditors prior to the Second Meetings by emailing such information to creditors and posting on PwC's website at:

<https://insolvency.pwc.com.au/groupEntityCases/the-essential-ingredient-group-of-companies-all-administrators-appointed/casePage>

Report

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Introduction

1.1 Appointment Information

Robert Ditrich, Rebecca Gill and Craig Crosbie were appointed as Administrators of the Group on 26 September 2024 by resolution of the Directors of the Companies pursuant to s436A of the Act. The Companies in Administration are attached at **Appendix A**.

1.2 Background to independence

The conduct of insolvency professionals is governed by the Act and by the standards set by the Australian Restructuring Insolvency and Turnaround Association (**ARITA**).

The Act requires that a person appointed as an Administrator of a company must be a registered liquidator and must not be a significant debtor or creditor, officer, auditor or partner or employee of an officer or auditor of the company.

The ARITA's Code of Professional Practice (**COPP**) states that the overriding qualifications of a person appointed as an Administrator are that they are, and are seen to be, independent and that they have the necessary expertise to deal effectively and efficiently with a company.

1.3 The rationale for independence

Independence is critical because of the nature of the role of the Administrator. Tasks such as adjudicating on complex and competing interests, preserving and selling assets and investigating and pursuing claims require a high degree of objectivity and impartiality.

Stakeholders are entitled to have confidence in the Administrator's conduct and decision-making processes. They need to be able to regard the Administrator as fair, unbiased and not acting from self-interest when exercising their professional and commercial judgment.

1.4 The test of independence

As set out in the COPP, there are two aspects to independence.

An insolvency practitioner must:

- be independent in fact; and
- be seen or perceived to be independent.

An insolvency practitioner must be independent in fact, that is, they should act and conduct the administration in an independent manner.

An insolvency practitioner must be seen to be independent, that is, they must not accept an appointment, or continue to act under an existing appointment, where:

- A reasonable and informed third party on the information available (or which should have been available) at the time might reasonably form the opinion that the Administrator might not bring an independent mind to the administration and thus may not be impartial or may in fact act with bias; and
- A lack of independence, or a perception of a lack of independence, exists.

1.5 Compliance with qualifications to act as Administrators

With reference to the Act, we confirm that we are:

- Registered Liquidators; and
- Not disqualified to act as Administrators.

With reference to the COPP, we confirm that we are:

- Members of ARITA; and
- Have adhered to, and intend to adhere to, the guidelines set out in the COPP with respect to the acceptance of our appointment as Administrators of the Companies, and in our continuing role as Administrators of the Companies, and Liquidators if so appointed.

Introduction (contd.)

1.6 Declaration of Independence, Relevant Relationships and Indemnities

Our Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**) was provided with our initial notice to creditors dated 26 September 2024. There have been no changes to our DIRRI that need to be reported.

We confirm that the Administrators and PwC have had no prior personal or professional relationships or dealings with the Companies or their directors, other than the interactions detailed in the DIRRI leading up to our appointment as Administrators. We are completely independent to the Companies and their Directors. Our duties are to the Group's creditors.

We have not received any indemnities or payments relating to our appointments.

1.7 Report's purpose

An Administrator is required to investigate a company's business, property, affairs and financial circumstances and report to creditors on the Administrator's opinion on the options available to creditors, being that:

- the company be wound up (i.e. placed into liquidation);
- the company execute a DOCA; or
- the administration should end (with control of the company reverting to the director(s)).

This Report is based upon our investigations to date. Any additional issues we identify after this report and before the Second Meetings may be the subject of a further written report emailed to creditors and posted on PwC's website and/or tabled at the Second Meetings.

1.8 Purpose of Second Meetings

The following matters will be addressed at the Second Meetings:

- the contents of this Report;
- respond to questions from creditors;
- seek approval of the Administrators' remuneration;
- seek approval of the Liquidators' remuneration, if appointed;
- allow creditors to determine the future of each of the Companies by resolving one of the three available options (see section 10);
- should creditors desire, consider and approve the formation of a COI for each of the Companies; and
- for each COI formed, creditors can consider and approve that s80-55 of the IPS (which prevents COI members from directly or indirectly deriving a profit or advantage from the relevant Administration) will not apply to any COI members.

The current Administrators automatically become the Deed Administrators (noting a DOCA has not been proposed) or Liquidators unless creditors resolve to replace them.

Please note that it is presently the Administrators' intention to adjourn the Second Meetings until the sale process for the Group's business and assets is concluded. However, at this point in the Administrations, it is our opinion that each of the Companies are insolvent, and our recommendation is that each of the Companies should be wound up at the Second Meetings (including the resumed Second Meetings after any adjournment).

Please refer to section 1.9 for further details of the Second Meetings.

Introduction (contd.)

1.9 Second Meetings details

The Second Meetings will be held virtually at 10:00am AEDT on **Thursday, 31 October 2024**. Formal notification Form 529 – Notice of Meetings of Creditors is attached at **Appendix B**.

Please note that the concurrent Second Meetings will be held electronically using virtual meeting technology only. Please do not attend PwC's offices in person. Video conferencing facilities will be provided to creditors that submit a proof of debt and proxy form (where required) indicating their attendance at the meetings before **4pm AEDT on Tuesday, 29 October 2024**.

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

We have not applied to the Court for an extension of time. However, please note that it is presently the Administrators' intention to adjourn the Second Meetings until the sale of the Group's business and assets is concluded.

1.10 Meetings registration

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

Forms must be submitted no later than **4pm AEDT on Tuesday, 29 October 2024** by email to essentialingredients@au.pwc.com or via regular post addressed to "The Administrators, The Essential Ingredient Group of Companies (All Administrators Appointed), 2 Riverside Quay, Southbank, VIC 3006". If returning the forms via post, you must allow time for postage to ensure that they are received by the due date.

Only creditors of the Companies are entitled to vote at the Second Meetings.

If you plan to attend the Second Meetings, please indicate this when returning your completed proxy form. The video conference details to participate in the Second Meetings will only be provided to creditors that have lodged a proxy form (where required) **and confirmed their attendance** before the time indicated above.

Creditors are encouraged to join the Second Meetings as early as possible after the registration time to enable the orderly registration of attendees, so that the meetings can commence on time.

Registration Information forms

Form 532 – Appointment of Proxy	<p>A new proxy form is required to be completed for each creditors' meeting (i.e. previous meeting proxy forms are invalid for the Second Meetings).</p> <p>If a corporate creditor wants to be represented at the Second Meetings, it must appoint an individual to act on its behalf by providing an executed proxy form.</p> <p>Individuals may choose to appoint a representative to vote on their behalf by executing a proxy form. If an individual is attending in person a proxy form is not required.</p>
Form 535 - Proof of Debt or Claim Form	<p>This form is required to be completed to entitle a creditor to vote at the Second Meetings. Documents to support the amount claimed (e.g. unpaid invoices) must also be provided.</p> <p>There is no requirement to resubmit a proof of debt form if previously provided unless the amount claimed has changed.</p> <p>Please take care when completing the form to ensure the correct party is named as the creditor. As an example, this may include "XYZ Pty Ltd as trustee for the ABC Family Superannuation Fund" instead of "XYZ Pty Ltd".</p>

Introduction (contd.)

1.11 Committee of Inspection (“COI”)

Creditors may wish to establish a COI for each of the Companies at the Second Meetings, typically to assist and guide the administrator, liquidator or deed administrator (as applicable). A minimum of two members is required to form a COI, except in the case of a DOCA, where a COI must consist of at least three and not more than five members (unless the DOCA provides otherwise).

It is our opinion that a COI should be formed for each of the Companies. An information sheet on the role of a COI is included at **Appendix E**.

Creditors should consider whether they are in a position to be a COI member, as membership of a COI requires attendance at meetings (video conference facilities will be available, so members do not have to attend in person). Members of a COI must have regard for the creditor group’s interest, not their own interests.

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

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

If you wish to be a COI member or would like to nominate a member for appointment to a COI (if one is appointed), nominations will be tabled at the Second Meetings.

1.12 Meetings’ adjournment

At the Second Meetings of creditors, the Administrators intend to adjourn the meetings for a period of up to 45 business days pursuant to 75-140 of the IPR, for the following reasons:

- Negotiations are still underway with several parties for the sale of the Group’s business and assets.
- It is the Administrators’ view that it is critical for the Group’s business to continue trading on a going concern basis to maintain/maximise the value of the business and assets, and to achieve the best outcome possible for creditors.
- The Group requires the moratorium afforded during the administration period pursuant to s440B of the Act to allow the Group’s business to trade without the risk of third parties seeking to enforce their rights (to terminate contracts, recover property or cancel agreements).

For the avoidance of doubt, the Administrators presently intend to:

- Open the Second Meetings;
- Provide an update to creditors on the conduct of the Administrations and, to the extent possible, the sale process;
- Ask creditors to consider and approve the Administrators’ remuneration;
- Attend to any other business or other matters that the Administrators deem necessary; and
- Adjourn the Second Meetings for a period of up to 45 business days.

At the resumed Second Meetings (i.e. at the conclusion of the adjournment period) creditors will decide the future of each of the Companies.

Introduction (contd.)

At that time creditors will also be asked to consider and approve:

- the Liquidators' remuneration (if appointed);
- the establishment of a COI for each Group entity; and
- for each company where a COI is formed, that s80-55 of the Insolvency Practice Schedule (which prevents COI members from deriving a profit or advantage) will not apply to any COI members.

The future of each of the Companies will be determined by creditors when the Second Meetings are resumed at a date and time to be advised by the Administrators.

We will issue a 'Notice of Resumed Meetings of Creditors' and a 'Supplementary Report' prior to the resumed Second Meetings to update creditors on matters including, but not limited to, the following:

- the date and time of the resumed Second Meetings;
- the trading of the business and conduct of the Administrations;
- the status/outcome of the sale process;
- the estimated return to creditors; and
- any change in the Administrators' opinion on the statutory options available to creditors to decide the future of each of the Companies.

1.13 Further information

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

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

Enclosed at **Appendix F** is ARITA's publication regarding Creditor Rights in Voluntary Administration.

Group Background

2.1 Group overview

Searches of ASIC's database reveals the following statutory information about the Companies at appointment.

Statutory information	Essential Wholesale NSW Pty Ltd	Essential Franchise Pty Ltd	Essential Distribution Australia Pty Ltd	The Vital Ingredient (Retail) Pty Ltd ²	J.S. & S Weddell Pty Ltd ³
Date of incorporation	8-Mar-06			1-Jul-99	3-Apr-90
Registered office	35 Georges Road CERES, VIC 3221			Moore Australia Level 44, 600 Bourke Street MELBOURNE, VIC 3000	35 Georges Road CERES, VIC 3221
Principal place of business	Level 2, 48 O'Riordan Street ALEXANDRIA, NSW 2015			35 Georges Road CERES, VIC 3221	
Directors	Peter St John Walmsley John Sydney Weddell			John Sydney Weddell Susan Weddell	
Secretary	John Sydney Weddell			NA	
Shareholders	John Sydney Weddell (50%) Madwag Pty Ltd ¹ (50%)			Susan Weddell (100%)	

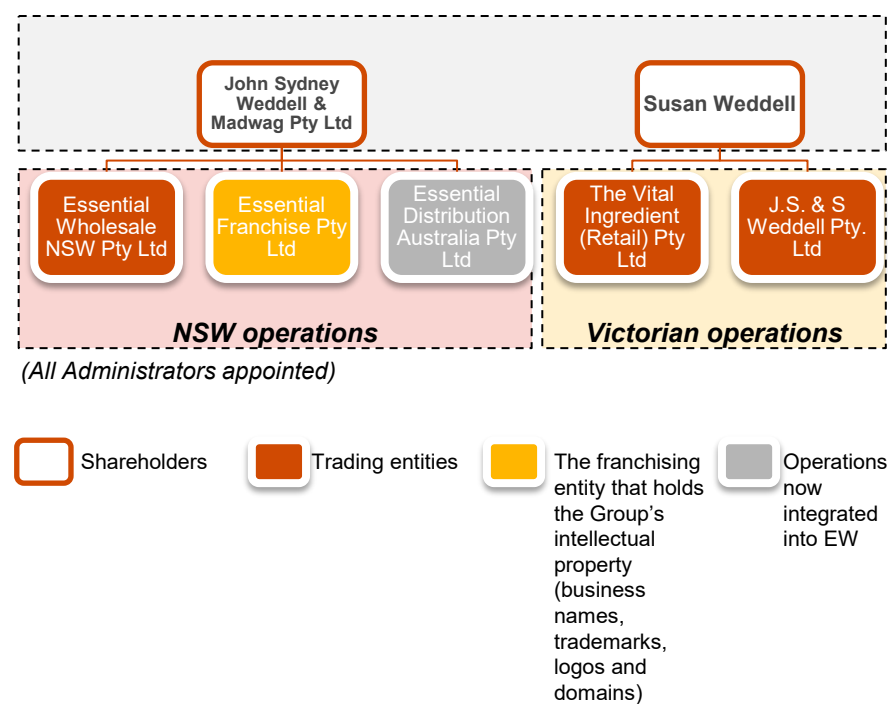
Notes

- As trustee for the Walmsley Family Trust.
- As trustee for John and Susan Weddell Family Trust, trading as "The Essential Ingredient (Pahran)"
- As Trustee for John Weddell Discretionary Trust, trading as "The Essential Ingredient (Wholesale)"

Further detail of the ASIC database searches by company is attached at **Appendix G**.

2.2 Group structure

The Group structure and ownership is outlined below.



A summary of the operations of the Companies is attached at **Appendix H**.

Group Background (contd.)

2.3 Business background

The Group is an Australian owned importer, distributor and retailer of premium foods, cookware, tableware and culinary books with operations in NSW and Victoria (including retail outlets in Melbourne and Sydney). The Group's business trades under the 'Essential' brand and has c.750 'Essential' labelled products. The Group is also the exclusive distributor of more than 25 high quality food and cookware brands to a diverse customer base throughout Australia.

The Group does not own any freehold properties and operates from various leasehold premises in NSW and Victoria.

In NSW, the Group's business operates from Level 2, 48 O'Riordan Street, Alexandria. This is the Head Office for the NSW operations, the warehouse for all imported goods and from where goods are distributed in NSW. There is also a retail operation at 118 Willoughby Road, Crows Nest, NSW.

In Victoria, the Group's business (including the cooking school) operates from the Prahan Market at 32 Elizabeth Street, South Yarra. This is the Head Office for the Victorian operations. There is a secondary retail outlet, located at 266 Coventry Street, South Melbourne which services both trade and retail customers.

All imported goods for Victoria are delivered for distribution to the Prahan Market warehouse in South Yarra. There is additional storage for bulk food stock at National Storage, Prahan - 118 Union Street, Windsor.

The Group has been established for over 38 years and is family owned and operated, commencing operations as a mail order business in 1986. Since that time, the business has grown into a retail, wholesale and e-commerce operation with an Australian wide customer base.

The now dormant entity, **Essential Distribution Australia Pty Ltd (ED)**, commenced operations in 2006 as the sole importer of goods for the Group. To simplify the business model and reduce administrative costs, the importation operations were transferred to **Essential Wholesale NSW Pty Ltd (EW)** which is now the sole trading entity in NSW.

EW also operates the Group's e-commerce business which was established in 2012 and is a core element of the Group's multi-channel distribution strategy.

The franchising entity, **Essential Franchise Pty Ltd (EF)**, commenced operations in 2000 and by FY23 had established five franchise stores with third parties, four in regional NSW and the fifth in Canberra. In FY24, the third-party franchises were terminated to reduce costs and simplify the Group's structure.

The former franchise stores now operate independently but continue to acquire and sell the Group's branded products. There are two remaining franchisee stores in Victoria which are operated by the entity **The Vital Ingredient (Retail) Pty Ltd (TVI)**. These stores pay franchise service fees and advertising and marketing fees to EF. TVI also operates the cooking school at Prahan Market.

The wholesale business servicing Victoria and Tasmania is operated by **J.S & S Weddell Pty Ltd (JSW)**. This operates from the Prahan Market as previously noted.

The Group has 3 distribution channels being retail, wholesale and online.

The Directors advised that in FY19 they started seeking advice for the sale of the business.

More recently, attempts to restore profitability have been thwarted by increased trading costs and a general downturn in customer demand. Furthermore, reduced cashflow has made it increasingly difficult to maintain adequate stock holdings as some suppliers have placed the Companies on stop supply, or COD terms.

Group Background (contd.)

2.4 Creditor claims

As at the appointment of the Administrators, the estimated amounts owed to the Group's creditors totaled c.\$6.9m (including contingent creditor claims) based on the Group's books and records and the claims received to date. The Group's books and records reveal the vast majority of debts outstanding relate to EW and JSW as the main trading entities.

Below is a summary of the claims received, or the amount recorded in the Group's books and records. These figures may change as our investigation continue, if further claims are received, or as claims are updated.

Creditor type	Notes	Amount claimed (\$'000)
Principal Secured Creditors	Section 2.5	4,219
PMSI Creditors	Section 2.5	76
Employees	Section 2.6	370
Trade and Landlord creditors	Section 2.7	490
Statutory creditors	Section 2.8	316
Related party creditors	Section 2.9	904
Inter-company creditors	Section 2.10	537
Total Group creditor claims		6,911

Refer to section 5 for a comparison of the amounts reported in the Directors' Report on Company Activities and Property (**ROCAP**) for each the Companies.

Group Background (contd.)

2.5 Registered security interests

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

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

Our searches of the PPSR on appointment indicate 48 security interests are registered over the Group's assets. These security interests comprise:

- general security interests overall, or substantially all, of the assets (known as All Present and After-acquired Property (**APAAP**) registrations); and
- specific security interests (e.g. over leased goods) known as **PMSI** registrations.

Subject to any PMSI registrations, the CBA has a first ranking security interest over all the NSW operating entities' assets and undertakings, and ANZ has a first ranking security interest over all the Victorian operating entities' assets and undertakings.

Security interest registrations have not been verified.

The registered security interests are summarised below:

Company	Notes	AllPap NoExcept	Motor Vehicle	Other goods
Essential Wholesale NSW Pty Ltd	A, B	2	3	22
Essential Franchise Pty Ltd	A	1	-	3
Essential Distribution Australia Pty Ltd	A	1	-	-
The Vital Ingredient (Retail) Pty Ltd	B, C	3	-	2
J.S. & S Weddell Pty. Ltd	C	2	4	5

Notes:

Details of the AllPapNoExcept security interests are as follows:

- Commonwealth Bank Of Australia (CBA)
- Donaldson Enterprises Pty. Ltd, Donaldson Enterprise Trust and Donaldson Group Pty Ltd (collectively, 'Donaldson')
- Australia And New Zealand Banking Group Limited (ANZ)

A summary of the PPSR creditors of the Group as at the date of our appointment is enclosed in **Appendix I**.

The Donaldson claim has been treated as an "Other Goods" security interest until advised to the contrary.

We are not aware of a Deed of Cross Guarantee or similar undertaking in respect of the Group.

A summary of the POD amounts, and/or amounts recorded in the books and records, by the AllPap secured parties (including their Motor Vehicle and Other goods) is summarised below. Other PPSR secured parties have submitted PODs totaling c.\$76k. These amounts may be subject to change.

AllPap secured party	Total \$
CBA	190,950
ANZ	4,027,942
Total AllPap creditors	4,218,892

23 October 2024

Group Background (contd.)

2.6 Employees

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

Tabled below are all known employee entitlements for the Companies based on the Group's books and records. Employee entitlements have not been verified by the Administrators.

Employee entitlements	EW	TVI	JSW	Total (\$)
Annual leave	81,444	61,915	12,965	156,324
Annual leave loading	13,434	10,407	2,269	26,11
Long service leave	47,679	16,143	10,235	74,057
Superannuation	71,884	23,338	18,546	113,768
Total priority creditors	214,442	111,803	44,014	370,259

It should be noted that an employee of a company that has been placed into liquidation may be eligible for payment of any shortfall in their entitlements (excluding superannuation) under the Fair Entitlements Guarantee (**FEG**) scheme which is administered by the Commonwealth Government.

The FEG scheme imposes maximum thresholds on outstanding entitlements. Any FEG advances are repaid to the Government by the company in liquidation if funds become available.

Further information can be found on FEG's website at:
www.fegonlineservices.dewr.gov.au

2.7 Trade and landlord creditors

Trade and landlord creditors at Appointment totalled \$490,138 across the Group based on accounts payable reports generated from accounting software, and claims submitted for the First Meetings.

The claims are attributable to the trading entities as follows:

Trade creditors	EW	TVI	JSW	Total (\$)
Trade and landlord creditors	278,152	124,015	87,971	490,138

Please note, the Administrators have not adjudicated any creditor claims.

Group Background (contd.)

2.8 Statutory creditors

Tabled below are all known statutory creditors of the Group based on the Companies' books and records and claims submitted to date. Claims have not yet been verified by the Administrators.

Statutory creditors	EW	TVI	JSW	Total (\$)
ATO	214,386	64,907	8,606	287,900
SROV	-	-	28,305	28,305
Total	214,386	64,907	36,911	316,205

2.9 Related party creditors

Tabled below are all known related party creditors of the Group based on the Companies' books and records and claims submitted to date.

Related party creditors	EW	EF	ED	Total (\$)
Madwag Pty Ltd	25,047	153,591	179,825	358,463
JS Weddell	97,392	160,682	287,042	545,116
Total	122,439	314,273	466,867	903,579

The related party loans have not been verified or adjudicated upon. Based on the Administrators' understanding, the related party loan balances appear to be unsecured and therefore rank equally with other unsecured creditors.

2.10 Intercompany loans

There are a number of intercompany loans between various Group companies as shown in the table below which reflect historical inter-company funding and trading.

Intercompany creditor loans	EW	EF	ED	Total (\$)
EW	-	210,619	-	210,619
EF	-	-	235,603	235,603
EDA	90,801	-	-	90,801
Total	90,801	210,619	235,603	537,023

The intercompany loans have not been verified or adjudicated upon. Based on the Administrators' understanding, the intercompany loan balances appear to be unsecured and therefore rank equally with other unsecured creditors.

Conduct of Administration

3.1 First Meetings of Creditors

The first meetings of creditors of the Companies were held on 9 October 2024 (**First Meetings**), pursuant to s436E of the Act. No resolutions were proposed at those meetings. Minutes for the meetings can be obtained from ASIC (www.asic.gov.au).

3.2 Assets / Trading of Business

Following the appointment of Administrators on 26 September 2024, the Administrators' staff attended the Group's offices and trading premises in both Victoria and NSW to identify and secure the Group's assets, and to make an urgent assessment of the operations.

The Administrators decided to continue trading the retail and wholesale operations in both Victoria and NSW while concurrently prioritising an accelerated sale of the Group's business and assets as a going concern (either as a whole or in parts).

The sale of the Group's business and assets was advertised in *The Australian Financial Review* on Tuesday, 1 October 2024 and a number of parties were independently contacted by the Administrators with respect to the opportunity. The Administrators have received strong interest with respect of the sale and final offers are due on Tuesday, 29 October 2024.

The Administrators have been working collaboratively with key suppliers both domestically and internationally, to negotiate ongoing supply and favourable trading terms. The Administrators have made only limited inventory purchases during the period of the Administrations.

A number of international shipments of stock were in transit at Appointment, and negotiations have achieved release of that stock. Negotiations were also required to ensure freight and courier services were maintained to service customers.

In limited cases, the Administrators have made small duress payments to suppliers to ensure continued supply.

On Appointment, three employees in NSW were made redundant after consideration was given to ongoing business needs.

Valuers were engaged to provide a valuation of the Group's plant and equipment and inventory. Broadly speaking, the Group's plant and equipment includes:

- packaging equipment;
- warehouse storage equipment, shelving and pallet racking;
- forklifts and motor vehicles; and
- general office and IT equipment.

The Administrators are continuing to recover pre-appointment debtors. Accounting for debtor receipts and other asset realisations (as applicable) will be provided in a future update.

Conduct of Administration (contd.)

3.3 Major work streams

In conjunction with our statutory obligations, our areas of focus since Appointment has included the following:

- operating the Group's retail and online business, including liaising with suppliers and negotiation of terms;
- identifying and securing the Group's assets, including leased assets;
- obtaining insurance cover for the Group's assets and public liability insurance;
- liaising with customers regarding outstanding and/or disputed debts;
- liaising with landlords;
- received and assessed c.11 supplier PPS claims and ongoing contact with those suppliers;
- contacted and obtained information from secured creditors;
- engaged valuers to value the Group's assets;
- marketed the Group's business and assets for sale;
- liaised with more than 30 interested parties regarding a sale of the Group's business and assets;
- communicated with employees regarding the Appointment and extracted from the Group's records a schedule of outstanding employee entitlements;
- assessed workforce requirements to assist with the administration workstreams, and retained/terminated employment as appropriate;
- undertaken real property, motor vehicle and financial institution searches to identify assets of the Group;
- sought completion of Reports on Company Activities and Property (**ROCAP**) and accompanying questionnaires by each Director of the Companies;
- sought production of all books and records of the Group from the Directors and advisors to the Group;
- prepared and issued notices to creditors calling the First Meetings;
- attended to communications with creditors regarding the Appointment, debts owing, proof of debt and proxy forms for the first and second meetings of creditors;
- prepared for and conducted the First Meetings;
- attended to statutory lodgements with the Australian Securities and Investments Commission (**ASIC**), including minutes of the First Meetings;
- conducted a review of the Group's books and records, ROCAPs and directors' questionnaires when received;
- conducted preliminary investigations into the Group's affairs based on the books and records produced to the Administrators and assessment of potential recovery actions available to a liquidator if appointed to the Companies;
- conducted preliminary solvency analysis;
- prepared this report to creditors including notice for calling the Second Meetings; and
- prepared for the Second Meetings.

Group Financial Background

4.1 NSW operations

The NSW operations comprise the following entities:

- Essential Wholesale NSW Pty Ltd (**EW**)
- Essential Franchise Pty Ltd (**EF**)
- Essential Distribution Australia Pty Ltd (**ED**)

The above companies prepare management accounts on an entity-by-entity basis and do not prepare consolidated management accounts.

Each NSW company's financial information was maintained in 'Jiwa' accounting software. We have been provided reports from this software and the Company's former accountant provided the unaudited special purpose financial statements for FY22 to FY23, and the draft management accounts for FY24 which are subject to review by the Directors. We have not audited or verified the accuracy of this or any other financial information.

We summarise the financial information provided for the NSW entities over the following pages.

Group Financial Background (contd.)

4.1.1 Essential Wholesale NSW Pty Ltd (EW)

The unaudited financial information tabled below and overleaf shows that Company was marginally profitable in FY22 and loss making during FY23 and FY24 (and likely until the Administrators' Appointment). By FY24 the reported net asset deficiency was c.\$939,000.

Profit and Loss Information

Essential Wholesale (NSW) Pty Ltd					
\$'000	Notes	FY21	FY22	FY23	FY24
		Comparatives	Unaudited	Unaudited	DRAFT
Sales	1	4,560	4,608	6,048	3,818
Other Income	2	844	1,052	352	355
Revenue		5,404	5,660	6,401	4,173
Cost of goods sold	3	(3,358)	(3,260)	(3,339)	(1,882)
Gross Profit		2,046	2,399	3,062	2,292
Operating Expenses	4	(964)	(1,494)	(1,928)	(1,778)
EBITDA		1,082	905	1,134	513
Administration Expenses	5	(340)	(473)	(662)	(570)
Motor Vehicle Expenses	6	(65)	(62)	(91)	(83)
Occupancy Expenses	7	(272)	(274)	(473)	(548)
Finance Expenses	8	(37)	(50)	(76)	(123)
Expenses		(715)	(859)	(1,302)	(1,324)
Net Profit/ (Loss) before tax		367	46	(168)	(811)
Income tax expense attributable to operating profit		(82)	(12)	-	-
Net Profit/ (Loss) after tax		284	35	(168)	(811)

Notes

1. The Company's main source of revenue is from the sale of premium foods, cookware, dinnerware and culinary books. Sales revenue for FY23 includes \$600k of inventory purchases by the Victorian entities which had not been delivered. The decline in sales in FY24 is attributed to lower consumer demand and fewer travelling sales representatives. The increase in gross profit from FY22 to FY23 is attributed to the increase in online sales and the opening of a store in Crows Nest.
2. Other income comprises expense recoveries from other entities within the Group; insurance proceeds; administration management fees and an ATO COVID19 cashflow boost in FY21.
3. Cost of goods sold comprises expenditure primarily related to stock purchases, freight, packaging, labels, promotional costs and marketing and e-commerce service fees. The closing stock position in FY23 increased due to the transition of ED into the Company.
4. Operating expenses primarily comprises wages and payroll tax, recruitment costs, loss on sale of assets and depreciation. Increased labour costs in FY23 are due to additional staff required to support the integration of ED into the Company, develop a new online sales platform and implementation of business improvements proposed by the Directors.
5. Administration expenses includes consultant fees (\$90k) and superannuation (\$190k), and numerous items of general expenditure. FY23 increased due to consultants and additional staff being required to support the integration of ED into the Company.
6. Motor vehicle expenses increased in FY23 due to increased finance costs and associated interest.
7. Occupancy expenses comprises rent, lighting, security, cleaning and repair and maintenance. FY23 and FY24 increases are due to increased rent, additional staff required to support integration of ED into the Company, creation of a new website and ERP, and costs of the Crows Nest retail store.
8. Net Interest and taxes comprises bank charges, interest from borrowings and foreign exchange loss. FY23 increase due to additional borrowings to fund new ERP, website development and opening of the retail store at Crows Nest. Includes interest chargeback of \$74k relating to use of JSW OD facility.

Group Financial Background (contd.)

Balance Sheet Information

Essential Wholesale (NSW) Pty Ltd					
\$'000	Notes	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24
		Comparatives	Unaudited	Unaudited	DRAFT
Cash and cash equivalents	1	84	21	54	94
Inventories	2	665	850	1,941	1,793
Trade and other receivables	3	1,099	1,359	644	680
Current Assets		1,848	2,229	2,639	2,568
Property, plant and equipment	4	178	152	116	113
Non-Current Assets		178	152	116	113
Total Assets		2,026	2,380	2,755	2,681
Trade And Other Payables	5	(1,544)	(1,691)	(2,500)	(3,355)
Financial Liabilities - Current	6	(49)	(200)	-	-
Tax Liabilities	7	(69)	6	15	15
Current Liabilities		(1,662)	(1,884)	(2,485)	(3,340)
Financial Liabilities	6	(71)	(239)	(247)	(280)
Non-Current Liabilities		(71)	(239)	(247)	(280)
Total Liabilities		(1,733)	(2,123)	(2,733)	(3,620)
Net Assets		292	257	22	(939)

Notes

1. Bank accounts and cash on hand. We have written to financial institutions to confirm any balances held by the Company.
2. Inventories include stock on hand and work in progress (at cost). We have not investigated the Company's inventory valuation methodology and note that the book value disclosed may not represent the asset's realisable value.
3. Trade receivables includes trade debtors (\$451k) and an intercompany loan (\$211k). As at 25 September, a report from the Company's accounting software reported the balance of trade debtors as \$130k (excluding intercompany balances). Other receivables includes net input tax credits, GST adjustments less current GST, PAYG and ATO ICA payable, and intercompany loan payable by EF.
4. Comprises plant and equipment, motor vehicles, furniture and fittings net of accumulated depreciation and leasehold improvements less any portion written off. The plant and equipment comprises a cool room, pallet racking, forklifts, office equipment, furniture and other chattels. The net book value disclosed is not necessarily representative of the assets' realisable value. We have undertaken vehicle searches to confirm all items registered in the Company's name. Property, plant and equipment may be encumbered net of specific liabilities set out in Note 6.
5. Comprises trade creditors, Givex gift cards liability, superannuation payable in respect of employees, unsecured shareholder loans and short-term bank loans. In respect of any outstanding employee entitlements, an assessment will be conducted and reported to employees as soon as possible. The historical accounts include shareholder loans from Madwag Pty Ltd and J S Weddell and short-term bank loans.
6. Comprises current financial liabilities including a bank overdraft, credit cards and equipment loans, for motor vehicles and other assets. Also comprises non-current assets being equipment loans for motor vehicles.
7. Comprises tax liabilities being a provision for income tax.

Group Financial Background (contd.)

4.1.2 Essential Franchise Pty Ltd (EF)

The unaudited financial information shows that the Company has been operating at around breakeven since FY21, incurring a loss of c\$92k in FY23 followed by a modest profit in FY24. The Company reported a net asset surplus in FY24 of \$40k.

Profit and Loss Information

Essential Franchise Pty Ltd					
\$'000	Notes	FY21	FY22	FY23	FY24
		Comparatives	Unaudited	Unaudited	DRAFT
Franchise service fees	1	409	352	322	309
Supplier Agency fees	2	6	6	6	-
Ecommerce expense recovery - wholesale	3	25	36	59	81
Revenue		440	395	387	390
Cost of sales	4	-	-	-	-
Gross Profit		440	395	387	390
Administration Expenses	5	(431)	(390)	(479)	(311)
Expenses		(431)	(390)	(479)	(311)
Net Profit/ (Loss) before tax		8	5	(92)	79
Income tax expense attributable to operating profit	6	(2)	(1)	-	-
Net Profit/ (Loss) after tax		6	3	(92)	79

Notes

1. The Company's main source of revenue is franchise fees relating to five franchise stores which operated into FY24 but have now separated (as independent regional customers of the Group). The Company continues to charge the Victorian entities a franchise fee.
2. Supplier Agency fees comprises fees payable to EF for distribution of product to its franchisees.
3. E-commerce expense recovery represents a recovery from other entities withing the Group for E-commerce administration expenses.
4. Cost of sales are nil given the nature of this entity.
5. Administration expenses includes management fees payable to EW (\$140k), A & M fund expenses (\$137,339), and numerous items of general expenditure. A & M fund expenses are payments to ED for franchise fees collected every month (2% of sales net of GST).
6. Nil income tax expense in FY24.

Group Financial Background (contd.)

Balance Sheet Information

Essential Franchise Pty Ltd					
\$'000	Notes	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24
		Comparatives	Unaudited	Unaudited	DRAFT
Cash and cash equivalents	1	19	20	27	7
Trade and other receivables	2	305	287	276	255
Current Assets		324	308	303	261
Intangible Assets	3	284	284	284	284
Non-Current Assets		284	284	284	284
Total Assets		608	592	587	546
Trade And Other Payables	4	(558)	(543)	(630)	(506)
Tax Liabilities	5	0	0	1	1
Current Liabilities		(558)	(542)	(629)	(505)
Financial Liabilities	6	(0)	3	3	-
Non-Current Liabilities		(0)	3	3	-
Total Liabilities		(558)	(539)	(626)	(505)
Net Assets		50	53	(38)	40

Notes

1. Bank accounts and cash on hand. We have written to financial institutions to confirm any balances held by the Company.
2. Trade receivables comprises trade debtors of \$19k, the balance of input tax credits less current GST (noting the balance of this receivable is nil in FY24), and the balance of an intercompany loan payable by ED.
3. Intangibles include the purchase of the business name.
4. Comprises trade creditors (FY24 in credit), unsecured shareholder loans (at call), intercompany loan payable to EW, and current GST liability net of input tax credits. The historical accounts included shareholder loans from Madwag Pty Ltd and J S Weddell and an intercompany loan from EW.
5. Negligible tax liabilities.
6. Financial liabilities includes a credit card. There were no current or non-current liabilities in FY24.

Group Financial Background (contd.)

4.1.3 Essential Distribution Australia Pty Ltd (ED)

The unaudited information shows that the Company has incurred modest losses in FY 22 and FY24 and a material loss of \$166k in FY23. The Company has a reported net asset deficiency of \$38k as at FY24.

Profit and Loss Information

Essential Distribution Australia Pty Ltd					
\$'000	Notes	FY21	FY22	FY23	FY24
		Comparatives	Unaudited	Unaudited	DRAFT
Sales	1	1,629	1,773	1,935	3
Other Income	2	74	105	15	3
Revenue		1,703	1,878	1,949	6
Cost of goods sold	3	(1,277)	(1,269)	(2,050)	(23)
Gross Profit		426	610	(101)	(17)
Operating Expenses	4	(18)	(32)	(31)	(2)
EBITDA		408	577	(132)	(19)
Administration Expenses	5	(347)	(580)	(34)	(3)
FX Gain/Loss on Exchange	6	-	-	-	5
Finance Expenses	7	(1)	(1)	(0)	(0)
Expenses		(348)	(580)	(34)	2
Net Profit/ (Loss) before tax		60	(3)	(166)	(16)
Income tax expense attributable to operating profit	8	(13)	-	-	-
Net Profit/ (Loss) after tax		47	(3)	(166)	(16)

Notes

1. The Company's main source of revenue was the sale of goods to EW. In FY24 this is reflected as an adjustment, as there were no purchases due to the integration of the Company into EW.
2. Other income includes gain/loss on foreign exchanges relating to the purchase of goods internationally and insurance refunds.
3. Cost of goods sold includes expenditure related to stock purchases, freight and import duties. In order to simplify the Group's structure and reduce administrative costs, the Company's operations were integrated into EW in FY23 and, as a result, the Company stopped importing and selling products to EW. Purchase of stock for sale in FY24 is reflected as an adjustment due to integration of the Company into EW.
4. Operating expenses includes administration expenses, labour costs, operating expenses and finance costs. FY24 reflects the integration of the Company into EW.
5. Administration expenses comprises wages, payroll tax and accounting fees. The significant reduction in expenses in FY23 compared to FY22 is a consequence of EW ceasing to charge the Company an administration management fee due to its integration into EW in FY23.
6. Foreign exchange gain/loss relating to the purchase of international goods.
7. Net Interest and Taxes includes bank charges, operating costs, and payroll tax.

Group Financial Background (contd.)

Balance Sheet Information

Essential Distribution Australia Pty Ltd					
\$'000	Notes	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24
		Comparatives	Unaudited	Unaudited	DRAFT
Cash and cash equivalents	1	6	2	2	3
Inventories	2	684	971	-	-
Trade and other receivables	3	907	932	774	760
Current Assets		1,596	1,905	776	762
Total Assets		1,596	1,905	776	762
Trade And Other Payables	4	(1,383)	(1,785)	(799)	(799)
Financial Liabilities	5	-	-	(2)	(2)
Tax Liabilities	6	4	24	3	-
Current Liabilities		(1,379)	(1,761)	(797)	(800)
Total Liabilities		(1,379)	(1,761)	(797)	(800)
Net Assets		217	144	(21)	(38)

Notes

1. Bank accounts and cash on hand. We have written to financial institutions to confirm any balances held by the Company.
2. Inventories includes stock on hand (at cost). We have not investigated the Company's inventory valuation methodology and note that the book value disclosed may not represent the asset's realisable value. FY23 inventories are nil due to the integration of the Company's operation into EW.
3. Trade and other receivables includes trade debtors of \$669k and an intercompany loan payable to the Company by EW. As at 25 September, the book and records indicate all trade debtors were collected.
4. Includes unsecured shareholder loans (at call), superannuation payable and current GST liability net of input tax credits and ATO ICAA. The historical accounts included shareholder loans from Madwag Pty Ltd and J S Weddell and an intercompany loan from EF.
5. Includes a credit card only.
6. Includes a provision for income tax.

Group Financial Background (contd.)

4.2 Victorian operations

The Victorian operations comprise the following entities:

- The Vital Ingredient (Retail) Pty Ltd (**TVI**)
- JS & S Weddell Pty Ltd (**JSW**)

TVI's financial information was maintained in 'Xero' accounting software, and JSW's financial information is maintained in 'ABM' accounting software.

The above Companies prepare management accounts on an entity-by-entity basis and do not prepare consolidated management accounts.

We have been provided access to reports from the accounting software of both TVI and JSW, and the Group's former accountant provided the unaudited special purpose financial statements for FY22 to FY23, and the draft management accounts for FY24 which are subject to review by the Directors. We have not audited or verified the accuracy of these or any other financial information provided.

We summarise the financial information provided for the Victorian entities over the following pages.

Group Financial Background (contd.)

4.2.1 The Vital Ingredient (Retail) Pty Ltd (TVI)

The unaudited financial information shows that the Company incurred significant losses in FY23 (\$196k) and FY24 (c\$1.1m). The reported net asset deficiency as at FY24 was c.\$1.3m.

Profit and Loss Information

The Vital Ingredient (Retail) Pty Ltd				
\$'000	Notes	FY22	FY23	FY24
		Comparatives	Unaudited	DRAFT
Sales	1	2,792	3,008	3,049
Other Income	2	628	460	1
Revenue		3,420	3,468	3,050
Cost of sales	3	(1,225)	(1,377)	(2,205)
Gross Profit		2,196	2,091	845
Operating Expenses	4	(111)	(84)	(110)
EBITDA		2,085	2,007	736
Administration Expenses	5	(181)	(150)	(124)
Motor Vehicle Expenses	6	(0)	(1)	(2)
Finance Expenses	7	(36)	(44)	(40)
Occupancy Expenses	8	(335)	(328)	(305)
Staff Expenses	9	(1,271)	(1,465)	(1,251)
Selling Expenses	10	(207)	(215)	(159)
Expenses		(2,031)	(2,203)	(1,882)
Net Profit/ (Loss)		54	(196)	(1,147)

Notes

1. The Company's main source of revenue is from the sale of food, books and cookware. Food sales have increased year on year as a result of organic growth and greater brand awareness. Sale of cookware and books reduced from FY22 to FY24 as a result of factors including changes in consumer behaviour and reductions in discretionary spending.
2. Other income includes management and consulting fees, online rebates, rent and expenses recoveries, freight sales and discounts. No Management fees were payable to the Company by JSW in FY24.
3. Cost of goods sold comprises stock purchases.
4. Operating expenses includes security, fire protection, plant hire, repairs and maintenance, cleaning, pest control, lighting and depreciation.
5. Administration expenses comprises computer and phone expenses, and numerous items of general expenditure.
6. Motor vehicle expenses negligible over the period.
7. Finance expenses includes bank charges, merchant fees and ATO interest paid.
8. Occupancy expenses includes rent, rates and repairs and maintenance.
9. Staff expenses includes engagement of senior staff to implement business improvements proposed by the Directors. Staff levels reduced in FY24 as part or Management's cost reduction initiatives.
10. Selling expenses includes franchise fees, freight, packaging and advertising.

Group Financial Background (contd.)

Balance Sheet Information

The Vital Ingredient (Retail) Pty Ltd				
\$'000	Notes	30-Jun-22	30-Jun-23	30-Jun-24
		Comparatives	Unaudited	DRAFT
Cash and cash equivalents	1	34	27	2
Inventories	2	837	1,038	408
Trade and other receivables	3	836	1,243	1,801
Other current assets	4	-	4	-
Current Assets		1,707	2,313	2,211
Property, plant and equipment	5	195	176	184
Intangible Assets	6	22	17	11
Non-Current Assets		217	193	195
Total Assets		1,924	2,506	2,405
Trade And Other Payables	7	(1,912)	(2,702)	(3,748)
Financial Liabilities - Current	8	(12)	-	-
Current Liabilities		(1,924)	(2,702)	(3,748)
Total Liabilities		(1,924)	(2,702)	(3,748)
Net Assets		0	(196)	(1,343)

Notes

1. Bank accounts and cash on hand. We have written to financial institutions to confirm any balances held by the Company.
2. Inventories includes stock on hand (at cost). We have not investigated the Company's inventory valuation methodology and note that the book value disclosed may not represent the asset's realisable value. Closing stock levels reduced significantly from FY23 due to an adjustment made by the Directors.
3. Trade and other receivables includes trade debtors of \$750k, a third-party debtor, related party loan and beneficiary entitlements. There was an increase in FY24 to the trade receivables which may correspond with an overdrawn beneficiary entitlement account.
4. Other current assets includes prepaid expenses.
5. Includes motor vehicles, office fit-out, office equipment and other chattels, net of accumulated depreciation.
6. Intangibles includes business restructure costs.
7. Comprises trade creditors, credit card (in credit), Gift Cards, superannuation liability, SRO clearing, POS clearing (in credit), GST and PAYG payable net of input tax credits and ATO integrated client account.
8. Nil current financial liabilities in FY23 and FY24.

Group Financial Background (contd.)

4.2.2 J.S. & S Weddell Pty Ltd (JSW)

The unaudited financial information shows that the Company has been loss making for FY23 (\$284k) and FY24 (\$505k). The reported net asset deficiency as at FY24 was \$789k.

Profit and Loss Information

JS & S Weddell Pty Ltd as trustee for John Weddell Discretionary Trust t/a The Essential Ingredient (Wholesale)				
\$'000	Notes	FY22 Comparatives	FY23 Unaudited	FY24 DRAFT
Sales	1	3,639	3,761	4,085
Other Income	2	52	10	101
Revenue		3,692	3,771	4,186
Cost of sales	3	(1,990)	(2,177)	(3,100)
Gross Profit		1,702	1,595	1,086
Operating Expenses	4	(79)	(75)	(64)
EBITDA		1,623	1,520	1,022
Administration Expenses	5	(276)	(299)	(137)
Motor Vehicle Expenses	6	(62)	(63)	(67)
Finance Expenses	7	(37)	(84)	(176)
Occupancy Expenses	8	(93)	(95)	(51)
Staff Expenses	9	(746)	(961)	(781)
Selling Expenses	10	(266)	(301)	(314)
Expenses		(1,481)	(1,804)	(1,526)
Net Profit/ (Loss)		142	(284)	(505)

Notes

1. The Company's main source of revenue is from the sale of food items.
2. Other income includes freight sales (and chargebacks), (interest received and chargebacks) and expenses recoveries from other entities within the Group for costs incurred by JSW.
3. Cost of goods sold includes purchase of goods for sale. FY24 increased relative to sales.
4. Operating expenses comprises repairs and maintenance, cleaning, pest control, lighting and depreciation.
5. Administration expenses includes legal (associated with business restructure), insurance costs, and numerous items of general expenditure. FY24 reduced as historical Management Fees of c.\$225k not paid to TVI.
6. Motor vehicle expenses over the period.
7. Finance expenses includes bank charges and loan interest.
8. Occupancy expenses includes rent and cleaning costs.
9. Staff expenses includes engagement of senior staff to implement business improvements proposed by the Directors. Staff levels reduced in FY24 as part or Management's cost reduction initiatives.
10. Selling expenses includes franchise fees, freight, packaging, pallet shipping and storage costs.

Group Financial Background (contd.)

Balance Sheet Information

JS & S Weddell Pty Ltd as trustee for John Weddell Discretionary Trust t/a The Essential Ingredient (Wholesale)

\$'000	Notes	30-Jun-22 Comparatives	30-Jun-23 Unaudited	30-Jun-24 DRAFT
Cash and cash equivalents	1	4	(417)	16
Inventories	2	1,153	1,427	881
Trade and other receivables	3	1,852	2,462	3,469
Current Assets		3,009	3,472	4,367
Property, plant and equipment	4	197	156	116
Intangible Assets	5	-	-	1
Non-Current Assets		197	156	117
Total Assets		3,207	3,628	4,483
Trade And Other Payables	6	(2,302)	(3,031)	(2,690)
Current Liabilities		(2,302)	(3,031)	(2,690)
Financial Liabilities	7	(905)	(881)	(2,582)
Non-Current Liabilities		(905)	(881)	(2,582)
Total Liabilities		(3,207)	(3,912)	(5,272)
Net Assets		0	(284)	(789)

Notes

1. Bank accounts and cash on hand. We have written to financial institutions to confirm any balances held by the Company.
2. Inventories includes stock on hand (at cost). Closing stock values in FY22 and FY23 were not adjusted for stock written off. The aggregate of the stock adjustments have been brought to account in FY24 (reduced closing stock balance) which may have affected the year-on-year comparison of gross profit margin. We have not investigated the Company's inventory valuation methodology and note that the book value disclosed may not represent the asset's realisable value.
3. Trade and other receivables includes trade debtors of \$3.47m. As at 25 September, the balance of trade debtors was \$200k (excluding intercompany balances).
4. Includes motor vehicles, pallet racking, forklifts, office equipment, furniture and other chattels, net of accumulated depreciation. The net book value disclosed is not necessarily representative of the assets' realisable value.
5. Intangibles includes borrowing costs.
6. Includes trade creditors (reflected as a credit), current GST and PAYG liability net of input tax credits, SRO clearing, wages clearing (reflected in credit), superannuation liability and beneficiaries' entitlements.
7. Includes equipment finance loans for motor vehicles, ANZ working capital facilities and non-current loan facilities.

Report on Company Activities and Property (ROCAP)

5.1 Directors' Reports on Company Activities and Property (ROCAPS)

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

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

An initial request for the ROCAPS was made on 26 September 2024. The Directors' requested an extension of the time in which to provide the ROCAPS, and an extension was granted to 18 October 2024. ROCAPS have now been received from all Directors.

The ROCAPS submitted by the Directors to the Administrators are summarised below.

Report on Company Activities and Property (ROCAP) (contd.)

5.1.1 Essential Wholesale (NSW) Pty Ltd (EW)

\$'000	Notes	ROCAP Book Value	ROCAP Estimated realisable value	Administrators Estimated realisable value
Cash at Bank	1	-	Not stated	-
Accounts Receivable	2	60	Not stated	Withheld
Inventory	3	1,816	Not stated	Withheld
Leasehold Improvements	4	104	Not stated	Withheld
Plant & Equipment	4	23	Not stated	Withheld
Motor Vehicles	4	71	Not stated	Withheld
Furniture & Fittings	4	3	Not stated	Withheld
Total Known Assets		2,077	Not stated	Withheld
Priority Creditors				
Employee Liabilities	5	(238)	Not stated	(214)
Secured Creditors	6	Not stated	Not stated	TBC
Statutory Creditors				
ATO	7	(203)	Not stated	(214)
Unsecured Creditors				
Revenue NSW	8	(38)	Not stated	TBC
Icare		(19)	Not stated	TBC
Accounts Payable	9	(471)	Not stated	TBC
Total Known Liabilities		(971)	Not stated	TBC
Surplus Subject to cost of liquidation		3,047	Not stated	TBC

Notes to Directors' ROCAPs

1. Cash at Bank

Our investigations identified that the Company held a bank account with Commonwealth Bank of Australia (CBA) with a debit balance of \$190,949 on appointment.

2. Accounts Receivable

The Directors provided an undated debtors summary report showing an aged receivables balance of \$59,634. An estimated realisable value was not provided. As outlined in Section 4.1 of this report, the aged receivables balance as at 25 September 2024 provided on Appointment was \$130k. Further investigation is required into the collectability of any debtors balances currently outstanding.

3. Inventory

The Directors reported an inventory balance of \$1,816,000. There exists security interests registered on the PPSR in respect of inventory, and the Administrators are dealing with the secured parties and suppliers accordingly. Refer Section 4.1 for further commentary.

4. Plant & Equipment, Motor Vehicles, Furniture and Fittings and Leasehold Improvements

The Directors provided a depreciation schedule for the 12 months ended 30 June 2024 which shows a closing balance of \$23,395 for 'Plant and Equipment', \$70,504 for 'Motor Vehicles', \$3,225 for furniture and fittings and \$103,721 for leasehold improvements. There exists numerous security interests registered on the PPSR in respect of assets, including plant and equipment and motor vehicles and the Administrators are dealing with the secured parties accordingly.

5. Employee Liabilities

The Directors provided a spreadsheet calculation of employee entitlements owed to 34 employees totalling \$238,478 consisting of:

- \$91,935.85 annual leave and annual leave loading;
- \$67,227.82 long service leave; and
- \$79,314.94 superannuation

Report on Company Activities and Property (ROCAP) (contd.)

Employee entitlements are discussed further in Section 2.6.

Employee entitlement claims have a priority over secured circulating assets of the Company and employees may also be eligible for the FEG payment scheme in the liquidation of the Company. Preliminary investigations and calculations of the estimated liability have been prepared, subject to any redundancies.

6. Secured creditors

A secured creditor is a creditor that holds a security interest over some or all of the Company's assets. These security interests are generally either registered on the PPSR or, in the case of land, at the relevant Land Titles Office. A secured creditor will generally have the first right to proceeds from the sale of the relevant asset.

The Directors confirmed in the ROCAP that the Company owes money to secured creditors, but did not disclose the value of the amount owed.

There are numerous security interests registered over the Company's assets including 'Other Goods', 'Motor vehicle' and 'AllPap – with no exception'. Please refer to Notes 2, 3 and 4 regarding the Company's assets which may be the subject of a security interest. We are liaising with the secured parties to seek details of their security interest and details of their debt outstanding, and where appropriate to realise the specific assets subject of the security interests.

We do not have sufficient information at this time to advise whether the secured creditors will be paid out in full from the realisation of the assets the subject of their security or will suffer a shortfall. Note if a secured creditor suffers a shortfall, they are entitled to lodge a Proof of Debt and share in any return to non-priority creditors.

7. ATO

The Directors reported an amount owing to the ATO. We have written to the ATO seeking confirmation of the debt owed to the ATO and details of any outstanding lodgements. We note an ATO payment plan was in place on Appointment. The payment plan is outlined further in Section 6.3.

8. State Revenue Office NSW (SRONSW)

The Directors reported an amount owing to the SRONSW. We have written to the SRONSW seeking confirmation of the debt owed to the SRONSW and details of any outstanding lodgements.

9. Accounts Payable

The Directors provided an aged payables summary report as at 26 September 2024 which discloses a total balance of \$471,451. We have received some Proofs of Debt to date which have generally been in line with the amounts disclosed in the Company's books and records.

Report on Company Activities and Property (ROCAP) (contd.)

5.1.2 Essential Franchise Pty Ltd (EF)

\$'000	Notes	ROCAP Book Value	ROCAP Estimated realisable value	Administrators Estimated realisable value
Cash at Bank	1	1	Not stated	0.8
Accounts Receivable	2	69	Not stated	Withheld
Total Known Assets		70	Not stated	0.8
Secured Creditors	3	-	-	TBC
Statutory Creditors	4	-	-	TBC
Unsecured Creditors				
Accounts Payable	5	(258)	Not stated	TBC
Total Known Liabilities		(258)	Not stated	TBC
Surplus Subject to cost of liquidation		(189)	Not stated	TBC

Notes to Directors' ROCAPs

1. Cash at Bank

Our investigations identified that the Company held a bank account with Commonwealth Bank of Australia (CBA) with a credit balance of \$833 on appointment.

2. Accounts Receivable

The Directors provided a debtors summary report confirming an aged receivables balance of \$68,704 as at 25 September 2024 which includes two intercompany debtors (JSW and TVI). No estimated realisable value was provided. Further investigation is required in respect of these intercompany debtors.

3. Secured creditors

A secured creditor is a creditor that holds a security interest over some or all of the Company's assets. These security interests are generally either registered on the PPSR or, in the case of land, at the relevant Land Titles Office. A secured creditor will generally have the first right to proceeds from the sale of the relevant asset.

The Directors advised that there are no security interests.

There are numerous security interests registered over the Company's assets including 'Other Goods', and 'AllPap – with no exception'. We are liaising with the secured parties to seek details of their security interest, details of their debt outstanding, or to discharge their security.

4. ATO / State Revenue Office NSW (SRONSW)

The Directors reported a nil balance owing to statutory bodies. We have written to the ATO and State Revenue Office NSW (SRONSW) seeking confirmation of any debt owed and details of any outstanding lodgements.

5. Accounts Payable

The Directors provided an aged payables summary report as at 26 September 2024 which discloses a balance of \$258,231. These payables appear to be intercompany creditors. We have received some Proofs of Debt to date which have generally been in line with the amounts disclosed in the Company's books and records.

Report on Company Activities and Property (ROCAP) (contd.)

5.1.3 Essential Distribution Australia Pty Ltd (ED)

\$'000	Notes	ROCAP Book Value	ROCAP Estimated realisable value	Administrators Estimated realisable value
Cash at Bank	1	-	Not stated	-
Accounts Receivable	2	2,938	Not stated	Withheld
Total Known Assets		2,938	Not stated	Withheld
Secured Creditors	3	-	-	TBC
Statutory Creditors	4	-	-	TBC
Unsecured Creditors				
Accounts Payable	5	-	-	TBC
Total Known Liabilities		-	-	TBC
Surplus Subject to cost of liquidation		2,938	-	TBC

Notes to Directors' ROCAPs

1. Cash at Bank

Our investigations identified that the Company held a bank account with Commonwealth Bank of Australia (CBA) with a credit balance of \$20 on appointment.

2. Accounts Receivable

The Directors have provided a debtors summary report confirming an aged receivables balance of \$2,937,992 as at 25 September 2024 related to an intercompany debtor (EW). No estimated realisable value was provided. As outlined in Section 2.10 of this report, the books and records indicate an intercompany loan of \$90,801 from the Company to EW as at FY24. Further investigation is required in respect of this intercompany debtor.

3. Secured creditors

A secured creditor is a creditor that holds a security interest over some or all of the Company's assets. These security interests are generally either registered on the PPSR or, in the case of land, at the relevant Land Titles Office. A secured creditor will generally have the first right to proceeds from the sale of the relevant asset.

The Directors advised that there are nil security interests.

There are numerous security interests registered over the Company's assets including 'Other Goods', and 'AllPap – with no exception'. We are liaising with the secured parties to seek details of their security interest, details of their debt outstanding, or to seek a discharge of the security.

4. . ATO / State Revenue Office NSW (SRONSW)

The Directors reported a nil balance owing to statutory bodies. We have written to the ATO and State Revenue Office NSW (SRONSW) seeking confirmation of any debt owed and details of any outstanding lodgements.

5. Accounts Payable

The Directors reported a nil balance relating to aged payables. We have received some Proofs of Debt to date which are all balances owing to other entities within the Group and related parties. Further investigation is required in respect of these balances.

Report on Company Activities and Property (ROCAP) (contd.)

5.1.4 The Vital Ingredient (Retail) Pty Ltd (TVI)

\$'000	Notes	ROCAP Book Value	ROCAP Estimated realisable value	Administrators Estimated realisable value
Cash at Bank	1	Not stated	Not stated	2.4
Accounts Receivable	2	759	Not stated	Withheld
Inventory	3	39	Not stated	Withheld
Buildings & Improvements	4	-	-	Withheld
Plant & Equipment	4	163	Not stated	Withheld
Motor Vehicles	4	Not stated	Not stated	Withheld
Office Equipment	4	21	Not stated	Withheld
Total Known Assets		961	Not stated	2.4
Priority Creditors				
Employee Liabilities	5	(112)	Not stated	(112)
Secured Creditors	6	Not stated	Not stated	TBC
Statutory Creditors				
ATO	7	(65)	Not stated	(65)
Unsecured Creditors				
Revenue Victoria	8	(28)	Not stated	TBC
Insurance & Workers Compensation	9	(18)	Not stated	TBC
Accounts Payable	10	(4,508)	Not stated	TBC
Total Known Liabilities		(4,731)	Not stated	TBC
Surplus Subject to cost of liquidation		(3,770)	Not stated	TBC

Notes to Directors' ROCAPs

1. Cash at Bank

Our investigations identified that the Company held a bank account with Australia and New Zealand Banking Group Limited (ANZ) with a credit balance of \$2,448 on appointment.

2. Accounts Receivable

The Directors have provided an aged receivables summary report as at 25 September 2024 which discloses a balance of \$758,594, which includes an intercompany debtor of \$754,195 (JSW). No estimated realisable value was provided. Further investigation is required in respect of this intercompany debtor, given significant accounts payable reported to JSW in note 10.

3. Inventory

The Directors provided a stock on hand report for finished goods and materials as at 25 September 2024 which discloses a balance of \$39,331. There exists security interests registered on the PPSR in respect of inventory, and the Administrators are dealing with the secured parties and suppliers accordingly. Further investigation is required in respect of reported balance given the Company operates retail operations.

4. Plant & Equipment, Motor Vehicles, Furniture and Fittings and Leasehold Improvements

The Directors provided a depreciation schedule for the 12 months ended 30 June 2024 which reports a closing balance of \$162,745 for plant and equipment and \$20,861 for office equipment. There exists numerous security interests registered on the PPSR in respect of assets including plant and equipment and motor vehicles and the Administrators are dealing with the secured parties accordingly.

5. Employee Liabilities

The Directors provided a spreadsheet calculation of employee entitlements owed to 21 employees totalling \$111,803 consisting of:

- \$72,322.58 annual leave and annual leave loading;
- \$16,143.07 long service leave; and
- \$23,337 superannuation..

Report on Company Activities and Property (ROCAP) (contd.)

Employee entitlement claims have a priority over secured circulating assets of the Company and employees may also be eligible for the FEG payment scheme in the liquidation of the Company. Preliminary investigations and calculations of the estimated liability have been prepared, subject to any redundancies

6. Secured creditors

A secured creditor is a creditor that holds a security interest over some or all of the Company's assets. These security interests are generally either registered on the PPSR or, in the case of land, at the relevant Land Titles Office. A secured creditor will generally have the first right to proceeds from the sale of the relevant asset.

The Directors confirmed in the ROCAP that the Company owes money to secured creditors, but did not disclose the amount owed.

There are numerous security interests registered over the Company's assets including 'Other Goods', and 'AllPap – with no exception'. Please refer to Notes 3 and 4 regarding the Company's assets which may be the subject of a security interest. We are liaising with the secured parties to seek details of their security interest and details of their debt outstanding, and where appropriate to realise the specific assets the subject of the security interests.

We do not have sufficient information at this time to advise whether the secured creditors will be paid out in full from the realisation of the assets the subject of their security or will suffer a shortfall. Note if a secured creditor suffers a shortfall, they are entitled to lodge a Proof of Debt and share in any return to non-priority creditors.

7. ATO

The Directors reported an amount owing to the ATO of \$64,907. We have written to the ATO seeking confirmation of the debt owed to the ATO and details of any outstanding lodgements.

8. State Revenue Office Victoria (SROV)

The Directors reported an amount owing to the SROV of \$28,304. We have written to the SROV seeking confirmation of the debt owed to the SROV and details of any outstanding lodgements.

9. Insurance & Workers Compensation

Insurance and workers compensation of \$17,713.18 is payable.

10. Accounts Payable

The Directors provided an aged payables summary report as at 25 September printed from the Xero accounting software which discloses a balance of \$4,508,458. This includes intercompany balances for (EW and JSW) which require further investigation. We have received some Proofs of Debt to date which have generally been in line with the amounts disclosed in the Company's books and records.

Report on Company Activities and Property (ROCAP) (contd.)

5.1.5 J.S. & S Weddell Pty Ltd (JSW)

\$'000	Notes	ROCAP Book Value	ROCAP Estimated realisable value	Administrators Estimated realisable value
Cash at Bank	1	Not stated	Not stated	-
Accounts Receivable	2	4,250	Not stated	Withheld
Inventory	3	744	Not stated	Withheld
Buildings & Improvements	4	-	-	Withheld
Plant & Equipment	4	12	Not stated	Withheld
Motor Vehicles	4	104	Not stated	Withheld
Office Equipment	4	-	Not stated	Withheld
Total Known Assets		5,110	Not stated	Withheld
Priority Creditors				
Employee Liabilities	5	(44)	Not stated	(44)
Secured Creditors	6	Not stated	Not stated	TBC
Statutory Creditors				
ATO	7	(9)	Not stated	(9)
Unsecured Creditors				
Revenue Victoria	8	(6)	Not stated	(28)
Insurance & Workers Compensation	9	(2)	Not stated	TBC
Accounts Payable	10	(395)	Not stated	TBC
Total Known Liabilities		(455)	Not stated	TBC
Surplus Subject to cost of liquidation		4,655	Not stated	TBC

Notes to Directors' ROCAPs

1. Cash at Bank

Our investigations identified that the Company held a bank account with Australia and New Zealand Banking Group Limited (ANZ) with a debit balance of \$1,739,195 on appointment.

2. Accounts Receivable

The Directors have provided an aged receivables summary report as at 26 September 2024 which discloses a balance of \$4,250,036. Intercompany receivable balances of \$3,967,000 are included within this figure. No estimated realisable value was provided. Refer to commentary in section 4.4 of the report for further discussion.

3. Inventory

The Directors provided a stock on hand report for finished goods and materials as at 26 September 2024 which discloses a balance of \$744,176. There exists security interests registered on the PPSR in respect of inventory, and the Administrators are dealing with the secured parties and suppliers accordingly.

4. Plant & Equipment, Motor Vehicles, Furniture and Fittings and Leasehold Improvements

The Directors provided a depreciation schedule for the 12 months ended 30 June 2024 which discloses a closing balance of \$11,779 for 'Plant and Equipment' and \$103,763 for 'Motor Vehicles'. There exists numerous security interests registered on the PPSR in respect of assets including plant and equipment and motor vehicles and the Administrators are dealing with the secured parties accordingly.

5. Employee Liabilities

The Directors provided a spreadsheet calculation of employee entitlements owed to 16 employees totalling \$44,015 consisting of:

- \$15,233.44 annual leave and annual leave loading;
- \$10,235.34 long service leave; and
- \$18,546 superannuation.

Report on Company Activities and Property (ROCAP) (contd.)

Employee entitlement claims have a priority over secured circulating assets of the Company and employees may also be eligible for the FEG payment scheme in the liquidation of the Company. Preliminary investigations and calculations of the estimated liability have been prepared, subject to any further redundancies

6. Secured creditors

A secured creditor is a creditor that holds a security interest over some or all of the Company's assets. These security interests are generally either registered on the PPSR or, in the case of land, at the relevant Land Titles Office. A secured creditor will generally have the first right to proceeds from the sale of the relevant asset.

The Directors confirmed in the ROCAP that Company owes secured creditors money, but did not disclose the amount owed. The Administrators' have received PODs from the AllPap and other creditors with registered security interests which are to be verified.

There are numerous security interests registered over the Company's assets including 'Other Goods', 'Motor vehicle' and 'AllPap – with exception'. Please refer to Notes 2, 3 and 4 regarding the Company's assets which may be the subject of a security interest. We are liaising with the secured parties to seek details of their security interest and details of their debt outstanding, and where appropriate to realise the specific assets the subject of the security interests. We are yet to receive responses from each of these creditors.

We do not have sufficient information at this time to advise whether the secured creditors will be paid out in full from the realisation of the assets the subject of their security or will suffer a shortfall. Note if a secured creditor suffers a shortfall they are entitled to lodge a Proof of Debt and share in any return to non-priority creditors.

7. ATO

The Directors reported an amount owing to the ATO of \$8,606. We have written to the ATO seeking confirmation of the debt owed to the ATO and details of any outstanding lodgements. We note an ATO payment plan was in place on appointment. The payment plan is discussed further in Section 6.

8. State Revenue Office Victoria (SROV)

The Directors reported a balance owing to the SROV of \$6,048. We have written to the SROV seeking confirmation of the debt owed to the SROV and details of any outstanding lodgements. We note a SROV payment plan was in place on appointment. The payment plan is outlined further in Section 6.3

9. Insurance & Workers Compensation

Insurance and workers compensation totalling \$2,155 is payable.

10. Accounts Payable

The Directors provided an aged payables summary report as at 25 September 2024 printed from the Xero accounting software which discloses a balance of \$394,632. This includes intercompany balances for (EW and TVI) which require further investigation. We have received some Proofs of Debt to date which have generally been in line with the amounts disclosed in the Company's books and records.

Investigations

6.1 Background

We have made enquiries into the financial affairs of the Companies. The investigations we have undertaken are only indicative of the actions that may be possible in the event of the liquidation of the Companies.

A Liquidator of a company has the power to pursue certain transactions that took place prior to the date of liquidation with a view to enhancing the pool of funds available to the creditors. It is important to note that these actions can only be pursued in the event that creditors resolve to wind up the company and a Liquidator is appointed. Creditors should note that these actions may become expensive due to the time costs incurred in thoroughly investigating all aspects of potential claims and obtaining legal advice on the merits of the claims. In some cases, Court intervention is necessary to enforce recoveries, which adds to the length of time and costs to pursue any claims.

Where Liquidators do not have funds available to pursue recovery actions, or where they do not consider it commercial or in the best interests of creditors to pursue an action, creditors prepared to fund such action may choose to do so. Creditors providing such funding should, if sufficient moneys are recovered from the action, be entitled to receive the amount of their contribution in priority to other creditors.

Alternatively, actions may be funded by litigation insurance, which is effectively a fund provided by a third-party insurer/funder rather than by a creditor of the company. Litigation insurance tends to be available only for cases where legal advice indicates that the potential success of an action is very strong and outweighs the expense involved.

Certain defences may be available in relation to these claims and creditors should also consider the financial capacity of defendants and their ability to settle any established claim.

6.2 Reasons for the Group's companies' difficulties

We have conducted investigations into the reasons for the failure of the Companies to the extent possible in the available time.

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

- available books and records, accounting systems, bank statements and unaudited financial statements for FY22 and FY23, and draft FY24 financial statements;
- discussion and correspondences with the Directors;
- information from creditors, customers and former advisors to the Group; and
- searches of ASIC and publicly available information.

We requested but have not been provided with certain financial information, including the monthly management accounts for the period FY22 to Appointment, specific accounting ledgers, and monthly aged payables. We understand it is difficult to extract that information from the Group's systems.

Based on our preliminary investigations, the current financial position of the Group's companies appears due to:

- decreased customer demand due to cost of living pressures;
- challenging economic and operating retail environment generally;
- increased and unsustainable operating and borrowing costs;
- delays and cost overruns in major projects including opening a store at Crows Nest, implementing ERP and a new online store, and an unsuccessful sale of business process;
- undercapitalisation of certain operating entities, coupled with intergroup arrangements and/or funding with little or no prospects of recovery; and
- a complex operating structure which is expensive and time consuming to maintain.

JSW appears the strongest entity of the Group given positive working capital and liquidity throughout most of the period FY22 to FY24. However, we note (and the Directors confirmed) that it received the most external financier funding and shareholder support, including working capital funding in the six months prior to Appointment.

Investigations (contd.)

The Directors advised that the working capital funding was used to support EW, and to a lesser extent TVI.

The Directors advised that funds advanced by JSW were utilised by EW for working capital purposes and for stock purchases. There is an interest chargeback referenced in both sets of financial accounts for interest payable by EW to JSW for use of funds from the JSW overdraft. The Directors advised that they had a longstanding relationship with ANZ and therefore approached them for additional funding for JSW, rather than seek funding via CBA for EW.

The Directors advised that in FY23 there were significant operating costs for EW in establishing the Crows Nest retail store. Additional costs were incurred for a new website and ERP associated with that website and the integration of ED's business into EW.

The integration of ED into EW in FY23 was to simplify the Group's business model and reduce administrative costs. Costs payable by ED to EW for expenses incurred by EW on behalf of ED ceased. There were increased staffing costs and external consultants' fees to assist with the integration in FY23 totaling c\$180k.

A decline in EW sales during FY24 is attributed to reduced consumer demand and a reduction in the number of travelling sales representatives who assisted with soliciting new customers and receiving orders.

EF's primary source of income was the collection of franchise fees from the two Victorian franchise stores remaining (noting 5 franchise stores were exited between FY21 and FY24). EF's expenses are primarily administrative in nature, mainly fees payable to EW and ED under a Supplier Agency Agreement (SAA) dated 1 November 2013 for the supply of product to EF for its franchisee stores. The Directors advised that there were difficulties with the franchise model, impacting the NSW operations.

We understand TVI experienced a decrease in sales due to changes in consumer behavior and reductions in discretionary spending. The Directors advised that TVI also received support from JSW by way of shareholding funding for the prepayment of stock and from a working capital perspective.

In late 2023 and during the first half of 2024, statutory payment plans were entered into due to deteriorating cashflow by EW (ATO) and JSW (ATO and SROV). Moreover, by the appointment of Administrators, at least 33 suppliers had placed EW on COD supply terms. The Directors advised that they are not aware of any other Group companies having COD terms with suppliers.

We have been advised by the Directors that they were seeking a sale of the business from as early as 2018 and, to that end, had discussions with various external advisors over a number of years. In mid 2024, an advisory firm was engaged to prepare an information memorandum for distribution to specific parties identified by the Directors and the advisory firm as potential acquirers of the Group's business and assets. The business was not formally taken to market, and the process had no strict timelines and ultimately no offers were received.

We also note (and as advised by the Directors) the following in respect of the Group's financial reporting systems:

- the Companies use different systems which are not integrated
- there is duplication of operating functions and expenses i.e. payroll
- the systems are difficult to extract accurate and meaningful information
- in some cases, the management accounts provided to the Administrators did not reconcile with the externally prepared financial statements.

The Directors advised that attempts to sell the business were necessitated by declining profitability. Borrowings increased in recent years to provide, amongst other things, additional working capital. The Directors had hoped that the Group's business would improve after the COVID pandemic, but this was not the case. With sales declining and operating expenses increasing, the Directors decided to appoint Administrators.

23 October 2024

Investigations (contd.)

6.3 Insolvency

In the course of our investigations, we have endeavoured to ascertain whether any of the Companies were insolvent prior to our appointment as Administrators. If insolvency can be established, a Liquidator may be able to recover property or seek compensation under the provisions of the Act for the benefit of the Group's creditors.

Solvency is defined in section 95A of the Act as when a company is able to pay all its debts as and when they become due and payable. A company that is not solvent is insolvent.

Whether a company is able to meet its debts as they become due is essentially a “cash flow” test rather than a “balance sheet” test (although its balance sheet is relevant). We have considered both tests as part of our investigations.

Consideration of the entire financial position of a company at any single point in time is required to establish if it is insolvent. This includes factors such as:

- the value of the company's assets relative to its liabilities;
- the nature of these assets and liabilities;
- the extent to which cash is expected to be generated from future trading activities; and
- the extent that cash is available from alternative sources.

Some of the other factors that a Liquidator may consider in determining the solvency position of a company are:

- the ability or otherwise of the company to obtain further funding from its financiers;
- the ability or otherwise of the shareholders or directors to inject further funds into the company;
- the ability or otherwise of the company to attract external investors;
- the likelihood of success of negotiations with the company's suppliers in relation to extending payment terms;

- the likelihood of success of negotiations with the company's key customers in relation to increasing sales; and
- any other relevant factors that the directors may assert provided them with reasonable grounds to continue trading.

Directors who allow a company to continue trading when there are reasonable grounds for suspecting that the company is, or may become, insolvent may be held personally liable for debts incurred.

We have sought to consider these issues as part of our solvency analysis within the limited time available, and the limited records and information available.

The following pages contain our preliminary analysis of insolvency.

Investigations (contd.)

6.4 Balance sheet

The balance sheet test assesses the solvency of a company with reference to its net asset position (i.e. the quantum of total assets relative to total liabilities). The Companies' unaudited historical balance sheets are summarised on this page.

The balance sheet analysis can be limiting as it reflects a position at a single point in time and is subject to the carrying value of assets in a company's records being correct. Relying solely on the individual Companies' balance sheets, the following asset deficiencies are evident:

- two of the three entities with operations in NSW reported net asset deficiencies in FY24, and these entities also reported a significant decrease in their net assets in FY23 compared to the prior year; and
- both entities with operations in Victoria reported net asset deficiencies at the end of FY23 and FY24.

Net asset deficiencies may be an indication of insolvency but are not conclusive as to insolvency.

Further investigations into the balance sheets reported in the monthly management accounts for each of the Companies would be required to determine if the net asset deficiencies reported at the end of the financial years existed at an earlier date.

		<i>NSW Operations</i>			
<i>\$'000</i>	<i>Jun-21</i>	<i>Jun-22</i>	<i>Jun-23</i>	<i>Jun-24</i>	
Essential Wholesale (NSW) Pty Ltd					
Total Assets	2,026	2,380	2,755	2,681	
Total Liabilities	(1,733)	(2,123)	(2,733)	(3,620)	
Net Assets	292	257	22	(939)	
Essential Franchise Pty Ltd					
Total Assets	608	592	587	546	
Total Liabilities	(558)	(539)	(626)	(505)	
Net Assets	50	53	(38)	40	
Essential Distribution Australia Pty Ltd					
Total Assets	1,596	1,905	776	762	
Total Liabilities	(1,379)	(1,761)	(797)	(800)	
Net Assets	217	144	(21)	(38)	
		<i>Victorian Operations</i>			
<i>\$'000</i>	<i>Jun-21</i>	<i>Jun-22</i>	<i>Jun-23</i>	<i>Jun-24</i>	
The Vital Ingredient (Retail) Pty Ltd					
Total Assets	-	1,924	2,506	2,405	
Total Liabilities	-	(1,924)	(2,702)	(3,748)	
Net Assets	-	0	(196)	(1,343)	
JS & S Weddell Pty Ltd					
Total Assets	-	3,207	3,628	4,483	
Total Liabilities	-	(3,207)	(3,912)	(5,272)	
Net Assets	-	0	(284)	(789)	

Investigations (contd.)

6.5 Working capital

Working capital, or net current assets, is an indicator of liquid assets available to pay debts as and when they fall due. Refer to section 6.6 for more information on liquidity ratios.

The Group's working capital was analysed using the financial information in the Group's unaudited financial statements for the three financial years ended June 2024. It should be noted that if it is ultimately determined that the Group's current assets were overstated, it may mean that the reported working capital available to the Group is also overstated. This may occur if accounts receivable are in dispute, not properly provisioned, or uncollectible, or if inventory values were overstated. The Administrators have not verified the reported current assets or liabilities of the Group's companies.

There is a general lack of working capital evident from at least FY22 in the NSW operations and what appears to be a slight deterioration through to FY24.

EW was receiving cashflow support including via loans from JSW during the period FY22 to FY24. The integration of ED's business into EW, the opening of the Crows Nest retail store and increasing operating expenses impacted EW's working capital in FY24.



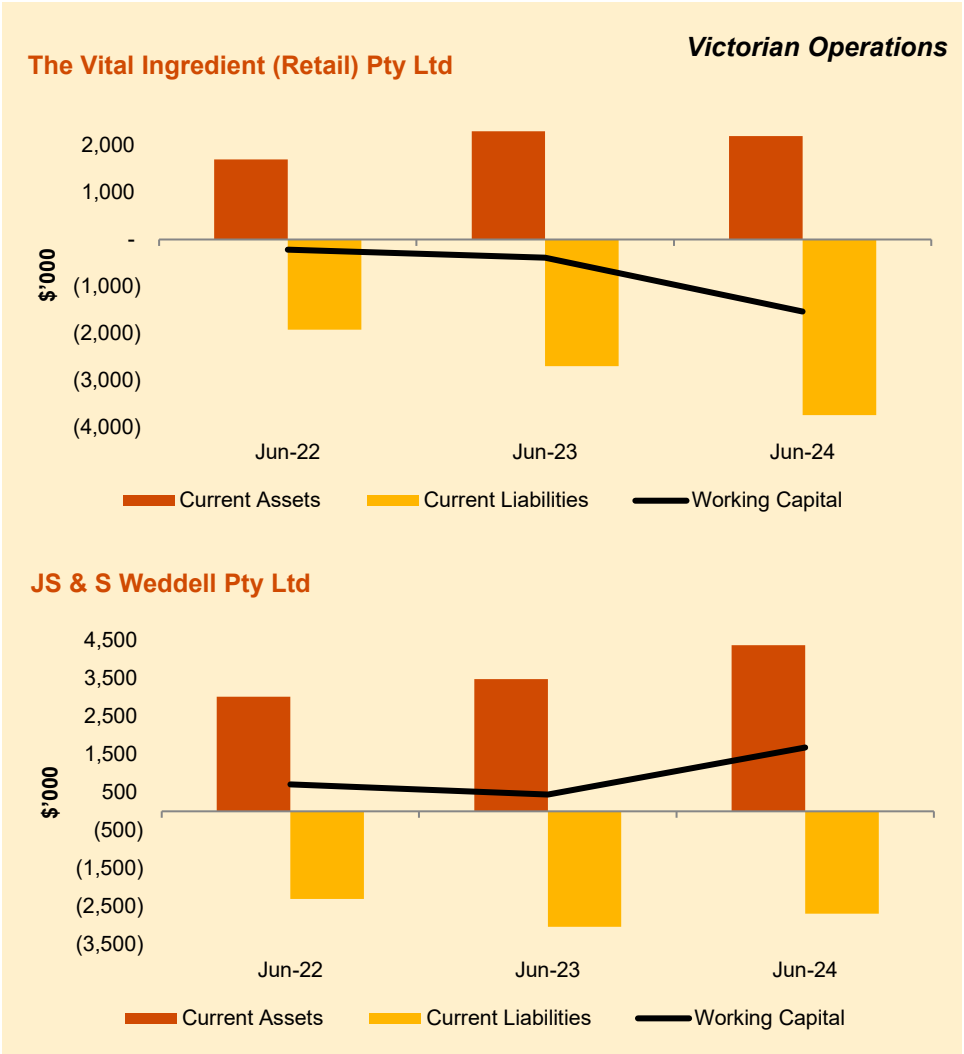
Investigations (contd.)

6.5 Working capital (contd.)

In the Victorian operations, TVI experienced a deficit and general deterioration in working capital from June 2022 to June 2024.

JSW has a positive working capital position from June 2022 to June 2024. The increase from June 2023 is likely due to new working capital facilities of \$1.76m and a term loan from ANZ in April 2024.

The Companies within the Group relied upon the financial support of each other to keep operating. In recent years there has been a decline in sales across the Group which, coupled with increasing operating costs (e.g. wages and rent) and the inability to restructure to reduce overheads (no funds to pay redundancy costs for example), caused the Group's working capital position to be in deficit and declining from at least June 2023.



Investigations (contd.)

6.6 Liquidity ratios

A liquidity ratio is used to measure a company's capacity to pay its short-term financial obligations (current liabilities) using its current assets.

The working capital or current ratio, which is calculated by dividing current assets by current liabilities, provides an indication of a company's ability to meet its short-term obligations. A ratio of less than one suggests that a company may face difficulties in paying its debts as they come due.

The quick ratio is similar to the current ratio but measures a company's ability to meet its short-term obligations with its most liquid assets (i.e. stock is excluded).

The table opposite provides liquidity ratios for the Companies. Similar to the commentary in section 6.5, the liquidity ratios would show a weaker position if it were ultimately determined that a Group company's current assets were overstated. The Administrators have not verified the reported current assets or liabilities of the companies.

As set out in section 6.5, the net working capital position was in deficit and/or significantly deteriorated for all entities except JSW since at least July 2023.

The ratios indicate that from at least FY23, the Group companies were likely financially distressed and may have had insufficient:

- working capital to cover their expenses; and
- were reliant on the sale of inventory or further finance/loans to meet short term commitments.

	NSW Operations		
\$'000	Jun-22	Jun-23	Jun-24
Essential Wholesale (NSW) Pty Ltd			
Current assets	2,229	2,639	2,568
Current liabilities	(1,884)	(2,485)	(3,340)
Net working capital	345	154	(773)
Current ratio	1.2	1.1	0.8
Quick ratio	0.7	0.3	0.2
Essential Franchise Pty Ltd			
Current assets	308	303	261
Current liabilities	(542)	(629)	(505)
Net working capital	(234)	(326)	(244)
Current ratio	0.6	0.5	0.5
Quick ratio	0.6	0.5	0.5
Essential Distribution Australia Pty Ltd			
Current assets	1,905	776	762
Current liabilities	(1,761)	(797)	(800)
Net working capital	144	(21)	(38)
Current ratio	1.1	1.0	1.0
Quick ratio	0.5	1.0	1.0
	Victorian Operations		
\$'000	Jun-22	Jun-23	Jun-24
The Vital Ingredient (Retail) Pty Ltd			
Current assets	1,707	2,313	2,211
Current liabilities	(1,924)	(2,702)	(3,748)
Net working capital	(217)	(389)	(1,538)
Current ratio	0.9	0.9	0.6
Quick ratio	0.5	0.5	0.5
JS & S Weddell Pty Ltd			
Current assets	3,009	3,472	4,367
Current liabilities	(2,302)	(3,031)	(2,690)
Net working capital	708	441	1,676
Current ratio	1.3	1.1	1.6
Quick ratio	0.8	0.7	1.3

Investigations (contd.)

6.7 Cashflow

6.7.1 Cashflow pressures

The Cash Flow Test is a measure of an entity's ability to pay its liabilities from available resources as and when they fall due.

The Group's cashflow pressures appear to stem from increasing operating expenses and borrowing costs, coupled with delays and cost overruns in major projects. Such projects included the opening of the Crows Nest store and implementing a new ERP and an online store. In the absence of an associated increase in sales, the Group relied mainly on secured lending via ANZ for working capital, and to a lesser extent shareholder funding.

The following are symptomatic of the Group's cashflow pressures.

6.7.2 Overdue Commonwealth and state taxes

Operating entities in both NSW and Victoria commenced payment plans with the State Revenue Office and/or ATO within the 9 months prior to Appointment. A summary of the payment plans from the Group's books and records is tabled below.

Date	Statutory body	Plan amount (\$)	Plan start	Amount paid (\$)	Plan default
Essential Wholesale NSW Pty Ltd					
20/12/2023	ATO (Activity statement)	183,679	30/01/2024	132,665	2/09/2024
JS & S Weddell Pty Ltd					
28/08/2024	ATO (Activity statement)	57,858	30/08/2024	2,893	26/09/2024
19/09/2024	SROV (Payroll tax)	28,305	3/10/2024	-	26/09/2024

The existence of formal payment plans with creditors is an indicator of insolvency.

6.7.3 Supplier arrangements and demands

Information submitted by the Directors indicates that at least one Group company, EW, had been placed on COD or 30 day terms with over 30 of its suppliers.

The Directors advised that they are not aware of any other arrangements or agreed payment plans with suppliers, or of any formal or informal demands for payment, overdue accounts referred to collection agencies or stop supply letters. We also understand that some landlords provided rental concessions over the past months to assist the Group with its cashflow.

The Directors also advised that there were no outstanding payment obligations to any landlords.

6.7.4 Accounts payable ageing

TVI and JSW at appointment recorded less than \$20k in external trade creditors that were 90 days and over, and \$160k recorded as current (not yet due for payment) of the total \$313k in external trade creditors (excluding intercompany payables).

No aged accounts payable data was available for EW, and there were no reported trade creditors in EF and ED.

It has been difficult to extract aged payables information from the Group's books and records to enable a fulsome review, however based on the aged payables reports at Appointment, the Group's companies appeared to be paying their external trade creditors largely within terms.

We note that some suppliers have placed Group companies on COD and 30 days terms, and that funds have flowed from JSW to EW for prepayment of stock.

Once the intercompany payables are incorporated, the ageing analysis changes materially, including significant aged payables owed from TVI to JSW.

Investigations (contd.)

6.8 Working capital funding

It has become evident during our investigations that the Companies within the Group have historically relied upon each other for funding. Furthermore, the Group required ongoing funding from external financiers and shareholders to meet its ongoing obligations.

As recently as April 2024, ANZ provided an additional \$2.7m in working capital and short-term funding to JSW which was used to support other Group companies. Details of those facilities are as follows:

Borrower	Date	\$'000	Facility	Purpose
JSW	Apr-24	950	Loan	Working Capital
		1,060	OD	Working Capital
		700	OD	Short term funding during the sale of the business
		810	Business facility	3 yr loan term extension; business restructuring

The Directors advised the ANZ finance received in April 2024 was used for the pre-payment of stock.

In addition to the above, the Directors/shareholders advised they provided unsecured funding to the Group. Individual Group company's FY23 and FY24 financial statements and management accounts indicate the shareholder funding was capital contributed by a trust beneficiary

Funding provided to	Date	\$'000	Party	Type
JSW	FY23	99	John and Susan Weddell Family Trust	Capital contributed by beneficiary
JSW	FY24	675	John Sydney Weddell	Capital contributed by beneficiary

The Directors also confirmed that they had supported the Group via retained profits, however this appears to relate to the period prior to FY22.

Investigations (contd.)

6.9 Other insolvency indicators

Determining whether a company is insolvent (and the date at which insolvency occurred) is often difficult and is ultimately a matter for the courts to decide. Our investigations have identified a number of indicators of insolvency that may apply to the Group as summarised below:

Insolvency Indicator	NSW Operations			Victorian Operations		Comments
	EW	EF	EDA	TVI	JSW	
Continuing trading losses	X	X	X	X	X	Trading losses at a Net Profit level since at least FY23 for all of the Group's companies and earlier for TVI (FY22) and EF (FY22 and FY24) as reported in section 4.
Liquidity ratio below one	X	X	X	X	--	Both Current ratio and Quick ratio less than 1 on reporting dates from FY22 to appointment; Net working capital in deficit and deteriorating since at least July 2023 apart from EW (for FY23) and JSW (for the period).
Overdue Commonwealth and state taxes	X	--	--	--	X	State Revenue Office and/or ATO payment plans starting early 2024.
Poor relationship with borrower/financier	--	--	--	--	--	Not identified in the Group's records.
No access to alternative finance	--	--	--	--	--	Not determined.
Inability to raise further equity	--	--	--	--	--	Shareholder and related party support is identified during the period.
Supplier placing debtor on COD terms, otherwise demanding special payments before resuming supply	X	--	--	--	--	Some suppliers put EW on COD terms.
Creditors outside trading terms	--	--	--	--	--	Trade creditors of the Group were largely paid within terms according to the TVI and JSW aged payable reports.
Issuing of post-dated cheques	--	--	--	--	--	It is likely the Group exclusively used electronic banking.
Dishonoured cheques	--	--	--	--	--	It is likely the Group exclusively used electronic banking.
Special arrangements with selected creditors	X	--	--	--	--	Identified for EW in respect of COD / 30 day terms for certain suppliers.
Legal action threatened or commenced, or judgements entered against the company	--	--	--	--	--	Not identified in the Group's records.
Payments to creditors of rounded figures, which are irreconcilable to specific invoices	--	--	--	--	X	Identified for JSW in respect of inter-entity transfers.

Investigations (contd.)

6.10 Solvency assessment

Based on our investigations to date, the Group required ongoing funding from external financiers and shareholders to meet financial obligations.

Administrators were appointed when it became clear to the Directors that the Companies would be unable to continue to meet all their immediate financial obligations. The Directors had exhausted all avenues of financial support available to them (e.g. financier and Director funding) and had not been able to achieve a sale of the Group's business and assets.

Based on our preliminary investigations into the Group's financial position and creditor management, signs of financial distress have been apparent from at least June 2023, given the following:

- trading losses incurred
- general deterioration and/or deficit in net working capital;
- net asset deficiencies;
- ongoing reliance of financial support from companies within the Group;
- increases in aged payables (JSW);
- suppliers placing a company within the Group (EW) on COD; and
- payment plans entered into with the ATO and SROV.

Our preliminary view based on the financial information available, the interdependency of the Companies and noting the existence of the ATO payment arrangements, is that ***the Companies may have been insolvent from January 2024, but possibly earlier.***

Further investigations into the Companies' insolvency will be conducted by a liquidator should the Companies be wound up. We note the Directors may have defences to any insolvent trading claim as discussed in Section 7.

We further note that ANZ contributed funding as recently as April 2024, evidenced by new working capital facilities obtained by JSW.

Determining when a company became insolvent can be a costly and complex exercise, involving a detailed review of the company's financial position, cash flow, and other relevant information. Such information may include the ease of access to working capital funding from shareholders, prospects of repaying debt facilities, and alternative sources of finance the company had during the relevant time.

Investigations (contd.)

6.11 Books and records

Although our review of the books and records is ongoing, we believe sufficient books and records have been provided to satisfy s286 of the Act.

A company must keep written financial records that:

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

Directors are responsible for ensuring that adequate financial records are maintained. Directors who fail to take all reasonable steps to ensure compliance with this requirement may be subject to a civil penalty order. This includes shadow and de facto directors. Failure to maintain books and records may give rise to a presumption of insolvency (pursuant to s588E of the Act).

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

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

6.12 Director Duties

The Directors and Officers of a company are subject to a civil duty of care and diligence as provided for in Section 180(1) of the Act, amongst other statutory and common law duties.

Subsection 180(2) of the Act provides that a director or other officer who makes a “business judgment” is taken to have met the requisite statutory duty and the equivalent requirements in common law and in equity, in respect of the judgment if they:

- make the judgment in good faith for a proper purpose;
- do not have a material personal interest in the subject matter of the judgment;
- inform themselves about the subject matter of the judgment to the extent they would reasonably believe to be appropriate; and
- rationally believe that the judgment is in the best interest of the company.

Pursuant to Section 1317E of the Act, if a Court is satisfied that a person has contravened Section 180 of the Act, it must make a declaration of that contravention. If a person contravenes Section 1317E of the Act, a Court may make a compensation order pursuant to Section 1317H of the Act.

These investigations are ongoing and will be completed by the Liquidators if the creditors decide that the Group’s companies are to be wound up.

Contraventions and liquidation recoveries

7.1 Background on voidable transactions

These investigations centre on transactions entered into by a company that a Liquidator may seek to void or challenge where a company is wound up. Investigations of this nature allow an Administrator to inform creditors of what funds may become available in the event a company is wound up.

An Administrator's obligations with respect to investigations of this type is not to the same level as a Liquidator. A Liquidator may take many months to investigate these matters before reaching a conclusion as to any potential claims that may be recoverable.

These transactions generally fall into the categories as set out below:

- Unfair preference payments;
- Uncommercial transactions;
- Unfair loans;
- Unreasonable Director related transactions; and
- Transactions with related parties.

The information provided in this section is based on our investigations to date. We have not yet had the opportunity to consider such matters in detail and more detailed investigations would be required before any final view can be formed. In order for a transaction to be void as against a Liquidator, a company must have been insolvent at the time of the transaction. In this regard, we refer to our previous comments with respect to solvency.

7.2 Unfair preferences

Section 588FA of the Act provides that a transaction is an unfair preference if, and only if:

- the company and the creditor are parties to the transaction (even if someone else is also a party); and

- the transaction results in the creditor receiving from the company, in respect of an unsecured debt that the company owes the creditor, more than the creditor would receive from the company in respect of the debt if the transaction were set aside and the creditor were to prove for the debt in the winding up of the company;

even if the transaction is entered into, is given effect to, or is required to be given effect to, because of an Order of an Australian Court or a direction by an agency.

Unfair preferences apply to transactions entered into in a period of up to six months leading up to the appointment.

Where a transaction is part of a continuing business relationship, the preference payment claim could be reduced (a "running balance" reduction).

For the purposes of determining whether there were any transactions which may be recoverable under Part 5.7B of the Act, we have:

- reviewed the Company's transactions for the six-month period to our appointment;
- reviewed running balance account statements (when available) to identify any potential "running balance" reduction to claims; and
- prepared a list of payments that may constitute unfair preferences.

Our preliminary investigation has identified the following payments which may be recoverable as preference payments:

- payments to the ATO totalling \$126,873 (EW) and \$32,067 (JSW), noting that EW and JSW had been on payment plans and arrangements with the ATO since 30 January 2024 and late August 2024 respectively; and
- payments to SROV totalling \$20,511, noting that JSW entered into a payment plan and arrangement with SROV in mid-September 2024.

Contraventions and liquidation recoveries (contd.)

7.2 Unfair preferences (cont.)

Investigations into these and other transactions will be completed by a liquidator should the Group's companies be wound up.

7.3 Uncommercial and insolvent transactions

For an uncommercial transaction to exist at the time of the transaction, it must have the following features:

- a reasonable person would not have entered into the transaction after considering the detriment and benefits to the company;
- it was made when the company was insolvent;
- it must have been entered into two years or less prior to our appointment as Administrators (however if it was a related entity, it may be 4 years prior to the commencement of the administration); and
- the person could have reasonably been aware that the company was insolvent at the time of the transaction, or the person did not provide valuable consideration.

Transactions have been identified during the 2 years prior to Appointment in the Group's FY22-FY24 financial statements and bank statements, including drawings, partners loans, dividends, related party loans, and intercompany loans.

Further investigations are required to confirm the nature of these transactions, including the commerciality of the terms and conditions accepted by the relevant Group entity. To the extent that any of these transactions may be identified as unreasonable director related transactions, the relevant company does not need to be insolvent at the time of the transaction.

These investigations will be completed by a liquidator should the Group's companies be wound up.

7.4 Unfair loans

Section 588FD of the Act defines a loan as being unfair if:

- the interest on the loan was extortionate when the loan was made, or has since become extortionate because of variation; and
- the charges in relation to the loan were extortionate when the loan was made or have since become extortionate because of variation.

In determining whether the interest on a loan was extortionate, a liquidator will consider the commerciality of the arrangement, including but not limited to:

- the length of the loan term;
- the security being offered, including third party security and the ranking of that security;
- the amount of the loan;
- any historical relationship the lender had with the company prior to the loan being granted; and
- the assets of the company, i.e. whether they are tangible, valuable etc.

Loans and funding transactions have been identified in the Group's books and records, however there is no apparent evidence of those transactions being uncommercial in nature.

These investigations will be completed by a liquidator should the Group's companies be wound up.

Contraventions and liquidation recoveries (contd.)

7.5 Unreasonable director related transactions

Section 588FDA of the Act sets out that a transaction of a company is an unreasonable director-related transaction of the company if the transaction is:

- a payment made by the company;
- a conveyance, transfer or other disposition by the company of property of the company;
- the issue of securities by the company;
- the incurring by the company of any obligation to make such a payment, disposition or issue; and

the payment, disposition or issue is made to:

- a director of the company, or
- a relative of a director of the company, or
- a relative of a spouse of a director of the company; or
- a person on behalf of, or for the benefit of, a person referred to above; and

the transaction was unreasonable having regard to the benefits to the company, the detriment to the company of entering into the transaction, the respective benefits to other parties to the transactions, and any other relevant matter.

Payments of drawings, salary and wage to the Directors have been identified during the period 1 July 2022 to Appointment.

These payments appear reasonable, but further investigations will be completed by a liquidator should the Group's companies be wound up.

7.6 Insolvent trading

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

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

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

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

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

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

Our preliminary view based on the financial information available, the interdependency of the Companies and noting the existence of the ATO payment arrangements, is that ***the Companies may have been insolvent from January 2024, but possibly earlier.***

A liquidator may recover from a director the amount of loss or damages suffered by a creditor (s588M). We have not identified that a commercial claim exists against the Directors for insolvent trading.

Contraventions and liquidation recoveries (contd.)

7.6 Insolvent trading (continued)

There are inherent risks and difficulties in proving and pursuing these types of claims. Further analysis will be undertaken by a liquidator if appointed.

7.7 Defences

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

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

We would expect that the Directors would seek to rely on all available defences should any claim be made for insolvent trading.

Note it is for the Directors to establish and prove any defence they may wish to rely upon. At this time, we have been unable to assess the merits of any potential defences that might be put forward by the directors.

As previously mentioned, JSW received external financier funding and support from certain Directors/shareholders for working capital on an unsecured basis. This funding was used within the Group to meet ongoing financial obligations to trade suppliers.

Contraventions and liquidation recoveries (contd.)

7.8 Safe harbour

Directors of financially distressed businesses are afforded a 'safe harbour' to turn around their business free of the worry of being personally pursued for insolvent trading actions. However, the 'safe harbour' protection is not available unless certain criteria is met including:

- The company's books records and key liabilities must be in order. Employee entitlement obligations, including superannuation, must be fully paid, and tax reporting must be up to date including GST and PAYG lodgements;
- Engaging a safe harbour advisor to advise on a company's financial position and the options available, undertake a better outcome assessment, and advise the next steps;
- Being properly informed about the financial position of the company and making a decision which is reasonably likely to lead to a better outcome for the company than if it had entered into voluntary administration or liquidation; and
- Developing and implementing a restructuring plan for the company, including documenting the plan and its implementation, reassessing its appropriateness and revising and updating the plan depending on the effectiveness or changes to the operating environment.

The Directors advised that they enquired about the safe harbour provisions in July 2024, however there is presently no information suggesting that the Directors might be afforded any safe harbour protection.

7.9 Other breaches/contraventions under the Act

Our preliminary investigations have not identified any other breaches or contraventions committed by the Directors or other officers of the Group under the Act. A liquidator can conduct more thorough investigations to identify any potential offences and recoveries (if any). If a director breaches any duties, obligations and responsibilities, they may be subject to civil and criminal penalties including:

- compensation to the company for damages resulting from the contravention;
- fines (up to \$200,000);
- imprisonment (up to 5 years); and
- disqualification from managing corporations.

7.10 Other Legislation

In addition to offences under the Act, a director and others may commit offences in respect of a company under other legislation, for example:

- Taxation laws;
- Trade Practices Act; and
- Fair Trading Act.

Our preliminary investigations have not identified any other breaches.

Contraventions and liquidation recoveries (contd.)

7.11 Director and officer insurance

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

We are not aware of the Group having a D&O Policy.

7.12 Reporting of Offences to ASIC

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

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

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

7.13 Recoverability

In considering an action against a company director or other parties, it should be noted that any proceedings are only commercially justifiable if the defendant has assets to satisfy any judgement made against them. A director may also be entitled to claim certain defences available under Section 588H of the Act.

Searches of publicly available records for assets held in the name of defendant would be necessary to determine the prospects of a recovery should a claim be successful.

In addition to seeking to quantify a defendant's capacity to meet any potential claim, regard also needs to be had to the costs and practicalities of pursuing such a claim, i.e. is there likely to be a commercial return in pursuing a claim.

Our preliminary investigations have not identified any potential claims against the Directors, nor have we completed any searches or assessed the likely methods by which the Directors hold assets.

Matters to be decided at the second meetings

8.1 What Creditors can decide at the meeting

At the Second Meetings, creditors are required to decide for every company within the Group whether:

1. the company should execute a DOCA (noting a DOCA has not been proposed); or
2. the Administration of the company should end; or
3. the company should be wound up.

The Administrators must provide an opinion on each of the above options and whether that option would be in the creditors' interests.

For the avoidance of doubt, the Administrators presently intend to:

- Open the Second Meetings;
- Provide an update to creditors on the conduct of the Administrations and, to the extent possible, the sale process;
- Ask creditors to consider and approve the Administrators' remuneration;
- Attend to any other business or other matters that the Administrators deem necessary; and
- Adjourn the Second Meetings for a period of up to 45 business days.

At the resumed Second Meetings (i.e. at the conclusion of the adjournment period) creditors will decide the future of each of the Companies. At that time creditors will also be asked to consider and approve:

- the Liquidators' remuneration (if appointed);
- the establishment of a COI for each Group entity; and
- for each company where a COI is formed, that s80-55 of the IPS (which prevents COI members from deriving a profit or advantage) will not apply to any COI members.

8.2 Administrators' opinion on the options available to Creditors

Pursuant to IPR 75-225, the Administrators must in this report make a recommendation to creditors on which statutory course of action is in the best interests of creditors.

At this stage of the Administration, we are of the opinion that it is in the best interests of creditors that each company within the Group be wound up (i.e. placed into liquidation) as there is no proposal for a DOCA, and it would not be viable for the Administrations to end and control to revert to the Directors as the Companies are insolvent.

We will issue a supplementary report prior to the resumed Second Meetings (i.e. at the end of the adjournment period) to update creditors on the Administrations, particularly the sale of business process.

Estimated return to creditors

9.1 Estimated return to creditors

It is premature for the Administrators to estimate a return to any class of Group creditors in a liquidation scenario. The Administrators are continuing to trade the business while dealing with interested parties for the sale of the Group's business and assets on a going concern basis.

There are many factors that will ultimately determine the return to creditors from a successful sale of the Group's business and assets, some of which will be subject to ongoing negotiations with interested parties.

We will issue a 'Supplementary Report' prior to the resumed Second Meetings (i.e. at the end of the adjournment period) to update creditors on the sale process and the expected return to creditors.

Administrators' opinion

10.1 Administrators' opinion

Pursuant to IPR 75-225, the Administrators must in this report make a recommendation on which alternative course of action is in the best interests of creditors, so that the creditors may resolve the future of each company within the Group at the Second Meetings.

It is presently the Administrators intention to adjourn the Second Meetings for a period of up to 45 business days pursuant to IPR 75-140. Nevertheless, our current analysis of each of the statutory options available to creditors is outlined below.

10.2 Liquidation

At this stage of the Administrations, we are of the opinion that it is in the best interests of creditors that each Group company be wound up, as there is no proposal for a DOCA, and it would not be viable for the Administrations to end, given the Companies are insolvent.

10.3 DOCA

We have not received any proposal for a DOCA at the date of this Report, so this option is presently unavailable to creditors to consider.

10.4 Administration to end

We are of the opinion that is not in the best interest of creditors to end the Administrations. While our investigations are continuing, it is evident that each Group company is insolvent and unable to pay their debts as and when they fall due. Accordingly, returning control of the Companies to the Directors would be inappropriate in the present circumstances.

Enquiries

Should you have any queries relating to the contents of this Report, the Second Meetings or the Administrations generally please contact this office by emailing essentialingredients@au.pwc.com.

If you wish to participate in the meeting of creditors you are required to provide us with your proof of debt and proxy form by no later than **4pm AEDT on Tuesday, 29 October 2024**. Please return this form via email to the address above. If you wish to return these forms via post please ensure you allow sufficient time for them to be received by the due date.

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Appendix A – Companies in Administration

Companies in Administration

The Essential Ingredient Group of Companies (All Administrators Appointed)

Company name	ACN
Essential Wholesale NSW Pty Ltd	118 700 780
Essential Franchise Pty Ltd	118 700 762
Essential Distribution Australia Pty Ltd	118 700 771
The Vital Ingredient (Retail) Pty Ltd	088 389 217
J.S. & S Weddell Pty. Ltd.	007 388 230

Appendix B – Notice of Meeting

CORPORATIONS ACT 2001
Section 439A

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

**NOTICE OF CONCURRENT SECOND MEETINGS OF
CREDITORS OF COMPANIES UNDER ADMINISTRATION**

**ESSENTIAL WHOLESALE NSW PTY LTD ACN 118 700 780
ESSENTIAL FRANCHISE PTY LTD ACN 118 700 762
ESSENTIAL DISTRIBUTION AUSTRALIA PTY LTD ACN 118 700 771
THE VITAL INGREDIENT (RETAL) PTY LTD ACN 088 389 217
J.S. & S WEDDELL PTY. LTD. ACN 007 388 230
(ALL ADMINISTRATORS APPOINTED)
("COMPANIES")**

NOTICE is given that concurrent meetings of the creditors of the Companies will be held at **10:00am AEDT on Thursday, 31 October 2024**. The meetings will be held electronically using virtual meeting technology.

A G E N D A

The purpose of the meetings is:

1. To receive the report by the Administrators about the business, property, affairs and financial circumstances of the Companies.
2. To receive a statement of the Administrators' opinion and reasons for the opinion:
 - a. whether it would be in the creditors' interests for each of the Companies to execute a Deed of Company Arrangement; or
 - b. whether it would be in the creditors' interests for the administration of each of the Companies to end; or
 - c. whether it would be in the creditors' interests for each of the Companies to be wound up.
3. To receive a statement of such other information known to the Administrators as will enable the creditors to make an informed decision about the matters at paragraphs 2(a) – (c) above.
4. For the creditors of each of the Companies to resolve that:
 - a. the company execute a deed of company arrangement; or
 - b. the administration should end; or
 - c. the company be wound up.
5. For the creditors of each of the Companies to consider and approve:
 - a. the Administrators' remuneration; and
 - b. the Liquidators' remuneration (if appointed).
6. To consider appointing a Committee of Inspection to one or more of the Companies and, if so, who are to be the Committee members.
7. To consider and approve a resolution pursuant to division 80-55 of the Insolvency Practice Schedule (Corporations).
8. Questions from creditors.
9. Any other business that may be lawfully brought forward.

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

A creditor can only be represented by proxy or by an attorney pursuant to Insolvency Practice Rules (Corporations) (IPR) 75-150 & 74-155 and if a body corporate by a representative appointed pursuant to Section 250D. Proxies for this meeting should be submitted to the Administrators by **4pm AEDT on Tuesday, 29 October 2024** via post to the address below or by email (preferred) to essentialingredients@au.pwc.com.

Creditors will not be entitled to vote at the meetings unless they have previously lodged particulars of their claim against the relevant company or companies 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 23rd day of October 2024

A handwritten signature in blue ink, appearing to be 'RDmf', is positioned above the printed names of the administrators.

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

Appendix C – Proof of Debt

**FORM 535
CORPORATIONS ACT 2001**

Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Joint and Several Administrators of The Essential Ingredient Group of Companies (All Administrators Appointed) (per the schedule below):

Company name	ACN
Essential Wholesale NSW Pty Ltd	118 700 780
Essential Franchise Pty Ltd	118 700 762
Essential Distribution Australia Pty Ltd	118 700 771
The Vital Ingredient (Retail) Pty Ltd	088 389 217
J.S. & S Weddell Pty. Ltd.	007 388 230

1. This is to state that.....(*insert relevant Company name from the schedule above*)
was, on 26 September 2024⁽¹⁾ and still is, justly and truly indebted to⁽²⁾ (full name):

('Creditor')

of (full address)

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

Particulars of the debt are:

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

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

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

Date	Drawer	Acceptor	Amount \$ c	Due Date

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

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

Relationship:

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

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

DATED this day of 2024

Signature of Signatory.....

NAME IN BLOCK LETTERS

Occupation

Address

Email:.....

See Directions overleaf for the completion of this form

Proof of Debt Form Directions

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

Annexures

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

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

Appendix D – Proxy Form

PROXY FORM

**THE ESSENTIAL INGREDIENT GROUP OF COMPANIES AS PER ATTACHED SCHEDULE
(ALL ADMINISTRATORS APPOINTED)
("THE GROUP")**

A. Appointment of a proxy

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

of
(address)

a creditor of the Company marked in the table below appoint.....
as my/our proxy, or in his/her absence....., to vote at the meetings
of creditors to be held on 31 October 2024, or at any adjournment of those meetings.

Company name	ACN	Company (tick here)
Essential Wholesale NSW Pty Ltd	118 700 780	
Essential Franchise Pty Ltd	118 700 762	
Essential Distribution Australia Pty Ltd	118 700 771	
The Vital Ingredient (Retail) Pty Ltd	088 389 217	
J.S. & S Weddell Pty. Ltd.	007 388 230	

B. Voting directions

Option 1: ☐ If appointed as a general proxy, as he/she determines on my/our behalf
(please proceed to section C ie do not complete the table below)

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

Essential Wholesale NSW Pty Ltd				
No.	Resolution	For	Against	Abstain
1	That the remuneration of the Administrators is approved for the period 26 September 2024 to 15 October 2024 of \$177,922.72 plus GST as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds immediately or as funds become available.			
2	That the remuneration of the Administrators is approved for the period 16 October 2024 to the end of the Administration up to a maximum of \$63,865.55 plus GST as set out in the Remuneration Approval Report dated 23 October 2024, to be drawn from available funds as incurred or as funds become available. The amount may be revised by resolution of creditors or by order of the court.			
3	The Company to execute a Deed of Company Arrangement.			
4	The Administration should end (and control revert back to the Company directors).			
5	The Company be wound up (i.e liquidation).			
6	That the remuneration of the Joint and Several Liquidators is approved for the period commencing on the appointment of Liquidators to the conclusion of the liquidation up to a maximum of \$125,000.00 plus GST, as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.			
7	To form a Committee of Inspection comprising those creditors who have nominated to be members.			
8	In accordance with section 80-55(3) of the Insolvency Practice Schedule, section 80-55(1) of the Insolvency Practice Schedule does not apply in relation to the appointed Committee of Inspection.			

Essential Franchise Pty Ltd				
No.	Resolution	For	Against	Abstain
9	That the remuneration of the Administrators is approved for the period 26 September 2024 to 15 October 2024 up to a maximum of \$45,039.00 plus GST as set out in the Remuneration Approval Report dated 23 October 2024, to be drawn from available funds immediately or as funds become available.			
10	That the remuneration of the Administrators is approved for the period 16 October 2024 to the end of the Administration up to a maximum of \$16,166.91 plus GST as set out in the Remuneration Approval Report dated 23 October 2024, to be drawn from available funds as incurred or as funds become available. The amount may be revised by resolution of creditors or by order of the court.			
11	The Company to execute a Deed of Company Arrangement.			
12	The Administration should end (and control revert back to the Company directors).			
13	The Company be wound up (i.e Liquidation).			
14	That the remuneration of the Joint and Several Liquidators is approved for the period commencing on the appointment of Liquidators to the conclusion of the liquidation up to a maximum of \$32,000.00 plus GST, as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.			
15	To form a Committee of Inspection comprising those creditors who have nominated to be members.			
16	In accordance with section 80-55(3) of the Insolvency Practice Schedule, section 80-55(1) of the Insolvency Practice Schedule does not apply in relation to the appointed Committee of Inspection.			

Essential Distribution Australia Pty Ltd				
No.	Resolution	For	Against	Abstain
17	That the remuneration of the Administrators is approved for the period 26 September 2024 to 15 October 2024 up to a maximum of \$5,458.00 plus GST as set out in the Remuneration Approval Report dated 23 October 2024, to be drawn from available funds immediately or as funds become available.			
18	That the remuneration of the Administrators is approved for the period 16 October 2024 to the end of the Administration up to a maximum of \$1,360.48 plus GST as set out in the Remuneration Approval Report dated 23 October 2024, to be drawn from available funds as incurred or as funds become available. The amount may be revised by resolution of creditors or by order of the court.			
19	The Company to execute a Deed of Company Arrangement.			
20	The Administration should end (and control revert back to the Company directors).			
21	The Company be wound up (i.e Liquidation).			
22	That the remuneration of the Joint and Several Liquidators is approved for the period commencing on the appointment of Liquidators to the conclusion of the liquidation up to a maximum of \$3,000.00 plus GST, as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.			
23	To form a Committee of Inspection comprising those creditors who have nominated to be members.			
24	In accordance with section 80-55(3) of the Insolvency Practice Schedule, section 80-55(1) of the Insolvency Practice Schedule does not apply in relation to the appointed Committee of Inspection.			

The Vital Ingredient (Retail) Pty Ltd				
No.	Resolution	For	Against	Abstain
25	That the remuneration of the Administrators is approved for the period 26 September 2024 to 15 October 2024 up to a maximum of \$123,894.14 plus GST as set out in the Remuneration Approval Report dated 23 October 2024, to be drawn from available funds immediately or as funds become available.			
26	That the remuneration of the Administrators is approved for the period 16 October 2024 to the end of the Administration up to a maximum of \$44,471.93 plus GST as set out in the Remuneration Approval Report dated 23 October 2024, to be drawn from available funds as incurred or as funds become available. The amount may be revised by resolution of creditors or by order of the court.			
27	The Company to execute a Deed of Company Arrangement.			
28	The Administration should end (and control revert back to the Company directors).			
29	The Company be wound up (i.e Liquidation).			
30	That the remuneration of the Joint and Several Liquidators is approved for the period commencing on the appointment of Liquidators to the conclusion of the liquidation up to a maximum of \$90,000.00 plus GST, as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.			
31	To form a Committee of Inspection comprising those creditors who have nominated to be members.			
32	In accordance with section 80-55(3) of the Insolvency Practice Schedule, section 80-55(1) of the Insolvency Practice Schedule does not apply in relation to the appointed Committee of Inspection.			

J.S. & S Weddell Pty. Ltd				
No.	Resolution	For	Against	Abstain
33	That the remuneration of the Administrators is approved for the period 26 September 2024 to 15 October 2024 up to a maximum of \$107,174.64 plus GST as set out in the Remuneration Approval Report dated 23 October 2024, to be drawn from available funds immediately or as funds become available.			
34	That the remuneration of the Administrators is approved for the period 16 October 2024 to the end of the Administration up to a maximum of \$38,470.45 plus GST as set out in the Remuneration Approval Report dated 23 October 2024, to be drawn from available funds as incurred or as funds become available. The amount may be revised by resolution of creditors or by order of the court.			
35	The Company to execute a Deed of Company Arrangement.			
36	The Administration should end (and control revert back to the Company directors).			
37	The Company be wound up (i.e Liquidation).			
38	That the remuneration of the Joint and Several Liquidators is approved for the period commencing on the appointment of Liquidators to the conclusion of the liquidation up to a maximum of \$70,000.00 plus GST, as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.			
39	To form a Committee of Inspection comprising those creditors who have nominated to be members.			
40	In accordance with section 80-55(3) of the Insolvency Practice Schedule, section 80-55(1) of the Insolvency Practice Schedule does not apply in relation to the appointed Committee of Inspection.			

C. Signature (in accordance with Sections 127 or 250D of the Corporations Act 2001)

If the creditor is an individual

If the creditor is a Company

.....

.....
Director/Company Secretary

.....
Print name

DATED this day of October 2024

Certificate of witness

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

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

Signature of Witness:

Place of residence:

Dated:

Appendix E – Committee of Inspection Information Sheet

Information Sheet: Committees of Inspection

You have been elected to be, or are considering standing for the role of, a member of a Committee of Inspection (COI) in either a liquidation, voluntary administration or deed of company arrangement of a company (collectively referred to as an external administration).

This information sheet is to assist you with understanding your rights and responsibilities as a member of a COI.

What is a COI?

A COI is a small group of creditors elected to represent the interests of creditors in the external administration. The COI advises and assists the external administrator and also has the power to approve and request certain things – this is discussed in more detail below.

Membership of the COI is a voluntary, unpaid position.

Who can be elected to a COI?

To be eligible to be appointed as a member of a COI, a person must be:

- A creditor
- A person holding the power of attorney of a creditor
- A person authorised in writing by a creditor; or
- A representative of the Commonwealth where a claim for financial assistance has, or is likely to be, made in relation to unpaid employee entitlements.

If a member of the COI is a company, it can be represented by an individual authorised in writing to act on that creditor's behalf. It also allows the creditor to maintain its representation if a change in the individual is required

A COI usually has between 5 and 7 members, though it can have more, or less, depending on the size of the external administration.

A member of a COI can be appointed by:

- resolution at a meeting of creditors
- an employee or a group of employees owed at least 50% of the entitlements owed to employees of the company
- a large creditor or group of creditors that are owed at least 10% of the value of the creditors' claims,

If an employee or group of employees, or a large creditor or group of creditors, appoints a member to the COI, they cannot vote on the general resolution of creditors to appoint members to the COI. Each of these groups also have the power to remove their appointed member of the COI and appoint someone else.

If you are absent from 5 consecutive meetings of the COI without leave of the COI or you become an insolvent under administration, you are removed from the COI.

What are the roles and powers of a COI?

A COI has the following roles:

- to advise and assist the liquidator, voluntary administrator or deed administrator (collectively referred to as the external administrator)
- to give directions to the external administrator
- to monitor the conduct of the external administration.

In respect of directions, the external administrator is only required to have regard to those directions. If there is a conflict between the directions of the COI and the creditors, the directions of the creditors prevail. If the external administrator chooses not to comply with the directions of the COI, the external administrator must document why.

A COI also has the power to:

- approve remuneration of the external administrator after the external administrator has provided the COI with a Remuneration Approval Report (a detailed report setting out the remuneration for undertaking the external administration)
- approve the use of some of the external administrator's powers in a liquidation (compromise of debts over \$100,000 and entering into contracts over 3 months)
- require the external administrator to convene a meeting of the company's creditors
- request information from the external administrator
- approve the destruction of the books and records of the external administration on the conclusion of the external administration
- with the approval of the external administrator, obtain specialist advice or assistance in relation to the conduct of the external administration
- apply to the Court for the Court to enquire into the external administration.

An external administrator is not required to convene a meeting of creditors if the request by the COI is unreasonable, or provide requested information if the request is unreasonable, not relevant to the administration or would cause the external administrator to breach their duties.

A request to convene a meeting of creditors is unreasonable if:

- it would substantially prejudice the interests of a creditor or third party
- there are insufficient funds in the external administration to cover the cost of the request
- a meeting of creditors dealing with the same matters has already been held or will be held within 15 business days, or
- the request is vexatious.

If a request for a meeting is reasonable, the external administrator must hold a meeting of creditors as soon as reasonably practicable.

A request for information is unreasonable if:

- it would substantially prejudice the interests of a creditor or third party
- the information would be subject to legal professional privilege
- disclosure of the information would be a breach of confidence
- there are insufficient funds in the external administration to cover the cost of the request
- the information has been provided or is required to be provided within 20 business days, or
- the request is vexatious.

If the request for information is not unreasonable, the external administrator must provide the requested information within 5 business days, but the law provides for further time in certain circumstances.

An external administrator must inform the COI if their meeting or information request is not reasonable and the reason why.

How does the COI exercise its powers?

A COI exercises its powers by passing resolutions at meetings of the COI. To pass a resolution, a meeting must be convened and a majority of the members of the COI must be in attendance.

A meeting is convened by the external administrator by giving notice of the meeting to the members of the COI. Meetings of the COI can be convened at short notice. The external administrator must keep minutes of the meeting and lodge them with ASIC within one month of the end of the meeting.

ASIC is entitled to attend any meeting of a COI.

What restrictions are there on COI members?

A member of a COI must not directly or indirectly derive any profit or advantage from the external administration. This includes by purchasing assets of the company or by entering into a transaction with the company or a creditor of the company. This prohibition extends to related entities of the member of the COI and a large creditor(s) that appoints a member to the COI.

Creditors, by resolution at a meeting of creditors, can resolve to allow the transaction. The member of the COI or the large creditor(s) that appoints a member to the COI is not allowed to vote on the resolution.

Where can you get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding external administrations and insolvency. This information is available from ARITA's website at www.arita.com.au/creditors.

ASIC provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at www.asic.gov.au (search "insolvency information sheets").

**For more information, go to www.arita.com.au/creditors.
Specific queries about the liquidation should be directed to the liquidator's office.**

Appendix F – ARITA Information Sheets

Creditor Rights in Voluntary Administrations

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



Right to request information

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

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

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

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

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

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

Requests must be reasonable.

They are not reasonable if:

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

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

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

Right to give directions to voluntary administrator

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

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

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

Right to appoint a reviewing liquidator

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

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

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

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

Right to replace voluntary administrator

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

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

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

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

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

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

**For more information, go to www.arita.com.au/creditors.
Specific queries about the voluntary administration should be directed to the voluntary administrator's office.**

Appendix G – Company Statutory Information

Essential Wholesale NSW Pty Ltd ACN 118 700 780

Details

Date of incorporation 8-Mar-06

Registered office 35 Georges Road, CERES VIC 3221

Principal place of business Level 2, 48 O’Riordan Street
ALEXANDRIA NSW 2015

Directors Appointment from / to

Peter St John Walmsley 10 June 2011 to current

John Sydney Weddell 8 March 2006 to current

Secretary Appointment from / to

John Sydney Weddell 8 March 2006 to current

Current Issued Capital

Ordinary shareholdings

Number of ordinary \$1 shares/ interests issued 1,000

Total amount paid/ taken to be paid \$1,000

Total amount due and payable -

Current Shareholders % holding

John Sydney Weddell 50

Madwag Pty Ltd 50

Essential Franchise Pty Ltd ACN 118 700 762

Details

Date of incorporation 8-Mar-06

Registered office 35 Georges Road, CERES VIC 3221

Principal place of business Level 2, 48 O’Riordan Street
ALEXANDRIA NSW 2015

Directors Appointment from / to

Peter St John Walmsley 10 June 2011 to current

John Sydney Weddell 8 March 2006 to current

Secretary Appointment from / to

John Sydney Weddell 8 March 2006 to current

Current Issued Capital

Ordinary shareholdings

Number of ordinary \$1 shares/ interests issued 1,000

Total amount paid/ taken to be paid \$1,000

Total amount due and payable -

Current Shareholders % holding

John Sydney Weddell 50

Madwag Pty Ltd 50

Appendix G – Company Statutory Information (contd.)

Essential Distribution Australia Pty Ltd ACN 118 700 771

Details

Date of incorporation 8-Mar-06

Registered office 35 Georges Road, CERES VIC 3221

Principal place of business Level 2, 48 O’Riordan Street
ALEXANDRIA NSW 2015

Directors

Appointment from / to

Peter St John Walmsley 10 June 2011 to current

John Sydney Weddell 8 March 2006 to current

Secretary

Appointment from / to

John Sydney Weddell 8 March 2006 to current

Current Issued Capital

Ordinary shareholdings

Number of ordinary \$1 shares/ interests issued 1,000

Total amount paid/ taken to be paid \$1,000

Total amount due and payable -

Current Shareholders

% holding

John Sydney Weddell 50

Madwag Pty Ltd 50

The Vital Ingredient (Retail) Pty Ltd ACN 088 389 217

Details

Date of incorporation 1-Jul-99

Registered office Moore Australia
Level 44, 600 Bourke Street
MELBOURNE, VIC 3000

Principal place of business 35 Georges Road
CERES, VIC 3221

Directors

Appointment from / to

Susan Weddell 1 July 1999 to current

John Sydney Weddell 23 September 2024 to current

John Sydney Weddell

1 July 1999 to 6 September 2007

Secretary

Appointment from / to

John Sydney Weddell 1 July 199 to 6 September 2007

Current Issued Capital

Ordinary shareholdings

Number of ordinary \$1 shares/ interests issued 101

Total amount paid/ taken to be paid \$101

Total amount due and payable -

Current Shareholders

% holding

Susan Weddell 100

Appendix G – Company Statutory Information (contd.)

J.S. & S Weddell Pty. Ltd

ACN 007 388 230

Details

Date of incorporation 3-Apr-90

Registered office 35 Georges Road
CERES, VIC 3221

Principal place of business

Directors Appointment from / to

Susan Weddell 1 July 1990 to current

John Sydney Weddell 23 September 2024 to current

John Sydney Weddell 5 April 1990 to 6 September 2007

Secretary Appointment from / to

John Sydney Weddell 5 April 1990 to 6 September 2007

Current Issued Capital

Ordinary shareholdings

Number of ordinary \$1 shares/ interests issued 101

Total amount paid/ taken to be paid \$101

Total amount due and payable -

Current Shareholders % holding

Susan Weddell 100

Appendix H – Summary of the Group's operations

NSW operations

Essential Wholesale NSW Pty Ltd

- The sole trading entity in NSW. Its operations include import, wholesale, distribution, retail and online.
- Procures and supplies the Victorian entities with imported products.
- Administration functions (management, finance and data platforms) are independent of the other Group companies.
- Holds the leases for the Alexandria office and warehouse, as well as the Crows Nest retail location.
- Workforce comprises 12 full-time, 5 part-time and 7 casual employees

Essential Franchise Pty Ltd

- Commenced operations in 2000 and by FY23 had contracted five franchise stores with third parties, four located in regional NSW and the fifth in Canberra. In FY24 the third-party franchises were terminated to reduce costs and simplify TEI's structure.
- The only remaining franchisees are two Victorian related companies (refer Victorian operations).
- The former franchise stores now operate as independent stores and continue to acquire and sell TEI branded products.
- Holds the Group's intellectual property, including business names, trademarks, logos and domains.

Essential Distribution Australia Pty Ltd (Dormant)

- Commenced operations in 1998 as the sole importer of goods for TEI.
- To reduce administrative costs and simplify the business model, the importation operations were transferred to Essential Wholesale NSW Pty Ltd in November 2022 following the implementation of a new Enterprise Resource Planning system ('ERP').

Victorian operations

J.S. & S Weddell Pty Ltd

- Operates the wholesale business servicing Victoria and Tasmania.
- Customer base includes:
 - Foodservice customers (restaurants, 5 star hotels, caterers, boardrooms and sporting stadiums).
 - Retail customers (specialty food stores, delicatessens and specialty supermarkets).
 - The Vital Ingredient (Retail) Pty Ltd.
- Operates from the Prahran Market (leasehold) with The Vital Ingredient (Retail) Pty Ltd and rents additional storage at National Storage, Prahran.
- Workforce consists of 10 full-time, 1 part-time and 7 casual employees.

The Vital Ingredient (Retail) Pty Ltd

- Operates the retail outlets in Victoria (Prahran and South Melbourne) and holds the associated leases.
- Sells premium foods, cookware, tableware, culinary books and hosts culinary events.
- Serves both trade and retail customers.
- Workforce consists of 12 full-time, 3 part-time and 10 casual employees.

Online

Owned by Essential Wholesale NSW Pty Ltd

- TEI's e-commerce is a core element of its multi-channel distribution strategy.
- TEI's online platform uses:
 - Shopify Advanced for its B2C website (www.essentialingredient.com.au); and
 - Straight sell (Securepay) for B2B wholesale website (www.essentialwholesale.com.au).
- Both platforms are transferable across different ERPs.
- Data can be readily downloaded and integrated with a buyer's ERP system.

Appendix I – Registered Security Interests

Essential Distribution Australia Pty Ltd						
Collateral Class	Company Name	Organization Name	Registration no.	Date of Regn.	End date	Description
AllPapNoExcept	Essential Distribution Australia Pty Ltd	Commonwealth Bank Of Australia	201712040022650	4-Dec-17	No stated end time	Commercial Property – All present and after acquired property – no exceptions

Appendix I – Registered Security Interests

Essential Distribution Australia Pty Ltd						
Collateral Class	Company Name	Organization Name	Registration no.	Date of Regn.	End date	Description
AllPapNoExcept	Essential Distribution Australia Pty Ltd	Commonwealth Bank Of Australia	201712040022650	4-Dec-17	No stated end time	Commercial Property – All present and after acquired property – no exceptions

Appendix I – Registered Security Interests (contd.)

Essential Franchise Pty Ltd

Collateral Class	Company Name	Organization Name	Registration no.	Date of Regn.	End date	Description
OtherGoods	Essential Franchise Pty Ltd	Pnd Trading Pty Limited	201911110040463	11-Nov-19	11-Nov-44	All baked biscuit products sold to customers for which credit and payment terms are provided
OtherGoods	Essential Franchise Pty Ltd	Maggie Beer Products Pty Ltd	202211240063018	24-Nov-22	24-Nov-29	Goods supplied by the secured party, including but not limited to raw ingredients, pates, pastes, ice creams, soups, stocks, sauces, oils, preserves, wine & dairy product.
OtherGoods	Essential Franchise Pty Ltd	Lindt & Sprungli (Australia) Pty Ltd	202012070060603	7-Dec-20	7-Dec-27	All goods, equipment and/or other tangible property (including any accessions to those goods, equipment and/or property) sold, leased, hired, rented, bailed, supplied on consignment, sold subject to a conditional sale agreement (including retention of title) or otherwise made available by the secured party to the grantor, including but not limited to confectionery.
AllPapNoExcept	Essential Franchise Pty Ltd	Commonwealth Bank Of Australia	201712040022201	4-Dec-17	No stated end time	Commercial Property – All present and after acquired property – no exceptions

Appendix I – Registered Security Interests (contd.)

The Vital Ingredient (Retail) Pty Ltd

Collateral Class	Company Name	Organization Name	Registration no.	Date of Regn.	End date	Description
AllPapNoExcept	The Vital Ingredient (Retail) Pty Ltd	Australia And New Zealand Banking Group Limited	201211220055923	22-Nov-12	22-Nov-37	Commercial Property – All present and after acquired property – no exceptions
AllPapNoExcept	The Vital Ingredient (Retail) Pty Ltd	Donaldson Enterprises Pty. Ltd Donaldson Enterprise Trust Donaldson Group Pty Ltd	202111080022144	8-Nov-21	8-Nov-28	Commercial Property – All present and after acquired property – no exceptions
AllPapNoExcept	The Vital Ingredient (Retail) Pty Ltd	Australia And New Zealand Banking Group Limited	201112131330520	30-Jan-12	21-Nov-37	Commercial Property – All present and after acquired property – no exceptions
OtherGoods	The Vital Ingredient (Retail) Pty Ltd	Fmhw Pty Ltd	202111030045255	3-Nov-21	3-Nov-46	All Goods of any description supplied by the secured party to the grantor at any time
OtherGoods	The Vital Ingredient (Retail) Pty Ltd	Donaldson Enterprises Pty. Ltd Donaldson Enterprise Trust Donaldson Group Pty Ltd	202111080022137	8-Nov-21	8-Nov-28	The Collateral includes (but is not limited to) any and all goods, stock, kitchenware, homeware, giftware, storageware, display items and other items or property over which the secured party (its related entities or others they act for) have a security interest, right or interest at any time and from time to time (whether Other Goods or otherwise) and all proceeds thereof.

Appendix I – Registered Security Interests (contd.)

Essential Wholesale NSW Pty Ltd

Collateral Class	Company Name	Organization Name	Registration no.	Date of Regn.	End date	Description
Motor Vehicle	Essential Wholesale NSW Pty Ltd	Australia And New Zealand Banking Group Limited	202309250016610	25-Sep-23	25-Sep-30	Motor Vehicle
Motor Vehicle	Essential Wholesale NSW Pty Ltd	Commonwealth Bank Of Australia	202006120058294	12-Jun-20	19-Jun-25	Motor Vehicle
Motor Vehicle	Essential Wholesale NSW Pty Ltd	Commonwealth Bank Of Australia	202006120053230	12-Jun-20	19-Jun-25	Motor Vehicle
OtherGoods	Essential Wholesale NSW Pty Ltd	Harpercollins Publishers Australia Pty. Limited	202208290041530	29-Aug-22	29-Aug-47	Books
OtherGoods	Essential Wholesale NSW Pty Ltd	Tomkin Australia Pty Ltd	202207070017392	7-Jul-22	7-Jul-47	All goods of any description supplied by the secured party to the grantor at any time
OtherGoods	Essential Wholesale NSW Pty Ltd	Fmhwy Pty Ltd	202205300009525	30-May-22	30-May-47	All goods of any description supplied by the secured party to the grantor at any time
OtherGoods	Essential Wholesale NSW Pty Ltd	Msm Milling Pty Ltd	201905240051447	24-May-19	24-May-44	vegetable oils, canola meal and stockfeeds as described on the invoices
OtherGoods	Essential Wholesale NSW Pty Ltd	Monde Nissin (Australia) Pty Ltd	201211130045482	13-Nov-12	13-Nov-37	Supply of food and food associated products including but not limited to ingredients, and supply of non food related items.
OtherGoods	Essential Wholesale NSW Pty Ltd	Impulse International Pty Ltd	201706210077516	21-Jun-17	27-May-31	Quinoa flakes, Quinoa Crisps, Quinoa, Quinoa Puffs, Red rice, Chia, Wild H28Rice, Pearled Barley, Amaranth Grain and any other goods supplied from time to time.
OtherGoods	Essential Wholesale NSW Pty Ltd	Australia And New Zealand Banking Group Limited	202309220038107	22-Sep-23	22-Sep-30	All property subject to a security interest under or in connection with contract/plan number 260248-642424- 293996 Leasing, granting security over, or otherwise dealing with, the property without secured party consent will breach the security agreement.
OtherGoods	Essential Wholesale NSW Pty Ltd	Alliance Distribution Services Pty Ltd	202209090013558	9-Sep-22	9-Sep-29	All goods supplied or otherwise provided by the secured party (including as agent for certain publishers, from time to time) to the grantor.

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Appendix I – Registered Security Interests (contd.)

Essential Wholesale NSW Pty Ltd (contd.)

Collateral Class	Company Name	Organization Name	Registration no.	Date of Regn.	End date	Description
OtherGoods	Essential Wholesale NSW Pty Ltd	Donaldson Enterprises Pty. Ltd Donaldson Enterprise Trust Donaldson Group Pty Ltd	202207250035127	25-Jul-22	25-Jul-29	The Collateral includes (but is not limited to) any and all goods, stock, kitchenware, homeware, giftware, storageware, display items and other items or property over which the secured party (its related entities or others they act for) have a security interest, right or interest at any time and from time to time (whether Other Goods or otherwise) and all proceeds thereof.
OtherGoods	Essential Wholesale NSW Pty Ltd	Isalbi Pty Ltd Susskind And Danziger Pty. Ltd.	202207190021204	19-Jul-22	19-Jul-29	All goods sold, leased, rented, bailed, consigned or otherwise made available from time to time (whether present or future) by the secured party to the grantor.
OtherGoods	Essential Wholesale NSW Pty Ltd	Marinucci Australia Pty Ltd	202207060000867	6-Jul-22	6-Jul-29	Supply of plastic food packaging, as described by the Secured Party to the Grantor on relevant invoices. All goods supplied by Marinucci to the Grantor, pursuant to the signed Credit Application dated 26/06/2022 allowing a security interest, as stated in Marinucci terms & conditions, to be taken in all goods previously supplied (if any) and all goods that will be supplied in the future by Marinucci to the Grantor.
OtherGoods	Essential Wholesale NSW Pty Ltd	Australia And New Zealand Banking Group Limited	202206030028657	3-Jun-22	3-Jun-29	All property subject to a security interest under or in connection with contract/plan number [Source 256947-634231-235995]. Leasing, granting security over, or otherwise dealing with, the property without secured party consent will breach the security agreement.
OtherGoods	Essential Wholesale NSW Pty Ltd	O.E. & D.R. Pope Pty. Ltd.	202205240036975	24-May-22	24-May-29	All packaging products and materials (including bags and associated accessories), extruded film and laminated products, woven and knitted industrial fabrics (including netting), agricultural baling and twine products and thermal labels, which are supplied by OE & DR Pope Pty Ltd to the grantor and for which payment has not been received.
OtherGoods	Essential Wholesale NSW Pty Ltd	Detmold Australia Sales Pty Ltd	202106170041664	17-Jun-21	17-Jun-28	Commercial Property – Other Goods
OtherGoods	Essential Wholesale NSW Pty Ltd	Penguin Random House Australia Pty Ltd	202104150032362	15-Apr-21	15-Apr-28	Other Goods
OtherGoods	Essential Wholesale NSW Pty Ltd	Camnet Finance Pty Ltd	202007090015189	9-Jul-20	9-Jul-27	Office Equipment

23 October 2024

Appendix I – Registered Security Interests (contd.)

Essential Wholesale NSW Pty Ltd (contd.)

Collateral Class	Company Name	Organization Name	Registration no.	Date of Regn.	End date	Description
OtherGoods	Essential Wholesale NSW Pty Ltd	Visy Logistics No 2 Pty Ltd	202110110057116	11-Oct-21	11-Oct-28	All goods sold, hired, rented, leased, bailed, consigned or otherwise made available to the grantor by the Secured Party.
		Regional Recyclers Pty Ltd				
		Visy Automation International Pty Ltd				
		Southern Paper Pty Ltd				
		Visy West Coast Pty Ltd				
		Visy Industries Australia Pty Ltd				
		Visy Leasing Pty Ltd				
		Visy Logistics Pty Ltd				
		Visy Cdl Services Pty Ltd				
		Salvage Paper Pty Ltd				
		Mason Duflex Displays Pty. Limited				
		P & I Pty. Ltd.				
		Visy Recycling Australia Pty Ltd				
		Visy Technology Systems Pty Ltd				
		Visy Tech Systems Pty. Ltd.				
		Mpc Quikpak Pty Ltd				
		Ace Print And Display Pty Limited				
		The Trustee For Southern Paper				
		Converters Trust				
		Visy Paper Pty. Ltd.				
		Build Run Repair (Australia) Pty Ltd				
OtherGoods	Essential Wholesale NSW Pty Ltd	Visypet Pty. Ltd.	202002200045229	20-Feb-20	20-Feb-27	All products supplied to the Grantor by the Secured Party including but not limited to Coconut Products, Nuts, Seeds, Grains, Liquids, Oils, Powders, Rice, Dried Fruit & Spreads.
		Visy Packaging Pty. Ltd.				
		Visy Pulp And Paper Pty. Ltd.				
		Visy Glama Pty Ltd				
		Visy Board Proprietary Limited				
		Visy Glass Operations (Australia) Pty Ltd				

Appendix I – Registered Security Interests (contd.)

Essential Wholesale NSW Pty Ltd (contd.)

Collateral Class	Company Name	Organization Name	Registration no.	Date of Regn.	End date	Description
OtherGoods	Essential Wholesale NSW Pty Ltd	Murray River Organics Proprietary Limited	202001200057002	20-Jan-20	20-Jan-27	All products supplied to the Grantor by the Secured Party including but not limited to Coconut Products, Nuts, Seeds, Grains, Liquids, Oils, Powders, Rice, Dried Fruit & Spreads.
OtherGoods	Essential Wholesale NSW Pty Ltd	Murray River Organics Proprietary Limited	202001200057002	20-Jan-20	20-Jan-27	All products supplied to the Grantor by the Secured Party including but not limited to Coconut Products, Nuts, Seeds, Grains, Liquids, Oils, Powders, Rice, Dried Fruit & Spreads.
OtherGoods	Essential Wholesale NSW Pty Ltd	Camnet Finance Pty Ltd	201903280022077	28-Mar-19	28-Mar-26	Commercial Property – Other goods
AllPapNoExcept	Essential Wholesale NSW Pty Ltd	Donaldson Enterprises Pty. Ltd Donaldson Enterprise Trust Donaldson Group Pty Ltd	202207250035136	25-Jul-22	25-Jul-29	Commercial Property – All present and after acquired property – no exceptions
AllPapNoExcept	Essential Wholesale NSW Pty Ltd	Commonwealth Bank Of Australia	201712040022467	4-Dec-17	No stated end time	Commercial Property – All present and after acquired property – no exceptions
OtherGoods	Essential Wholesale NSW Pty Ltd	Alliance Distribution Services Pty Ltd	202209090013320	9-Sep-22	9-Sep-29	All goods supplied or otherwise provided by the secured party (including as agent for certain publishers, from time to time) to the grantor.
OtherGoods	Essential Wholesale NSW Pty Ltd	Alliance Distribution Services Pty Ltd	202209090013320	9-Sep-22	9-Sep-29	All goods supplied or otherwise provided by the secured party (including as agent for certain publishers, from time to time) to the grantor.
OtherGoods	Essential Wholesale NSW Pty Ltd	B2B Finance Pty Ltd	202306010091821	1-Jul-23	1-Jul-27	COPIER Serial No.: 3102R520208
OtherGoods	Essential Wholesale NSW Pty Ltd	B2B Finance Pty Ltd	202306010091821	1-Jul-23	1-Jul-27	COPIER Serial No.: 3102R520208

Appendix I – Registered Security Interests (contd.)

J.S. & S Weddell Pty. Ltd

Collateral Class	Company Name	Secured Party	Registration no.	Date of Regn.	End date	Description
OtherGoods	J.S. & S Weddell Pty. Ltd	Isalbi Pty Ltd Susskind And Danziger Pty. Ltd.	201402140035 111	14-Feb-14	14-Feb-39	All goods sold, leased, rented, bailed, consigned or otherwise made available from time to time (whether present or future) by the secured party to the grantor.
OtherGoods	J.S. & S Weddell Pty. Ltd	Monde Nissin (Australia) Pty Ltd	201205120028 184	12-May-12	12-Jul-36	Supply of food and food associated products including but not limited to ingredients
OtherGoods	J.S. & S Weddell Pty. Ltd	Australia And New Zealand Banking Group Limited	202312070022 925	7-Dec-23	7-Dec-30	All property subject to a security interest under or in connection with contract/plan number [302088- 748562-301892] Leasing, granting security over, or otherwise dealing with, the property without secured party consent will breach the security agreement.
OtherGoods	J.S. & S Weddell Pty. Ltd	Isalbi Pty Ltd Susskind And Danziger Pty. Ltd.	201402140035 218	14-Feb-14	21-Dec-27	All goods sold, leased, rented, bailed, consigned or otherwise made available from time to time (whether present or future) by the secured party to the grantor.
OtherGoods	J.S. & S Weddell Pty. Ltd	Harpercollins Publishers Australia Pty. Limited	201204120087 609	12-Apr-12	NA	All goods provided by the Secured Party to the Debtor from time to time including any proceeds thereof.
Motor Vehicle	J.S. & S Weddell Pty. Ltd	Australia And New Zealand Banking Group Limited	202312070022 598	7-Dec-23	7-Dec-30	Motor Vehicle
Motor Vehicle	J.S. & S Weddell Pty. Ltd	Australia And New Zealand Banking Group Limited	202104220066 637	22-Apr-21	22-Apr-28	Motor Vehicle
Motor Vehicle	J.S. & S Weddell Pty. Ltd	Australia And New Zealand Banking Group Limited	202005190056 838	19-May-20	19-May-27	Commercial Property – Motor Vehicle
Motor Vehicle	J.S. & S Weddell Pty. Ltd	Australia And New Zealand Banking Group Limited	202005190055 956	19-May-20	19-May-27	Motor Vehicle
AllPapNoExce pt	J.S. & S Weddell Pty. Ltd	Australia And New Zealand Banking Group Limited	201211220056 375	22-Nov-12	22-Nov-37	Commercial Property – All present and after acquired property – no exceptions
AllPapNoExce pt	J.S. & S Weddell Pty. Ltd	Australia And New Zealand Banking Group Limited	201112112625 704	30-Jan-12	NA	All Present and After Acquired Property – No exceptions

Appendix J – Remuneration Approval Reports

Essential Wholesale NSW Pty Ltd (Administrators Appointed) (the Company)

ACN 118 700 780

Remuneration Approval Report

23 October 2024

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

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

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

You can cast your vote by using the included voting forms. The forms must be submitted to this office **BY EMAIL** to essentialingredients@au.pwc.com by no later than **4.00pm AEDT on Tuesday, 29 October 2024** for your vote to count.

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1 Declarations

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

2 Executive Summary

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

Period	Report reference	Amount (ex GST)
Current remuneration approval sought:		
Voluntary Administration		
Resolution 1: 26 September 2024 to 15 October 2024	Schedule A1 & B1	\$177,922.72
Resolution 2: 16 October 2024 to the end of the Administration*	Schedule A2 & B2	\$63,865.55
Total for Administration		\$241,788.27
Liquidation		
Resolution 6: For the period from appointment of Liquidators to the conclusion of liquidation*	Schedule A3 & B3	\$125,000.00
Total for Liquidation		\$125,000.00
Total remuneration approval sought		\$366,788.27

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

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

3 Remuneration

3.1 Remuneration

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

Resolution 1

That the remuneration of the Administrators is approved for the period 26 September 2024 to 15 October 2024 of \$177,922.72 plus GST as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds immediately or as funds become available.

Resolution 2

That the remuneration of the Administrators is approved for the period 16 October 2024 to the end of the Administration up to a maximum of \$63,865.55 plus GST, as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.

Resolution 6

That the remuneration of the Joint and Several Liquidators is approved for the period commencing on the appointment of Liquidators to the conclusion of the liquidation up to a maximum of \$125,000.00 plus GST, as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.

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

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

3.2 Details of remuneration

The basis of calculating the remuneration claims and the details of the major tasks performed and the costs associated with each of those major tasks are summarised and contained within the schedules at **Schedule A1 to A3 of Appendix A & Schedule B1 to B3 of Appendix B**.

3.3 Total remuneration reconciliation

The total remuneration for the voluntary administration is estimated to be \$241,788.27 (excluding GST). Please note this is net of a discount to our remuneration for the period 16 October 2024 to the conclusion of the Administration in the amount of \$58,138.61.

This estimate is largely in line with the estimate of costs provided in the Initial Remuneration Notice dated 26 September 2024, which estimated a cost of the administration of \$200,000 to \$240,000 (excluding GST). That said, we have performed works not anticipated in our original estimate, including:

- greater time incurred on trading activities and liaising with suppliers. A significant portion of suppliers sought amended trading terms which required additional time to conduct negotiations to ensure continued supply of goods and services during the Administration period.
- The necessity to review and reconcile the Company's ledgers and financial records. In particular, data to be provided to interested parties for the sale process as well as our ongoing monitoring of trading activities and maintenance of the Administration cashflow.

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

- A delayed settlement of a sale of assets
- Obtaining releases of registered security interests to facilitate the sale of assets
- Assignment of property leases (if required) for a sale of the assets

3.4 Likely impact on dividends

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

Even if creditors approve our remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the realisable value of assets and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

Given the realisable value of the Company's assets remains uncertain we are unable to provide a dividend estimate of any certainty at this stage of the Administration.

3.5 Remuneration recovered from external sources

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

4 Disbursements

Disbursements are divided into three types:

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

We are not required to seek creditor approval for costs paid to third parties or for disbursements where we are recovering a cost incurred on behalf of the administration but we must account to creditors. We have undertaken a proper assessment of disbursements claimed for the Company, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

4.1 Future basis of internal disbursements (if required)

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

Basis of disbursement claim

Disbursements	Rate (ex GST)
External professional services	At cost
External non-professional costs	At cost
Firm non-professional costs	At cost
Staff vehicle use	88 cents per kilometre for first 150km of return trip and 40 cents per kilometre thereafter
ASIC Industry Funding Levy	\$77.64 per notifiable event

5 Summary of receipts and payments

The summary of receipts and payments for the period from 26 September 2024 to 11 October 2024 is contained in **Appendix C**.

6 Queries

Please contact Vincent Nguyen by email essentialingredients@au.pwc.com should you have any further queries or require any further information.

You can access additional information on the following websites:

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

DATED this 23rd day of October 2024.



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

Appendices

Appendix A Calculations of remuneration schedules

Appendix B Table of major tasks for remuneration

Appendix C Summary of receipts and payments

Appendix A Calculations of remuneration schedules

Essential Wholesale (NSW) Pty Ltd

Schedule A1

Calculation of Remuneration

For the period 26 September 2024 to 15 October 2024

Employee	Position	\$/hours (ex)	Total Hrs	Total (\$)	Assets		Creditors		Employees		Trade on		Investigations		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Robert Ditrich	Appointee	785	26.7	20,939.88	2.3	1,766.25	2.3	1,825.13	2.0	1,570.00	19.7	15,464.50	0.1	39.25	0.4	274.75
Kosta Kangelaris	Partner	785	1.0	804.63	1.0	804.63	-	-	-	-	-	-	-	-	-	-
Rebecca Gill	Appointee	785	1.4	1,099.00	-	-	1.4	1,099.00	-	-	-	-	-	-	-	-
Craig Crosbie	Appointee	785	1.9	1,491.50	1.8	1,373.75	0.2	117.75	-	-	-	-	-	-	-	-
Carl Hoerner	Director	685	25.0	17,107.88	5.0	3,390.75	0.5	342.50	-	-	16.1	11,045.63	0.5	308.25	3.0	2,020.75
Nick Voukelatos	Director	685	2.9	1,952.25	2.9	1,952.25	-	-	-	-	-	-	-	-	-	-
Mahala Hazell	Director	685	5.9	4,041.50	-	-	3.2	2,192.00	-	-	-	-	2.7	1,849.50	-	-
Sylvia Young	Senior Manager	620	4.4	2,708.16	-	-	-	-	-	-	-	-	-	-	4.4	2,708.16
Jessica Broadbent	Senior Manager	620	40.9	25,346.84	0.2	126.48	3.6	2,255.56	3.3	2,064.60	24.3	15,061.04	1.9	1,159.40	7.5	4,679.76
Andrew Khallouf	Senior Manager	620	23.3	14,461.50	21.2	13,159.50	2.1	1,302.00	-	-	-	-	-	-	-	-
Rebecca Almond	Senior Manager	620	9.5	5,890.00	-	-	9.5	5,890.00	-	-	-	-	-	-	-	-
Monique Shearwood	Manager	575	25.7	14,761.40	0.6	327.75	2.1	1,209.80	4.9	2,826.70	10.5	6,039.80	0.5	273.70	7.1	4,083.65
Michael Harris-Jaffe	Manager	575	15.0	8,610.63	15.0	8,610.63	-	-	-	-	-	-	-	-	-	-
Vincent Nguyen	Senior Consultant	475	53.1	25,232.95	-	-	5.5	2,589.70	1.4	667.85	42.5	20,173.25	0.5	239.40	3.3	1,562.75
Elliot Shaw	Senior Consultant	475	40.4	19,181.45	-	-	23.4	11,103.60	-	-	8.8	4,180.00	-	-	8.2	3,897.85
Natalie Wong	Consultant	385	11.8	4,523.75	11.8	4,523.75	-	-	-	-	-	-	-	-	-	-
	Offshore Professional	250	31.6	7,900.00	-	-	-	-	-	-	-	-	30.5	7,625.00	1.1	275.00
	Administration Support	210	8.9	1,869.42	-	-	-	-	-	-	-	-	-	-	8.9	1,869.42
Total			329.2	177,922.72	61.5	36,035.73	53.7	29,927.04	11.7	7,129.15	121.9	71,964.22	36.6	11,494.50	43.8	21,372.09
GST				17,792.27												
Total (Including GST)				195,714.99												
Average rate (excluding GST)				540.47		585.48		556.83		611.84		590.40		314.49		487.77

Calculations of remuneration schedules

Essential Wholesale (NSW) Pty Ltd

Schedule A2

Calculation of Remuneration

For the period 16 October 2024 to the end of the administration

Position	\$ /hours (ex GST)	Total Hrs	Total (\$)	Assets		Creditors		Employees		Trade on		Investigations		Administration	
				Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointee	785	13.3	10,440.5	3.7	2,904.50	1.2	942.00	0.8	628.00	6.2	4,867.00	0.6	471.00	0.8	628.00
Partner	785	1.6	1,256.0	1.6	1,256.00	-	-	-	-	-	-	-	-	-	-
Director	685	18.3	12,535.5	5.7	3,904.50	2.7	1,849.50	0.9	616.50	3.1	2,123.50	5.0	3,425.00	0.9	616.50
Senior Manager	620	38.5	23,870.0	10.7	6,634.00	6.5	4,030.00	2.6	1,612.00	14.8	9,176.00	3.9	2,418.00	-	-
Manager	575	39.8	22,885.0	13.1	7,532.50	5.7	3,277.50	4.9	2,817.50	8.0	4,600.00	3.4	1,955.00	4.7	2,702.50
Senior Consultant	475	53.2	25,270.0	16.9	8,027.50	9.6	4,560.00	6.9	3,277.50	12.8	6,080.00	3.9	1,852.50	3.1	1,472.50
Consultant	385	49.2	18,942.0	16.4	6,314.00	9.3	3,580.50	8.6	3,311.00	9.5	3,657.50	5.4	2,079.00	-	-
Offshore Professional	250	6.8	1,700.0	-	-	-	-	-	-	-	-	-	-	6.8	1,700.00
Administration Support	210	24.3	5,105.2	-	-	-	-	-	-	-	-	-	-	24.3	5,105.15
Total		245.0	122,004.15	68.1	36,573.00	35.0	18,239.50	24.7	12,262.50	54.4	30,504.00	22.2	12,200.50	40.6	12,224.65
Less :Discount			(58,138.61)												
Total (after discount)			63,865.55												
GST			6,386.55												
Total (Including GST)			70,252.10												
Average rate (excluding GST)			497.96		537.05		521.13		496.46		560.74		549.57		301.02

Essential Wholesale (NSW) Pty Ltd

Schedule A3

Calculation of Remuneration

For the period from appointment of Liquidators to the conclusion of liquidation

Position	\$ /hours (ex GST)	Total Hrs	Total (\$)	Assets		Creditors		Employees		Trade on		Dividend		Investigations		Administration	
				Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointee	785	13.7	10,754.50	2.9	2,276.50	1.2	942.00	0.8	628.00	6.4	5,024.00	1.0	785.00	0.6	471.00	0.8	628.00
Partner	785	1.6	1,256.00	1.6	1,256.00	-	-	-	-	-	-	-	-	-	-	-	-
Director	685	18.6	12,741.00	3.6	2,466.00	2.7	1,849.50	0.9	616.50	3.2	2,192.00	2.2	1,507.00	5.1	3,493.50	0.9	616.50
Senior Manager	620	39.3	24,366.00	8.9	5,518.00	6.7	4,154.00	2.6	1,612.00	15.1	9,362.00	2.0	1,240.00	4.0	2,480.00	-	-
Manager	575	40.9	23,517.50	9.6	5,520.00	5.9	3,392.50	5.0	2,875.00	8.2	4,715.00	3.9	2,242.50	3.5	2,012.50	4.8	2,760.00
Senior Consultant	475	54.6	25,935.00	8.9	4,227.50	9.9	4,702.50	7.1	3,372.50	13.2	6,270.00	8.4	3,990.00	3.9	1,852.50	3.2	1,520.00
Consultant	385	50.5	19,442.50	9.7	3,734.50	9.7	3,734.50	8.8	3,388.00	9.7	3,734.50	7.1	2,733.50	5.5	2,117.50	-	-
Offshore Professional	250	7.0	1,750.00	-	-	-	-	-	-	-	-	-	-	-	-	7.0	1,750.00
Administration Support	210	24.9	5,237.50	-	-	-	-	-	-	-	-	-	-	-	-	24.9	5,237.50
Total		251.1	125,000.00	45.2	24,998.50	36.1	18,775.00	25.2	12,492.00	55.8	31,297.50	24.6	12,498.00	22.6	12,427.00	41.6	12,512.00
GST			12,500.00														
Total (Including GST)			137,500.00														
Average rate (excluding GST)			497.73		553.06		520.08		495.71		560.89		508.05		549.87		300.48

Appendix B

remuneration

Table of major tasks for

Schedule B1

Resolution 1

The below table provides a description of the work undertaken in each major task area for the period 26 September 2024 to 15 October 2024.

Task Area	General description	Includes
	Plant and Equipment	Engaged valuers to produce a listing of plant and equipment and provide a valuation of all plant Obtained insurance cover
	Stock	Conducted a sample check of stock on hand to the Company's listing of inventory on hand Reviewed stock values
	Debtors	Ongoing collection of debtors Correspondence with debtors Ongoing reconciliation of debtor ledger Reviewing and assessing collectability of debtor ledger
Assets 61.5 hours \$36,035.73		Prepared an advertisement for the sale of business and assets Instructed media agent regarding the publication of the advertisement for the sale of business and assets Attended to email correspondences regarding request for documents from various interested parties Maintained a register of interested parties Prepared a non-disclosure agreement Prepared timeline for sale of business Prepared an information memorandum (including schedules, graphs and tables regarding the organisation structure, inventory analysis, revenue analysis and a profit and loss summary)
	Sale of business	Liaised with the internal Company accountant for the production of financial and Company records Performed reconciliation of financial statements produced by the external accountant and management produced financial statements Attended on site to discuss sale process and documents required from the directors Reviewed intellectual property register Prepared a sale process letter which was issued to all interested parties that completed a non-disclosure document Established a dataroom for preferred party due diligence Populated the dataroom with documents for the due diligence process Attended to telephone enquiries from interested parties Established access to dataroom for the preferred parties
	Leased assets	Reviewed lease documents Liaised with lessors

Task Area	General description	Includes
		<ul style="list-style-type: none"> Issued correspondence seeking reduction for property rental costs Prepared landlord lease schedule Attended meetings with landlords or landlord's agent
	Creditor Enquiries	<ul style="list-style-type: none"> Dealt with creditor enquiries via telephone and emails Maintained creditor enquiry files Reviewed and prepared correspondence to creditors and their representatives via email and post Coordinated with creditors regarding proofs of debt and statement of accounts Preparation and distribution of frequently asked question document for creditors Uploaded content for creditors on the PwC Insolvency website
	Retention of Title Claims	<ul style="list-style-type: none"> Performed searches of the PPSA register Notified PMSI creditors identified from PPSA register Received initial notification of creditors' intention to claim pursuant to their registered security interest Provision of retention of title claim form to creditors Received completed retention of title claim forms Maintained retention of title file Met claimants on site to identify goods Adjudicated retention of title claims Forwarded correspondence to claimants notifying outcome of adjudication
Creditors 53.7 hours \$29,927.04	Secured creditor reporting	<ul style="list-style-type: none"> Notified PPSA registered creditors of appointment Prepared report to secured creditors Provided regular verbal updates to secured creditor Responded to secured creditor's queries
	Creditor reports	<ul style="list-style-type: none"> Prepared for initial circular to creditors Issued initial circular to creditors by email and mail Commenced preparation of report for Second Creditors' meeting
	Dealing with proofs of debt	<ul style="list-style-type: none"> Receipted and filed proofs of debt (POD) when not related to a dividend Reviewed and filed POD including PODs received from employees Performed adjudication of PODs received
	Meeting of Creditors	<ul style="list-style-type: none"> Reviewed PODs and proxies for the purposes of the first meeting creditors Prepared first report to creditors Drafted and reviewed minutes of the first meeting of creditors Attended tasks associated with first meeting of creditors Prepared the meeting attendance register Attendance at and conduct of the first creditor meeting Finalisation of meeting minutes and complete lodgement of the minutes with the Australian Securities and Investments Commission (ASIC)

Task Area	General description	Includes
Employees 11.7 hours \$7,129.15	Employees Correspondence	Issued Employee termination letters Received and followed up employee enquiries via telephone and email Reviewed and prepared correspondence to terminated employees regarding their outstanding entitlements Conducted discussions with staff on site regarding the Administration process and employee entitlements Reviewed and finalised separation certificates for impacted staff Finalised employee master list Issued a letter to employees regarding their entitlements Attended on site employee meetings and responded to enquiries
	Worker's compensation insurance/claims	Arranged for insurance coverage Attended meeting with insurance broker regarding Workcover
	Other employee issues	Reviewed and issued employee FAQ document
Trade On 121.9 hours \$71,964.22	Trade on Management	Liaised with Company accountant in relation to financial function and systems Prepared media release Prepare a forecast cashflow for a 13 week trading period Ongoing update and reconciliation of forecast cashflow to actual trading results Addressed media questions Attended meetings with Company employees regarding the forecast cashflow, accounting reports and information requests On site attendance in relation to ongoing trading Review, authorisation and payment of weekly payroll Reviewed costs and schedule of international supplier orders and shipments Liaised with product suppliers regarding opening accounts for the Administrators Opened accounts with utility providers Establish ongoing provision of key software applications and licences Issued notices to suppliers Attended meetings with purchasing officer to determine future order requirements Attended on site meetings & discussions with suppliers Maintained and updated master supplier list Liaised with Company employees regarding payroll, account receivables and account payable. Authorised purchase orders & maintained purchase order registry Monitored trading performance Prepared and authorised receipt vouchers Prepared and authorised payment vouchers Reviewed Employees reimbursement claims Liaised with critical service providers Met with management and staff to discuss trading position Reviewed correspondence from various suppliers regarding confirmed ongoing traded terms

Task Area	General description	Includes
Investigation 36.6 hours \$11,494.50		Issued email correspondence to IT providers
	Conducting investigation	Reviewed the Company's books and records Issued letters to major banking entities seeking details of accounts held by the Company, the Sherriff's office advising of the Administration, Service NSW seeking confirmation of vehicles registered in the name of the Company Reviewed and prepared a summary of the Company activities and financial history Summarised statutory searches Prepared, reviewed and issued the initial Report to Creditors Conducted an analysis of the historical financial statements Prepared related party loan matrix, including shareholder loans, intercompany loans and details of large creditor amounts Commenced analysis of insolvent trading and potential antecedent recoveries by a liquidator
	ASIC reporting	Prepared statutory lodgements with ASIC
	Director correspondence & ROCAP	Prepared and issued correspondence to the directors regarding their obligations and completion of a report on the activities, assets and liabilities (ROCAP) of the Company Provided assistance to the directors to complete their ROCAP
	Bank account administration	Prepared correspondence regarding opening and closing of bank accounts Requested bank statements Conducted Bank account reconciliations Prepared and reviewed Payment Vouchers Liaised for opening of new bank accounts post appointment Liaised with CBA for accounts held and the balances including bank sweep letters Reviewed bank accounts for updated position on cash sweep
Administration 43.8 hours \$21,372.09	Appointment documents & DIRRI	Attended meeting with directors for the appointment of the Administrators Prepared and lodged with ASIC the Declaration of independence, relevant relationships and indemnities (DIRRI)
	ASIC Forms and lodgements	Prepared and lodged ASIC forms including 505, 531 etc Corresponded with ASIC regarding statutory forms Lodged ASIC PNWs
	General correspondence	Drafted and reviewed media release Finalised website content to be published on PwC insolvency website Attended to switchboard queries
	ATO and other statutory reporting	Issued Notification of appointment Prepared BAS Corresponded with ATO

Table of major tasks for remuneration

Task Area	General description	Includes
	Project Management	Prepared, reviewed and maintained weekly priorities task list Discussed regarding strategy and tasks Internal meetings regarding task allocation and strategy
	Insurance	Issued instructions to obtain insurance cover for the business activities and operations Email correspondence with insurance broker Prepared memorandum in relation to insurance recommendations
	File maintenance	Filing of emails and documents to document management platform

Schedule B2**Resolution 2**

The below table provides a description of the work undertaken in each major task area for the period 16 October to the end of Administration

Task Area	General description	Includes
Assets 68.1 hours \$36,573.00	Sale of Business as a Going Concern	Ongoing liaison with preferred parties Conduct of meetings with preferred parties and management Attend to further enquires of preferred parties Negotiations with preferred parties Instruct solicitors to draft contract of sale Review of contract of sale and agree terms with proposed purchaser Conduct stock counts and reconcile for final purchase consideration Attend to settlement of sale of business and assets Attend to transition of intellectual property, leases and employees (if required)
	Assets subject to specific charges	Liaison with financiers regarding sale and release of security or return of leased assets
	Debtors	Ongoing collection of debtors Correspondence with debtors Ongoing reconciliation of debtor ledger Reviewing and assessing collectability of debtor ledger Liaising with debt collectors and solicitors
	Creditor Enquiries	Deal with creditor enquiries via telephone and email Maintaining creditor enquiry files Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Retention of Title Claims	Maintain retention of title file Meeting claimants on site to identify goods Adjudicate retention of title claims Forward correspondence to claimants notifying outcome of adjudication Preparation of correspondence to claimants to accompany payment of claims (if valid)
Creditors 35.0 hours \$18,239.50	Secured creditor reporting	Preparing reports to secured creditor Regular verbal updates to secured creditor Responding to secured creditor's queries
	Creditor reports	Preparing report to creditors
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend
	Second Meeting of Creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of

Task Area	General description	Includes
Employees 24.7 hours \$12,262.50	Employees enquiries	creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Prospective adjournment of the second meeting of creditors. Conduct of reconvened second meeting of creditors (if required) Finalisation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting
		Receive and follow up employee enquiries via telephone and email Maintain employee enquiry files Review and prepare correspondence to employees and their representatives via facsimile, email and post Preparation of letters to employees advising of their entitlements Receive and prepare correspondence in response to employee's objections to leave entitlements
		Calculating employee entitlements Reviewing employee files and company's books and records Reconciling superannuation accounts Reviewing awards Liaising with solicitors regarding entitlements
		Correspondence with Child Support Correspondence with Centrelink
Trade On 54.4 hours \$30,504.00	Trade on Management	Liaising with suppliers Liaising with management and staff Attendance on site Authorising purchase orders Maintaining purchase order registry Monitoring trading performance Updating and maintaining forecast cashflow, reconciling for actual trading results Reviewing daily/weekly sales reports Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Liaising with superannuation funds regarding contributions, termination of employees' employment Liaising with the state revenue office regarding payroll tax issues
		Review of specific transactions and liaising with directors for explanations Liaison with external accountants regarding completion of draft financial statements for financial year 2024 Issue instructions to internal accountant for production of records, including records required by external accountant
Investigation 22.2 hours \$12,200.50	Conducting investigation	

Task Area	General description	Includes
Administration 40.6 hours \$12,224.65		Finalise preliminary investigations to identify indicators of insolvency and possible claims for insolvent trading and antecedent transactions Preparation of investigation file
	Correspondence	General correspondence
	Document maintenance/file review/checklist	Filing of documents File reviews Updating checklists
	Insurance	Correspondence with insurer regarding ingoing insurance requirements Finalisation of insurance cover Correspondence with previous brokers
	Bank account administration	Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 5602/5603, 911 etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Preparing BAS
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration for the Administration period Completing checklists
	Planning / Review	Discussions regarding status of administration

Schedule B3**Resolution 6**

The below table provides a description of the work undertaken in each major task area for the period from appointment of Liquidators to conclusion of Liquidation

Task Area	General description	Includes
Assets 45.2 hours \$24,998.50	Sale of Business as a Going Concern (if not completed during the Administration period)	Review of contract of sale and agree terms with proposed purchaser Liaison with solicitors regarding contract of sale Conduct stock counts and reconcile for final purchase consideration Attend to settlement of sale of business and assets Attend to transition of intellectual property, leases and employees (if required)
	Plant and Equipment	If the sale of the business as a going concern is not successful we will engage auctioneers to sell the plant and equipment
	Assets subject to specific charges (if not completed during the Administration period)	Liaison with financiers regarding sale and release of security or return of leased assets
	Debtors	Ongoing recovery of debtors Correspondence with debtors Reviewing and assessing collectability of debtors' ledger Liaising with debt collectors and solicitors
	Other Assets	Tasks associated with realising other assets
Creditors 36.1 hours \$18,775.00	Creditor Enquiries	Deal with creditor enquiries via telephone Maintaining creditor enquiry files Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of inspection members
	Retention of Title Claims	Receive completed retention of title claim forms Maintain retention of title file Adjudicate retention of title claims Forward correspondence to claimants notifying outcome of adjudication Preparation of correspondence to claimants to accompany payment of claims (if valid)
	Secured creditor reporting	Preparing reports to secured creditors Regular verbal updates to secured creditor Responding to secured creditor's queries
	Creditor reports	Preparing reports to creditors (if required)
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend
	Meeting of Creditors or the committee of inspection (if required)	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Conducting meeting of creditors Preparation and lodgement of minutes of meetings with ASIC

Table of major tasks for remuneration

Task Area	General description	Includes
Employees 25.2 hours \$12,492.00		Responding to stakeholder queries and questions immediately following meeting
	Employees enquiries	Receive and follow up employee enquiries via telephone and email Maintain employee enquiry files Review and prepare correspondence to employees and their representatives via facsimile, email and post Receive and prepare correspondence in response to employee's objections to leave entitlements
	FEG/GEERS	Correspondence with FEG/GEERS Preparing notification spreadsheet Preparing FEG/GEERS quotations Preparing FEG/GEERS distributions
	Calculation of entitlements	Calculating employee entitlements (termination entitlements including redundancy and notice of termination) Reviewing employee files and company's books and records Reconciling superannuation accounts Reviewing awards Liaising with solicitors regarding entitlements
	Employee dividend (if required)	Correspondence with employees regarding dividend Correspondence with ATO regarding SGC proof of debt Calculating dividend rate Preparing dividend file Advertising dividend notice Preparing distribution Receipting POD Adjudicating POD Ensuring PAYG is remitted to ATO
	Other employee issues	Correspondence with Child Support Correspondence with Centrelink
Trade On 55.8 hours \$31,297.50	Trade on Management	Reconciling and payment of final trading accounts from suppliers of product, utility providers and lease liabilities Finalise cashflow/trading summary for the Administration period Cancellation of outstanding purchase orders Liaising with management and staff Calculation and payment of employee entitlements accrued during the trading period, including superannuation, annual and long service leave Preparing and authorising receipt vouchers Preparing and authorising payment vouchers
Investigation 22.6 hours \$12,427.00	Conducting investigation	Collection and indexing of the Company books and records Reviewing the Company's books and records Conclude investigation on insolvent trading, source and application of Company funds and assets and claims by a liquidator Maintain investigation file
	ASIC reporting	Preparing statutory investigation report

Table of major tasks for remuneration

Task Area	General description	Includes
Dividend 24.6 hours \$12,498.00		Preparation and lodgement of supplementary report to ASIC if required Liaising with ASIC
	Processing proofs of debt (if required)	Preparation of correspondence to potential creditors inviting lodgement of POD Receipt of POD Maintain POD register Adjudicating POD Request further information from claimants regarding POD Preparation of correspondence to claimant advising outcome of adjudication
	Dividend procedures	Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Obtain clearance from ATO to allow distribution of Company's assets Preparation of dividend calculation Preparation of correspondence to creditors announcing declaration of dividend Advertise announcement of dividend Preparation of distribution Preparation of dividend file Preparation of payment vouchers to pay dividend Preparation of correspondence to creditors enclosing payment of dividend
	Correspondence	General Correspondence
Administration 41.6 hours \$12,512.00	Document maintenance/file review/checklist	First month, then six monthly administration review Filing of documents File reviews Updating checklists
	Bank account administration	Preparing correspondence opening and closing accounts from Administration to liquidation Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 5602/5603, 911 etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment of liquidators Preparing BAS
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration Strategic management
	Books and records / storage	Dealing with records in storage Sending job files to storage

Appendix C Summary of receipts and payments

<i>Summary of Receipts and Payments</i>		Essential Wholesale (NSW) Pty Ltd
<i>for the period 26 September 2024 to 11 October 2024</i>		(Administrators appointed)
		\$
Receipts		
Debtors	102,829.89	
Sales	78,534.84	
Sweep	89,115.45	
Total Receipts	270,480.18	
Payments		
Bank Fees	(1,663.82)	
Sweep	(89,115.45)	
Wages	(39,052.79)	
Licence, permit fees (Non taxable)	-	
Other professional fees (Non taxable)	-	
Employee expense reimbursement (Taxable)	(216.40)	
Pre-appointment ransom payment	-	
IT consumables & services (Taxable)	(13,382.81)	
Freight (Taxable)	(4,458.96)	
Storage (excl books & records) (Taxable)	(1,847.22)	
Freight (Non taxable)	(3,647.15)	
Total Payments	(153,384.59)	
Net Receipts / (Payments)	117,095.59	

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Essential Franchise Pty Ltd (Administrators Appointed) (the Company)

ACN 118 700 762

Remuneration Approval Report

23 October 2024

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

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

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

You can cast your vote by using the included voting forms. The forms must be submitted to this office **BY EMAIL** to essentialingredients@au.pwc.com by no later than **4.00pm AEDT on Tuesday, 29 October 2024** for your vote to count.

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1 Declarations

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

2 Executive Summary

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

Period	Report reference	Amount (ex GST)
Current remuneration approval sought:		
Voluntary Administration		
Resolution 9: 26 September 2024 to 15 October 2024	Schedule A1 & B1	\$45,039.00
Resolution 10: 16 October 2024 to the end of the Administration*	Schedule A2 & B2	\$16,166.91
Total for Administration		\$61,205.91
Liquidation		
Resolution 14: For the period from appointment of Liquidators to the conclusion of liquidation*	Schedule A3 & B3	\$32,000.00
Total for liquidation		\$32,000.00
Total remuneration approval sought		\$93,205.91

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

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

3 Remuneration

3.1 Remuneration

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

Resolution 9

That the remuneration of the Administrators is approved for the period 26 September 2024 to 15 October 2024 of \$45,039.00 plus GST as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds immediately or as funds become available.

Resolution 10

That the remuneration of the Administrators is approved for the period 16 October 2024 to the end of the Administration up to a maximum of \$16,166.91 plus GST, as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.

Resolution 14

That the remuneration of the Joint and Several Liquidators is approved for the period of commencing on the appointment of Liquidators to the conclusion of the liquidation up to a maximum of \$32,000.00 plus GST, as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.

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

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

3.2 Details of remuneration

The basis of calculating the remuneration claims and the details of the major tasks performed and the costs associated with each of those major tasks are summarised and contained within the schedules at **Schedule A1 to A3 of Appendix A & Schedule B1 to B3 of Appendix B**.

3.3 Total remuneration reconciliation

The total remuneration for this Voluntary Administration is estimated to be \$61,205.91 (excluding GST). Please note this is net of a discount to our remuneration for the period 16 October 2024 to the conclusion of the Administration in the amount of \$14,717.09.

This estimate differs to the estimate of costs provided in the Initial Remuneration Notice dated 26 September 2024, which estimated a cost of the Administration of \$25,000 to \$30,000 (excluding GST). This is a result of greater than anticipated time requirements to review and reconcile the Company's ledgers and financial records, particularly the related party dealings with respect to franchise fees. This also impacted the data to be provided to interested parties for the sale process. In preparing this remuneration approval report, we have made our best estimate at what we believe the Administration will cost to complete and we do not anticipate that we will have to ask creditors to approve any further remuneration. However, should the Administration not proceed as expected, we will advise creditors and we may seek approval of further remuneration and provide details on why the remuneration has changed. Matters that may affect the progress and the cost of the Administration include:

- A delayed settlement of a sale of assets
- Obtaining releases of registered security interests to facilitate the sale of assets
- Assignment of property leases (if required) for a sale of the assets

3.4 Likely impact on dividends

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

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

Even if creditors approve our remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the amount of assets that we are able to recover and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

Given the realisable value of the Company's assets remains uncertain we are unable to provide a dividend estimate of any certainty at this stage of the Administration.

3.5 Remuneration recovered from external sources

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

4 Disbursements

Disbursements are divided into three types:

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

We are not required to seek creditor approval for costs paid to third parties or for disbursements where we are recovering a cost incurred on behalf of the administration but we must account to creditors. We are not currently claiming or seeking approval from creditors for our internal disbursements. If this changes, we will write to you seeking further approval.

4.1 Future basis of internal disbursements (if required)

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

Basis of disbursement claim

Disbursements	Rate (ex GST)
External professional services	At cost
External non-professional costs	At cost
Firm non-professional costs	At cost
Staff vehicle use	88 cents per kilometre for first 150km of return trip and 40 cents per kilometre thereafter
ASIC Industry Funding Levy	\$77.64 per notifiable event

5 Summary of receipts and payments

There have been no receipts and payments in the Administration as at the date of this Report.

6 Queries

Please contact Vincent Nguyen by email essentialingredients@au.pwc.com should you have any further queries or require any further information.

You can access additional information on the following websites:

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

DATED this 23rd day of October 2024.



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

Appendices

Appendix A Calculations of remuneration schedules

Appendix B Table of major tasks for remuneration

Appendix A Calculations of remuneration schedules

Essential Franchise Pty Ltd

Schedule A1

Calculation of Remuneration

For the period 26 September 2024 to 15 October 2024

Employee	Position	\$ /hours (ex GST)	Total Hrs	Total (\$)	Assets		Creditors		Trade on		Investigations		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Robert Ditrch	Appointee	785	3.0	2,335.38	2.0	1,530.75	0.4	333.63	0.2	157.00	0.1	39.25	0.4	274.75
Kosta Kangelaris	Partner	785	1.0	804.63	1.0	804.63	-	-	-	-	-	-	-	-
Rebecca Gill	Appointee	785	1.4	1,099.00	-	-	1.4	1,099.00	-	-	-	-	-	-
Craig Crosbie	Appointee	785	1.9	1,491.50	1.8	1,373.75	0.2	117.75	-	-	-	-	-	-
Carl Hoerner	Director	685	10.0	6,832.88	4.4	2,979.75	0.1	68.50	2.1	1,455.63	0.5	308.25	3.0	2,020.75
Nick Voukelatos	Director	685	2.9	1,952.25	2.9	1,952.25	-	-	-	-	-	-	-	-
Mahala Hazell	Director	685	1.2	822.00	-	-	1.0	685.00	-	-	0.2	137.00	-	-
Sylvia Young	Senior Manager	620	0.1	62.00	-	-	-	-	-	-	-	-	0.1	62.00
Andrew Khallouf	Senior Manager	620	21.2	13,159.50	21.2	13,159.50	-	-	-	-	-	-	-	-
Rebecca Almond	Senior Manager	620	2.5	1,550.00	-	-	2.5	1,550.00	-	-	-	-	-	-
Monique Shearwood	Manager	575	0.5	287.50	-	-	-	-	-	-	-	-	0.5	287.50
Michael Harris-Jaffe	Manager	575	15.0	8,610.63	15.0	8,610.63	-	-	-	-	-	-	-	-
Vincent Nguyen	Senior Consultant	475	0.3	142.50	-	-	-	-	-	-	0.2	95.00	0.1	47.50
Elliot Shaw	Senior Consultant	475	0.5	237.50	-	-	0.5	237.50	-	-	-	-	-	-
Natalie Wong	Consultant	385	11.8	4,523.75	11.8	4,523.75	-	-	-	-	-	-	-	-
	Offshore Professional	250	3.0	750.00	-	-	-	-	-	-	3.0	750.00	-	-
	Administration Support	210	1.8	378.00	-	-	-	-	-	-	-	-	1.8	378.00
Total			78.0	45,039.00	59.9	34,935.00	6.1	4,091.38	2.3	1,612.63	3.9	1,329.50	5.8	3,070.50
GST				4,503.90										
Total (Including GST)				49,542.90										
Average rate (excluding GST)				577.61		583.47		673.48		693.60		340.90		529.40

Calculations of remuneration schedules

Essential Franchise Pty Ltd

Calculation of Remuneration

Schedule A2

For the period 16 October 2024 to the end of the administration

Position	\$ /hours (ex GST)	Total Hrs	Total (\$)	Assets		Creditors		Trade on		Investigations		Administration	
				Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointee	785	3.0	2,355.0	0.8	628.00	0.4	314.00	1.0	785.00	0.6	471.00	0.2	157.00
Partner	785	0.4	314.0	0.4	314.00	-	-	-	-	-	-	-	-
Director	685	7.3	5,000.5	1.4	959.00	1.7	1,164.50	2.6	1,781.00	1.0	685.00	0.6	411.00
Senior Manager	620	8.7	5,394.0	2.7	1,674.00	1.5	930.00	3.0	1,860.00	1.5	930.00	-	-
Manager	575	7.2	4,140.0	1.9	1,092.50	1.6	920.00	2.4	1,380.00	0.8	460.00	0.5	287.50
Senior Consultant	475	9.9	4,702.5	3.3	1,567.50	1.5	712.50	2.9	1,377.50	1.5	712.50	0.7	332.50
Consultant	385	15.8	6,083.0	6.8	2,618.00	2.2	847.00	3.6	1,386.00	2.4	924.00	0.8	308.00
Offshore Professional	250	4.6	1,150.0	1.2	300.00	1.9	475.00	-	-	1.5	375.00	-	-
Administration Support	210	8.3	1,745.0	-	-	-	-	-	-	-	-	8.3	1,745.00
Total		65.2	30,884.00	18.5	9,153.00	10.8	5,363.00	15.5	8,569.50	9.3	4,557.50	11.1	3,241.00
Less :Discount			(14,717.09)										
Total (after discount)			16,166.91										
GST			1,616.69										
Total (Including GST)			17,783.60										
Average rate (excluding GST)			473.61		494.76		496.57		552.87		490.05		291.73

Essential Franchise Pty Ltd

Calculation of Remuneration

Schedule A3

For the period of appointment of Liquidators to the conclusion of Liquidation

Position	\$ /hours (ex GST)	Total Hrs	Total (\$)	Assets		Creditors		Investigations		Administration	
				Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointee	785	6.0	3,297.00	2.6	2,041.00	0.4	314.00	0.7	549.50	0.5	392.50
Partner	785	0.40	314.00	0.4	314.00	-	-	-	-	-	-
Director	685	9.3	4,452.50	3.7	2,534.50	0.7	479.50	1.1	753.50	1.0	685.00
Senior Manager	620	12.1	5,580.00	5.2	3,224.00	1.5	930.00	1.5	930.00	0.8	496.00
Manager	575	10.0	4,312.50	3.6	2,070.00	1.7	977.50	0.8	460.00	1.4	805.00
Senior Consultant	475	13.0	4,750.00	5.0	2,375.00	1.5	712.50	1.5	712.50	2.0	950.00
Consultant	385	20.0	6,275.50	8.7	3,349.50	2.2	847.00	2.5	962.50	2.9	1,116.50
Offshore Professional	250	5.10	1,275.00	-	-	1.9	475.00	1.9	475.00	1.3	325.00
Administration Support	210	8.30	1,743.50	-	-	-	-	-	-	8.3	1,743.50
Total		84.2	32,000.00	29.2	15,908.0	9.9	4,735.5	10.0	4,843.0	18.2	6,513.5
GST			3,200.00								
Total (Including GST)			35,200.00								
Average rate (excluding GST)			380.04		544.79		478.33		484.30		357.84

Appendix B Table of major tasks for remuneration

Schedule B1

Resolution 9

The below table provides a description of the work undertaken in each major task area for the period 26 September 2024 to 15 October 2024.

Task Area	General description	Includes
Assets 59.9 hours \$34,935.00	Sale of Business	Prepared an advertisement for the sale of business and assets Instructed media agent regarding the publication of the advertisement for the sale of business and assets Attended to email correspondences regarding request for documents from various interested parties Maintained a register of interested parties Prepared a non-disclosure agreement Prepared timeline for sale of business Prepared an information memorandum (including schedules, graphs and tables regarding the organisation structure, inventory analysis, revenue analysis and a profit and loss summary) Liaised with the internal Company accountant for the production of financial and Company records Performed reconciliation of financial statements produced by the external accountant and management produced financial statements Attended on site to discuss sale process and documents required from the directors Reviewed intellectual property register Prepared a sale process letter which was issued to all interested parties that completed a non-disclosure document Established a data room for preferred party due diligence Populated the data room with documents for the due diligence process Attended to telephone enquiries from interested parties Established access to data room for the preferred parties
		Reviewed PODs and proxies for the purposes of the first meeting creditors Reviewed first report to creditors Drafted and reviewed minutes of the first meeting of creditors Attended tasks associated with first meeting of creditors Prepared the meeting attendance register
Creditors 6.1 hours \$4,091.38	Creditor Meetings	

Table of major tasks for remuneration

Task Area	General description	Includes
		Attendance at and conduct of the first creditor meeting
	Secured creditor reporting	Prepared report to secured creditors Provided regular verbal updates to secured creditor Responded to secured creditor's queries
	Creditor reports	Prepared for initial circular to creditors Issued initial circular to creditors by email and mail Commenced preparation of report for Second Creditors' meeting
Trade On 2.3 hours \$1,612.63	Trade on Management	Discussions with management regarding calculation of franchise fees and review of franchise agreement
Investigation 3.9 hours \$1,329.50	Conducted investigation	Reviewed the Company's books and records Issued letters to major banking entities seeking details of accounts held by the Company, the Sheriff's office advising of the Administration, Service NSW seeking confirmation of vehicles registered in the name of the Company Reviewed and prepared a summary of the Company activities and financial history Summarised statutory searches
	ASIC reporting	Reviewed and approved ASIC notice of appointment
	Director correspondence & ROCAP	Liaised with the directors to complete ROCAP
	ASIC Forms and lodgements	Prepared and lodged ASIC forms including 505, 531 etc Corresponded with ASIC regarding statutory forms Lodge ASIC PNWs
Administration 5.8 hours \$3,070.50	ATO and other statutory reporting	Issued Notification of appointment Corresponded with ATO
	Project Management	Prepared, reviewed and maintained weekly priorities task list Discussed regarding strategy and tasks Internal meetings regarding task allocation and strategy

Schedule B2**Resolution 10**

The below table provides a description of the work undertaken in each major task area for the period 16 October to the end of the Administration

Task Area	General description	Includes
Assets 18.5 hours \$9,153.00	Sale of Business as a Going Concern	Ongoing liaison with preferred parties Conduct of meetings with preferred parties and management Attend to further enquires of preferred parties Negotiations with preferred parties Instruct solicitors to draft contract of sale Review of contract of sale and agree terms with proposed purchaser Attend to settlement of sale of business and assets Attend to transition of intellectual property, leases and employees (if required)
	Assets subject to specific charges	Liaison with financiers regarding sale and release of security or return of leased assets
Creditors 10.8 hours \$5,363.00	Creditor reports	Finalised preparation of report for Second Creditors' meeting
	Secured creditor reporting	Preparing reports to secured creditor Regular verbal updates to secured creditor Responding to secured creditor's queries
	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Preparation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting
Trade On 15.5 hours \$8,569.50	Trade on Management	Liaising with management and staff Attendance on site Liaising with management
Investigation 9.3 hours \$4,557.50	Conducting investigation	Finalised investigations for the purposes of the report to creditors, including review of transactions conducted in the six months prior to appointment Summarised statutory searches
Administration 11.1 hours \$3,241.00	Correspondence	General correspondence
	Document maintenance/file review/checklist	Filing of documents
		File reviews Updating checklists
	Bank account administration	Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 5602/5603, 911 etc

Table of major tasks for remuneration

Task Area	General description	Includes
	ATO and other statutory reporting	Preparing BAS
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Collection and storage of books and records

Schedule B3**Resolution 14**

The below table provides a description of the work undertaken in each major task area for the period from appointment of Liquidators to conclusion of liquidation

Task Area	General description	Includes
Assets 29.2 hours \$15,908.00	Sale of Business as a Going Concern (if not completed during the Administration period)	Review of contract of sale and agree terms with proposed purchaser Liaison with solicitors regarding contract of sale Conduct stock counts and reconcile for final purchase consideration Attend to settlement of sale of business and assets Attend to transition of intellectual property, leases and employees (if required)
	Assets subject to specific charges (if not completed during the Administration period)	Liaison with financiers regarding sale and release of security or return of leased assets
Creditors 9.9 hours \$4,735.50	Secured creditor reporting	Preparing reports to secured creditors Regular verbal updates to secured creditor Responding to secured creditor's queries
	Meeting of Creditors or the committee of inspection (if required)	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Conducting meeting of creditors Preparation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend
	Conducting investigation	Collection and indexing of the Company books and records Reviewing the Company's books and records Conclude investigation on insolvent trading, source and application of Company funds and assets and claims by a liquidator Maintain investigation file
Investigation 10.0 hours \$4,843.00	ASIC reporting	Preparing statutory investigation report Preparation and lodgement of supplementary report to ASIC if required Liaising with ASIC
	Correspondence	General correspondence
Administration 18.2 hours \$6,513.5	Document maintenance/file review/checklist	First month, then six monthly administration review Filing of documents File reviews Updating checklists
	Bank account administration	Preparing correspondence opening and closing accounts

Table of major tasks for remuneration

Task Area	General description	Includes
		Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 5602/5603, 911 etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment Preparing BAS
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration Strategic management

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Essential Distribution Australia Pty Ltd (Administrators Appointed) (the Company)

ACN 118 700 771

Remuneration Approval Report

23 October 2024

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

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

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

You can cast your vote by using the included voting forms. The forms must be submitted to this office **BY EMAIL** to essentialingredients@au.pwc.com by no later than **4.00pm AEDT on Tuesday, 29 October 2024** for your vote to count.

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1 Declaration

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

2 Executive Summary

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

Period	Report reference	Amount (ex GST)
Current remuneration approval sought:		
Voluntary Administration		
Resolution 17: 26 September 2024 to 15 October 2024	Schedule A1 & B1	\$5,458.00
Resolution 18: 16 October 2024 to the end of the Administration*	Schedule A2 & B2	\$1,360.48
Total for Administration		\$6,818.48
Liquidation		
Resolution 22: For the period from appointment of Liquidators to the conclusion of liquidation*	Schedule A3 & B3	\$3,000.00
Total for liquidation		\$3,000.00
Total remuneration approval sought		\$9,818.48

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

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

3 Remuneration

3.1 Remuneration

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

Resolution 17

That the remuneration of the Administrators is approved for the period 26 September 2024 to 15 October 2024 of \$5,458.00 plus GST as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds immediately or as funds become available.

Resolution 18

That the remuneration of the Administrators is approved for the period 16 October 2024 to the end of the Administration up to a maximum of \$1,360.48 plus GST, as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.

Resolution 22

That the remuneration of the Joint and Several Liquidators is approved for the period commencing on the appointment of Liquidators to the conclusion of the liquidation up to a maximum of \$3,000.00 plus GST, as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.

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

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

3.2 Details of remuneration

The basis of calculating the remuneration claims and the details of the major tasks performed and the costs associated with each of those major tasks are summarised and contained within the schedules at **Schedule A1 to A3 of Appendix A & Schedule B1 to B3 of Appendix B**.

3.3 Total remuneration reconciliation

The total remuneration for this Voluntary Administration is estimated to be \$6,818.48 (excluding GST). Please note this is net of a discount to our remuneration for the period 16 October 2024 to the conclusion of the Administration in the amount of \$1,639.52.

This estimate is materially lower than the estimate of costs provided in the Initial Remuneration Notice dated 26 September 2024, which estimated a cost of the Administration of \$25,000 to \$30,000 (excluding GST)

We have provided an explanation of tasks remaining to complete, including our estimated costs to complete those tasks to support our current remuneration approval request at **Schedule B2 & B3** of the report.

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

3.4 Likely impact on dividends

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

Even if creditors approve our remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the amount of assets that we are able to recover and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

Given the Company does not hold assets it is unlikely there will be a distribution to creditors.

3.5 Remuneration recovered from external sources

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

4 Disbursements

Disbursements are divided into three types:

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

We are not required to seek creditor approval for costs paid to third parties or for disbursements where we are recovering a cost incurred on behalf of the Administration but we must account to creditors. We are not currently claiming or seeking approval from creditors for our internal disbursements. If this changes, we will write to you seeking further approval.

4.1 Future basis of internal disbursements (if required)

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

Basis of disbursement claim

Disbursements	Rate (ex GST)
External professional services	At cost
External non-professional costs	At cost
Firm non-professional costs	At cost
Staff vehicle use	88 cents per kilometre for first 150km of return trip and 40 cents per kilometre thereafter
ASIC Industry Funding Levy	\$77.64 per notifiable event

5 Summary of receipts and payments

There have been no receipts and payments in the Administration as at the date of this Report.

6 Queries

Please contact Vincent Nguyen by email essentialingredients@au.pwc.com should you have any further queries or require any further information.

You can access additional information on the following websites:

ARITA at www.arita.com.au/creditors

ASIC at <http://asic.gov.au/regulatory-resources/insolvency/insolvency-information-sheets/>

DATED this 23rd day of October 2024.



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

Appendices

Appendix A Calculations of remuneration schedules

Appendix B Table of major tasks for remuneration

Appendix A Calculations of remuneration schedules

Essential Distribution Australia Pty Ltd

Calculation of Remuneration

For the period 26 September 2024 to 15 October 2024

Schedule A1

Employee	Position	\$ /hours (ex GST)	Total Hrs	Total (\$)	Creditors		Investigations		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$
Robert Ditrach	Appointee	785	-	-	-	-	-	-	-	-
Kosta Kangelaris	Partner	785	-	-	-	-	-	-	-	-
Rebecca Gill	Appointee	785	1.4	1,099.0	1.4	1,099.00	-	-	-	-
Craig Crosbie	Appointee	785	-	-	-	-	-	-	-	-
Carl Hoerner	Director	685	-	-	-	-	-	-	-	-
Nick Voukelatos	Director	685	-	-	-	-	-	-	-	-
Mahala Hazell	Director	685	1.2	822.0	1.0	685.00	0.2	137.00	-	-
Sylvia Young	Senior Manager	620	0.1	62.0	-	-	-	-	0.1	62.00
Jessica Broadbent	Senior Manager	620	-	-	-	-	-	-	-	-
Andrew Khallouf	Senior Manager	620	-	-	-	-	-	-	-	-
Rebecca Almond	Senior Manager	620	2.5	1,550.0	2.5	1,550.00	-	-	-	-
Monique Shearwood	Manager	575	0.2	115.0	-	-	-	-	0.2	115.00
Michael Harris-Jaffe	Manager	575	-	-	-	-	-	-	-	-
Vincent Nguyen	Senior Consultant	475	0.4	190.0	-	-	0.3	142.50	0.1	47.50
Elliot Shaw	Senior Consultant	475	-	-	-	-	-	-	-	-
Natalie Wong	Consultant	385	-	-	-	-	-	-	-	-
	Offshore Professional	250	4.8	1,200.0	-	-	4.8	1,200.00	-	-
	Administration Support	210	2.0	420.0	-	-	-	-	2.0	420.00
Total			12.6	5,458.00	4.9	3,334.00	5.3	1,479.50	2.4	644.50
GST				545.80						
Total (Including GST)				6,003.80						
Average rate (excluding GST)				433.17		680.41		279.15		268.54

Essential Distribution Australia Pty Ltd

Calculation of Remuneration

Schedule A2

For the period 16 October 2024 to the end of the administration

Position	\$ /hours (ex GST)	Total Hrs	Total (\$)	Assets		Creditors		Investigations		Administration	
				Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointee	785	0.2	157.0	-	-	0.2	157.00	-	-	-	-
Partner	785	-	-	-	-	-	-	-	-	-	-
Director	685	0.2	137.0	-	-	0.2	137.00	-	-	-	-
Senior Manager	620	1.3	806.0	0.1	62.00	0.4	248.00	0.8	496.00	-	-
Manager	575	0.9	517.5	0.3	172.50	0.6	345.00	-	-	-	-
Senior Consultant	475	1.7	807.5	0.2	95.00	-	-	1.5	712.50	-	-
Consultant	385	1.1	423.5	0.2	77.00	0.9	346.50	-	-	-	-
Offshore Professional	250	0.2	50.0	-	-	-	-	-	-	0.2	50.00
Administration Support	210	0.5	101.5	-	-	-	-	-	-	0.5	101.50
Total		6.1	3,000.00	0.8	406.50	2.3	1,233.50	2.3	1,208.50	0.7	151.50
Less :Discount			(1,639.52)								
Total (after discount)			1,360.48								
GST			136.05								
Total (Including GST)			1,496.53								
Average rate (excluding GST)			493.15		508.13		536.30		525.43		221.71

Essential Distribution Australia Pty Ltd

Schedule A3

Calculation of Remuneration

For the period of appointment of Liquidators to the conclusion of Liquidation

Position	\$ /hours (ex GST)	Total Hrs	Total (\$)	Assets		Creditors		Dividend		Investigations		Administration	
				Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointee	785	0.2	157.00	-	-	0.2	157.00	-	-	-	-	-	-
Partner	785	-	-	-	-	-	-	-	-	-	-	-	-
Director	685	0.2	137.00	-	-	0.2	137.00	-	-	-	-	-	-
Senior Manager	620	1.3	806.00	-	-	0.5	310.00	-	-	0.8	496.00	-	-
Manager	575	0.9	517.50	0.1	57.50	0.8	460.00	-	-	-	-	-	-
Senior Consultant	475	1.7	807.50	0.1	47.50	0.1	47.50	-	-	1.5	712.50	-	-
Consultant	385	1.1	423.50	0.1	38.50	1.0	385.00	-	-	-	-	-	-
Offshore Professional	250	0.2	50.00	-	-	-	-	-	-	-	-	0.2	50.00
Administration Support	210	0.5	101.50	-	-	-	-	-	-	-	-	0.5	101.50
Total		6.1	3,000.00	0.3	143.50	2.8	1,496.50	-	-	2.3	1,208.50	0.7	151.50
GST			300.00										
Total (Including GST)			3,300.00										
Average rate (excluding GST)			493.15		478.33		534.46				525.43		221.71

Appendix B Table of major tasks for remuneration

Schedule B1

Resolution 17

The below table provides a description of the work undertaken in each major task area for the period 26 September 2024 to 15 October 2024.

Task Area	General description	Includes
Creditors 4.9 hours \$3,334.00	Creditor reports	Prepared report to secured creditors Provided regular verbal updates to secured creditor Responded to secured creditor's queries Prepared for initial circular to creditors Issued initial circular to creditors by email and mail Commenced preparation of report for Second Creditors' meeting
	Creditor meeting	Reviewed PODs and proxies for the purposes of the first meeting creditors Reviewed first report to creditors Drafted and reviewed minutes of the first meeting of creditors Attended tasks associated with first meeting of creditors Prepared the meeting attendance register Attendance at and conduct of the first creditor meeting Finalisation of meeting minutes and complete lodgement of the minutes with the Australian Securities and Investments Commission (ASIC)
Investigation 5.3 hours \$1,479.50	Conducting investigation	Reviewed the Company's books and records Issued letters to major banking entities seeking details of accounts held by the Company, the Sherriff's office advising of the Administration, Service NSW seeking confirmation of vehicles registered in the name of the Company Reviewed and prepared a summary of the Company activities and financial history Summarised statutory searches
	Director correspondence & ROCAP	Liaised with the directors to complete ROCAP
Administration 2.4 hours \$644.50	ASIC Forms and lodgements	Prepared and lodged ASIC forms including 505, 531 etc Correspondence with ASIC regarding statutory forms
	ATO reporting & portal correspond	Issued Notification of appointment Corresponded with ATO
	Project Management	Prepare and maintain listing of tasks

Schedule B2**Resolution 18**

The below table provides a description of the work undertaken in each major task area for the period 16 October to the end of the Administration

Task Area	General description	Includes
Assets 0.8 hours \$406.50	Other Assets (related party loans)	Tasks associated with realising other assets
Creditors 2.3 hours \$1,233.50	Secured creditor reporting	Notifying PPSA registered creditors of appointment Preparing reports to secured creditor Regular verbal updates to secured creditor Responding to secured creditor's queries
	Creditor reports	Commenced preparation of report for Second Creditors' meeting
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend
Investigation 2.3 hours \$1,208.50	Conducting investigation	Finalised investigations for the purposes of the report to creditors, including review of transactions conducted in the six months prior to appointment Summarised statutory searches
Administration 0.7 hours \$151.50	Correspondence	General correspondence
	Document maintenance/file review/checklist	Filing of documents Updating checklists
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 5602/5603, 911 etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Preparing BAS
	Planning / Review	Discussions regarding status of administration

Schedule B3**Resolution 22**

The below table provides a description of the work undertaken in each major task area for the period appointment of Liquidators to the conclusion of liquidation

Task Area	General description	Includes
Assets 0.3 hours \$143.50	Other Assets (Related party loans)	Tasks associated with realising other assets
Creditors 2.8 hours \$1,496.50	Secured creditor reporting	Preparing reports to secured creditor Regular verbal updates to secured creditor Responding to secured creditor's queries
	Creditor reports	Preparing general reports to creditors
	Meeting of Creditors (if required)	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Conducting meeting of creditors Preparation and lodgement of minutes of meetings with ASIC
Investigation 2.3 hours \$1,208.50	Conducting investigation	Collection of the Company's books and records Review of the Company's books and records Preparation of investigation file
	ASIC reporting	Preparing statutory investigation report and lodgement with ASIC
Administration 0.7 hours \$151.50	Correspondence	General correspondence
	Document maintenance/file review/checklist	Filing of documents
		File reviews Updating checklists
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 5602/5603, 911 etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment Preparing BAS Completing group certificates
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

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The Vital Ingredient (Retail) Pty Ltd (Administrators Appointed) (the Company)

ACN 088 389 217

Remuneration Approval Report

23 October 2024

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

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

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

You can cast your vote by using the included voting forms. The forms must be submitted to this office **BY EMAIL** to essentialingredients@au.pwc.com by no later than **4.00pm AEDT on Tuesday, 29 October 2024** for your vote to count.

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1 Declarations

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

2 Executive Summary

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

Period	Report reference	Amount (ex GST)
Current remuneration approval sought:		
Voluntary Administration		
Resolution 25: 26 September 2024 to 15 October 2024	Schedule A1 & B1	\$123,894.14
Resolution 26: 16 October 2024 to completion*	Schedule A2 & B2	\$44,471.93
Total for Administration		\$168,366.07
Liquidation		
Resolution 30: For the period from appointment of Liquidators to the conclusion of liquidation*	Schedule A3 & B3	\$90,000.00
Total for liquidation		\$90,000.00
Total remuneration approval sought		\$258,366.07

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

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

3 Remuneration

3.1 Remuneration

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

Resolution 25

That the remuneration of the Administrators is approved for the period 26 September 2024 to 15 October 2024 of \$123,894.14 plus GST as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds immediately or as funds become available.

Resolution 26

That the remuneration of the Administrators is approved for the period 16 October 2024 to the end of the Administration up to a maximum of \$44,471.93 plus GST, as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.

Resolution 30

That the remuneration of the Joint and Several Liquidators is approved for the period commencing on the appointment of Liquidators to the conclusion of the liquidation up to a maximum of \$90,000.00 plus GST, as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.

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

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

3.2 Details of remuneration

The basis of calculating the remuneration claims and the details of the major tasks performed and the costs associated with each of those major tasks are summarised and contained within the schedules at **Schedule A1 to A3 of Appendix A & Schedule B1 to B3 of Appendix B**.

3.3 Total remuneration reconciliation

The total remuneration for this external Administration is estimated to be \$168,366.07 (excluding GST). Please note this is net of a discount to our remuneration for the period 16 October 2024 to the conclusion of the Administration in the amount of \$40,484.05.

This estimate differs to the estimate of costs provided in the Initial Remuneration Notice dated 26 September 2024, which estimated a cost of the Administration of \$100,000 to \$140,000 (excluding GST). This is a result of greater than anticipated time requirements for:

- Greater time incurred on trading activities and liaising with suppliers. A significant portion of suppliers sought amended trading terms which required additional time to conduct negotiations to ensure continued supply of goods and services during the Administration period.
- The necessity to review and reconcile the Company's ledgers and financial records. In particular, data to be provided to interested parties for the sale process as well as our ongoing monitoring of trading activities and maintenance of the Administration cashflow.

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

- A delayed settlement of a sale of assets
- Obtaining releases of registered security interests to facilitate the sale of assets
- Assignment of property leases (if required) for a sale of the assets

3.4 Likely impact on dividends

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

Even if creditors approve our remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the value of assets that we are able to recover and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

Given the realisable value of the Company's assets remains uncertain we are unable to provide a dividend estimate of any certainty at this stage of the Administration.

3.5 Remuneration recovered from external sources

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

4 Disbursements

Disbursements are divided into three types:

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

We are not required to seek creditor approval for costs paid to third parties or for disbursements where we are recovering a cost incurred on behalf of the Administration but we must account to creditors. We have undertaken a proper assessment of disbursements claimed for the Company, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

4.1 Future basis of internal disbursements (if required)

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

Basis of disbursement claim

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

5 Summary of receipts and payments

The summary of receipts and payments for the period from 26 September 2024 to 11 October 2024 is contained in **Appendix C**.

6 Queries

Please contact Vincent Nguyen by email essentialingredients@au.pwc.com should you have any further queries or require any further information.

You can access additional information on the following websites:

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

DATED this 23rd day of October 2024.



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

Appendices

Appendix A Calculations of remuneration schedules

Appendix B Table of major tasks for remuneration

Appendix C Summary of receipts and payments

Appendix A Calculations of remuneration schedules

The Vital Ingredient (Retail) Pty Ltd

Schedule A1

Calculation of Remuneration

For the period 26 September 2024 to 15 October 2024

Employee	Position	\$ /hours (ex GST)	Total Hrs	Total (\$)	Assets		Creditors		Trade on		Investigations		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Robert Ditrich	Appointee	785	11.0	8,654.63	2.1	1,609.25	1.3	1,040.13	7.3	5,691.25	0.1	39.25	0.4	274.75
Kosta Kangelaris	Partner	785	1.0	804.63	1.0	804.63	-	-	-	-	-	-	-	-
Rebecca Gill	Appointee	785	1.4	1,099.00	-	-	1.4	1,099.00	-	-	-	-	-	-
Craig Crosbie	Appointee	785	1.9	1,491.50	1.8	1,373.75	0.2	117.75	-	-	-	-	-	-
Carl Hoerner	Director	685	25.5	17,450.38	5.9	4,007.25	1.1	753.50	14.4	9,881.13	1.2	787.75	3.0	2,020.75
Nick Voukelatos	Director	685	2.9	1,952.25	2.9	1,952.25	-	-	-	-	-	-	-	-
Mahala Hazell	Director	685	5.0	3,425.00	-	-	2.6	1,781.00	-	-	2.4	1,644.00	-	-
Sylvia Young	Senior Manager	620	2.0	1,218.92	-	-	-	-	-	-	-	-	2.0	1,218.92
Jessica Broadbent	Senior Manager	620	38.7	23,968.58	0.6	370.76	3.5	2,189.22	23.6	14,634.48	1.9	1,187.30	7.5	4,666.12
Andrew Khallouf	Senior Manager	620	21.2	13,159.50	21.2	13,159.50	-	-	-	-	-	-	-	-
Rebecca Almond	Senior Manager	620	7.5	4,650.00	-	-	7.5	4,650.00	-	-	-	-	-	-
Monique Shearwood	Manager	575	31.7	18,235.55	2.3	1,302.38	2.0	1,177.60	17.3	9,946.35	0.5	265.65	7.2	4,139.43
Michael Harris-Jaffe	Manager	575	15.0	8,610.63	15.0	8,610.63	-	-	-	-	-	-	-	-
Vincent Nguyen	Senior Consultant	475	8.6	4,103.53	-	-	4.4	2,101.40	2.6	1,218.38	0.2	94.05	1.2	548.63
Elliot Shaw	Senior Consultant	475	16.6	7,865.53	-	-	5.7	2,689.45	1.6	760.00	-	-	9.3	4,416.08
Natalie Wong	Consultant	385	11.8	4,523.75	11.8	4,523.75	-	-	-	-	-	-	-	-
	Offshore Professional	250	5.6	1,400.00	-	-	-	-	-	-	5.6	1,400.00	-	-
	Administration Support	210	6.1	1,280.79	-	-	-	-	-	-	-	-	6.1	1,280.79
Total			213.4	123,894.14	64.3	37,714.14	29.7	17,599.05	66.7	42,131.58	11.8	5,418.00	36.5	18,565.46
GST				12,389.41										
Total (Including GST)				136,283.55										
Average rate (excluding GST)				580.68		586.19		591.76		631.26		460.13		508.06

Calculations of remuneration schedules

The Vital Ingredient (Retail) Pty Ltd

Schedule A2

Calculation of Remuneration

For the period 16 October 2024 to the end of Administration

Position	\$ /hours (ex GST)	Total Hrs	Total (\$)	Assets		Creditors		Employees		Trade on		Dividend		Investigations		Administration	
				Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointee	785	8.2	6,437.00	1.6	1,256.00	0.8	628.00	-	-	3.2	2,512.00	0.4	314.00	1.4	1,099.00	0.8	628.00
Partner	785	1.6	1,256.00	1.6	1,256.00	-	-	-	-	-	-	-	-	-	-	-	-
Director	685	19.5	13,357.50	1.9	1,301.50	2.6	1,781.00	0.3	205.50	8.2	5,617.00	2.7	1,849.50	1.9	1,301.50	1.9	1,301.50
Senior Manager	620	19.3	11,966.00	4.1	2,542.00	1.9	1,178.00	1.7	1,054.00	4.1	2,542.00	1.9	1,178.00	2.1	1,302.00	3.5	2,170.00
Manager	575	27.6	15,870.00	4.4	2,530.00	3.1	1,782.50	2.2	1,265.00	11.1	6,382.50	1.8	1,035.00	2.0	1,150.00	3.0	1,725.00
Senior Consultant	475	26.6	12,635.00	2.7	1,282.50	7.5	3,562.50	2.7	1,282.50	6.4	3,040.00	3.6	1,710.00	1.9	902.50	1.8	855.00
Consultant	385	39.3	15,130.50	6.6	2,541.00	4.6	1,771.00	-	-	13.9	5,351.50	6.2	2,387.00	2.0	770.00	6.0	2,310.00
Offshore Professional	250	19.3	4,825.00	-	-	4.8	1,200.00	1.7	425.00	-	-	-	-	4.6	1,150.00	8.2	2,050.00
Administration Support	210	16.6	3,478.98	-	-	-	-	-	-	-	-	-	-	-	-	16.6	3,478.98
Total		178.0	84,955.98	22.9	12,709.00	25.3	11,903.00	8.6	4,232.00	46.9	25,445.00	16.6	8,473.50	15.9	7,675.00	41.8	14,518.48
Less :Discount			(40,484.05)														
Total (after discount)			44,471.93														
GST			8,495.60														
Total (Including GST)			52,967.53														
Average rate (excluding GST)			477.37		554.98		470.47		492.09		542.54		510.45		482.70		347.61

The Vital Ingredient (Retail) Pty Ltd

Schedule A3

Calculation of Remuneration

For the period from appointment of Liquidator till completion

Position	\$ /hours (ex GST)	Total Hrs	Total (\$)	Assets		Creditors		Employees		Trade on		Dividend		Investigations		Administration	
				Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointee	785	8.8	6,908.00	1.7	1,334.50	0.8	628.00	-	-	3.4	2,669.00	0.6	471.00	1.4	1,099.00	0.9	706.50
Partner	785	1.7	1,334.50	1.7	1,334.50	-	-	-	-	-	-	-	-	-	-	-	-
Director	685	20.7	14,179.50	2.0	1,370.00	2.8	1,918.00	0.3	205.50	8.7	5,959.50	2.9	1,986.50	2.0	1,370.00	2.0	1,370.00
Senior Manager	620	20.5	12,710.00	4.4	2,728.00	2.0	1,240.00	1.8	1,116.00	4.4	2,728.00	2.0	1,240.00	2.2	1,364.00	3.7	2,294.00
Manager	575	29.2	16,790.00	4.7	2,702.50	3.3	1,897.50	2.3	1,322.50	11.7	6,727.50	1.9	1,092.50	2.1	1,207.50	3.2	1,840.00
Senior Consultant	475	28.1	13,347.50	2.8	1,330.00	8.0	3,800.00	2.8	1,330.00	6.8	3,230.00	3.8	1,805.00	2.0	950.00	1.9	902.50
Consultant	385	41.6	16,016.00	7.0	2,695.00	4.9	1,886.50	-	-	14.7	5,659.50	6.5	2,502.50	2.1	808.50	6.4	2,464.00
Offshore Professional	250	20.3	5,075.00	-	-	5.0	1,250.00	1.8	450.00	-	-	-	-	4.9	1,225.00	8.6	2,150.00
Administration Support	210	17.3	3,639.50	-	-	-	-	-	-	-	-	-	-	-	-	17.3	3,639.50
Total		188.2	90,000.00	24.3	13,494.50	26.8	12,620.00	9.0	4,424.00	49.7	26,973.50	17.7	9,097.50	16.7	8,024.00	44.0	15,366.50
GST			9,000.00														
Total (Including GST)			99,000.00														
Average rate (excluding GST)			478.14		555.33		470.90		491.56		542.73				480.48		348.99

Appendix B

Table of major tasks for remuneration

Schedule B1

Resolution 25

The below table provides a description of the work undertaken in each major task area for the period 26 September 2024 to 15 October 2024.

Task Area	General description	Includes
	Plant and Equipment	Engaged valuers to produce a listing of plant and equipment and provide a valuation of all plant Obtained insurance cover Initiated motor vehicle searches with Vicroads
	Stock	Conducted a sample check of stock on hand to the Company's listing of inventory on hand Reviewed stock values
Assets 64.3 hours \$37,714.14	Sale of business	Prepared an advertisement for the sale of business and assets Instructed media agent regarding the publication of the advertisement for the sale of business and assets Attended to email correspondences regarding request for documents from various interested parties Maintained a register of interested parties Prepared a non-disclosure agreement Prepared timeline for sale of business Prepared an information memorandum (including schedules, graphs and tables regarding the organisation structure, inventory analysis, revenue analysis and a profit and loss summary) Liaised with the internal Company accountant for the production of financial and Company records Performed reconciliation of financial statements produced by the external accountant and management produced financial statements Attended on site to discuss sale process and documents required from the directors Reviewed intellectual property register Prepared a sale process letter which was issued to all interested parties that completed a non-disclosure document Established a dataroom for preferred party due diligence Populated the dataroom with documents for the due diligence process Attended to telephone enquiries from interested parties Established access to dataroom for the preferred parties
	Debtors	Ongoing collection of debtors Correspondence with debtors Ongoing reconciliation of debtor ledger Reviewing and assessing collectability of debtor ledger
	Leased assets	Reviewed lease documents

Task Area	General description	Includes
Creditors 29.7 hours \$17,599.05		Liaised with lessors Issued correspondence seeking reduction for property rental costs Prepared landlord lease schedule Attended meetings with landlords or landlord's agent
	Creditor Enquiries	Dealt with creditor enquiries via telephone and emails Maintained creditor enquiry files Reviewed and prepared correspondence to creditors and their representatives via email and post Coordinated with creditors regarding proofs of debt and statement of accounts Preparation and distribution of frequently asked question document for creditors Uploaded content for creditors on the PwC Insolvency website
	Secured creditor reporting	Notified PPSA registered creditors of appointment Prepared report to secured creditors Provided regular verbal updates to secured creditor Responded to secured creditor's queries
	Other PPSA creditors	Performed searches of the PPSA register Notified PMSI creditors identified from PPSA register Received initial notification of creditors' intention to claim pursuant to their registered security interest Provision of retention of title claim form to creditors Received completed retention of title claim forms Maintained retention of title file Met claimants on site to identify goods Adjudicated retention of title claims Forwarded correspondence to claimants notifying outcome of adjudication
	Creditor reports	Prepared for initial circular to creditors Issued initial circular to creditors by email and mail Commenced preparation of report for Second Creditors' meeting
	Dealing with proofs of debt	Receipted and filed POD when not related to a dividend Reviewed and filed POD including PODs received from employees Performed adjudication of PODs received
	Meeting of Creditors	Prepared first report to creditors Drafted and reviewed minutes of the first meeting of creditors Attended tasks associated with first meeting of creditors Prepared the meeting attendance register Attendance at and conduct of the first creditor meeting Finalisation of meeting minutes and complete lodgement of the minutes with the Australian Securities and Investments Commission (ASIC) Attended and conduct first creditor meeting

Table of major tasks for remuneration

Task Area	General description	Includes
Employees 4.2 hours \$2,465.93	Employees Correspondence	Received and followed up employee enquiries via telephone and email Conducted discussions with staff on site regarding the Administration process and employee entitlements Finalised employee master list Issued a letter to employees regarding their entitlements Attended on site employee meetings and responded to enquiries
	Worker's compensation insurance/claims	Arranged for insurance coverage Attended to email correspondence in relation to hold cover Attended meeting with insurer in relation to Victoria workcover
	Other employee issues	Attended to employee query regarding entitlements Reviewed and issued employee FAQ document
Trade On 66.7 hours \$42,131.58	Trade on Management	Liaised with Company accountant in relation to financial function and systems Prepared media release Prepare a forecast cashflow for a 13 week trading period Ongoing update and reconciliation of forecast cashflow to actual trading results Addressed media questions Attended meetings with Company employees regarding the forecast cashflow, accounting reports and information requests On site attendance in relation to ongoing trading Review, authorisation and payment of weekly payroll Reviewed costs and schedule of international supplier orders and shipments Liaised with product suppliers regarding opening accounts for the Administrators Opened accounts with utility providers Establish ongoing provision of key software applications and licences Issued notices to suppliers Attended meetings with purchasing officer to determine future order requirements Attended on site meetings & discussions with suppliers Maintained and updated master supplier list Liaised with Company employees regarding payroll, account receivables and account payable. Authorised purchase orders & maintained purchase order registry Monitored trading performance Prepared and authorised receipt vouchers Prepared and authorised payment vouchers Reviewed Employees reimbursement claims Liaised with critical service providers
	Cash Management	Coordinated and paid weekly payrolls Coordinated with Banks for transferred pre appointment funds
	Conducting investigation	Reviewed the Company's books and records

Task Area	General description	Includes
Investigation 11.8 hours \$5,418.00		Issued letters to major banking entities seeking details of accounts held by the Company, the Sherriff's office advising of the Administration, Service NSW seeking confirmation of vehicles registered in the name of the Company Reviewed and prepared a summary of the Company activities and financial history Summarised statutory searches Prepared, reviewed and issued the initial Report to Creditors Conducted an analysis of the historical financial statements Prepared related party loan matrix, including shareholder loans, intercompany loans and details of large creditor amounts Commenced analysis of insolvent trading and potential antecedent recoveries by a liquidator
	ASIC reporting	Reviewed and approved ASIC advertisement and related supporting
	Director correspondence & ROCAP	Prepared, reviewed and finalised day one director pack Issued director pack Provided assistance to the directors to complete ROCAP
	Bank account administration	Prepared correspondence regarding opening and closing of bank accounts Requested bank statements Conducted Bank account reconciliations Prepared and reviewed Payment & Receipt Vouchers Liaised for opening of new bank accounts post appointment Liaised with ANZ for accounts held and balances
Administration 36.5 hours \$18,565.46	Appointment documents & DIRRI	Filed and prepared required ASIC lodgements Drafted appointment documents Attended meeting with directors for administration Prepared DIRRI
	ASIC Forms and lodgements	Prepared and lodged ASIC forms including 505, 531 etc Corresponded with ASIC regarding statutory forms
	General correspondence	Drafted and reviewed media release Finalised website content to be published on PwC insolvency website Attended to switchboard queries
	ATO and other statutory reporting	Issued Notification of appointment Prepared BAS Corresponded with ATO
	Project Management	Reviewed weekly priorities task list Discussed regarding strategy and tasks Internal meetings Updated task lists Attended Internal team meeting in relation to trade-on activities
	File maintenance	Updated strategy and work plan
	Books and records	Facilitated back up of electronic files

Schedule B2**Resolution 26**

The below table provides a description of the work undertaken in each major task area for the period 16 October to completion

Task Area	General description	Includes
Assets 39.5 hours \$21,182.50	Sale of Business as a Going Concern	Ongoing liaison with preferred parties Conduct of meetings with preferred parties and management Attend to further enquires of preferred parties Negotiations with preferred parties Instruct solicitors to draft contract of sale Review of contract of sale and agree terms with proposed purchaser Conduct stock counts and reconcile for final purchase consideration Attend to settlement of sale of business and assets Attend to transition of intellectual property, leases and employees (if required)
	Assets subject to specific charges	Liaison with financiers regarding sale and release of security or return of leased assets
	Debtors	Ongoing collection of debtors Correspondence with debtors Ongoing reconciliation of debtor ledger Reviewing and assessing collectability of debtor ledger Liaising with debt collectors and solicitors
	Creditor Enquiries	Deal with creditor enquiries via telephone and email Maintaining creditor enquiry files Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of creditors members
Creditors 25.3 hours \$11,903.00	Retention of Title Claims	Maintain retention of title file Meeting claimants on site to identify goods Adjudicate retention of title claims Forward correspondence to claimants notifying outcome of adjudication Preparation of correspondence to claimants to accompany payment of claims (if valid)
	Secured creditor reporting	Preparing reports to secured creditor Regular verbal updates to secured creditor Responding to secured creditor's queries
	Creditor reports	Preparing report to creditors
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend
	Second Meeting of Creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Prospective adjournment of the second meeting of creditors.

Table of major tasks for remuneration

Task Area	General description	Includes
Employees 8.6 hours \$4,232.00		Conduct of reconvened second meeting of creditors (if required) Finalisation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting
		Receive and follow up employee enquiries via telephone Maintain employee enquiry files Review and prepare correspondence to employees and their representatives via facsimile, email and post Preparation of letters to employees advising of their entitlements Receive and prepare correspondence in response to employee's objections to leave entitlements
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company's books and records Reconciling superannuation accounts Reviewing awards Liaising with solicitors regarding entitlements
	Trade on Management	Liaising with suppliers Liaising with management and staff Attendance on site Authorising purchase orders Maintaining purchase order registry Monitoring trading performance Updating and maintaining forecast cashflow, reconciling for actual trading results Reviewing daily/weekly sales reports Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Liaising with superannuation funds regarding contributions, termination of employees' employment Liaising with the state revenue office regarding payroll tax issues
Investigation 15.9 hours \$7,675.00	Processing receipts and payments	Entering receipts and payments into accounting system
	Conducting investigation	Review of specific transactions and liaising with directors for explanations Liaison with external accountants regarding completion of draft financial statements for financial year 2024 Issue instructions to internal accountant for production of records, including records required by external accountant Finalise preliminary investigations to identify indicators of insolvency and possible claims for insolvent trading and antecedent transactions Preparation of investigation file
	Correspondence	General correspondence
Administration 41.8 hours \$14,518.48	Document maintenance/file review/checklist	Filing of documents File reviews Updating checklists
	Bank account administration	Requesting bank statements

Table of major tasks for remuneration

Task Area	General description	Includes
		Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 5602/5603, 911 etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Preparing BAS
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of Administration

Schedule B3**Resolution 30**

The below table provides a description of the work undertaken in each major task area for the period from appointment of Liquidators to conclusion of Liquidation

Task Area	General description	Includes
Assets 24.3 hours \$13,494.50	Sale of Business as a Going Concern (if not completed during the Administration period)	Review of contract of sale and agree terms with proposed purchaser Liaison with solicitors regarding contract of sale Conduct stock counts and reconcile for final purchase consideration Attend to settlement of sale of business and assets Attend to transition of intellectual property, leases and employees (if required)
	Plant and Equipment	If the sale of the business as a going concern is not successful we will engage auctioneers to sell the plant and equipment
	Assets subject to specific charges (if not completed during the Administration period)	Liaison with financiers regarding sale and release of security or return of leased assets
	Debtors	Ongoing recovery of debtors Correspondence with debtors Reviewing and assessing collectability of debtors' ledger Liaising with debt collectors and solicitors
	Other Assets	Tasks associated with realising other assets
Creditors 26.8 hours \$12,620.00	Creditor Enquiries	Deal with creditor enquiries via telephone Maintaining creditor enquiry files Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of inspection members
	Retention of Title Claims	Receive completed retention of title claim forms Maintain retention of title file Adjudicate retention of title claims Forward correspondence to claimants notifying outcome of adjudication Preparation of correspondence to claimants to accompany payment of claims (if valid)
	Secured creditor reporting	Preparing reports to secured creditors Regular verbal updates to secured creditor Responding to secured creditor's queries
	Creditor reports	Preparing reports to creditors (if required)
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend Corresponding with OSR and ATO regarding POD when not related to a dividend
	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting

Table of major tasks for remuneration

Task Area	General description	Includes
Employees 9.0 hours \$4,424.00		Conducting first meeting of creditors Preparation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting
	Employees enquiries	Receive and follow up employee enquiries via telephone Maintain employee enquiry files Review and prepare correspondence to employees and their representatives via facsimile, email and post Preparation of letters to employees advising of their entitlements Receive and prepare correspondence in response to employee's objections to leave entitlements
	FEG/GEERS	Correspondence with FEG/GEERS Preparing notification spreadsheet Preparing FEG/GEERS quotations Preparing FEG/GEERS distributions
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company's books and records Reconciling superannuation accounts Reviewing awards Liaising with solicitors regarding entitlements
	Employee dividend (if required)	Correspondence with employees regarding dividend Correspondence with ATO regarding SGC proof of debt Calculating dividend rate Preparing dividend file Advertising dividend notice Preparing distribution Receipting POD Adjudicating POD Ensuring PAYG is remitted to ATO
Trade On 49.7 hours \$26,973.50	Trade on Management	Reconciling and payment of final trading accounts from suppliers of product, utility providers and lease liabilities Finalise cashflow/trading summary for the Administration period Cancellation of outstanding purchase orders Liaising with management and staff Calculation and payment of employee entitlements accrued during the trading period, including superannuation, annual and long service leave
	Processing receipts and payments	Entering receipts and payments into accounting system
Investigation 16.7 hours \$8,024.00	Conducting investigation	Collection and indexing of the Company books and records Reviewing the Company's books and records Conclude investigation on insolvent trading, source and application of Company funds and assets and claims by a liquidator Maintain investigation file
	ASIC reporting	Preparing statutory investigation report
Dividend	Processing proofs of debt	Preparation of correspondence to potential creditors inviting lodgement of POD

Table of major tasks for remuneration

Task Area	General description	Includes
17.7 hours \$9,097.50		Receipt of POD Maintain POD register Adjudicating POD Request further information from claimants regarding POD Preparation of correspondence to claimant advising outcome of adjudication
	Dividend procedures	Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Obtain clearance from ATO to allow distribution of company's assets Preparation of dividend calculation Preparation of correspondence to creditors announcing declaration of dividend Advertise announcement of dividend Preparation of distribution Preparation of dividend file Preparation of payment vouchers to pay dividend Preparation of correspondence to creditors enclosing payment of dividend
Administration 44.0 hours \$15,366.50	Correspondence	General correspondence
		Filing of documents
	Document maintenance/file review/checklist	File reviews Updating checklists
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 5602/5603, 911 etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment of liquidators Preparing BAS
	Finalisation	Notifying ATO of finalisation of the administration Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

Appendix C Summary of receipts and payments

Summary of Receipts and Payments for the period 26 September 2024 to 11 October 2024		The Vital Ingredient (Retail) Pty Ltd (Administrators appointed) \$
Receipts		
Debtors		509.77
Sales		153,714.73
Sweep		136,291.69
Total Receipts		290,516.19
Payments		
Bank Fees		(10.00)
Sweep		(129,742.37)
Wages		(19,272.00)
Licence, permit fees (Non taxable)		-
Other professional fees (Non taxable)		(5,400.00)
Employee expense reimbursement (Taxable)		(90.00)
Pre-appointment ransom payment		(3,024.97)
IT consumables & services (Taxable)		(4,715.89)
Freight (Taxable)		(1,590.29)
Storage (excl books & records) (Taxable)		-
Freight (Non taxable)		-
Total Payments		(163,845.52)
Net Receipts / (Payments)		126,670.67

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J.S. & S Weddell Pty Ltd (Administrators Appointed) (the Company)

ACN 007 388 230

Remuneration Approval Report

23 October 2024

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

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

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

You can cast your vote by using the included voting forms. The forms must be submitted to this office **BY EMAIL** to essentialingredients@au.pwc.com by no later than **4.00pm AEDT on Tuesday, 29 October 2024** for your vote to count.

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1 Declarations

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

2 Executive Summary

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

Period	Report reference	Amount (ex GST)
Current remuneration approval sought:		
Voluntary Administration		
Resolution 33: 26 September 2024 to 15 October 2024	Schedule A1 & B1	\$107,174.64
Resolution 34: 16 October 2024 to the end of the Administration*	Schedule A2 & B2	\$38,470.45
Total for Administration		\$145,645.09
Liquidation		
Resolution 38: For the period from appointment of Liquidators to the conclusion of liquidation*	Schedule A3 & B3	\$70,000.00
Total for Liquidation		\$70,000.00
Total remuneration approval sought		\$215,645.09

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

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

3 Remuneration

3.1 Remuneration

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

Resolution 33

That the remuneration of the Administrators is approved for the period 26 September 2024 to 15 October 2024 of \$107,174.64 plus GST as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds immediately or as funds become available.

Resolution 34

That the remuneration of the Administrators is approved for the period 16 October 2024 to the end of the Administration up to a maximum of \$38,470.45 plus GST, as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.

Resolution 38

That the remuneration of the Joint and Several Liquidators is approved for the period commencing on the appointment of Liquidators to the conclusion of the liquidation up to a maximum of \$70,000.00 plus GST, as set out in the Remuneration Approval Report dated 23 October 2024 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.

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

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

3.2 Details of remuneration

The basis of calculating the remuneration claims and the details of the major tasks performed and the costs associated with each of those major tasks are summarised and contained within the schedules at **Schedule A1 to A3 of Appendix A & Schedule B1 to B3 of Appendix B**.

3.3 Total remuneration reconciliation

The total remuneration for the voluntary administration is estimated to be \$145,645.09 (excluding GST). Please note this is net of a discount to our remuneration for the period 16 October 2024 to the conclusion of the Administration in the amount of \$35,020.73.

This estimate differs to the estimate of costs provided in the Initial Remuneration Notice dated 26 September 2024, which estimated a cost of the administration of \$50,000 to \$60,000 (excluding GST). This is a result of greater than anticipated time requirements on:

- greater time incurred on trading activities and liaising with suppliers. A significant portion of suppliers sought amended trading terms which required additional time to conduct negotiations to ensure continued supply of goods and services during the Administration period.
- The necessity to review and reconcile the Company's ledgers and financial records. In particular, data to be provided to interested parties for the sale process as well as our ongoing monitoring of trading activities and maintenance of the Administration cashflow.

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

- A delayed settlement of a sale of assets
- Obtaining releases of registered security interests to facilitate the sale of assets
- Assignment of property leases (if required) for a sale of the assets

3.4 Likely impact on dividends

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

Even if creditors approve our remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the value of assets that we are able to recover and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

Given the realisable value of the Company's assets remains uncertain we are unable to provide a dividend estimate of any certainty at this stage of the Administration.

3.5 Remuneration recovered from external sources

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

4 Disbursements

Disbursements are divided into three types:

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

We are not required to seek creditor approval for costs paid to third parties or for disbursements where we are recovering a cost incurred on behalf of the Administration but we must account to creditors. We are not currently claiming or seeking approval from creditors for our internal disbursements. If this changes, we will write to you seeking further approval.

4.1 Future basis of internal disbursements (if required)

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

Basis of disbursement claim

Disbursements	Rate (ex GST)
External professional services	At cost
External non-professional costs	At cost
Firm non-professional costs	At cost
Staff vehicle use	88 cents per kilometre for first 150km of return trip and 40 cents per kilometre thereafter
ASIC Industry Funding Levy	\$77.64 per notifiable event

5 Summary of receipts and payments

The summary of receipts and payments for the period from 26 September 2024 to 11 October 2024 is contained in **Appendix C**.

6 Queries

Please contact Vincent Nguyen by email essentialingredients@au.pwc.com should you have any further queries or require any further information.

You can access additional information on the following websites:

ARITA at www.arita.com.au/creditors

ASIC at <http://asic.gov.au/regulatory-resources/insolvency/insolvency-information-sheets/>

DATED this 23rd day of October 2024.



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

Appendices

Appendix A Calculations of remuneration schedules

Appendix B Table of major tasks for remuneration

Appendix C Summary of receipts and payments

Appendix A Calculations of remuneration schedules

JS & S Weddell Pty Ltd

Calculation of Remuneration

For the period 26 September 2024 to 15 October 2024

Schedule A1

Employee	Position	\$ / hours (ex GST)	Total Hrs	Total (\$)	Assets		Creditors		Employees		Trade on		Investigations		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Robert Ditrach	Appointee	785	11.5	9,047.13	2.2	1,687.75	1.3	1,040.13	-	-	7.7	6,005.25	0.1	39.25	0.4	274.75
Kosta Kangelaris	Partner	785	1.0	804.63	1.0	804.63	-	-	-	-	-	-	-	-	-	-
Rebecca Gill	Appointee	785	1.4	1,099.00	-	-	1.4	1,099.00	-	-	-	-	-	-	-	-
Craig Crosbie	Appointee	785	1.9	1,491.50	1.8	1,373.75	0.2	117.75	-	-	-	-	-	-	-	-
Carl Hoerner	Director	685	10.0	6,832.88	4.4	2,979.75	0.1	68.50	-	-	2.1	1,455.63	0.5	308.25	3.0	2,020.75
Nick Voukelatos	Director	685	2.9	1,952.25	2.9	1,952.25	-	-	-	-	-	-	-	-	-	-
Mahala Hazell	Director	685	1.6	1,096.00	-	-	1.4	959.00	-	-	-	-	0.2	137.00	-	-
Sylvia Young	Senior Manager	620	1.2	722.92	-	-	-	-	-	-	-	-	-	-	1.2	722.92
Jessica Broadbent	Senior Manager	620	37.5	23,224.58	0.6	370.76	3.5	2,189.22	1.5	920.70	22.7	14,076.48	1.8	1,125.30	7.3	4,542.12
Andrew Khallouf	Senior Manager	620	21.2	13,159.50	21.2	13,159.50	-	-	-	-	-	-	-	-	-	-
Rebecca Almond	Senior Manager	620	5.0	3,100.00	-	-	5.0	3,100.00	-	-	-	-	-	-	-	-
Monique Shearwood	Manager	575	23.1	13,290.55	2.2	1,244.88	2.0	1,177.60	2.4	1,404.15	8.8	5,058.85	0.5	265.65	7.2	4,139.43
Michael Harris-Jaffe	Manager	575	15.0	8,610.63	15.0	8,610.63	-	-	-	-	-	-	-	-	-	-
Vincent Nguyen	Senior Consultant	475	9.3	4,436.03	-	-	4.2	2,006.40	0.3	141.08	3.4	1,598.38	0.2	94.05	1.3	596.13
Elliot Shaw	Senior Consultant	475	25.0	11,855.53	-	-	16.4	7,771.95	-	-	3.3	1,567.50	-	-	5.3	2,516.08
Natalie Wong	Consultant	385	11.8	4,523.75	11.8	4,523.75	-	-	-	-	-	-	-	-	-	-
	Offshore Professional	250	4.1	1,025.00	-	-	-	-	-	-	-	-	3.0	750.00	1.1	275.00
	Administration Support	210	4.3	902.79	-	-	-	-	-	-	-	-	-	-	4.3	902.79
Total			187.7	107,174.64	62.8	36,707.64	35.5	19,529.55	4.2	2,465.93	47.9	29,762.08	6.2	2,719.50	30.9	15,989.96
GST				10,717.46												
Total (including GST)				117,892.10												
Average rate (excluding GST)				571.11		584.16		549.51		583.79		620.79		440.40		516.77

Calculations of remuneration schedules

JS & S Weddell Pty Ltd

Calculation of Remuneration

For the period 16 October 2024 to the end of the administration

Schedule A2

Position	\$/hours (ex GST)	Total Hrs	Total (\$)	Assets		Creditors		Employees		Trade on		Investigations		Administration	
				Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointee	785	10.7	8,399.5	1.9	1,491.50	0.7	549.50	-	-	7.0	5,495.00	0.7	549.50	0.4	314.00
Partner	785	0.6	471.0	0.6	471.00	-	-	-	-	-	-	-	-	-	-
Director	685	9.6	6,576.0	2.6	1,781.00	1.9	1,301.50	-	-	2.7	1,849.50	2.4	1,644.00	-	-
Senior Manager	620	25.8	15,996.0	8.0	4,960.00	4.6	2,852.00	2.7	1,674.00	7.4	4,588.00	1.8	1,116.00	1.3	806.00
Manager	575	19.1	10,982.5	6.1	3,507.50	2.9	1,667.50	0.6	345.00	4.2	2,415.00	3.3	1,897.50	2.0	1,150.00
Senior Consultant	475	29.1	13,822.5	12.1	5,747.50	4.6	2,185.00	3.5	1,662.50	3.9	1,852.50	3.5	1,662.50	1.5	712.50
Consultant	385	26.7	10,279.5	10.6	4,081.00	2.9	1,116.50	-	-	5.7	2,194.50	5.2	2,002.00	2.3	885.50
Offshore Professional	250	17.0	4,250.0	-	-	5.3	1,325.00	-	-	-	-	8.8	2,200.00	2.9	725.00
Administration Support	210	12.9	2,714.2	-	-	-	-	-	-	-	-	-	-	12.9	2,714.18
Total		151.5	73,491.18	41.9	22,039.50	22.9	10,997.00	6.8	3,681.50	30.9	18,394.50	25.7	11,071.50	23.3	7,307.18
Less :Discount			(35,020.73)												
Total (after discount)			38,470.45												
GST			7,349.12												
Total (Including GST)			45,819.57												
Average rate (excluding GST)			485.01		526.00		480.22		541.40		595.29		430.80		313.28

JS & S Weddell Pty Ltd

Calculation of Remuneration

For the period from appointment of Liquidator till completion

Schedule A3

Position	\$/hours (ex GST)	Total Hrs	Total (\$)	Assets		Creditors		Employees		Trade on		Dividend		Investigations		Administration	
				Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointee	785	10.4	8,164.00	1.1	863.50	0.7	549.50	-	-	6.7	5,259.50	0.8	628.00	0.7	549.50	0.4	314.00
Partner	785	0.5	392.50	0.5	392.50	-	-	-	-	-	-	-	-	-	-	-	-
Director	685	9.1	6,233.50	0.9	616.50	1.8	1,233.00	-	-	2.6	1,781.00	1.5	1,027.50	2.3	1,575.50	-	-
Senior Manager	620	24.5	15,190.00	5.6	3,472.00	4.4	2,728.00	2.5	1,550.00	7.1	4,402.00	2.0	1,240.00	1.7	1,054.00	1.2	744.00
Manager	575	18.1	10,407.50	4.0	2,300.00	2.7	1,552.50	0.6	345.00	4.0	2,300.00	1.8	1,035.00	3.1	1,782.50	1.9	1,092.50
Senior Consultant	475	27.7	13,157.50	3.3	1,567.50	4.4	2,090.00	3.3	1,567.50	3.7	1,757.50	8.2	3,895.00	3.3	1,567.50	1.5	712.50
Consultant	385	25.4	9,779.00	3.3	1,270.50	2.7	1,039.50	-	-	5.5	2,117.50	6.8	2,618.00	4.9	1,886.50	2.2	847.00
Offshore Professional	250	16.2	4,050.00	-	-	5.0	1,250.00	-	-	-	-	-	-	8.4	2,100.00	2.8	700.00
Administration Support	210	12.5	2,626.00	-	-	-	-	-	-	-	-	-	-	-	-	12.5	2,626.00
Total		144.4	70,000.00	18.7	10,482.50	21.7	10,442.50	6.4	3,462.50	29.6	17,617.50	21.1	10,443.50	24.4	10,515.50	22.5	7,036.00
GST			7,000.00														
Total (Including GST)			77,000.00														
Average rate (excluding GST)			484.75		560.56		481.22		541.02		595.19		494.95		430.96		312.64

Appendix B Table of major tasks for remuneration

Schedule B1

Resolution 33

The below table provides a description of the work undertaken in each major task area for the period 26 September 2024 to 15 October 2024.

Task Area	General description	Includes
	Plant and Equipment	Engaged valuers to produce a listing of plant and equipment and provide a valuation of all plant Obtained insurance cover Initiated motor vehicle searches with Vicroads
	Leased Assets	Reviewed lease documents Liaised with lessors Issued correspondence seeking reduction for property rental costs Prepared landlord lease schedule Attended meetings with landlords or landlord's agent
	Sale of business	Prepared an advertisement for the sale of business and assets Instructed media agent regarding the publication of the advertisement for the sale of business and assets Attended to email correspondences regarding request for documents from various interested parties Maintained a register of interested parties Prepared a non-disclosure agreement Prepared timeline for sale of business Prepared an information memorandum (including schedules, graphs and tables regarding the organisation structure, inventory analysis, revenue analysis and a profit and loss summary) Liaised with the internal Company accountant for the production of financial and Company records Performed reconciliation of financial statements produced by the external accountant and management produced financial statements Attended on site to discuss sale process and documents required from the directors Reviewed intellectual property register Prepared a sale process letter which was issued to all interested parties that completed a non-disclosure document Established a dataroom for preferred party due diligence Populated the dataroom with documents for the due diligence process Attended to telephone enquiries from interested parties Established access to dataroom for the preferred parties
	Stock	Conducted a sample check of stock on hand to the Company's listing of inventory on hand

Assets
62.8 hours
\$36,704.64

Task Area	General description	Includes
Creditors 35.9 hours \$19,529.55		Reviewed stock values
	Debtors	Ongoing collection of debtors Correspondence with debtors Ongoing reconciliation of debtor ledger Reviewing and assessing collectability of debtor ledger
	PPSA Creditors	Performed searches of the PPSA register Notified PMSI creditors identified from PPSA register Received initial notification of creditors' intention to claim pursuant to their registered security interest Provision of retention of title claim form to creditors Received completed retention of title claim forms Maintained retention of title file Met claimants on site to identify goods Adjudicated retention of title claims Forwarded correspondence to claimants notifying outcome of adjudication
	Secured Creditor Reporting	Notified PPSA registered creditors of appointment Prepared report to secured creditors Provided regular verbal updates to secured creditor Responded to secured creditor's queries
	Creditor enquiries	Dealt with creditor enquiries via telephone and emails Maintained creditor enquiry files Reviewed and prepared correspondence to creditors and their representatives via email and post Coordinated with creditors regarding proofs of debt and statement of accounts Preparation and distribution of frequently asked question document for creditors Uploaded content for creditors on the PwC Insolvency website
	Creditor reports	Prepared for initial circular to creditors Issued initial circular to creditors by email and mail Commenced preparation of report for Second Creditors' meeting
	Dealing with proofs of debt	Reviewed and filed PODs Processed proof of debts received from employees Performed reconciliation of PODs received and the records provided by the Company Adjudicated proof of debts received for the purpose of first and second meetings of creditors
	Meeting of Creditors	Prepared first report to creditors Drafted and reviewed minutes of the first meeting of creditors Attended tasks associated with first meeting of creditors Prepared the meeting attendance register Attendance at and conduct of the first creditor meeting Finalisation of meeting minutes and complete lodgement of the minutes with the Australian Securities and Investments Commission (ASIC) Attended and conduct first creditor meeting

Table of major tasks for remuneration

Task Area	General description	Includes
Employees 4.2 hours \$2,465.93	Employee correspondence	Received and followed up employee enquiries via telephone and email Conducted discussions with staff on site regarding the Administration process and employee entitlements Finalised employee master list Issued a letter to employees regarding their entitlements Attended on site employee meetings and responded to enquiries
	Other employee issues	Attended to employee query regarding entitlements Reviewed and issued employee FAQ document
Trade On 47.9 hours \$29,762.08	Trade on Management	Liaised with Company accountant in relation to financial function and systems Prepared media release Prepare a forecast cashflow for a 13 week trading period Ongoing update and reconciliation of forecast cashflow to actual trading results Addressed media questions Attended meetings with Company employees regarding the forecast cashflow, accounting reports and information requests On site attendance in relation to ongoing trading Review, authorisation and payment of weekly payroll Reviewed costs and schedule of international supplier orders and shipments Liaised with product suppliers regarding opening accounts for the Administrators Opened accounts with utility providers Establish ongoing provision of key software applications and licences Issued notices to suppliers Attended meetings with purchasing officer to determine future order requirements Attended on site meetings & discussions with suppliers Maintained and updated master supplier list Liaised with Company employees regarding payroll, account receivables and account payable. Authorised purchase orders & maintained purchase order registry Monitored trading performance Prepared and authorised receipt vouchers Prepared and authorised payment vouchers Reviewed Employees reimbursement claims Liaised with critical service providers
	Cash Management	Coordinated and paid weekly payrolls Coordinated with Banks for transferred pre appointment funds
Investigation 6.2 hours \$2,719.50	Conducting investigation	Reviewed the Company's books and records Issued letters to major banking entities seeking details of accounts held by the Company, the Sheriff's office advising of the Administration, Service NSW seeking confirmation of vehicles registered in the name of the Company

Task Area	General description	Includes
Administration 30.9 hours \$15,989.96		Reviewed and prepared a summary of the Company activities and financial history Summarised statutory searches Prepared, reviewed and issued the initial Report to Creditors Conducted an analysis of the historical financial statements Prepared related party loan matrix, including shareholder loans, intercompany loans and details of large creditor amounts Commenced analysis of insolvent trading and potential antecedent recoveries by a liquidator
	ASIC reporting	Reviewed and approved ASIC advertisement of appointment
	Director correspondence & ROCAP	Prepared and issued correspondence to the directors regarding their obligations and completion of a report on the activities, assets and liabilities (ROCAP) of the Company Provided assistance to the directors to complete their ROCAP
	Bank account administration	Prepared correspondence regarding opening and closing of bank accounts Requested bank statements Conducted Bank account reconciliations Prepared and reviewed Payment Vouchers Liaised for opening of new bank accounts post appointment Liaised with ANZ for accounts held and the balances including bank sweep letters Reviewed bank accounts for updated position on cash sweep
	Appointment documents & DIRRI	Filed and prepared required ASIC lodgements Drafted appointment documents Attended meeting with directors for administration Reviewed and approved DIRRI
	ASIC Forms and lodgements	Prepared and lodged ASIC forms including 505, 531 etc Corresponded with ASIC regarding statutory forms Lodged ASIC PNWs
	General correspondence	Drafted and reviewed media release Finalised website content to be published on PwC insolvency website Attended to switchboard queries
	ATO and other statutory reporting	Issued Notification of appointment Prepared BAS Corresponded with ATO Reviewed ATO Notice of appointment from appointee and assigned to AST to lodge via ATO Portal
	Cash Management	Processing of payments and receipts Coordinated for voucher payments Reviewed cashflow models
	Project Management	Reviewed weekly priorities task list

Table of major tasks for remuneration

Task Area	General description	Includes
		Discussed regarding strategy and tasks Internal meetings Updated task lists Attended Internal team meeting in relation to trade-on activities
	Insurance	Reviewed emails from insurers Drafted memorandum in relation to insurance recommendations
	File maintenance	

Schedule B2**Resolution 34**

The below table provides a description of the work undertaken in each major task area for the period 16 October to the end of the Administration

Task Area	General description	Includes
Assets 41.9 hours \$22,039.50	Sale of Business as a Going Concern	Ongoing liaison with preferred parties Conduct of meetings with preferred parties and management Attend to further enquires of preferred parties Negotiations with preferred parties Instruct solicitors to draft contract of sale Review of contract of sale and agree terms with proposed purchaser Conduct stock counts and reconcile for final purchase consideration Attend to settlement of sale of business and assets Attend to transition of intellectual property, leases and employees (if required)
	Assets subject to specific charges	Liaison with financiers regarding sale and release of security or return of leased assets
	Debtors	Ongoing collection of debtors Correspondence with debtors Ongoing reconciliation of debtor ledger Reviewing and assessing collectability of debtor ledger Liaising with debt collectors and solicitors
	Creditor Enquiries	Deal with creditor enquiries via telephone Maintaining creditor enquiry files Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of inspection members
	Retention of Title Claims	Maintain retention of title file Meeting claimants on site to identify goods Adjudicate retention of title claims Forward correspondence to claimants notifying outcome of adjudication Preparation of correspondence to claimants to accompany payment of claims (if valid)
Creditors 22.9 hours \$10,997.00	Secured creditor reporting	Preparing reports to secured creditor Regular verbal updates to secured creditor Responding to secured creditor's queries
	Creditor reports	Preparing report to creditors
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend
	Second meeting of creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Prospective adjournment of the second meeting of creditors.

Table of major tasks for remuneration

Task Area	General description	Includes
Employees 6.8 hours \$3,681.50		Conduct of reconvened second meeting of creditors (if required)
		Finalisation and lodgement of minutes of meetings with ASIC
		Responding to stakeholder queries and questions immediately following meeting
	Employees enquiries	Receive and follow up employee enquiries via telephone and
		Maintain employee enquiry files
		Review and prepare correspondence to employees and their representatives via facsimile, email and post
		Preparation of letters to employees advising of their entitlements
	Calculation of entitlements	Receive and prepare correspondence in response to employee's objections to leave entitlements
		Calculating employee entitlements
		Reviewing employee files and company's books and records
		Reconciling superannuation accounts
	Trade On Management	Reviewing awards
		Liaising with solicitors regarding entitlements
		Liaising with suppliers
		Liaising with management and staff
Trade On 30.9 hours \$18,394.50		Attendance on site
		Authorising purchase orders
		Maintaining purchase order registry
		Monitoring trading performance
	Processing receipts and payments	Updating and maintaining forecast cashflow, reconciling for actual trading results
		Reviewing daily/weekly sales reports
		Preparing and authorising receipt vouchers
		Preparing and authorising payment vouchers
Investigation 25.7 hours \$11,071.50	Conducting investigation	Liaising with superannuation funds regarding contributions, termination of employees' employment
		Liaising with the state revenue office regarding payroll tax issues
		Entering receipts and payments into accounting system
		Review of specific transactions and liaising with directors for explanations
Administration 23.3 hours \$7,307.18	Correspondence	Liaison with external accountants regarding completion of draft financial statements for financial year 2024
		Issue instructions to internal accountant for production of records, including records required by external accountant
		Finalise preliminary investigations to identify indicators of insolvency and possible claims for insolvent trading and antecedent transactions
		Preparation of investigation file
	Document maintenance/file review/checklist	General correspondence
		Filing of documents
		File reviews
		Updating checklists

Task Area	General description	Includes
	Insurance	Correspondence with insurer regarding ingoing insurance requirements Finalisation of insurance cover Correspondence with previous brokers
	Bank account administration	Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 5602/5603, 911 etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Preparing BAS
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration

Schedule B3**Resolution 38**

The below table provides a description of the work undertaken in each major task area for the period from appointment of Liquidators to conclusion of Liquidation

Task Area	General description	Includes
Assets 18.7 hours \$10,482.50	Sale of Business as a Going Concern (if not completed during the Administration period)	Review of contract of sale and agree terms with proposed purchaser Liaison with solicitors regarding contract of sale Conduct stock counts and reconcile for final purchase consideration Attend to settlement of sale of business and assets Attend to transition of intellectual property, leases and employees (if required)
	Plant and Equipment	If the sale of the business as a going concern is not successful we will engage auctioneers to sell the plant and equipment
	Assets subject to specific charges (if not completed during the Administration period)	Liaison with financiers regarding sale and release of security or return of leased assets
	Debtors	Ongoing recovery of debtors Correspondence with debtors Reviewing and assessing collectability of debtors' ledger Liaising with debt collectors and solicitors
	Other Assets	Tasks associated with realising other assets
Creditors 21.7 hours \$10,442.50	Creditor Enquiries	Deal with creditor enquiries via telephone Maintaining creditor enquiry files Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of inspection members
	Retention of Title Claims	Receive completed retention of title claim forms Maintain retention of title file Adjudicate retention of title claims Forward correspondence to claimants notifying outcome of adjudication Preparation of correspondence to claimants to accompany payment of claims (if valid)
	Secured creditor reporting	Preparing reports to secured creditors Regular verbal updates to secured creditor Responding to secured creditor's queries
	Creditor reports	Preparing reports to creditors (if required)
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend Corresponding with OSR and ATO regarding POD when not related to a dividend
	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports

Table of major tasks for remuneration

Task Area	General description	Includes
Employees 6.4 hours \$3,462.50		to creditors, advertisement of meeting and draft minutes of meeting Conducting first meeting of creditors Preparation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting
	Employees enquiries	Receive and follow up employee enquiries via telephone and email Maintain employee enquiry files Review and prepare correspondence to employees and their representatives via facsimile, email and post Receive and prepare correspondence in response to employee's objections to leave entitlements
	FEG/GEERS	Correspondence with FEG/GEERS Preparing notification spreadsheet Preparing FEG/GEERS quotations Preparing FEG/GEERS distributions
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company's books and records Reconciling superannuation accounts Reviewing awards Liaising with solicitors regarding entitlements
	Employee dividend (if required)	Correspondence with employees regarding dividend Correspondence with ATO regarding SGC proof of debt Calculating dividend rate Preparing dividend file Advertising dividend notice Preparing distribution Receipting POD Adjudicating POD Ensuring PAYG is remitted to ATO
Trade On 29.6 hours \$17,617.50	Trade on Management	Reconciling and payment of final trading accounts from suppliers of product, utility providers and lease liabilities Finalise cashflow/trading summary for the Administration period Cancellation of outstanding purchase orders Liaising with management and staff Calculation and payment of employee entitlements accrued during the trading period, including superannuation, annual and long service leave
	Processing receipts and payments	Entering receipts and payments into accounting system
Investigation 24.4 hours \$10,515.50	Conducting investigation	Collection and indexing of the Company books and records Reviewing the Company's books and records Conclude investigation on insolvent trading, source and application of Company funds and assets and claims by a liquidator Maintain investigation file
	ASIC reporting	Preparing statutory investigation report

Table of major tasks for remuneration

Task Area	General description	Includes
Dividend 21.1 hours \$10,443.50		Preparation and lodgement of supplementary report to ASIC if required Liaising with ASIC
	Processing proofs of debt	Preparation of correspondence to potential creditors inviting lodgement of POD Receipt of POD Maintain POD register Adjudicating POD Request further information from claimants regarding POD Preparation of correspondence to claimant advising outcome of adjudication
	Dividend procedures	Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Obtain clearance from ATO to allow distribution of company's assets Preparation of dividend calculation Preparation of correspondence to creditors announcing declaration of dividend Advertise announcement of dividend Preparation of distribution Preparation of dividend file Preparation of payment vouchers to pay dividend Preparation of correspondence to creditors enclosing payment of dividend
	Correspondence	General correspondence
Administration 22.5 hours \$7,036.00	Document maintenance/file review/checklist	Filing of documents File reviews Updating checklists
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 5602/5603, 911 etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment of liquidators Preparing BAS
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

Appendix C Summary of receipts and payments

<i>Summary of Receipts and Payments</i>		J.S & S Weddell Pty Ltd
<i>for the period 26 September 2024 to 11 October 2024</i>		(Administrators appointed)
		\$
Receipts		
Debtors	93,033.67	
Sales	3,433.80	
Sweep	37,290.36	
Total Receipts	133,757.83	
Payments		
Bank Fees	-	
Sweep	(68,476.87)	
Wages	(3,442.38)	
Licence, permit fees (Non taxable)	(600.15)	
Other professional fees (Non taxable)	-	
Employee expense reimbursement (Taxable)	-	
Pre-appointment ransom payment	-	
IT consumables & services (Taxable)	-	
Freight (Taxable)	-	
Storage (excl books & records) (Taxable)	-	
Freight (Non taxable)	-	
Total Payments	(72,519.40)	
Net Receipts / (Payments)	61,238.43	

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