



# **Equestrian Australia Limited (Administrators Appointed)**

ACN 077 455 755

## **Report by Administrators**

7 July 2020

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## Glossary

### Glossary of terms used in this Report by Administrators

Abbreviation	Definition
<b>Administrators</b>	Kate Conneely and Craig Shepard
<b>Administrators' proposed DOCA</b>	The DOCA proposed by the Administrators, structured based on feedback from creditors, members, and other interested stakeholders of EA
<b>AGM</b>	Annual General Meeting
<b>AIS</b>	Australian Institute of Sport
<b>AOC</b>	Australian Olympic Committee
<b>ASC</b>	Australian Sport Commission
<b>ASIC</b>	Australian Securities & Investments Commission
<b>ATO</b>	Australian Taxation Office
<b>c/\$</b>	The number of cents payable in a distribution for every dollar owed
<b>Coates Hire</b>	Coates Hire Pty Ltd
<b>COVID-19</b>	The coronavirus pandemic
<b>Directors</b>	Peter Toft, Helen Hamilton-James, John Glenn, and Catherine Collier, collectively, as the current directors of EA
<b>DIRRI</b>	Declaration of Independence, Relevant Relationships and Indemnities
<b>EA, Equestrian Australia or the Company</b>	Equestrian Australia Limited, ACN 077 455 755
<b>EA Engage</b>	The EA Engage platform ( <a href="https://engage.equestrian.org.au/">https://engage.equestrian.org.au/</a> ) created to view and discuss EA restructure options
<b>EFA</b>	Equestrian Federation of Australia, the previous name of the Company
<b>ENSW</b>	Equestrian New South Wales, the state branch of equestrian in New South Wales
<b>ENT</b>	Equestrian Northern Territory, the affiliated state branch of EQld
<b>EQld</b>	Equestrian Queensland, the state branch of equestrian in Queensland
<b>ESA</b>	Equestrian South Australia, the state branch of equestrian in South Australia
<b>ETas</b>	Equestrian Tasmania, the state branch of equestrian in Tasmania
<b>EVic</b>	Equestrian Victoria, the state branch of equestrian in Victoria
<b>EWA</b>	Equestrian Western Australia, the state branch of equestrian in Western Australia
<b>FEG</b>	Fair Entitlements Guarantee Scheme
<b>FEI</b>	Federation Equestre Internationale
<b>First Meeting of Creditors</b>	The First Meeting of Creditors of EA, held on Friday 19 June 2020
<b>FY</b>	Financial year, starting 1 July and ending 30 June
<b>HPP</b>	High Performance Program
<b>Nominate</b>	Nominate Pty Ltd
<b>NSO</b>	National Sporting Organisation
<b>OSR</b>	Office of State Revenue
<b>PA</b>	Paralympics Australia
<b>Participating Member</b>	Any person or association of persons (incorporated or unincorporated) which is under the rules or constitution of a Branch, a duly registered and financial member of that Branch
<b>PILN</b>	Payment in lieu of notice
<b>PMSI</b>	Purchase money security interests

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<b>Abbreviation</b>	<b>Definition</b>
<b>POD</b>	Proof of Debt
<b>PPSR</b>	Personal Property Securities Register
<b>ROCAP</b>	Report on Company Activities and Property
<b>S.E. Rentals</b>	S.E. Rentals Pty Ltd
<b>Second Meeting of Creditors</b>	The Second Meeting of Creditors of EA, to be held on Tuesday 14 July 2020 at 10:00 am AEST
<b>SGM</b>	Special General Meeting
<b>State Boards' proposed DOCA</b>	The DOCA proposed by the State Branches, excluding EQld
<b>State Branches</b>	Collectively, ENSW, EQld, EWA, ESA, ETas, EVic
<b>The Act</b>	The Corporations Act 2001 (Cth)
<b>The Rules</b>	Insolvency Practice Rules (Corporations) 2016
<b>TOIL</b>	Time off in lieu
<b>WEG</b>	World Equestrian Games
<b>YTD</b>	Year to date

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## 1 Executive summary

The purpose of this report is to provide a summary of the Administration of Equestrian Australia Limited (Administrators Appointed), for the attention of the Company's creditors.

The focus of the Administration to date has been on understanding the financial and governance challenges facing EA as the NSO for equestrian sport in Australia, and what options are available to reform the organisation to the satisfaction of stakeholders. The Administrators have also conducted preliminary investigations into the affairs of the Company and developed the Administrators' proposed DOCA with the input of many of the creditors and members of EA across the country.

The content of this report, in conjunction with the Administrators' Remuneration Approval Request will be considered at the Second Meeting of Creditors of the Company which is to be convened on Tuesday 14 July 2020 at 10.00 am AEST.

### 1.1 Second Meeting of Creditors

The Second Meeting of Creditors will be held via online videoconference on Microsoft Teams 'Live Event'. We have engaged Link Market Services to assist in the process for submitting Proxy forms and Proofs of Debt for the Second Meeting of Creditors. All creditors will receive an email on 7 July 2020 which will provide instructions on how to complete the online Proxy and Proof of Debt forms.

Section 2.5.5 of this report provides further guidance on how to participate in the Second Meeting of Creditors.

### 1.2 Alternatives available for the future of EA

At the Second Meeting of Creditors, creditors will be asked to vote on the future of the Company. The options available to creditors are:

#### Execute a DOCA

Two DOCA's will be put to creditors to vote on at the Second Meeting of Creditors.

1. **State Boards' proposed DOCA:** the first step towards the reorganisation of EA as considered necessary by the State Boards (excluding EQId). The State Boards' proposed DOCA is discussed in further detail in Section 5.2 of this report.
2. **Administrators' proposed DOCA:** the DOCA being put forward after detailed consultation with creditors, members, and other interested EA stakeholders. This DOCA provides a pathway to financial, operational and governance improvements through constitutional change as deemed necessary for EA's ongoing operation. The Administrators' proposed DOCA is discussed in further detail in Section 5.3 of this report.

#### Wind up the Company

If creditors resolve to wind up the Company, it will be placed into liquidation and the Company is taken to have nominated the Administrators to be the Liquidators. We do not consider this to be in the best interests of creditors and members of EA.

Placing the Company into liquidation would, amongst other things, result in the cessation of EA as the NSO of equestrian sport, the loss of recognition of the Company with the FEI, AOC and PA, and the withdrawal of funding by the ASC for the sport of equestrian.

#### Bring the Administration to an end

Creditors may vote on ending the Administration and return control of the Company to the existing Directors. We do not consider this to be in the best interests of creditors and members of EA.

Further guidance on each of these options is provided in Section 6 of this report.

### 1.3 Administrators' recommendation

It is the Administrators' opinion the Administrators' proposed DOCA is in the best interests of creditors and members of the Company. It is our opinion the Administrators' proposed DOCA is the mechanism by which the first phase of reform for EA and the sport can be best achieved.



## 1.4 What do creditors and members need to do?

You should read this report so that you can make an informed decision when voting on resolutions put to the Second Meeting of Creditors on Tuesday 14 July 2020.

You have also been emailed a link to access EA's unique creditors' portal which will be used to submit Proxy forms and Proof of Debt forms for the Second Meeting of Creditors.

Members of EA are not required to submit a Proof of Debt form but may do so if they wish.

**The deadline to submit Proxy forms and Proof of Debt forms is 12.00 pm (midday) AEST on Friday 10 July 2020.**

We strongly recommend reading Section 2.5 of this report in detail so that you are aware of the requirements to participate in the Second Meeting of Creditors. These requirements will be strictly adhered to, so it is essential that creditors and members follow the guidance provided.

## 2 Appointment of Administrators

### 2.1 Progress of Administration

We, Kate Conneely and Craig Shepard, were appointed as Administrators of the Company on 9 June 2020 pursuant to Section 436A of the Corporations Act 2001 (Commonwealth).

On appointment, we assumed control of the Company's operations and assets, communicated with all key stakeholders including employees, members, national sporting bodies, and creditors, and implemented new controls for communications, purchasing and banking. For further detail please see Section 3.6 of this report.

The statutory requirements of Administrators have been met, including notifications to a wide range of stakeholders and the holding of the First Meeting of Creditors.

We have undertaken preliminary investigations into the Company's financial affairs and circumstances as set out in Section 5 of this report, and have collated insights from a large number of creditors and members as to how the Administration can also best be utilised to improve the financial, governance and operating framework of EA, as detailed in Section 6 of this report.

### 2.2 Object of the Administration

Section 435A of the Act states that the objectives of an administration are to provide for the business, property, and affairs of an insolvent company to be administered in a way that:

1. Maximises the chance of the company, or as much as possible of its business, continuing in existence, or
2. If it is not possible for the company or its business to continue in existence, results in a better return for the company's creditors and members than would result from an immediate winding up of the company.

This report has been prepared in accordance with Section 75-225 of the Rules.

This report has been prepared from information obtained from the Company's records, the Directors and employees of the Company, engagement with creditors, members, and from our own enquiries.

Our investigations into the Company's affairs have been limited due to the short time period provided under the Act within which we must issue a report about the Company's business, property, affairs and financial circumstances for the Second Meeting of Creditors.

We have no reason to doubt the information contained in this report. 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 changed or additional information which may become available to us between the date of this report and the date of the Second Meeting of Creditors.

Neither KordaMentha nor any member or employee thereof undertakes responsibility in any way whatsoever to any person in respect of any errors in this report arising from incorrect information provided to us.



## 2.3 Prior involvement with the Company

We advise creditors that we have had no prior involvement with the Company, its Directors, or any related party which would preclude us from accepting the appointment as Administrators. Prior to our appointment, our involvement with the Company was limited to preparing for the orderly conduct of the Administration.

To this end, we had an initial meeting with two directors, John Glenn and Helen Hamilton-James, to discuss the Voluntary Administration process on 27 May 2020.

We had a further meeting with John Glenn on 4 June 2020 for the purposes of:

- Obtaining sufficient information about Equestrian Australia to advise on the solvency of Equestrian Australia.
- To clarify and explain the various options available to Equestrian Australia and the nature and consequences of an insolvency appointment.
- To provide a consent to act.

There were also a small number of other interactions with Equestrian Australia and the Directors by way of phone or email.

Further, we advise that we have had no prior involvement with any critical trade supplier or any dominant union in advising such parties concerning the Company.

There has been no change to the position as stated in the Declaration of Independence, Relevant Relationships and Indemnities included with the First Circular to Creditors.

## 2.4 First Meeting of Creditors

Section 436E of the Act requires us to conduct a meeting of the creditors of the Company in administration within eight business days of being appointed. This was the First Meeting of Creditors.

Due to COVID-19 and restrictions put in place by the Australian Government, the First Meeting of Creditors was held on Friday 19 June 2020 by way of online videoconference.

The purpose of the First Meeting of Creditors was to:

- Introduce the Administrators.
- Provide an update to the creditors of Equestrian Australia on the administration to date and allow them to ask questions of the Administrators.
- Allow creditors to vote on whether to appoint a Committee of Inspection.
- To determine whether to remove Kate Conneely and Craig Shepard as Administrators of the Company and appoint someone else.

At the First Meeting of Creditors, we advised that, in the context of this Voluntary Administration, it would not be in the interests of creditors if a Committee of Inspection were formed.

The resolution to appoint a Committee of Inspection was voted on by the creditors via a poll, however, the resolution did not pass.

No nominations for an alternate Administrator were received during the meeting, so the appointment of Kate Conneely and Craig Shepard as Administrators of the Company continued.

## 2.5 Second Meeting of Creditors

We are required to convene a Second Meeting of Creditors of the Company in administration pursuant to Section 439A of the Act to consider the future of the Company. The Second Meeting of Creditors has been convened for Tuesday 14 July 2020.



Before the Second Meeting of Creditors, we must prepare a report on the Company's business, property, affairs, and financial circumstances and provide opinions on certain matters, which is the purpose of this report. This ensures creditors are fully informed on the options available to them, as to whether it would be in the creditors' interests for:

- The Company to execute a Deed of Company Arrangement,
- The Administration to end, or
- The Company to be wound up.

A DOCA has been proposed for the State Boards (excluding EQld), referred to as the State Boards' proposed DOCA, and provides the pathway for the reorganisation of EA as seen necessary by the State Boards (excluding EQld). This proposal is discussed in detail in Section 5.2 of this report.

A DOCA has also been proposed by the Administrators, referred to as the Administrators' proposed DOCA, for consideration by the creditors of the Company, which is discussed in detail in Section 5.3 of this report. This DOCA was proposed after detailed consultation with creditors, members and stakeholders of EA, and consideration of the feedback provided by the FEI, ASC, AOC and PA concerning the necessary financial, operational and governance improvements deemed necessary for EA's ongoing operation and their support of EA into the future.

Execution of this DOCA is considered to be the first critical step in the pathway to an improved governance, operating and financial structure for EA for the benefit of creditors, members and stakeholders, and for the sport of equestrian in Australia more generally.

### 2.5.1 Notice of Second Meeting of Creditors

The Second Meeting of Creditors will be held via online video conference on Tuesday 14 July 2020 at 10.00 am AEST. Access to the meeting will open at 9.45 am AEST. A Notice of Meeting is included at Appendix A.

The Second Meeting of Creditors will be held via online videoconference in line with Australian Government and ASIC directives regarding the ongoing situation surrounding COVID-19. The meeting delivery will be via a Microsoft Teams 'Live Event'. No creditors will be able to physically attend the meeting in person.

Attendees at the Second Meeting of Creditors will not need to download any kind of software; however, an internet browser is required. This is the same platform that was utilised for the First Meeting of Creditors.

### 2.5.2 Voting at the Second Meeting of Creditors

The Chairperson of the Second Meeting of Creditors will be conducting voting via a poll in accordance with ASIC's guidance. This means votes will be counted based on both number and value.

We will be collecting votes during the meeting via the Mentimeter online voting platform. This was used in the First Meeting of Creditors.

Only creditors of the Company can vote on the outcome of the Administration.

Members of EA whose membership period expired on 30 June 2020 no longer have a claim in the Administration. Notwithstanding this, it is critically important to the democratic process that member votes are recorded and analysed as part of the change process that is being proposed by the DOCAs. The Administrators will review the status of each member and determine whether a member's vote is considered for the purpose of the formal resolutions or for the purpose of understanding members' views.

**The Administrators strongly encourage all members to attend the meeting and vote by proxy or in person.**

### 2.5.3 Appointing a Proxy for the Second Meeting of Creditors

Creditors can nominate someone else to vote on their behalf if they are unable to attend. Corporate creditors must appoint a natural person to vote on their behalf.

We have engaged Link Market Services to streamline the process for submitting Proxy forms for the Second Meeting of Creditors. This means creditors will be able to complete their Proxy form online. See Section 2.5.5 below for how to complete a proxy.

**We encourage you to login and vote early using a special proxy. Voting early and by way of special proxy will make conducting the poll more time and cost efficient.**



## Types of proxies

There are two types of proxies: a general proxy and a special proxy.

A general proxy will choose how they apply votes during the meeting. A special proxy is required to apply votes in line with how they have been instructed.

The Administrators' recommend all creditors submit a special Proxy form as soon as possible as this will assist with the logistical challenge of holding a meeting with such a large number of creditors.

Creditors may appoint the Chairperson to act as their proxy, or any other person who is attending the Second Meeting of Creditors.

Creditors who are companies **must** appoint a natural person to vote on their behalf at the meeting. If you are representing a company, please ensure that your Proxy form is executed pursuant to Section 127 of the Corporations Act or your representative is appointed pursuant to Section 250D of the Corporations Act, otherwise you will not be entitled to vote at the meeting.

## 2.5.4 Proofs of Debt

Creditors need to submit a Proof of Debt form to the Administrators to confirm they are a creditor of the Company.

**If you have already submitted a Proof of Debt form to the Administrators, you do not need to complete another form unless you wish to change your claim value.**

**Members of EA do not need to submit a Proof of Debt form unless they wish to amend their claim.**

Please see Section 2.5.5 below for how to complete a Proof of Debt. Creditors should note that Proof of Debt forms lodged are for voting purposes only.

## 2.5.5 How to participate in the Second Meeting of Creditors

A link to join the online videoconference will be made available to all creditors on Monday 13 July 2020 by 5.00pm AEST. Please carefully consider the information provided in this report to determine whether you need to complete any steps prior to the Second Meeting of Creditors.

### Online creditors' portal

An online creditors' portal has been created by the Administrators and Link Market Services. The purpose of the creditors' portal is to assist creditors and members of the Company to provide information to the Administrators ahead of the Second Meeting of Creditors. Unique login credentials will be emailed to all creditors and members of the Company, along with instructions on why and how to use the creditors' portal, on 7 July 2020. This email will be from [InsolvencyNoReply@linkmarketservices.com.au](mailto:InsolvencyNoReply@linkmarketservices.com.au).

Please ensure you check your junk folder as well as your email inbox. If you have not received an email with your unique login details by 12.00 pm AEST on Wednesday 8 July 2020, please contact the Administrators on [ea@kordamentha.com](mailto:ea@kordamentha.com) and assistance will be provided

**To participate in the meeting, you will need to complete the following steps:**

*Trade creditors of the Company:*

1. If you have not already submitted a Proof of Debt, you need to do so to be eligible to participate in the Second Meeting of Creditors. You need to do this before 12.00 pm AEST on Friday 10 July 2020 via one of the following options:
  - a. Logging into the EA online creditors' portal and updating the Proof of Debt amount listed. Creditors will also need to email [ea@kordamentha.com](mailto:ea@kordamentha.com) with documents to substantiate their Proof of Debt amount.
  - b. Alternatively, a blank Proof of Debt form can be found on the KordaMentha website, at [www.kordamentha.com/creditors/equestrian-australia-limited](http://www.kordamentha.com/creditors/equestrian-australia-limited). Email the completed form and documents which substantiate your claim to [ea@kordamentha.com](mailto:ea@kordamentha.com).
2. To attend the meeting, you need to lodge an online Proxy form via the EA creditors' portal before 12.00 pm AEST on Friday 10 July 2020.



## Members of EA:

1. **Members of EA are not required to submit a Proof of Debt** but can do so if they wish. Proofs of Debt need to be submitted before 12.00 pm AEST on Friday 10 July 2020 via one of the following options:
  - a. Logging into the EA online creditors' portal and updating the Proof of Debt amount listed. Members will also need to email [ea@kordamentha.com](mailto:ea@kordamentha.com) with documents to substantiate their Proof of Debt amount.
  - b. Alternatively, a blank Proof of Debt form can be found on the KordaMentha website, at [www.kordamentha.com/creditors/equestrian-australia-limited](http://www.kordamentha.com/creditors/equestrian-australia-limited). Email the completed form and documents which substantiate your claim to [ea@kordamentha.com](mailto:ea@kordamentha.com).
2. If members would like to appoint a Proxy to vote on their behalf at the Second Meeting of Creditors, they need to lodge an online Proxy form via the EA creditors' portal before 12.00 pm AEST on Friday 10 July 2020.
3. If members would like to attend the meeting and do not wish to submit a Proof of Debt (or amend a previously provided Proof of Debt amount), they can simply join the online videoconference at 10.00 am AEST on Tuesday 14 July 2020.

Members are encouraged to appoint a Proxy to vote on their behalf at the Second Meeting of Creditors. Further, given the substantial volume of EA members, appointing a special proxy will greatly assist in ensuring the meeting is completed in a time and cost-effective manner.

The Administrators urge all members to participate in the Second Meeting of Creditors in person or via Proxy, as a statement to the democratic process and to show their support for the future of EA.

## Employees of the Company:

1. The Administrators have substantiated the claims of all EA employees. However, employees are welcome to update their claim if they wish. Proofs of Debt need to be submitted before 12.00 pm AEST on Friday 10 July 2020 via one of the following options:
  - a. Logging into the EA online creditors' portal and updating the Proof of Debt amount listed. Employees will also need to email [ea@kordamentha.com](mailto:ea@kordamentha.com) with documents to substantiate their Proof of Debt amount.
  - b. Alternatively, a blank Proof of Debt form can be found on the KordaMentha website, at [www.kordamentha.com/creditors/equestrian-australia-limited](http://www.kordamentha.com/creditors/equestrian-australia-limited). Email the completed form and documents which substantiate your claim to [ea@kordamentha.com](mailto:ea@kordamentha.com).
2. If employees would like to appoint a Proxy to vote on their behalf at the Second Meeting of Creditors, they need to lodge an online Proxy form via the EA creditors' portal before 12.00 pm AEST on Friday 10 July 2020.
3. If employees would like to attend the meeting and do not wish to submit a Proof of Debt (or amend a previously provided Proof of Debt amount), they can simply join the online videoconference at 10.00 am AEST on Tuesday 14 July 2020.

**Proxy forms and Proof of Debt forms must be received no later than  
12.00 pm AEST (midday) on Friday 10 July 2020.  
Due to the logistical challenges of holding an online meeting with such a high number of stakeholders,  
this deadline will be strictly adhered to.**

Information relating to the Second Meeting of Creditors, including the proposed DOCAs, can also be found on our website [www.kordamentha.com](http://www.kordamentha.com) in the [Creditors section](#), as can general information regarding the conduct of meetings of creditors and the completion of Proof of Debt forms.

Section 600G of the Corporations Act permits electronic notification to creditors of certain notices or documents. If you would like to nominate to receive electronic notification, please complete the relevant section on the Proof of Debt form or return the Nomination of Electronic Notification Form previously provided.

## 2.6 Conduct of the Administration

Since our appointment, we have attended to the legal, statutory and compliance obligations of the appointment, as well as continued to trade the business of EA. The below provides a summary of key areas of focus and tasks undertaken by the Administrators since our appointment:

### Statutory compliance and reporting

- Attended to the issuing of all statutory notices.
- Lodged a notice of appointment, DIRRI and notices of meeting with ASIC.

- Liaised with Directors regarding the conduct of the Administration, the provision of books and records and assistance to the Administrators, and the preparation of all required statutory lodgements.
- Engaged with relevant statutory authorities including the ATO and the OSR.
- Held the First Meeting of Creditors on 19 June 2020 via online videoconference, circulated poll results and attendance register to all stakeholders, and posted meeting minutes to the KordaMentha website and ASIC.
- Conducted preliminary investigations in the affairs of the Company.
- Convened the Second Meeting of Creditors.
- Prepared and distributed this report.

## Employees

- Engaged with all employees whilst they operated in a combination of in-office and work-from-home environments.
- Reviewed all employee contracts and calculated employee entitlements.
- Prepared employee correspondence including initial circulars and updates on the Administration.
- Conducted employee meetings focussed on ongoing operations and the administration more generally.

## Creditors

- Prepared creditor correspondence including initial circulars, frequently asked question updates, and member updates.
- Communicated with creditors and members via a dedicated page on the KordaMentha website, the EA website, and EA Facebook page.
- Reviewed Proof of Debts received against the books and records of the Company and updated the schedule of creditor claims received.
- Received and assessed Proxy forms received for the purposes of the First Meeting of Creditors.
- Engaged with several PPSR holders to notify them of our appointment and seek contracts, pay out amounts or registration removal.
- Responded to more than 500 creditor enquiries received into the [ea@kordamentha.com](mailto:ea@kordamentha.com) inbox, as well enquiries received by phone and letter.

## Other stakeholders

- Proactively engaged with State Branches, Discipline Committees, the AOC, PA, AIS, FEI, various State Government Departments, and other interested EA stakeholders to explain the effect of the Administration, to garner support of the Administration, and respond to enquiries.
- Provided an avenue for interested EA stakeholders to submit suggestions for operational restructuring plans for EA.
- Created an online forum for members and creditors to have their say on the future operating structure of the Company – EA Engage, which can be accessed at <https://engage.equestrian.org.au/>.

## Insurance

- Engaged Gallagher insurance brokers to undertake an assessment of the adequacy of the Company's insurance policies in place at the time of appointment.
- Notified EA's incumbent insurance broker of our appointment and commenced discussions regarding the renewal of the Company's insurance policies for FY21.
- Resolved to re-engage the Company's previous insurance broker to place cover in respect of necessary insurances for FY21.
- Successfully placed cover for the Company's FY21 insurance programme, including cover for members, coaches, clubs, and officials.

## Legal

- Engaged with the Company's pre-appointment legal advisers.
- Investigated the various legal actions on foot at the date of appointment of the Administrators to ascertain their status and the impact of the Administration on the claims.



## Trading

- Froze and swept funds from the pre-appointment bank accounts.
- Undertook searches for any other bank accounts in the name of the Company.
- Attended the Company's head office.
- Considered the financial and operational position of the Company.
- Prepared and maintained daily and weekly cash flow forecasts for the Administration period, and future trading on a week by week basis.
- Reviewed and authorised weekly payments relating to the Administration period.
- Engaged with key suppliers to ensure continued services during the Administration period, including essential services providers for telecommunications, internet, and electricity.
- Liaised with the Company's auditor in respect of the FY20 audit program.
- Engaged with State Branches and Members in respect of the ongoing operations of EA.
- Facilitated the membership renewal of coaches, officials, and clubs for FY21.
- Worked with the AIS in respect of the HPP.

## 2.7 Receipts and payments of the Administration

Attached as Appendix B is a summary of the receipts and payments for the period from 9 June 2020 to 5 July 2020. Further details in relation to the receipts and payments are available on request, provided sufficient notice is given to comply with the request.

# 3 Company background

## 3.1 History of the Company

### The establishment of Equestrian Australia

For a country to participate in an Olympic sport it needs an NSO, and that NSO must be recognised by the sport's international organising body and by the Olympic Committee of the country concerned. Prior to the 1956 Olympic Games, Australia did not have an NSO for equestrian sports which excluded it from competing at the Olympic level.

The Equestrian Federation of Australia was formed in 1951/52 with the goal of gaining qualification of Australia's equestrian team to the 1956 Olympic Games. The EFA was initially formed by the State Branches and those State Branches then formed the national body which would be responsible for managing the sport at a national level.

Despite the EFA achieving its purpose of gaining Australia's admittance to the Olympic Games in the sport of equestrian, in the eyes of its members it remained a state-based organisation. In 1997, EFA became the Equestrian Federation of Australia Ltd and it was resolved that it become a company limited by guarantee, with a board of directors, comprising both State chairs and a number of other appointed directors.

On 23 December 2008, it was resolved to change the name of Equestrian Federation of Australia Ltd to Equestrian Australia Limited.

### Objects of EA

The Constitution of Equestrian Australia provides the objects for which Equestrian Australia was established and is maintained. These objects include, but are not limited to:

- Create, in conjunction with the State Branches, a uniform entity through and by which equestrian sport in Australia can be encouraged, conducted, promoted, and administered and to be the governing body of equestrian sport in Australia.
- Promote and encourage equestrian sport and the conduct of international competition as a member of the FEI.
- Represent and act on behalf of, and in the interest of, the State Branches and the Participating Members in all matters pertaining to equestrian sport at a national and international level.
- Select and manage equestrian sport teams and individuals to represent Australia in international competitions and events inside and outside Australia.



- Encourage, conduct, promote, and administer equestrian sport throughout Australia and by the State Branches for the mutual and collective benefit of the Participating Members and equestrian sport.

These objects provide a framework for EA to operate within and serve as the foundations of the organisational and operational structures discussed below.

## Structure and key functions

As it currently stands, Equestrian Australia is structured to administer four key functions.

1. The administration of nine sports discipline committees responsible for the co-ordination of each respective discipline, rider development and pathways, the enforcement of rules, regulations, and standards specific to each discipline, and the development and co-ordination of a national competitive framework.

Within this function is the administration of the HPP and the management of health, safety, and welfare. To this end, EA is actively involved in education and training at all levels of the sport and has developed a national risk and safety framework.

2. To deal with and resolve judicial and tribunal matters as and when they arise.
3. The administration and provision accounting, legal and IT services for its members on a national level.
4. The provision of various other administrative services including member and horse registration and administrative support for State Branches and Discipline Committees.

EA is governed under a Constitution that dictates that only the six State Branches, as members of EA, have the power to vote on matters relating to changes to the Constitution. This federated structure remains in place today such that the State Branches continue to play a key role in the provision of Equestrian Australia's services to its members.



As demonstrated in the above diagram, whilst there are a number of activities completed solely by the State Branches, there is a high level of duplication of activities between EA and the State Branches which creates unnecessary cost and complexity when it comes to the administration of equestrian sport in Australia. The feedback received from members is that this structure no longer represents an efficiently functioning model that works in the best interests of its members.

Section 5 of this report details the proposed changes to EA's governance structure – the first critical step towards reforming EA's organisation and financial structure.

## Member structure

EA offers four types of membership under its membership structure.

- Members.
- Coaches.



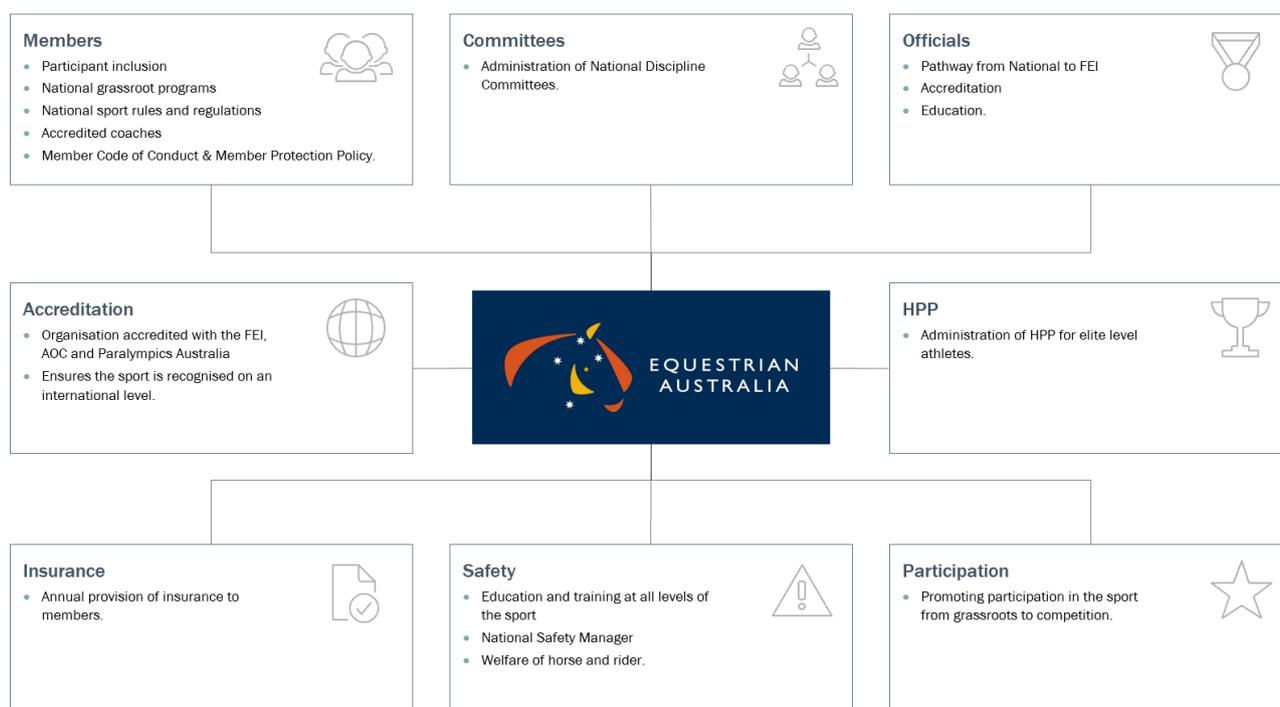
- Clubs.
- Officials.

To become a member of EA, a participant is required to become a member of their respective State Branch which then provides the individual with access to the services administered by EA. Coaches, clubs and officials can also become members of EA. Members pay a fee to both EA and their State Branches which covers insurance, a levy for national activities paid to EA and a State Branch levy, which is paid to the State Branches.

Members of Victoria, New South Wales, South Australia, and Tasmania are required to renew their annual membership on 30 June each year. Members of Western Australia and Queensland must renew their membership on 31 December each year.

## Operating model

Guided by the objects set out in Equestrian Australia's Constitution, the Company serves its members across various operational functions, which are set out below:



## 3.2 Information about the Company

Detailed below is information regarding the Company obtained from ASIC as at the date of appointment.

### Company details

Commencement date	11 February 1997
Registered office	Unit 7, 11-21 Underwood Road, Homebush NSW 2140
Trading premises	Unit 7, 11-21 Underwood Road, Homebush NSW 2140

The Company is structured as a company limited by guarantee. The Company has seven members according to the ASIC search obtained, and the member listing lodged with ASIC in March 1999. The seven members included on the ASIC records include Equestrian Northern Territory, however, the Company's current Constitution provides that the below six State Branches are its current members. We understand Equestrian Northern Territory ceased to be a member in or around 2010.

The current members of Equestrian Australia as at the date of our appointment, and the number of Participating Members by State Branch, are detailed in the table below:

**Members of EA**

<b>Name</b>	<b>Number of Participating Members</b>
Equestrian New South Wales	8,273
Equestrian Queensland	3,645
Equestrian South Australia	1,340
Equestrian Tasmania	724
Equestrian Victoria	4,568
Equestrian Western Australia	1,998
<b>Total</b>	<b>20,548</b>

Participating Members of ENT are captured in EQId. There are approximately 134 members of ENT captured in EQId above. Participating Members in ACT are captured in ENSW. There are approximately 308 Participating Members located in the ACT captured in ENSW above.

**PPSR security holders**

Detailed below is information regarding the Company obtained from a search of the PPSR as at the date of appointment.

<b>Security holder</b>	<b>Date created</b>	<b>PPSR number</b>	<b>Type</b>
Coates Hire Operations Pty Limited	16/11/2015	201511160033262	Other Goods
Coates Hire Operations Pty Limited	16/11/2015	201511160033317	Motor Vehicle
Flexirent Capital Pty Ltd	2/05/2017	201705020058408	Other Goods
S.E. Rentals Pty Ltd	26/06/2019	201906260115880	Other Goods

The above security interests are all PMSI registrations. Both Coates Hire registrations were discharged on 10 June 2020. The registration held by S.E. Rentals relates to an item of office equipment. We have engaged directly with S.E. Rentals and are currently obtaining further documentation to support the security interest. We have not yet received a response to any of our correspondence to Flexirent Capital Pty Ltd in respect of its registration.

**Winding up petitions**

We are not aware of any winding up petitions having been made against the Company.

**3.3 Directors and officers**

Detailed below is information regarding the Directors and secretary of the Company obtained from ASIC as at the date of appointment.

<b>Director name</b>	<b>Appointment date</b>	<b>Cessation date</b>
Peter William Toft	21 November 2018	N/A
Helen Hamilton-James	1 April 2019	N/A
John Gregory Glenn	1 April 2019	N/A
Catherine Margaret Collier	16 January 2020	N/A

<b>Secretary name</b>	<b>Appointment date</b>	<b>Cessation date</b>
Sashi Sharin Lata	1 September 2017	N/A

The following table details the previous directors of the Company who ceased in the position of director within the 12 months prior to the commencement of the Administration.

Director name	Appointment date	Cessation date
Suzanne Aileen Doyle	3 November 2017	8 November 2019
Alistair Robert Mackinlay	21 November 2018	7 November 2019
Gillian Anne Canapini	21 November 2018	18 September 2019
David Cameron	1 February 2019	4 February 2020
Erica Ethel MacMillan	1 April 2019	11 May 2020
Gillian Anne Canapini	16 January 2020	11 May 2020

### 3.4 Related entities

Detailed below is a summary of claims from related entities of the Company as defined in Section 9 of the Act. All related entities detailed below are State Branches and members of the Company.

Related entity	Nature of claim	Amount \$ (per POD)
Equestrian New South Wales	HPP funding payable.	2,860
Equestrian Queensland	Administrative levies paid in advance and HPP funding payable.	151,961
Equestrian Western Australia	Insurance, administrative levies, and horse registration fees paid for in advance.	79,761
Equestrian South Australia	Contingent claim for the potential increase in administration levies from what was previously agreed.	12,048

We continue to work through the validity of each claim and note that we have not made a formal adjudication of the claims.

### 3.5 Events leading up to Administration

On 3 June 2020, the ASC issued correspondence to the Company advising that, considering recent management instability and alleged governance oversights it was required to take action against Equestrian Australia in the interests of the sport's future and to meet its public duties.

The actions taken against Equestrian Australia are outlined below:

- Withdrawal of Sport Business core funding for 2020 in the sum of approximately \$450,000.
- Responsibility for the HPP to be transferred to the AIS on terms that would see the High-Performance Committee maintain its current role and that EA's rights and obligations would be descoped accordingly. As part of this transfer of responsibility, all existing funding for the HPP would also be redirected to the AIS.
- Equestrian Australia repay any unspent investment provided to the Company.

As the support of the ASC is a critical component of EA's ability to provide its services, the Directors determined that the Company was highly likely to become insolvent in the near future, coupled with:

- Concerns around a significant reduction in general membership, coach, and official renewals for FY21.
- The impacts of COVID-19 on the operations of EA.
- The already significant cost reduction measures put in place by the Company's management including placing all discretionary expenses on hold.
- The pending renewal of the FY21 insurance programme.

After consideration of the financial position of the Company, and regard to their obligations as Directors to act in the best interest of the Company, its creditors and members, the Directors resolved that the Company should enter Voluntary Administration.

Further information on the financial position of the Company can be found at Section 3.7.

### 3.6 Report on Company Activities and Property

The Directors have provided a ROCAP to us. A ROCAP provides information on the financial position of the Company as at the date of our appointment.

A summary of the ROCAP is detailed below:

Report on Company Activities and Property	Notes	Estimated value (\$)
Cash	1	1,303,922
Debtors	2	89,947
Inventory	3	12,044
Leased asset	4	60,615
Other assets	5	336,104
Property, plant and equipment	6	1,039,804
<b>Total assets</b>		<b>2,842,436</b>
Employee entitlements	7	(179,028)
Unsecured creditors	8	(357,566)
Lease liability	4	(60,615)
<b>Total liabilities</b>		<b>(657,824)</b>
<b>Estimated surplus/(deficiency) subject to the costs of the Administration</b>		<b>2,184,611</b>

#### Notes:

- The Company's bank statements show the Company's cash on hand at appointment was \$1,309,194. This is largely in line with the information provided in the Directors' ROCAP.
- EA's debtor position as recorded in its books and records is \$89,947. This includes \$76,395 from sponsorship provided by various companies, which we do not expect to be recoverable in a liquidation scenario. Based on our analysis of the Company's books and records, the debtor balance for EVic was understated by \$15,023, of which we consider \$7,512 to be recoverable. We estimate the total realisable debtor position is approximately \$18,367.
- The Company holds a small quantity of inventory, predominantly promotional merchandise, and educational materials.
- The Company has a leased photocopier recorded in the books and records as both an asset and liability of \$60,615. We understand there to be \$42,821 owing to the lessor.
- EA has prepaid approximately \$290,643 of expenses relating to the Tokyo Olympic games. Other assets are also comprised of intangible assets, including \$25,490 of accounting software, and patents and trademarks to the value of \$19,971. The amounts disclosed in the ROCAPs substantially reconcile to the Company's books and records.
- Property, plant and equipment is comprised of an office building located in a strata office complex in Homebush, New South Wales. The Company's books and records indicate that the property is unencumbered. There is also a component of IT equipment worth approximately \$14,699. The value of property, plant and equipment provided to us in line with the Company's financial statements.
- Our review of the Company's books and records supports the figures provided in the Directors' ROCAPs. We note that if EA were to enter into liquidation, employees would be made redundant and therefore entitled to redundancy and PILN, increasing their claim against the Company to approximately \$303,058.
- The unsecured creditor position differs materially from the information provided in the Directors' ROCAPs. This is not uncommon in an administration due to the potential crystallisation of creditor claims due to the appointment of Administrators. A summary of claims is outlined below. The Administrators have not made a formal adjudication of these claims.

Creditor	Amount (\$)	Description of claim
Nominate	377,028	This amount is comprised of \$106,665 in respect of membership database management services provided under the contract between the Company and Nominate and a further \$270,362 in respect of an indemnity provision in the contract. As discussed in Section 6.2 of this report, Nominate's contingent claims may crystallise if EA were to enter into liquidation, and its claim against the Company may increase to approximately \$900,000, reflecting the value of transactions processed through its system in the previous three months.
ENSW	2,860	Outstanding HPP funding payable. This amount is payable in line with the state funding guidelines for FY20. This amount has now been transferred to ENSW.
EQId	151,961	\$137,881 of this claim is comprised of insurance levies and administrative fees paid for in advance but not received. There is a further component of HPP funding payable under the state funding guidelines for FY20.
EWA	79,761	Insurance, administrative and horse registration fees paid for in advance but not yet received.
ESA	12,048	Administrative levies paid for in advance but not received.
ASC	363,990	Carried forward non HPP grants from previous financial years and Sport Business core funding provided to the Company.
Westpac	638	The Company has two credit cards with a combined limit of \$21,000. Credit card statements received from Westpac confirm the combined outstanding balance is \$638.
OSR	3,059	Unpaid payroll tax for the period 1 March 2020 to 31 May 2020.
Other	34,446	Further claims received against the Company including costs borne to freight a competition horse back to Australia and IT services provided to the Company.
<b>Total</b>	<b>1,025,791</b>	

The above analysis should not be considered to be an admission or rejection of creditor claims in the Administration. We note that we have not made a formal adjudication of the claims of unsecured creditors at this time.

### 3.7 Historical financial performance

The Company prepares audited financial statements at the conclusion of each financial year, with the latest accounts prepared as at 30 June 2019. In addition, the Company prepared monthly management accounts, with the latest such accounts prepared as at 31 May 2020. The audited financial statements for FY17 to FY19 are set out below, along with the management accounts for FY20 (to 31 May 2020).

#### 3.7.1 Profit and loss statement

	FY17	FY18	FY19	FY20*
<b>Income</b>				
Branch levies	1,358,237	1,313,182	1,513,964	1,509,851
FEL events income	258,632	328,595	294,765	200,902
Grants and sponsorships	3,787,416	3,433,457	4,302,032	3,123,656
Insurance income - coaches and clubs	610,894	429,385	725,219	704,505
Other income	386,732	303,332	267,408	285,624
Pathway income <sup>(1)</sup>	287,347	365,110	409,939	278,465
<b>Total income</b>	<b>6,689,257</b>	<b>6,173,061</b>	<b>7,513,328</b>	<b>6,103,002</b>
<b>Cost of goods sold</b>	<b>(58,783)</b>	<b>(30,923)</b>	<b>(36,979)</b>	<b>(20,163)</b>
<b>Gross profit</b>	<b>6,630,475</b>	<b>6,142,138</b>	<b>7,476,349</b>	<b>6,082,839</b>

	FY17	FY18	FY19	FY20*
<b>Expenses</b>				
Affiliation, events, and accounting expenses	(310,438)	(250,432)	(260,140)	(223,000)
Employee expenses	(1,330,357)	(1,537,204)	(1,475,188)	(1,580,409)
FEI events expenses	(258,074)	(257,994)	(271,995)	(169,235)
HPP expenses	(1,351,201)	(1,632,180)	(1,593,013)	(1,457,974)
Insurance expense	(1,068,346)	(1,010,652)	(1,585,896)	(1,514,781)
IT, communications and administration expenses	(340,263)	(518,081)	(293,723)	(316,306)
Other expenses	(280,383)	(257,557)	(81,496)	(56,279)
Pathway expenses	(183,391)	(326,450)	(345,554)	(107,589)
Safety and committee expenses	(224,769)	(174,780)	(143,324)	(152,055)
WEG and Olympic expenses <sup>(2)</sup>	(1,442,337)	-	(1,284,671)	(161,448)
<b>Total expenses</b>	<b>(6,789,558)</b>	<b>(5,965,329)</b>	<b>(7,334,999)</b>	<b>(5,739,077)</b>
<b>Net income</b>	<b>(159,083)</b>	<b>176,809</b>	<b>141,349</b>	<b>343,763</b>

\*to 31 May 2020

#### Notes

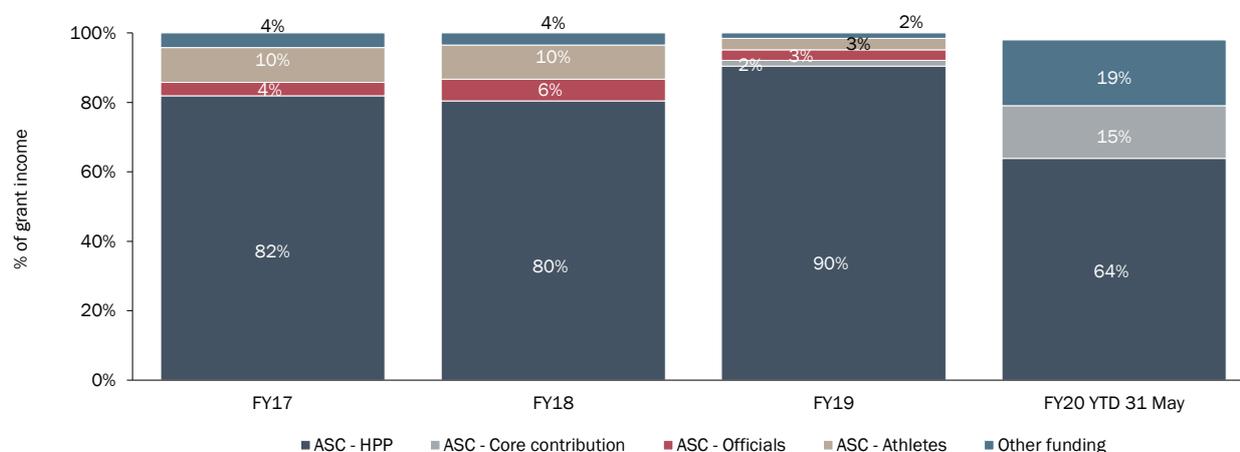
- Costs for registration and insurance for coaches, clubs and officials top up insurance are applied in the first instance to fund the insurance overheads and related costs borne by the Company. Residual funds are then applied to provide a range of services including the provision of coaching and educational workshops for coaches and officials.
- WEG and Olympic expenses fluctuate each year depending on the level of international competition. In FY20 YTD 31 May 2020, EA incurred \$161,448 in relation to pre-Olympic training camps held in early 2020 in preparation for the Tokyo Olympic games. Funding for these activities is derived solely from the ASC such that there is no cost impost to members.

The Company's profit and loss statement also discloses the following.

#### Grant income

Grant funding is the Company's most significant source of income. In FY20 YTD to 31 May 2020, grants accounted for 45% of the Company's total income. Illustrated below is a breakdown of grant funding received over the period FY17 to FY20 YTD 31 May 2020.

#### Sources of grant income



The receipt of HPP funding from ASC accounts for a substantial portion of grant monies received each year. The funding the Company receives from the ASC is quarantined and must be allocated to expenses relating to preparing and sending eventing and Paralympic dressage teams to the WEG and Olympic Games. These monies are also provided under strict conditions

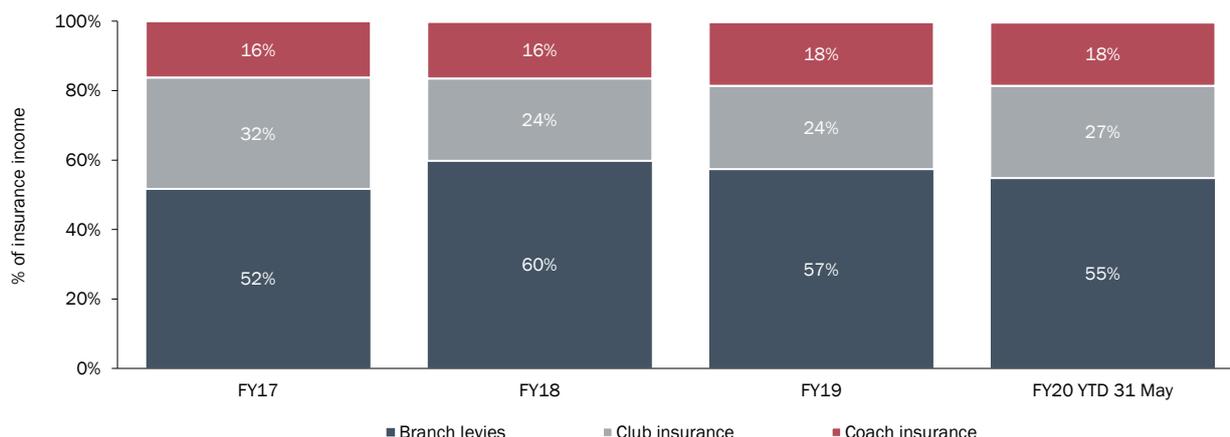
meaning they can only be spent in accordance with the grant guidelines. No membership funds are applied towards any HPP expenses.

The Company is also funded directly by the ASC to drive participation at grassroots levels and to develop talent outside of the HPP environment.

Accordingly, the withdrawal of funding by the ASC had a materially adverse impact on the Company's financial outlook for the remainder of FY20 and moving into FY21.

## Insurance

### Sources of insurance income



Provided above is an illustration of EA's sources of insurance income - State Branch levies, club insurance and coach insurance. Note, officials top up insurance provides less than 1% of annual insurance income and so has not been depicted.

The Company incurs annual expenditure for the renewal of insurance premiums for its members and provides coverage for the following key policies:

Insurance policy	FY17	FY18	FY19	FY20 YTD 31 May
Public liability	172,201	172,201	572,925	627,425
Management liability*	25,886	31,330	31,317	63,306
Sports personal accident	527,879	541,096	708,600	648,333
Special projects	45,500	-	-	-
<b>Total</b>	<b>771,466</b>	<b>744,627</b>	<b>1,312,842</b>	<b>1,339,064</b>

\*For the Company and State Branches collectively

In addition, the Company is charged an annual brokerage fee of \$139,000 for the placement and administration of the insurance policies. This cost is recovered by the Company from members in their annual membership fees and has remained consistent from FY17 to FY20.

Ultimately, income received for insurance marginally exceeds expenditure incurred on insurance due to the administration fee the Company charges for dealing with and negotiating the annual insurance premium on behalf of its members.

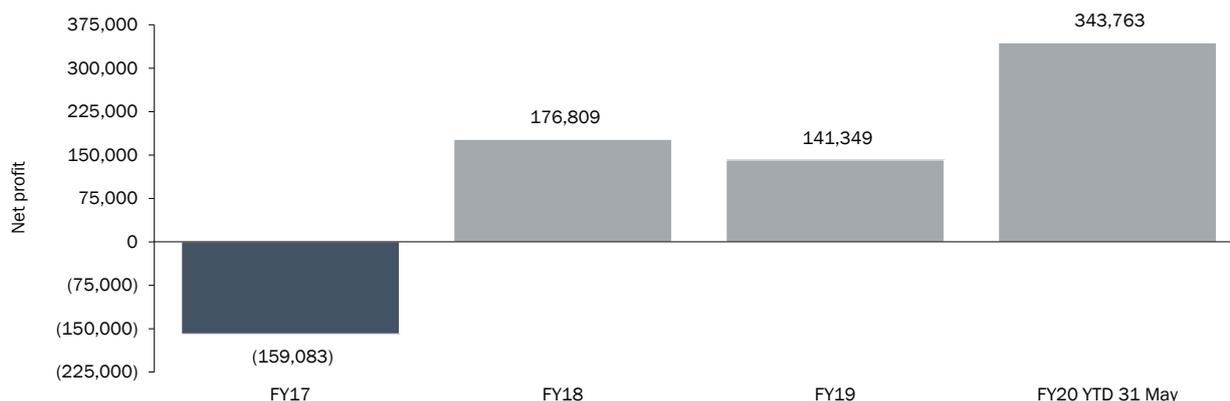
### Financial impact of COVID-19

The following table compares the monthly income and net profit/(loss) figures for the months of March, April and May 2020, to the average figure for the first eight months of FY20. The social distancing restrictions put in place by the Australian Government from March 2020 significantly impacted the financial performance of EA.

Item	Average monthly figure for the period July - February 2020	Total for March 2020	Total for April 2020	Total for May 2020
Income	617,105	425,442	350,326	226,583
Net profit/(loss)	329,154	(22,040)	33,621	3,028

### Profitability

#### Net profit (\$)



The Company is a not for profit entity. Whilst the Company has made small surpluses each year, those surpluses have been reinvested into the business to assist in the pursuit of its purposes. The Company was forecast to generate a profit in FY20.

Despite the Company incurring a reduction in total income of \$1,410,325 in FY20 YTD 31 May 2020 when compared to FY19, the Company posted a materially higher profit figure over the same period. This outcome is largely attributable to lower event-based expenditure from the reduced level of activity due to COVID-19 and the Company's 'hibernation' status in the months leading up to the appointment of Administrators. For instance:

- WEG and Olympic Games expenses were 87% lower (\$1,123,223 in real terms) than in FY19. As noted above, these costs fluctuate each year and were significantly lower than previous years due to the decision to postpone the Tokyo Olympic Games until 2021.
- Similarly, due to restrictions on international travel, FEI events expenditure was 38% lower than FY19.
- Pathway program expenses for coaching, officiating and athletes were 61% lower than FY19.

### 3.7.2 Balance sheet

Provided below is a summary of the Company's balance sheet for the years ended 30 June in 2017, 2018 and 2019, and the 11 months to 31 May 2020.

	30 June 2017	30 June 2018	30 June 2019	31 May 2020
<b>Assets</b>				
Cash at bank	838,911	1,543,378	1,725,052	2,132,349
Stock and debtors	200,771	388,026	54,077	77,013
Prepayments	-	102,225	14,041	290,643
Property, plant & equipment	1,270,456	1,181,806	1,121,573	1,134,795
Other non-current assets	-	14,673	14,673	11,127
<b>Total assets</b>	<b>2,310,138</b>	<b>3,230,107</b>	<b>2,929,415</b>	<b>3,645,926</b>

	30 June 2017	30 June 2018	30 June 2019	31 May 2020
<b>Liabilities</b>				
Trade creditors	202,810	155,578	114,190	10,196
Other current liabilities	740,953	1,740,644	1,332,732	1,822,585
Non-current liabilities	224,297	14,998	22,256	9,146
<b>Total liabilities</b>	<b>1,168,060</b>	<b>1,911,220</b>	<b>1,469,178</b>	<b>1,841,926</b>
<b>Net assets</b>	<b>1,142,079</b>	<b>1,318,888</b>	<b>1,460,237</b>	<b>1,804,000</b>

#### Assets

- The asset position of the Company has been stable across the financial years from FY17 to FY20. As at 31 May 2020, EA had a positive cash at bank position (\$1,309,194 on appointment of Administrators) due to a significant reduction in operating activities due to the onset of COVID-19, which has allowed for cash accumulation. Furthermore, measures were taken to ensure all discretionary expenses were put on hold from March 2020.
- As advised in Section 3.6 of this report, the recoverable amount of EA's debtor balance is likely to be approximately \$18,367.
- Property, plant and equipment is primarily comprised of an unencumbered office building in a strata office complex in Homebush, NSW. In a liquidation scenario the realisable value of the property would likely be discounted after allowing for the costs of its sale, a challenging property market, and an expedited sales timeline.

#### Liabilities

- The Company's liability position is primarily comprised of grant monies received but not yet applied. As at 31 May 2020, the Company had received \$1,373,515 of grant funding that had not yet been applied to the activity to which it was received for (e.g. HPP events and Sport Core Business). The Company was required to repay \$829,997 (excluding GST) of funding received from the ASC as part of the withdrawal of responsibility of the HPP, reducing the liability to approximately \$543,518. As the Company's accounts were last closed off on 31 May 2020, this has not been reflected in the above balance sheet.
- As noted in Section 3.6 of this report, the Company's unsecured creditor position for FY20 differs materially from the amount disclosed in the above balance sheet due to the potential crystallisation of creditor claims from the Administration. Section 6.2 of this report provides further guidance on the treatment of creditor claims, and the Company's liability position if it were to enter into a DOCA or be placed into liquidation.

Notwithstanding the above, the Company has increased its net asset position each year since 30 June 2017, with a net asset position of approximately \$1,804,000 as at 31 May 2020.

### 3.8 Property search

A real property search confirmed the Company is the registered owner of property at Unit 7, 11-21 Underwood Road, Homebush, New South Wales. This address is the head office of Equestrian Australia.

## 4 Preliminary investigations into the affairs of the Company

Under the Act, we are required to investigate the Company's business, property, affairs, and financial circumstances.

Pursuant to Section 75-225(3) of the Rules, we are also required to investigate and report to creditors on any possible recovery actions that would be available to a liquidator, if creditors resolve to place the Company into liquidation.

Due to the short timeframe in which we are required to prepare this report under the Act, our investigations are at a preliminary stage. We are not in a position to provide any final comments about potential offences that may have been committed or amounts of money that may be recoverable in the event of the Company being placed into liquidation. It should be noted that further detailed investigations will need to be undertaken by a liquidator (if appointed), and independent legal advice sought in order to determine the likely success of any actions contemplated in respect to the matters detailed below.

An information sheet provided by ARITA outlining offences, recoverable transactions and insolvent trading is included Appendix C.

Our investigations to date have focused on the following matters:

- Establishing and analysing the current financial position of the Company.
- The causes of financial distress and the reasons behind the appointment of Administrators.
- Breaches of duties and other offences under the Act by the past and current directors.
- Potential actions by a liquidator (if appointed).

## 4.1 Approach to preliminary investigations

Throughout our preliminary investigations, we:

- Analysed the financial statements of the Company, including profit and loss statement, cash flow statement and balance sheet.
- Held discussions with the Directors of the Company.
- Held discussions with key employees of the Company.
- Undertook searches of various publicly available databases, including ASIC, RP Data and OSR records.
- Spoke with various external parties, including suppliers of goods and services and customers of the Company.
- Spoke with various members of EA regarding their concerns in respect of the financial position of the Company, its use of member levies, and its governance structure.

## 4.2 Offences under the Act by directors of the Company

Section 438D of the Act requires an Administrator to lodge a report with ASIC if it appears that:

- A past or present officer, or member, of a company may have been guilty of an offence in relation to the company, or
- A person who has taken part in the formation promotion, administration, management or winding up of the company may have misapplied money or property of the company or may have been guilty of negligence, default, breach of duty or trust in relation to the company.

We set out below and our comments as to whether investigations are warranted in relation to particular offences. We note however, we have not identified any specific breaches of the Act by the Directors, and accordingly we have not reported to ASIC under Section 438D of the Act.

### 4.2.1 Requirement to maintain books and records

Failure to maintain adequate books and records may be relied upon by a Liquidator in an application for compensation for insolvent trading and other actions for recoveries pursuant to Division 2 of Part 5.7B of the Act.

In the event the Company is placed into liquidation, the absence of proper books and records gives rise to a presumption of insolvency pursuant to Section 588E of the Act. This in turn facilitates action being taken against the Directors of the Company for insolvent trading.

From our investigations to date, we consider the Company has maintained books and records in accordance with the requirements of the Act.

### 4.2.2 Directors' duties

A director is subject to the following directors' duties under the Act:

- Section 180 Care and diligence – civil obligation only.
- Section 181 Good faith – civil obligations.
- Section 181 Use of position – civil obligations.
- Section 183 Use of information – civil obligations.
- Section 184 Good faith, use of position and use of information – criminal offences.



Fiduciary duties are also imposed under the common law and include the following:

- To act honestly, with due care and diligence.
- To exercise powers in the interests of the Company.
- To avoid conflicts of interest.
- To use their position properly.
- To use information only for its proper purpose.

From our investigations to date, including corresponding with a broad range of creditors and stakeholders, concerns have been raised in respect of the conduct of the current and former directors and officers of the Company. Examples of these concerns include:

- A lack of transparency and reporting of the Company's financial position and decision-making processes to members.
- The manner by which complaints and disciplinary actions are handled within the Company, and the State Branches.
- Contracts and services being procured from related parties or parties known to persons with positions of responsibility or influence at the Company, creating conflicts of interest and an abuse of position.

We are of the view there has been several failings with respect to the governance and management practices adopted by the Company. While such conduct may fall below the standards expected by members of EA, ASC, FEI, AOC, and PA, we have formed a preliminary view that such conduct does not necessarily amount to a breach of duty at common law, or under the Act. We note our investigations are at a preliminary stage, and should the Company be placed into liquidation, further investigation would be required, subject to sufficient funds being available.

### 4.3 Potential recovery actions available to a liquidator

#### 4.3.1 Voidable transactions

##### Unfair preferences

If the Company is placed into liquidation, various provisions of the Act enable the Liquidator to recover certain payments that were made by the Company to a creditor prior to the Company being placed into Voluntary Administration, referred to as unfair preferences. These are transactions where the payment results in a creditor receiving more than it would have received in the winding up of the Company. A Liquidator of EA would be able to review transactions between 9 December 2019 and 9 June 2020.

In order to prove a creditor received an unfair preference payment, the Liquidator must first show the Company was insolvent at the time of the payment.

The creditor has a defence to an unfair preference claim by a Liquidator if it proves that it entered into the transaction in good faith and, at the time the benefit was received, the creditor had no reasonable grounds for suspecting that the Company was insolvent or would become insolvent through entering into the transaction and valuable consideration was given, nor would a reasonable person in the creditor's position have suspected that the Company was insolvent or would become insolvent.

Given our investigations are at a preliminary stage, coupled with the fact the Company was solvent up until the time immediately prior to the appointment of Administrators, it is unlikely any preferential payments would be available to be recovered by a liquidator, if appointed.

##### Uncommercial transactions

A transaction of a company is an uncommercial transaction if the following elements are established by a liquidator:

- The transaction was entered into or given effect to within two (2) years of the date of appointment of the Administrators.
- At the time the transaction was entered into, or when given effect to, the Company was insolvent or became insolvent as a result of the transaction.
- A reasonable person in the Company's circumstances would not have entered into the transaction having regard to the benefits and detriments to the Company in entering into the transaction and the respective benefits to other parties.

The defences available to a party involved in an uncommercial transaction claim are, in effect, the same as those for an unfair preference.



Given our investigations are at a preliminary stage, coupled with the fact the Company was solvent up until the time immediately prior to the appointment of Administrators, it is unlikely any uncommercial transactions would be available to be recovered by a liquidator, if appointed.

#### Unfair loans

Essentially an unfair loan is a loan agreement where the interest or charges relating to that loan are considered extortionate. Unfair loans made to the Company any time prior to the appointment of the Administrators may potentially be overturned by a subsequently appointed liquidator, whether or not the Company was insolvent at any time after the loan was entered into.

From our investigations, we are not aware of any unfair loans entered into by the Company.

#### 4.3.2 Insolvent trading

Under the Act, a director is personally liable to the Company if the director fails to prevent a company from incurring a debt when, at the time of incurring that debt, the Company is insolvent, or becomes insolvent by incurring the debt, and there existed reasonable grounds to suspect that the Company was or would become insolvent.

This claim must be proven by the liquidator against each individual director. Creditors should be aware that a successful claim for insolvent trading requires extensive analysis and would generally require legal action. Further, we would point out to creditors that such proceedings may often be drawn out and involve significant cost. Creditors should also be aware that any successful claim may be set-off by the Directors against amounts due to that individual by way of unsecured advances or loan account. We have not received any claims for amounts owing to the Directors from the Company.

The Act provides a number of possible defences for a director to a claim for insolvent trading. These defences are:

- At the time the debt was incurred the director had reasonable grounds to expect and did expect that the company was solvent and would remain solvent if it incurred that debt and any other debts that it had incurred at that time.
- At the time the debt was incurred the director had reasonable grounds to believe and did believe that a competent and reliable person was responsible for providing information about the company's solvency and that person was fulfilling that responsibility.
- The directors through illness or some other good reason were not taking part in the management of the company at the time the debt was incurred.
- The director took all reasonable steps to prevent the company from incurring the debt.

It is crucial to note that, with the exception of unfair loans, in order for a Liquidator to be able to set aside a transaction or obtain compensation from a director for insolvent trading, the liquidator must first be able to show that at a relevant point in time the company was insolvent.

The Act states a company is considered to be solvent if, and only if, the company is able to pay its debts as and when they become due and payable. If the company is not solvent, it is insolvent. Accordingly, the test for insolvency is not a balance sheet test but rather a cash flow test.

#### Preliminary assessment of insolvency of the Company

Due to the onset of COVID-19 in and around March 2020, the Company had prudently taken proactive steps to limit the incurrence of debts to preserve cash flow and protect the Company's business as a going concern. The uncertainty surrounding the going concern nature of the Company was however, further exacerbated by the withdrawal of the ASC's support and funding, thereby exposing the Directors to a risk of trading whilst insolvent.

The solvency of the Company was supported by the availability of funding from the ASC, along with member levies. When the Directors concluded they no longer had a reasonable expectation that funding would be made available to the Company by the ASC for the remainder of FY20, and into FY21, they resolved to appoint us as Administrators shortly thereafter.

Based on our review of the Company's accounts, we consider there was a reasonable likelihood of the Company becoming insolvent on a cash flow basis, within the near term. The appointment of Administrators on 9 June 2020, was a proactive step to allow for the going concern nature of the business to be preserved, thereby allowing for a better return to creditors and members.

#### *Balance sheet position*

Analysis of the Company's financial position can be aided by ratio analysis to gain an understanding of the Company's ability to meet its short-term commitments. As the balance sheet is a snapshot of a company at a point in time, it does not adequately



consider a company's broader financial position, the commercial realities faced by a company, or the timing of payment of debts, all of which are relevant to assessing the solvency of a company.

We have reviewed the current ratio, net current assets, and net asset position of the Company for the periods 30 June 2017 to 31 May 2020, based on the information extracted from the Company's management accounts, as set out below. Generally, a current ratio at or below one, indicates a deficiency of current assets to satisfy current liabilities.

Metric	30 June 2017 (\$)	30 June 2018 (\$)	30 June 2019 (\$)	31 May 2020 (\$)
Current ratio <sup>(1)</sup>	1.10	1.07	1.24	1.36
Net current assets <sup>(2)</sup>	95,920	137,407	346,248	667,224
Net assets <sup>(3)</sup>	1,142,079	1,318,888	1,460,237	1,804,000

Note (1): Current ratio measures a company's ability to pay short-term and long-term obligations. The ratio is calculated by dividing current assets by current liabilities.

Note (2): The net current assets figure is calculated by deducting total current liabilities from total current assets.

Note (3): The net assets figure is calculated by deducting total liabilities from total assets.

The Company achieved a current ratio of greater than one at every point in time reviewed. The Company also had a positive current asset position over the period. While these metrics did fluctuate, they were positive at all points in time reviewed. The analysis however cannot be considered in isolation as it does not consider the Company's heavy reliance on funding from the ASC to meet its debts, nor the impact of the withdrawal of the ASC's funding post 31 May 2020.

#### *Ability to meet creditor payments*

The ability to meet creditor payments within terms is another indicator of insolvency. The Company's trade creditor balances were all within 60 days upon appointment of Administrators. The Company was however at risk of not being able to make payments to suppliers in the future due to significant cost of the FY21 insurance programme (due for renewal on or before 30 June 2020, and payment shortly thereafter) the negative financial impact of COVID-19 which had forced the business into a level of 'hibernation' to limit debts incurred, the uncertainty surrounding the level of membership renewals for FY21 and the timing of receipt of funds from the State Branches, coupled with the withdrawal of funding by the ASC.

## 4.4 Funding of further investigations

Whilst we have not identified any voidable transactions or insolvent trading, if a liquidator were appointed, further investigations would be required. Funding of the liquidator for the recovery of such actions would come from the assets of the Company. If there were insufficient funds from the assets of the Company, alternative options for funding further investigations include funding from creditors of the Company, a litigation funder, ASIC's Assetless Administration Fund, or the Fair Entitlements Guarantee Recovery Program

## 4.5 Directors' personal financial position

The capacity of Directors to pay any judgement claim should be considered when deciding whether a claim should be pursued. At this preliminary stage of the investigations we do not consider it necessary to request details of the Directors' assets and liabilities. However, a liquidator (if appointed) may choose to do so.

## 4.6 Limitation of investigations

The opinion outlined above is based on investigations undertaken by our office into the Company's affairs, business, and financial position. Our investigations have been based on the following information:

- Representations of Directors of the Company.
- Information and opinions provided to us from members of EA and external stakeholders.
- The details of the Company's assets and liabilities as established by our office.
- The books and records of the Company, which have been written up to record transactions of the Company to 9 June 2020, that have been made available to us.

## 5 Proposed Deeds of Company Arrangement

### 5.1 Creditors to consider two DOCA proposals

Creditors are being asked to consider two alternative DOCA proposals being:

- **Proposal 1:** The DOCA proponent comprising the boards of each of the following entities: EVic, ENSW, ETas, ESA, and EWA. For the avoidance of doubt, EQId is not a party to the proposal (referred to as the 'State Boards' Proposed DOCA').
- **Proposal 2:** The DOCA proponent being the Administrators after detailed consultation with creditors, members and other interested EA stakeholders, and consideration of the feedback provided by the FEI, ASC, AOC and PA concerning the necessary financial, operational and governance improvements deemed necessary for EA's ongoing operation and their support of EA (referred to as the 'Administrators' Proposed DOCA') .

### 5.2 Proposal 1: State Boards' proposed DOCA

The DOCA being put forward for the consideration of creditors has been proposed by all the State Boards (excluding EQId) after detailed consultation amongst the State Boards. The DOCA represents the first step towards reorganisation of EA as considered necessary by the State Boards.

The State Boards acknowledge that constitutional reform of EA is necessary, however, consider that it is improper use of a DOCA to seek to amend the Company's constitution.

The State Boards' proposed DOCA will be discussed at the Second Meeting of Creditors, with a summary of the proposal provided below. A copy of the State Boards' proposed DOCA is included at Appendix D.

Further detail regarding the State Boards' EA reorganisation project plan is available on the EA Engage website: <https://engage.equestrian.org.au/>.

#### Key provisions

The State Boards' proposed DOCA contains seven key provisions and concepts (noting capitalised terms are those as defined in the proposal included at Appendix D):

1. An interim board of EA will be established, and will be comprised of the following individuals:
  - a. Matt Miller.
  - b. Michelle Heagney.
  - c. Ezio (Eddie) Senatore.

The interim board will have, under the Company's constitution, limited powers to appoint additional directors to EA.
2. There is sufficient Available Property in the Company for:
  - a. The Admitted Unsecured Creditors to be paid in full; and
  - b. Unsecured Creditors to be paid more than would be available to them than if the Company were to be wound up.
3. Employee Creditors and Unsecured Creditor receive a better and quicker return than if the Company were to be wound up.
4. Employee Creditors will comprise of three categories:
  - a. Fully Admitted Employee Claims.
  - b. Partially Admitted Employee Claims.
  - c. Post DOCA Admitted Employee Claims.
5. The DOCA proposal provides for EWA to be classed as an Excluded Creditor and will not participate in a distribution under the DOCA.
6. Represents a better outcome for members of the Company than if the Company were wound up.
7. The objectives of the DOCA are to:
  - a. Facilitate and expedite a distribution to Employee Creditors with admitted Claims.
  - b. Facilitate and expedite a distribution to Unsecured Creditors with admitted Claims through the payment to the Unsecured Creditors.



- c. Facilitate Unsecured Creditors receiving a dividend that exceeds the dividend that they would receive if the Company were wound up.

#### Standard DOCA terms

It is proposed the State Boards' DOCA will also include the following terms, many of which are standard terms for a DOCA:

1. Unsecured creditors accept the terms of the DOCA in full and final satisfaction of their debts.
2. The DOCA also incorporates the standard terms and provisions which are described in the Act and deal with the following:
  - a. Administrators deemed agent of the Company.
  - b. The DOCA Administrators to be determined by the creditors.
  - c. Powers of the Administrators.
  - d. Making claims.
  - e. Control.
  - f. Discharge of debts.
  - g. Claims extinguished.
  - h. Bar to creditors' claims.
  - i. Termination of DOCA where the arrangement serves its purpose.

Our estimated return to creditors if the State Boards' DOCA is approved is 100 cents in the dollar. The State Boards' proposed DOCA provides that Proofs of Debt will be called for seven days after execution of the DOCA.

### 5.3 Proposal 2: Administrators' proposed DOCA

The second DOCA being put forward for consideration by creditors has been proposed by the Administrators after detailed consultation with creditors, members and other interested EA stakeholders, and consideration of the feedback provided by the FEI, ASC, AOC and PA concerning the necessary financial, operational and governance improvements deemed necessary for EA's ongoing operation and their support of EA.

Execution of this DOCA is considered the first critical step in the pathway to an improved governance, operating and financial structure for EA for the benefit of creditors, members, and stakeholders, and for the sport of equestrian in Australia more generally.

The Administrators' proposed DOCA will be discussed at the Second Meeting of Creditors, with a summary of the proposal provided below. A copy of the Administrators' proposed DOCA is included at Appendix E.

#### Key provisions

The Administrators' proposed DOCA contains five key provisions and concepts:

1. A DOCA fund will be established from the assets of the Company to meet the admitted claims of creditors of the Company.
2. Within 14 days (or a later date determined by the Deed Administrators), the Deed Administrators will call a special general meeting of the members (State Branches) of the Company to consider a resolution to amend the Company's Constitution. The amendments to the Constitution will include, without limitation:
  - a. Creating a new class of members, being the Participating Members (as currently defined under the Constitution).
  - b. Giving the new class of members, being the Participating Members, the right to vote i.e. one member, one vote.
  - c. Changing the rules regarding the formation and composition of the board, and empowering the Deed Administrators to appoint a new, independent, transitional board.
  - d. Changing the rules regarding the formation and composition of the nominations committee and empowering the Deed Administrators to appoint a new interim nominations committee.
  - e. Allowing members to attend virtual general meetings and vote electronically.
  - f. Consequential changes arising from the above changes.
3. If the resolution to amend the Constitution is passed at the special general meeting, the Deed Administrators will form a transitional board within 45 days of the resolution being passed.



4. The DOCA proponent is required to procure the ASC's written confirmation it will not prove for its claim in the Administration, not receive a distribution, and not seek repayment of any funds it has advanced the Company on or prior to the appointment of Administrators.
5. The DOCA will terminate under the following circumstances:
  - a. If the resolution to amend the Constitution does not pass at the special general meeting, the DOCA will terminate within 14 days, and the Company will be placed into liquidation.
  - b. However, the Deed Administrators may, within the 14 day period, apply to, participate in and/or support another person to apply to the Court, for orders or directions which facilitate the amendment to the Constitution of the Company, and if the Deed Administrators do so, the DOCA will not automatically terminate.
  - c. If the Deed Administrators determine in their sole discretion, that the objectives of the DOCA cannot be fulfilled, the Deed Administrators may convene a meeting of creditors to vary or terminate the DOCA and place the Company into liquidation. Alternatively, the Deed Administrators may determine in their sole discretion to terminate the DOCA and place the Company into liquidation.

#### Standard DOCA terms

It is proposed the DOCA will also include the following terms, many of which are standard terms for a DOCA:

1. Unsecured creditors accept the terms of the DOCA in full and final satisfaction of their debts.
2. The Administrators of the DOCA are to be Kate Conneely and Craig Shepard.
3. The DOCA also incorporates the standard terms and provisions which are described in the Act and deal with the following:
  - a. Administrators deemed agent of the Company
  - b. Powers of the Administrators
  - c. Termination of the DOCA where the arrangement fails
  - d. Priority
  - e. Discharge of debts
  - f. Claims extinguished
  - g. Bar to creditors' claims
  - h. Making claims
  - i. Meetings
  - j. Committee of Inspection
  - k. Termination of DOCA where the arrangement serves its purpose.

Our estimated return to creditors if the DOCA is approved is 100 cents in the dollar. It is likely the distribution to creditors will be made after the proposed amendments to the Company's Constitution are given effect to.

## 5.4 Analysis of the DOCA proposals

### 5.4.1 Quantitative analysis: Do the DOCA proposals provide a return to creditors?

Both DOCA proposals are anticipated to provide a return of 100c/\$ for admitted creditor claims. The return to creditors payable under both DOCA proposals is better than the return that would otherwise be payable if the Company were to be placed into liquidation. Detailed analysis is provided in Section 6.2 below.

### 5.4.2 Qualitative analysis: Do the DOCA proposals satisfy key stakeholder issues?

The following table provides a comparative analysis of the two DOCA proposals against the key stakeholder issues which have been conveyed to the Administrators to date. These key stakeholder issues have been published and available for consideration by all creditors and stakeholders of EA in a presentation prepared by the Administrators titled 'Equestrian Australia: a pathway for the future'. The presentation was posted to the EA website and uploaded to the EA creditor section on the KordaMentha website on 30 June 2020. The direct feedback from the FEI, PA, AOC, and ASC was also made available on the KordaMentha website at <https://kordamentha.com/creditors/equestrian-australia-limited>.



Stakeholder	What do they require?	Does the State Boards' proposed DOCA address the requirement?	Does the Administrators' proposed DOCA address the requirement?
ASC	<p>"Good governance and leadership of the sport."</p> <p>"... that the organisation is structured in a way that generates stable, representative and genuinely democratic outcomes in board election processes with a good skills mix and diversity balance..."</p> <p>"We are deeply committed to the long-term success and growth of equestrian sport in Australia."</p>	<p>No.</p> <p>The interim board is to be selected by the State Boards' with the nominees specified in the DOCA.</p> <p>It is representative of the State Branches (excluding EQId) only.</p> <p>Uncertainty exists as to whether the ASC will fund EA going forward under this proposal.</p>	<p>Yes.</p> <p>The Administrators' propose to utilise an independent nomination committee to select a truly independent, representative board with appropriate skills mix and diversity.</p> <p>The interim board of nine directors will transition over three years to provide for stability.</p>
AOC	<p>"The AOC will require to be satisfied that all directors are in fact representatives of each of the members of Equestrian Australia... This should be by way of free elections free from outside influence..."</p>	<p>No.</p> <p>Members of EA will not have an immediate vote.</p> <p>The interim board is to be selected by the State Boards' with the nominees specified in the DOCA.</p>	<p>Yes.</p> <p>Members of EA will have a vote after the Constitution is reformed.</p> <p>Independent nomination committee process will be appointed to form the new board.</p> <p>The Administrators will approve the initial transitional board after receiving recommendations from an independent nominations committee.</p>
FEI	<p>"... FEI are willing to cooperate and to support this process with the goal of Equestrian Australia implementing a sustainable, democratic, stable and representative new governance model at the earliest."</p>	<p>No</p> <p>The proposed initial three person board is not democratically elected or representative of all members and stakeholders.</p> <p>Failure to satisfy the FEI's conditions will put EA's accreditation at risk.</p>	<p>Yes.</p> <p>Initial transitional board will be representative.</p> <p>A three-year transitional election process will provide stability and allowing all members to vote will result in a democratic board that is representative of all EA members.</p>
PA	<p>"PA fully supports [the FEI's] desire to see EA reformed and restructured...it is important for EA to have a sustainable, democratic, stable and representative new governance model."</p>	<p>No.</p> <p>As above.</p>	<p>Yes.</p> <p>As above.</p>
Participating Members	<p>Support a process for immediate first stage change:</p> <ul style="list-style-type: none"> <li>• One member, One vote</li> <li>• Transitional independent board.</li> </ul> <p>Refer EA Engage submissions from:</p> <ul style="list-style-type: none"> <li>• Jumping Discipline.</li> <li>• EA Members (Mathers, Silvia et al).</li> </ul>	<p>No.</p>	<p>Yes.</p>

## 5.5 Administrators' opinion on the DOCA proposals

It is the Administrators' opinion the Administrators' proposed DOCA is in the best interests of creditors and members of the Company. The Administrators have formed this view as the Administrators' proposed DOCA will allow for:

- The maintenance of EA's status of NSO, thereby opening the possibility of the return of funding by the ASC, for the sport.
- The continued recognition of the sport by the FEI which is of critical importance to participation in domestic and international competition, particularly in the lead up to nominations for the Tokyo Olympic Games.
- The ongoing employment of EA's existing employees, thereby avoiding the crystallisation of \$303,058 of employee entitlements.

- Contingent creditor claims are not crystallised as EA will continue to operate. In a liquidation scenario, these claims are likely to exceed \$1,680,000.
- The costs of administering the realisation of the assets of the Company in a liquidation scenario, and the subsequent distribution of assets of the Company to creditors with admitted claims, are likely to exceed \$80,000.

The Administrators' proposed DOCA is also the mechanism by which the first phase of reform for EA and the sport can be achieved. The amendment of the Company's constitution to allow for democratic, one member, one vote representation, and the appointment of an independent, transitional board, is critical. Whilst not capable of numerical quantification, it is the Administrators' opinion this is of significant value to members and creditors of EA to provide a mechanism for the democratic engagement of all members in the future reform of the sport.

## 6 Alternatives available for the future of the Company

### 6.1 Explanation of alternatives available

It is our obligation to make a recommendation to creditors as to the future of EA. Our recommendation is based on what is in the best interests of creditors having regard to:

- The chance of all or some of the Company's business continuing in existence.
- The extent to which creditors' claims can be settled.
- The overall effect on stakeholders in each available scenario.

We make the following general comments in respect to each option.

#### 6.1.1 DOCA

As detailed in Section 5.3 of this report, the primary purpose of the Administrators' proposed DOCA is to address the common concerns of the key stakeholders of the Company being to:

- Preserve the business of the Company as a going concern
- Maximise the financial return and benefit to all stakeholders of the Company, and
- Implement a new governance model for the Company that delivers change and genuine democratic outcomes for all members.

If the Administrators' proposed DOCA is executed, the Deed Administrators will continue to supervise the affairs of the Company after execution of the DOCA until such time as the independent, transitional board is appointed to EA.

We recommend creditors vote in favour of the Administrators' proposed DOCA for the reasons set out in Section 5.5 of this report.

#### 6.1.2 Winding up the Company

At the Second Meeting of Creditors, creditors may resolve that the Company be wound up. Should creditors do so, the Company will be placed into liquidation, and the Company is taken to have nominated us as Administrators to be the Liquidators. The Liquidators are required to realise and distribute the assets in accordance with Section 556 of the Act (subject to Section 545 of the Act) and will also be required to complete a thorough investigation into the Company's past dealings and affairs, and the past actions of the Directors.

The effects of the liquidation of the Company include:

- The moratorium available under the Voluntary Administration process will cease.
- The Liquidators will be empowered to recover potential voidable transactions, as outlined in Section 4.3.1 of this report.
- The Liquidators will be required to investigate the affairs of the Company pursuant to Section 533 of the Act and lodge a report with the ASIC in respect of the same.

Placing the Company in liquidation would also result in:

- The cessation of EA as the NSO.
- The loss of recognition of the organisation with the FEI, AOC and PA.



- The full withdrawal of funding by the ASC for the sport of equestrian – from grassroots through to the HPP.
- The crystallisation of a significant number of creditor claims, the payment of which would be dependent on the outcome of the liquidation, and at a rate of less than 100 cents in the dollar.

We do not consider liquidation to be in the best interests of creditors and members of EA.

### 6.1.3 Bringing the Administration to an end

It is possible that creditors may consider ending the Administration and returning the Company to the existing Directors. We do not believe this to be a commercial proposition because the Company will be placed in a similar position to what existed prior to our appointment as Administrators.

Ending the current Administration will not prevent creditors from initiating legal proceedings for the recovery of their debts or petitioning to the Court to have the Company wound up at their own expense.

## 6.2 Financial analysis of alternatives

A summary of the analysis of the alternatives is provided below. The book value column is based on the information contained in the Company's books and records.

Statement of position as at 7 July 2020	Notes	State Boards' proposed DOCA \$ (excl. GST)	Administrators' proposed DOCA \$ (excl. GST)	Liquidation \$ (excl. GST)
<b>Assets</b>				
Cash	1	1,281,581	1,281,581	1,281,581
Other current assets	2	321,212	321,212	18,367
Fixed assets	3	1,145,922	1,145,922	1,067,000
Liquidator recovery actions	4	-	-	-
<b>Total</b>		<b>2,748,715</b>	<b>2,748,715</b>	<b>2,366,948</b>
Less:				
Administration statutory and trading expenses to 14 July 2020	5	(283,158)	(283,158)	(283,158)
Voluntary Administrators' remuneration	6	(250,000)	(250,000)	(250,000)
Voluntary Administrators' disbursements	6	(1,000)	(1,000)	(1,000)
Deed Administrators'/Liquidators' estimated remuneration	6	(80,000)	(80,000)	(320,000)
Legal fees and disbursements	7	(50,000)	(50,000)	(50,000)
SGM and AGM costs and travel expenses	8	(50,000)	(50,000)	-
<b>Total</b>		<b>(714,158)</b>	<b>(714,158)</b>	<b>(904,158)</b>
Estimated funds available for distribution to priority creditors		2,034,557	2,034,557	1,462,791
Entitlements outstanding to priority creditors	9	179,028	179,028	303,058
<b>Total</b>				
Distribution to priority (employee) creditors (c/\$)		100c/\$	100c/\$	100c/\$
Estimated funds for unsecured creditors		1,855,529	1,855,529	1,159,733
Unsecured creditors	10	510,301	146,311	1,678,694
Estimated deficiency		N/A	N/A	(518,961)
<b>Estimated distribution to unsecured creditors (c/\$)</b>		<b>100c/\$</b>	<b>100c/\$</b>	<b>69c/\$</b>
<b>Funds remaining after settling all priority and unsecured claims</b>		<b>1,345,228</b>	<b>1,709,218</b>	<b>-</b>

## Notes

*Note 1:* Forecast cash at bank balance as at 7 July 2020.

*Note 2:* At appointment, the book value of current assets excluding cash comprised the following:

- A small number of trade debtors totalling \$313,700. Having reviewed the recoverability of the trade debtor balance with management of the Company, the Administrators have formed the opinion that \$18,367 may be recoverable in a DOCA or liquidation scenario.
- Prepaid expenses totalling \$290,643 which primarily relates to Tokyo-Olympic training, travel and accommodation. Although an in-depth analysis of these transactions has not been completed, we note the expenses incurred to date are largely non-refundable. This value is likely to be preserved under a DOCA but not in the event of liquidation.
- Stock on hand primarily relates to coaching resources and learning material held at the Company's head office. This stock remains for sale and inventory is managed at low levels. Accordingly, this value is preserved in a DOCA scenario. In a liquidation, net realisable value is likely to be nil.

*Note 3:* The fixed asset balance is comprised of the Company's real property in Homebush, office equipment and associated fixtures and fittings. The Administrators estimate the realisable value in a liquidation sale for the property to be approximately \$1,100,000. Having deducted 3% selling costs, the Administrators determined a liquidation value of \$1,067,000. The office equipment will have negligible liquidation value.

*Note 4:* Liquidator recovery actions are not expected to realise funds in a liquidation scenario. Further detail is provided in Section 4.3 of this report.

*Note 5:* The Administration statutory and trading liabilities for the period up to and including 14 July 2020 are comprised of employee and office expenses, HPP expenses, legal fees, statutory trading liabilities and costs of holding the statutory creditors' meetings.

*Note 6:* The Administrators' remuneration and the estimated remuneration of Deed Administrators' or Liquidators' is detailed in the Remuneration Approval Request report in Appendix F.

*Note 7:* Legal fees and disbursements relate the cost of retaining legal advisers and counsel.

*Note 8:* Meeting expenses relating to the required AGM and SGM which will occur under a DOCA scenario only and extend to both DOCAs. The amount is comprised of \$15,000 of travel expenses and \$35,000 of logistical and administration expenses.

*Note 9:* In both DOCA scenarios, the priority creditors, being employees, will be owed annual leave, superannuation, and time in lieu. This figure is calculated as at 9 June 2020. In a Liquidation scenario, assuming employees are made redundant at the commencement of the Liquidation, additional entitlement expenses include redundancy, PILN and superannuation on PILN.

*Note 10:* We have analysed the expected unsecured creditor claims with reference to Proof of Debt forms submitted in the Administration, a review of the Company's books and records, contracts, and agreements, and from discussions with creditors. Under the Administrators' proposed DOCA, the Administrators' will be seeking to procure ASC's release of its claim in the DOCA for \$363,990. This results in an increased estimated value remaining in the Company in this scenario when compared to the State Boards' DOCA scenario. Under a liquidation scenario, additional claims may crystallise for amounts relating to membership fees and levies paid in advance and amounts triggered in the supply agreement with Nominate. This is further discussed in Section 3.6 of the report.

## 6.3 Administrators' recommendation

**It is our opinion that it would be in best interests of creditors and members for the Company to execute the Administrators' proposed DOCA.** It is not in creditors interests to wind up the Company or to bring the Administration to an end.

The reasons for our recommendation are detailed in Section 5.5. To summarise, implementing the Administrators' proposed DOCA is an opportunity to implement financial and operational reform for EA, and to create a pathway to constitutional change, ensuring a stable, democratic organisation for the administration of equestrian in Australia.

The Administrators' proposed DOCA will also result in a better return to creditors than if the Company was liquidated. Creditors and stakeholders will enjoy the benefit of ongoing dealings with EA, whether financial or otherwise. Placing the Company in liquidation would result in:

- The cessation of EA as the NSO.
- The loss of recognition of the organisation with the FEI, AOC, and PA.



- The full withdrawal of funding by the ASC – for grassroots through to the HPP.
- The crystallisation of a significant number of creditor claims, the payment of which would be dependent on the outcome of the liquidation, and at a rate of less than 100 cents in the dollar.

As we are not aware of any reportable offences in relation to the Company based on our preliminary investigations, it is unlikely that placing the Company into liquidation to investigate and pursue such offences would result in any recoveries that would be available for the benefit of creditors.

## 7 Estimated return to creditors

### 7.1 Amount

The estimated dividend to admitted creditors under both proposed DOCAs is 100c/\$.

In the event the Company is placed into liquidation, a dividend of 69c/\$ may be payable.

### 7.2 Timing

#### DOCA scenario

Under both DOCA's, payments to trade creditors of the Company with admitted claims will be made within the timeframes as provided for by the Act.

Employees and members comprise the majority of the Company's creditor pool. Under both DOCA's, members no longer have a claim as they will continue to enjoy the membership benefits from EA.

Employees will retain their employment with EA and their entitlements will continue in the ordinary course.

#### Liquidation scenario

Under a liquidation scenario, the timing of a return will be significantly delayed by the statutory responsibilities required of a liquidator. While employees may be able to finalise a claim for payment of their entitlements through the Australian Government supported scheme, FEG, this usually takes eight to 16 weeks. As FEG does not pay out outstanding superannuation to employees, receiving a distribution for the outstanding pre appointment superannuation will be dependent on the outcome of the liquidation.

It is difficult to estimate the timing of a distribution to unsecured creditors. Such a distribution will depend on how long it would take a liquidator to deal with all assets, satisfy investigation requirements, and resolve outstanding legal matters. With regard to these factors, it is unlikely a distribution would be made under a liquidation scenario within the first three to six months of the Company entering liquidation.

## 8 Further matters for consideration at the Second Meeting of Creditors

### 8.1 Remuneration and disbursements

In accordance with Section 60-10 of Schedule 2 of the Act and Section 70-45 of the Rules, the Remuneration Approval Request is attached as Appendix F. We are seeking approval of our remuneration on a time basis in accordance with the schedule, KordaMentha Rates – National FY20 and KordaMentha Rates – National FY21, which are included in the Remuneration Approval Request. Also included in the Remuneration Approval request is the necessary detail in relation to disbursements.

In accordance with Section 60-20 of Schedule 2 of the Act, as an Administrator is not entitled to a profit or advantage whether directly or indirectly, from the external administration unless approved by a resolution of the creditors or leave is given by the Court, approval of any internal disbursements will also be sought.

Details of the resolutions to be put to the Second Meeting of Creditors are set out in the Remuneration Approval Request.



## 8.2 Committee of Inspection

At the Second Meeting of Creditors, the creditors of the Company may consider whether a Committee of Inspection should be appointed and if so, who should be appointed to that committee. This is the case regardless of whether the Company enters Liquidation or executes either DOCA.

The role of a Committee of Inspection is to consult with the Deed Administrators or Liquidators, as appropriate, and receive reports on the conduct of the external administration. A Committee of Inspection can also approve the remuneration of the Deed Administrators or Liquidators.

It is our recommendation that a Committee of Inspection be appointed if the Company executes either DOCA proposal. If one is appointed, a Committee of Inspection could deal with the following matters in a time and cost-effective manner:

- Any minor, unforeseen anomalies which may occur during the DOCA period and have the potential to cause a delay in the restructure.
- Liaising with the Deed Administrators and providing feedback and support.
- The consideration and approval of the Deed Administrators' remuneration.

The ongoing, regular communication to the broader stakeholder group of the Company will continue regardless of whether a Committee of Inspection is appointed for the DOCA period.

It is also our recommendation that a Committee of Inspection be appointed if the Company enters Liquidation. Appointing a Committee of Inspection to receive reports from the Liquidators and consider and approve remuneration throughout the liquidation will ensure the liquidation is conducted in a time and cost-effective manner.

If creditors resolve to appoint a Committee of Inspection, a resolution will also be put to members which will confirm that committee members are able to continue dealing with the Company on a business as usual basis where relevant.

## 9 Further information for creditors

ARITA provides information to assist creditors with understanding insolvency. This information is available from ARITA's website at [www.arita.com.au](http://www.arita.com.au).

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/insolvencyinfosheets](http://www.asic.gov.au/insolvencyinfosheets).

Creditors requiring further information regarding the Administration can contact Dylan Genau on (03) 9908 8919 or by email at [ea@kordamentha.com](mailto:ea@kordamentha.com).

Dated: 7 July 2020



Kate Conneely  
Administrator

Level 5 Chifley Tower  
2 Chifley Square  
Sydney NSW 2000



Craig Shepard  
Administrator



**Appendix A    Notice of Meeting**



## **Corporations Act 2001**

### **Notice of second meeting of creditors of company under administration**

#### **Equestrian Australia Limited (Administrators Appointed) ACN 077 455 755 ('the Company')**

**Notice is hereby given** that the Second Meeting of Creditors of the Company will be held pursuant to Section 439A of the Corporations Act 2001 ('the Act') on Tuesday 14 July 2020 via online videoconference through Microsoft Teams 'Live Event'. Registration for all creditors, members and employees will open at 9.45 am AEST with the meeting commencing at 10.00 am AEST.

Creditors wishing to vote at the meeting, who will not be attending in person or are a company, must complete a Proxy form in their unique creditor portal by no later than 12.00 pm AEST on Friday 10 July 2020. Instructions on how to submit a Proxy form are detailed in the Report by Administrators dated 7 July 2020.

Please note as per ASIC's current directives for holding meetings, the Chairperson will be required to conduct all voting via a poll. In this regard, we strongly recommend that all creditors submit a special proxy prior to the meeting. This will greatly assist in the efficient conduct of the meeting and allow for the accurate counting of votes at the meeting.

#### **Agenda**

The purpose of the meeting is to:

1. Review the report of the Administrators in connection with the business, property, affairs and financial circumstances of the Company.
2. Consider the remuneration of the Administrators for the period of the voluntary administration.
3. Consider the Administrators' internal disbursements for the period of the voluntary administration.
4. For the creditors of the Company to resolve:
  - i. that the Company execute a deed of company arrangement, or
  - ii. that the administration should end, or
  - iii. that the Company be wound up.

If the Company is to execute a deed of company arrangement:

1. Consider the appointment of a Committee of Inspection and if appointed, who are to be the Committee members
2. Consider permitting any committee members to continue dealing with the Company and their creditors on a business as usual basis during the external administration
3. Consider any other business properly brought before the meeting.

If the Company is wound up:

1. Consider the appointment of a Committee of Inspection and if appointed, who are to be the Committee members
2. Consider permitting any Committee members to continue dealing with the Company and their creditors on a business as usual basis during the external administration
3. Consider any other business properly brought before the meeting.

Section 75-85 of the Insolvency Practice Rules (Corporations) 2016 ('the Rules') sets out the entitlement to vote at meetings of creditors – see Appendix 1 for Section 75-85 of the Rules. To comply with this, a Proof of Debt form must be lodged via the EA creditors' portal if you are a trade creditor or employee of the Company. Instructions on how to lodge a Proof of Debt are detailed in the Report by Administrators dated 7 July 2020. If you have already submitted a Proof of Debt form to the Administrators, you do not need to complete another one unless you wish to change the value of your claim.

Please note members of EA are not required to submit a Proof of Debt but may do so if they wish.

Further information is provided in the Report by Administrators dated 7 July 2020.

Dated: 7 July 2020

A handwritten signature in black ink that reads "K. Conneely." The signature is written in a cursive style with a large initial 'K'.

Kate Conneely  
Administrator

KordaMentha  
GPO Box 2523  
Sydney NSW 2001

*Enc.*

# Appendix 1

## Section 75-85 of the Insolvency Practice Rules (Corporations) 2016

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

## Appendix B Summary of receipts and payments

Below is a summary of the receipts and payments of the Administration for the period from 9 June 2020 to 5 July 2020.

Account	Amount (\$)
Receipts	
Coaching resource income	5,092
Interest income	143
Pre appointment funds received	1,309,194
Registration and membership renewals	51,605
<b>Total receipts</b>	<b>1,366,034</b>
Payments	
Bank charges	(6)
High performance expenses	(13,013)
High performance wages and salaries	(18,170)
Insurance	(5,008)
Trading expenses	(426)
Wages and salaries	(47,781)
<b>Total payments</b>	<b>(84,403)</b>
<b>Total cash on hand as at 5 July 2020</b>	<b>1,281,631</b>

**Appendix C    ARITA information sheet**



# Creditor Information Sheet

## Offences, Recoverable Transactions and Insolvent Trading



### Offences

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

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

### Recoverable Transactions

#### **Preferences**

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

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

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

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

### **Uncommercial Transaction**

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

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

### **Unfair Loan**

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

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

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

### **Unreasonable payments to directors**

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

### **Voidable charges**

Certain charges over company property are voidable by a liquidator:

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

## **Insolvent trading**

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

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

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

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

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

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

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

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

**Appendix D State Boards' proposed DOCA**



**EQUESTRIAN AUSTRALIA LIMITED ACN 077 455 755 (ADMINISTRATORS APPOINTED)  
(COMPANY)**

**DOCA PROPOSAL DATED 5 JULY 2020**

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**Details of proposed Deed of Company Arrangement (DOCA)**

**Background**

- A. Equestrian NSW Incorporated Registration No Y0931722 (**Equestrian NSW**), Equestrian Victoria ABN 80 362 146 367 (**Equestrian VIC**), Equestrian Tasmania ABN 69 934 724 696 (**Equestrian TAS**), Equestrian South Australia ABN 82 278 539 230 (**Equestrian SA**) and Equestrian Western Australia Incorporated Registration No A0820563R (**Equestrian WA**) propound this DOCA Proposal (together the **DOCA Proponents**).
- B. The DOCA Proponents acknowledge that constitutional reform of the Company is necessary; however, consider that it is an improper use of a DOCA to seek to amend the Company's constitution.
- C. The DOCA Proponents propose that an interim board of the Company be established. The DOCA Proponents propose that such interim board comprise of the following individuals:
- (i) Matt Miller;
  - (ii) Michelle Heagney; and
  - (iii) Ezio (Eddie) Senatore;
- who will have, under the Company's constitution, limited powers to appoint additional directors to the Company.
- D. The DOCA Proponents note that there is sufficient Available Property in the Company for:
- (i) the Admitted Unsecured Creditors to be paid in full; and
  - (ii) Unsecured Creditors to be paid more than would be available to them than if the Company were wound up.
- E. The DOCA Proponents propose a DOCA that:
- (i) achieves the objectives of the Act; and
  - (ii) for Employee Creditors and Unsecured Creditors (noting there are no Secured Creditors of the Company), represents both:
    - (A) a better return; and
    - (B) a significantly quicker and more certain return than if the Company were wound up;
  - (iii) represents a better outcome for members of the Company.
- F. It is the intention of the DOCA Proponents to approve the DOCA Proposal and be bound by the DOCA.
- G. Capitalised and defined terms are set out in the Definitions, paragraph 17.

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## **DOCA PROPOSAL**

### **1.1 Objectives of the DOCA**

The objectives of the DOCA are to:

- (i) facilitate and expedite a distribution to the Employee Creditors with admitted Claims;
- (ii) facilitate and expedite a distribution to the Unsecured Creditors with admitted Claims through the payment to the Unsecured Creditors;
- (iii) facilitate Unsecured Creditors receiving a dividend that exceeds the dividend that they would receive if the Company were wound up.

## **2. DOCA**

2.1 The DOCA will bind the Creditors of the Company.

2.2 It is a condition precedent to the DOCA that the Creditors of the Company resolve to enter into the DOCA.

## **3. ADMINSTRATORS OF THE DOCA**

3.1 The administrators of the DOCA will be as determined by the creditors of the Company.

## **4. ROLE OF THE DEED ADMINISTRATORS**

4.1 The Deed Administrators will administer the DOCA in accordance with its terms and will exercise their powers and perform their functions and duties as agents for and on behalf of the Company.

4.2 The Deed Administrators will not be personally liable for any debt, liability or other obligation which they incur on behalf of the Company.

## **5. ADMISSIBLE CLAIMS DATE**

5.1 The day on or before which claims must have arisen if they are to be admissible under the DOCA is 9 June 2020, being the date of appointment of the Administrators as voluntary administrators of the Company.

## **6. PROPERTY TO BE AVAILABLE TO PAY CREDITORS' CLAIMS**

### **6.1 Available Property**

The property available to pay the Claims of Admitted Creditors to be administered under the DOCA shall be the Available Property.

### **6.2 Non-Available Property**

For the avoidance of doubt, the Non-Available Property will not be property available to pay the claims of Creditors.

## **7. CLASSES OF CREDITORS**

Creditors are categorised into three classes, being:

- (i) Employee Creditors, whose admitted Claims will be dealt with from the Employee Fund;
- (ii) Unsecured Creditors, whose admitted Claims will be dealt with from the Unsecured Creditor Fund; and
- (iii) Excluded Creditors, who will not be bound by the DOCA, will not receive a dividend from the Deed Funds, and will execute the Deed of Deferral.

## **8. EXCLUDED CREDITORS**

### **8.1 Deed of Deferral**

- (a) The DOCA will require that upon execution of the DOCA, the Excluded Creditors, the Deferred Companies and the Deed Administrators to enter into the Deed of Deferral; and
- (b) For the avoidance of doubt, the execution of the Deed of Deferral will be annexed to the DOCA.

### **8.2 Deferral of Claims**

The Deed of Deferral will provide that each of the Excluded Creditors covenant with the Deferred Company and the Deed Administrators that, during the Deferment Period, it:

- (a) shall not take any action in respect of the Deferred Claims;
- (b) shall not enforce or seek to enforce any security or security interest which it may have in relation to the Deferred Claims in respect of the Deferred Company, or the property of the Deferred Company; and
- (c) acknowledges and agrees that it is not entitled to participate if any dividend from the Deed Funds with respect to its Deferred Claims.

### **8.3 No release**

With respect to each Deferred Company, on and after the End Date, the deferral, forbearance and other restrictions recorded in paragraph 8.2 above shall immediately and automatically come to an end and nothing will then prevent any Excluded Creditor with respect to that Deferred Company from:

- (a) proving for its Deferred Claims in any liquidation or administration of the Deferred Company;
- (b) immediately taking action in respect of its Deferred Claims; or
- (c) enforcing or seeking to enforce any security or security interest which it may have in respect of its Deferred Claims in respect of that Deferred Company or its property, including as applicable, the Subrogated Security Claims.

#### 8.4 Rights reserved, etc

- (a) Subject to the matters in paragraph 8.2, Excluded Creditors (in respect of all of their claims, including any priority Claims, on any basis, and also whether by way of subrogation, assignment or otherwise) will retain all rights afforded to Creditors, including the right to participate at meetings of Creditors and all relevant voting rights and entitlements.
- (b) Excluded Creditors will not have their claims released or otherwise affected by the DOCA and in the event of liquidation or administration of the Companies, the Claims of Excluded Creditors will be admissible in full and with all associated priority rights (including to maintain any section 560 Priority Claim).

#### 9. EQUESTRIAN WESTERN AUSTRALIA

Equestrian Western Australia:

- (a) by the Deed of Deferral will not prove in the DOCA;
- (b) will be entitled to vote at all meetings of Creditors of the Company;
- (c) during the Deferment Period Equestrian Western Australia will not prove in the DOCA, but will (by the Deed of Deferral) defer and forbear Deferred Claims against the Company and will not participate in any distributions payable from the Deed Fund;
- (d) otherwise will not have its rights affected by the DOCA; and
- (e) in the event of a subsequent winding up, will be entitled to maintain any section 560 Priority Claim.

#### 10. EMPLOYEE CREDITORS

10.1 Employee Creditors will be comprised of three categories:

- (a) Employee Creditors with Claims which have been fully admitted in full through the Pre-DOCA Adjudication Process (**Fully Admitted Employee Claims**);
- (b) Employee Creditors with Claims which have been rejected or admitted in part through the Pre-DOCA Adjudication Process (**Partially Admitted Employee Claims**); and
- (c) Employee Creditors with Claims made and admitted after the execution of the DOCA pursuant to the Usual Claims Adjudication Process (**Post DOCA Execution Admitted Employee Claims**).

10.2 The DOCA will include clauses consistent with sections 444DA and 444DB of the Act, for the benefit of Admitted Employee Creditors.

## 11. DISTRIBUTION OF THE EMPLOYEE FUND AND UNSECURED CREDITOR FUND

### 11.1 Distribution of the Employee Fund

The Employee Fund will comprise the Available Property and will be distributed to Admitted Employee Creditors in the following manner:

- (a) **first**, in payment of Fully Admitted Employee Claims and Partially Admitted Employee Claims, such payments to be made within 3 Business' Days of the execution of the DOCA by all parties and satisfaction of any conditions' precedent; and
  - (i) this payment will compromise all entitlements admitted as part of the Pre-DOCA Adjudication Process; and
  - (ii) any unpaid Superannuation Contributions will also be paid, though such amounts will be payable to the Australian Taxation Office; and
- (b) **secondly**, any surplus will form part of the Unsecured Creditor Pool.

### 11.2 Distribution of Unsecured Creditor Fund

The Unsecured Creditor Fund will comprise the:

- (a) Available Property; and
- (b) Any surplus from the Employee Fund;

and will be distributed in the following manner:

- (c) **first**, in payment of the Administrators' Entitlements;
- (d) **secondly**, in payment of:
  - (i) the portion of any Partially Admitted Employee Claims which has not paid by paragraph 11.1(a) above but subsequently determined to be payable in accordance with paragraph 13 of this document;
  - (ii) Post-DOCA Execution Admitted Employees Claims; and
- (e) **thirdly**, in payment of Unsecured Creditor Claims on a *pari passu* basis who are Admitted Creditors.

## 12. RELEASE AND EXTINGUISHMENT OF CLAIMS AND MORATORIUM

- (a) Subject to the terms of this document and the DOCA:
  - (i) all Claims against the Company; and
  - (ii) all Claims by the Company against the Directors and Excluded Creditors;

will be released and extinguished upon the effectuation of the DOCA where the objectives of the DOCA have been fulfilled and the DOCA has not otherwise been terminated.

- (b) While the DOCA remains in force, there will be a moratorium preventing any enforcement steps being taken by Unsecured Creditors against the Company in respect of their Claims.
- (c) The DOCA will effectuate in respect of a Company when the Deed Administrators may give such notice with respect to the Company at different times, in which event the provisions of paragraph 16 below will apply.
- (d) Any releases to third parties, including the Directors of the Company and Excluded Creditors, as referred to in this paragraph will be expressed to be granted by way of deed poll.

### 13. MAKING CLAIMS

- (a) The Deed Administrators will call for proofs of debt within **7 days** of the DOCA being executed, by advertising in a newspaper and sending written notice to each identified Creditor and setting a date (not later than **21 days** after such notice), by which formal proofs of debt are to be submitted. Creditors who do not submit their proof by the deadline may be excluded from participating in any distribution from the Deed Fund but will remain subject to the release and extinguishment provided for in the DOCA.
- (b) Unless inconsistent with the terms of the DOCA and this proposal, subdivisions A, B, C and E of Division 6 of Part 5.6 of the Act (and the relevant regulations) apply to claims made under the DOCA as if the references to the “the liquidator” were references to the Deed Administrators.

### 14. POWERS OF THE DEED ADMINISTRATORS

- (a) The Deed Administrators’ powers will be:
  - (i) to administer the DOCA and the Deed Fund;
  - (ii) to do anything else necessary or desirable to effectively carry out the terms of the DOCA; and
  - (iii) as set out in Schedule 8A of the Regulations.
- (b) Where the powers of the Deed Administrators and the Directors overlap, the Deed Administrators’ powers operate to the exclusion of the Directors; unless the Deed Administrators grant prior consent.

### 15. CONTROL

- 15.1 Control and stewardship of the Company shall remain with the Deed Administrators following execution of the DOCA until effectuation, at which event, control and stewardship of the Company will revert to the Directors of the Company.

### 16. TERMINATION OF THE DOCA

- (a) When the objectives of the DOCA have been fulfilled and the Deed Fund has been fully distributed, the DOCA will terminate and the Company will be returned to the stewardship and control of the Directors of the Company.

- (b) If the Deed Administrators form the view that the terms of the DOCA cannot be fulfilled or consider that it is in the interests of Creditors that the DOCA be terminated, then the Deed Administrators will call a creditors' meeting of the Company to enable the creditors to determine whether the DOCA can be varied or replaced.

## 17. DEFINITIONS

In this DOCA Proposal:

**Act** means the *Corporations Act 2001 (Cth)*.

**Administrators** mean Craig Shepard and Kate Conneely in their capacities as voluntary administrators of the Company.

**Administrators' Accounts** means the bank accounts in the name of the Company or the Administrators as the voluntary administrators of the Company.

**Administrators' Entitlements** means:

- (a) such proper remuneration and costs incurred as Administrators of the Company and subsequently as Deed Administrators of the DOCA, as is approved in accordance with paragraph 15; and
- (b) the reasonable and necessary disbursements, expenses and liabilities incurred by the Administrators and Deed Administrators, including in accordance with paragraph 15.

**Admissible Claims Date** means 9 June 2020, being the date the Administrators were appointed to the Company.

**Admitted Creditors** means Creditors with admitted Claims.

**Admitted Employee Creditors** means an Employee Creditor who is an Admitted Creditor.

**Available Property** means:

- (a) moneys in the Administrators' Accounts on the Execution Date;
- (b) moneys in the Company's Accounts on the Execution Date;
- (c) Debtor Recoveries; and
- (d) other assets of the Company.

**Business Days** means a day which is not a Saturday, Sunday or bank or public holiday in Sydney, NSW.

**Claims** means all debts owing or payable by, and all claims against, the Company whether present or future, certain or contingent, ascertained or sounding only in damages, irrespective of whether the debt or claim arose by virtue of contract, at law (including by statute), in equity or otherwise, being debts or claims the circumstances giving rise to which occurred before the Admissible Claims Date (9 June 2020) and whether or not they would be admissible to proof against the Company,

had they been wound up pursuant to part 5.6 of the Act, including to the extent permitted by law, any Penalty Claim.

**Company** means Equestrian Australia Limited ACN 077 455 755.

**Court** has the meaning given to that term in section 58AA(1) of the Act.

**Creditor** means a person which has a claim against the Company.

**Debtor Recoveries** means amounts created or realised by the Administrators between the Admissible Claims Date and the Execution Date by:

- (a) the collection of membership renewal fees; or
- (b) recovery of debtors.

**Deed Administrators** means the individual/s appointed by the creditors of the Company, in their capacities as administrators of the DOCA, once executed.

**Deed of Deferral** means the deed to be executed by the **Excluded Creditors**.

**Deed Funds** means the Employee Fund and the Unsecured Creditor Pool.

**Deferred Claims** has the meaning in the Deed of Deferral.

**Deferred Company** has the meaning in the Deed of Deferral.

**Director** means the director of the Company and, where the context permits, the former directors of the Company.

**DOCA** means the **Deed of Company Arrangement**, prepared in accordance with the DOCA Proposal to be executed following the Second Meeting, binding the Company if it passes the section 439C Resolution.

**DOCA Proposal** means this proposal for a DOCA.

**Employee Creditor** means any current or former employee of the Company who is a Creditor of the Company with a Claim to priority pursuant to sections 556(1), 560 or 561 of the Act.

**Employee Fund** means an amount drawn from the Available Property enough to pay Admitted Employee Creditors in full.

**End Date** has the meaning in the Deed of Deferral.

**Excluded Creditors** means Equestrian Western Australia.

**Execution Date** means the date of execution of the DOCA.

**GST** has the meaning given to that term in the *A New Tax System (Goods and Services) Tax Act 1999* (Cth) and all amounts referred to in the DOCA Proposal are inclusive of GST.

**Non-Available Property** is all property of the Company, or that to which the Company or Administrators may otherwise be entitled, that is not Available Property.

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**Penalty Claim** means a penalty, fine or sanction, by any regulatory or other authority, including environmental penalty notices or judgment which would otherwise not be admissible to proof had the Company been wound up pursuant to Part 5.6 of the Act.

**Pre-DOCA Adjudication Process** has the meaning given in paragraph 10.

**Related Bodies Corporate** has the meaning given to that expression in section 50 of the Act.

**Regulations** means the *Corporations Regulations 2001 (Cth)*.

**Resolution** means a resolution passed in accordance with regulation 5.6.19 or regulation 5.6.21 of the Regulations.

**Second Meeting** means the completed second meeting of Creditors of the Company convened pursuant to section 439A of the Act and held, concluded and closed on **14 July 2020** and, if adjourned, with respect to the Company, the adjourned second meeting of Creditors, until concluded and closed.

**Section 439C Resolution** means, with respect to the Company, the passing of a Resolution at the Second Meeting approving the DOCA Proposal and the entry into the DOCA.

**Section 560 Priority Claim** means the right and entitlement to the benefit of the provisions of section 560 of the Act as if fully set out herein, in the winding up of the Company, in respect of any advance to the Company for the express purpose of paying Admitted Employee Creditors in full, and as such, shall be entitled to the benefit of the provisions of section 560 of the Act, and shall be entitled to be paid in accordance with such priority for the subrogated rights of Employee Creditors by reason of the payment, in the event of the Company being wound up.

**Secured Creditors** has the meaning given to that expression in section 51E of the Act.

**Termination Date** means the date on which the DOCA effectuates or otherwise terminates.

**Unsecured Creditor** means a Creditor having a Claim against the Company other than Secured Creditors, Employee Creditors and Excluded Creditors.

**Unsecured Creditor Pool** means an amount drawn from the Available Property enough to pay Admitted Unsecured Creditors in full.

**Appendix E    Administrators' proposed DOCA**



**IN THE MATTER OF EQUESTRIAN AUSTRALIA LIMITED (ADMINISTRATORS APPOINTED)  
(ACN 077 455 755)**

**PROPOSAL BY CRAIG SHEPARD AND CATHERINE CONNEELY  
FOR A DEED OF COMPANY ARRANGEMENT**

**DEFINITIONS**

**Act** means the *Corporations Act 2001* (Cth).

**Administrators** means Craig Shepard and Catherine Conneely, jointly and severally, of KordaMentha of Rialto South Tower, 525 Collins Street, Melbourne, Victoria, 3000 and Level 5, Chifley Tower, 2 Chifley Square, Sydney, NSW, 2000 respectively.

**Appointment Date** means 9 June 2020.

**Company** means Equestrian Australia Limited (Administrators Appointed).

**Directors** means Peter William Toft, Helen Hamilton-James, John Gregory Glenn and Catherine Margaret Collier.

**Deed Administrators** means Craig Shepard and Catherine Conneely, jointly and severally, of KordaMentha of Rialto South Tower, 525 Collins Street, Melbourne, Victoria, 3000 and Level 5, Chifley Tower, 2 Chifley Square, Sydney NSW 2000 respectively.

**Debtors** means the debtors of the Company as recorded in the books and records of the Company as at the Execution Date.

**Claim** includes a claim, demand, debt, action, proceeding, assessment, suit, cost, charge, expense, damage, loss and other liability, including under a convertible note issued by the Company, and whether present or future, certain or contingent, ascertained or sounding only in damages.

**Creditor** means a person who has a Claim against the Company, whereby the circumstances giving rise to the Claim occurred before the Appointment Date but excludes a secured creditor.

**DOCA** means the Deed of Company Arrangement.

**Execution Date** means the date on which the DOCA is executed.

**Fund** means a fund of monies available to creditors of the Company to be established under the DOCA.

**DOCA Proponent** means Craig Shepard and Catherine Conneely.

**Contingent Creditors** means any Creditor who the Administrators or Deed Administrators determine to have a contingent liability, which may include, but is not limited to, The Equestrian Federation of Australia (NSW) Inc, The Equestrian Federation of Australia (Queensland Branch) Inc, The Equestrian Federation of Australia (South Australian Branch) Inc, The Equestrian Federation of Australia (Tasmanian Branch) Inc, The Equestrian Federation of Australia (Victorian Branch) Inc and The Equestrian Federation of Australia (Western Australia) Inc.

**Non-Participating Creditors** means the Directors of the Company and any persons related or associated with the Directors of the Company, and the Members of the Company and the Australia Sports Commission (but only if the paragraph 10 below is satisfied), but does not include any priority Claims for superannuation or the Superannuation Guarantee Charge.

**Participating Creditors** means all employees and Creditors except the Non-Participating Creditors whose Claims have been admitted by the Deed Administrators.

**Preserved Employee Entitlements** means all accrued annual leave, leave loading, rostered days off, sick leave, personal leave and long service leave, which accrued prior to and during the administration period and during the deed administration period.

## **BACKGROUND**

This DOCA Proposal is being proposed by the Administrators after our detailed consultation with creditors, members and stakeholders of the Company and having given consideration to the feedback provided by the FEI, SA and AOC concerning the necessary financial, operational and governance improvements deemed necessary for the ongoing operation and support of the Company. The creditors acceptance of this DOCA proposal is considered to be the first critical step in the pathway to an improved governance, operating and financial structure for the Company which will benefit of creditors, members and stakeholders and the sport of equestrian generally.

## **PROPOSAL**

1. The Company execute a DOCA.
2. The primary purpose of the DOCA is to maximise the chances of the Company continuing in existence and resulting in a better return for the company's creditors and members and thereby to address the common concerns of the key stakeholders of the Company being:
  - (a) to preserve the business of the Company as a going concern;

- (b) to maximise the financial return and benefit to all stakeholders of the Company; and
  - (c) to implement a new governance model for the Company that delivers change and genuine democratic outcomes for all members.
3. The Administrators be appointed the Deed Administrators if the creditors vote in favour of this or any other proposed DOCA.
  4. Unless contrary to any provision in this proposal, the DOCA will be in substantially the same form of this proposal, and the Deed Administrators shall have the powers set out in, Schedule 8A to the *Corporations Regulations 2001* (Cth).

### **Composition of the DOCA Fund**

5. Subject to paragraph 10, the Fund will comprise of:
  - (a) all funds held in the Company's bank account(s);
  - (b) all assets of the Company as at the Appointment Date and that have not been disclaimed by the Administrators shall remain with the Company and be subject to the management and control of the Administrators and subsequently the Deed Administrators. Subject to paragraph 10, this includes but is not limited to the unutilised funds paid by the Australian Sports Commission pursuant to the Sports Investment Agreement.
  - (c) all and any realisations made by the Administrators whilst trading the Company during the period of the Administration; and
  - (d) all and any realisations made by the Deed Administrators whilst the Company is subject to the DOCA.

### **Essential Terms of the DOCA**

6. Within 14 days of the Execution Date or such later date as determined by the Deed Administrators in their absolute and sole discretion, the Deed Administrators utilising the powers of the directors of the Company under clause 15.1 of the constitution, will call a special general meeting of the members of the Company to consider a resolution to amend the constitution of the Company to change the governance structure. The proposed amendments to the constitution of the Company will be circulated with the agenda for the special general meeting, and will broadly include, without limitation, the following:

- (a) creating a new class of members, being the Participating Members (as defined under the current constitution of the Company);
  - (b) giving the new class of members, being the Participating Members, the same voting rights as currently held by members of the Company;
  - (c) changing the rules regarding the formation and composition of the board and appointing a new interim board;
  - (d) changing the rules regarding the formation and composition of the nominations committee and appointing a new interim nominations committee;
  - (e) allowing members to attend virtual general meetings and vote electronically; and
  - (f) consequential changes arising from the above changes.
7. The Deed Administrators will circulate the proposed amendments to the constitution of the Company to the members with the agenda for the special general meeting for their consideration.
8. If the resolution is passed at the special general meeting as contemplated by paragraph 6 above, the Deed Administrators will form a transitional board of directors within 45 days of the resolution being passed.
9. The transitional board of directors and the Deed Administrators will prepare and execute all necessary documents and take all necessary actions as are required to effect the changes to the constitution of the Company.
10. The DOCA Proponent is required to procure the Australian Sports Commission's written confirmation that it will:
- (a) not prove in the deed administration for the purpose of participating in a dividend distribution;
  - (b) not receive a dividend payment under the DOCA; and
  - (c) not seek repayment of any unutilised funds it has advanced to the Company prior to or as at the Appointment Date.

**(Written Confirmation)**

11. If the obligation contained in paragraph 10:

- (a) is satisfied, the Australian Sports Commission will be classified as a Non-Participating Creditor; and
- (b) is not satisfied, the Australian Sports Commission will be classified as a Participating Creditor.

12. To the maximum extent permitted by law:

- (a) the Deed Administrators will not have any liability to the Company, a Creditor or any other party howsoever relating to their conduct or performance as Administrators during the administration of the Company or as Deed Administrators of the DOCA; and
- (a) the Deed Administrators will be entitled to be indemnified out of the Fund and the Company's assets (including any insurance proceeds) for:
  - (i) the Deed Administrators' rights of remuneration and reimbursement;
  - (ii) all claims against the Deed Administrators or their representatives, arising out of or in connection, directly or indirectly, with:
    - (A) the Deed Administrators' administration of the DOCA;
    - (B) the Deed Administrators' exercise or non-exercise of their duties or powers under the DOCA;
    - (C) the DOCA; or
    - (D) the Deed Administrators' role as Administrators of the Company.
- (b) The Deed Administrators' right of indemnity as set out in this paragraph 11 has priority over the claims of any Creditor or Creditors generally (including any priority Creditor's claims).
- (c) The Deed Administrators are entitled to exercise the right of indemnity conferred by this clause whether or not he has paid or satisfied the Creditors' Claims.

13. Subject to the operation of paragraphs 10 and 11, Non-Participating Creditors and Contingent Creditors (collectively referred to as the **Excluded Creditors**) will not participate in any distribution under the DOCA.

## **Distribution of the DOCA Fund**

14. The Deed Fund is to be applied as follows:
- (a) firstly, to all of the remuneration, fees, expenses and costs of the Administrators;
  - (b) secondly, to all of the remuneration, fees, expenses and costs of the Deed Administrators;
  - (c) thirdly, to all priority employee Creditor Claims including superannuation, super guarantee charge (**SGC**), in accordance with Section 556 of the *Corporations Act 2001 (Act)* but not their Preserved Employee Entitlements (which will be preserved and honoured by the Company in the ordinary course of business);
  - (d) fourthly, payment to all Participating Creditors; and
  - (e) finally, the balance (if any) be retained by the Company as future working capital.

## **Voting and Payment of Dividend Distribution**

15. Only the Participating Creditors will be entitled to prove in the DOCA and to receive a dividend distribution.
16. Participating Creditors of the Company must accept their dividend distribution under the DOCA in full settlement of all of their claims against the Company as at the Appointment Date.

## **Effect of DOCA**

17. The DOCA shall bind the Company, all Creditors of the Company, the Directors of the Company, the DOCA Proponent, the Administrators and the Deed Administrators.
18. Once the terms of the DOCA have been satisfied and the Deed Administrators have declared that the DOCA has been fully effectuated then control of the Company will be handed to the transitional board of directors.

## **Termination of DOCA**

19. Subject to paragraph 20 in the event the terms and obligations (except the obligation under paragraph 10) of the DOCA are not satisfied or the members do not pass the special resolution at the special general meeting as set out in paragraph 6 above, to amend the constitution of the Company, the DOCA will terminate automatically within 14 days and

upon termination, the Company will be taken to have passed a special resolution for the winding up of the Company and the Deed Administrators will become the liquidators of the Company.

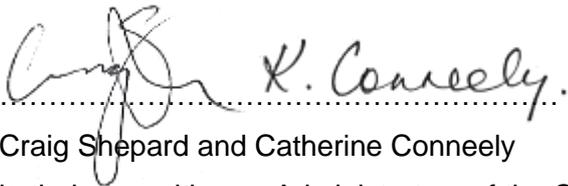
20. However, the Deed Administrators may, before the expiry of 14 days as referred to in paragraph 19, in their sole and absolute discretion, apply to, participate in and/or support another person to apply to, Court for orders or directions which will facilitate the amendment to the constitution of the Company and the external administration of the Company as a whole, and if the Deed Administrators do so, the DOCA will not automatically terminate pursuant to paragraph 19 above.
21. At any time, if the Deed Administrators consider, in their sole and absolute discretion, that the objectives of the DOCA cannot be fulfilled for any reason whatsoever, the Deed Administrators may exercise their sole and absolute discretion to either:
  - (a) convene a meeting at which the Creditors may resolve to either:
    - (i) vary the DOCA in accordance with section 445A of the Act; or
    - (ii) terminate the DOCA in accordance with section 445CA and 445E of the Act, and appoint the Deed Administrators as the liquidators of the Company; or
  - (b) terminate the DOCA and upon such termination the Company will be taken to have passed a special resolution for the winding up of the Company and the Deed Administrators will become the liquidators of the Company.

#### **Other standard terms of DOCA's**

22. The DOCA will incorporate other standard terms and provisions of the Corporations Act (Cth) 2001 and Corporations Regulations including but not limited to the following:
  - (a) Administrators are to act as agents of the Company;
  - (b) Powers of the Administrators;
  - (c) Termination of the DOCA - also contemplated above;
  - (d) Priority;
  - (e) Discharge of debt;
  - (f) Extinguishment of claims;

- (g) Making claims;
- (h) Bar and moratorium to enforcement of claims;
- (i) Meetings; and
- (j) Committee of Inspection (if the creditors resolve to appoint a committee of inspection).

23. Subject to the consent of the DOCA Proponent, any other term which is necessary to give effect to this proposal.



.....

Craig Shepard and Catherine Conneely  
in their capacities as Administrators of the Company

Date: 6 July 2020

**Appendix F      Remuneration Approval Request**





# **Equestrian Australia Limited (Administrators Appointed)**

ACN 077 455 755

## **Remuneration Approval Request**

7 July 2020

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## 1 Purpose of report

The purpose of this report is to provide you with the information you need to be able to make an informed decision regarding the approval of our remuneration, along with internal disbursements, for undertaking the Administration of the Company. A Second Meeting of Creditors has been convened to approve the remuneration and internal disbursements, as well as other proposals, incurred during the Administration.

Creditors should read this report and the other documentation that we have sent you, including the Report by Administrators' dated 7 July 2020 about the Company's business, property, affairs, and financial circumstances ('Report by Administrators'). You may attend the Second Meeting of Creditors, either in person or via proxy, to cast your vote on the resolutions put to the Second Meeting of Creditors, including the remuneration and internal disbursement resolutions detailed in this report.

## 2 Remuneration and internal disbursements

In accordance with Section 60-10 of Schedule 2 of the Act, Section 60-20 of Schedule 2 of the Act and the ARITA Code of Professional Practice, we provide the following information in respect of the Administrators' remuneration and internal disbursements for the period from 9 June 2020 to 5 July 2020.

The following information is provided to assist creditors in considering the appropriateness of the remuneration and internal disbursements claims that are being made. Your approval of this remuneration and internal disbursements will be sought at the Second Meeting of Creditors to be held on Tuesday 14 July 2020.

### 2.1 Remuneration and internal disbursements for the period 9 June 2020 to 5 July 2020

We are seeking approval of our remuneration on a time basis and internal disbursements in accordance with the schedule titled KordaMentha rates, enclosed at Appendix 1 which was also provided in our Initial Remuneration Notice sent to creditors on 11 June 2020.

We are seeking approval for our remuneration of \$250,000 (excluding GST) for the period from 9 June 2020 to 5 July 2020. The actual value of work performed totals \$427,507.50 (excluding GST). The Administrators' have elected to limit their remuneration claim by discounting their remuneration by \$177,507.50. The reasons for the remuneration sought exceeding the initial estimate provided to creditors is discussed in Section 3.2.2 of this report.

Details of the remuneration claim for this period are set out in Appendix 2. This will be considered as Resolution 1 at the Second Meeting of Creditors.

In addition to our remuneration, we are seeking approval to pay internal disbursements of \$556.52 (excluding GST) for the period 9 June 2020 to 5 July 2020. Details of the internal disbursements for which approval is sought are set out in Appendix 3.

### 2.2 Remuneration and internal disbursements for the period 6 July 2020 to the end of the Administration

The Administrators are not seeking to have any remuneration approved for the period 6 July 2020 to the finalisation of the Administration. We anticipate remuneration of \$99,825.00 (excluding GST) would have been incurred for the period 6 July 2020 to 14 July 2020. This remuneration will be forgone by the Administrators, along with any remuneration that would have been incurred for the period to finalisation of the Administration.

The Administrators are however seeking approval of internal disbursements for the period 6 July 2020 to the finalisation of the Administration in the amount of \$400.00 (excluding GST). Further detail regarding these internal disbursements is set out in Appendix 4.

### 2.3 Resolutions relating to future remuneration and internal disbursements

The Administrators are not seeking approval of future remuneration and internal disbursements in this report. This will be considered at a later date once the creditors have determined the future of the Company.

The estimated remuneration and internal disbursements of the Deed Administrators or Liquidators is discussed in Section 6.2 of the Report by Administrators.



Should creditors resolve to appoint a Committee of Inspection at the Second Meeting of Creditors, remuneration approvals will be sought from the Committee of Inspection directly.

## 2.4 Future tasks to be undertaken

Although the Administrators are not seeking approval for remuneration and internal disbursements for future periods, the Administrators consider it prudent to outline the key tasks to be undertaken in each of the possible scenarios.

### 2.4.1 State Boards' proposed DOCA

The State Boards' proposed DOCA is discussed in detail in Section 5.2 of the Report by Administrators. Key tasks the Deed Administrators would likely undertake if the State Boards' proposed DOCA is implemented include, but are not limited to:

- Calling an SGM of the members (State Branches) of the Company.
- Holding an AGM of the Company.
- Appointing a new, independent, transitional board.
- Attending to the implementation of other terms of the State Boards' proposed DOCA.
- Continuing to supervise the affairs of the Company until the effectuation of the State Boards' proposed DOCA.
- Liaising with all stakeholders on outstanding issues.
- Attending to lodgement of statutory reports and documentation.
- Calculating and processing payment of the approved claims of creditors in line with the State Boards' proposed DOCA.

### 2.4.2 Administrators' proposed DOCA

The Administrators' proposed DOCA is discussed in detail in Section 5.3 of the Report by Administrators. Key tasks that Deed Administrators would likely undertake if the Administrators' proposed DOCA is implemented include, but are not limited to:

- Calling an SGM of the members (State Branches) of the Company to consider a resolution to amend the Company's Constitution.
- Drafting amendments to the Constitution of the Company.
- Holding an AGM for the Company.
- Appointing a new, independent, transitional board.
- Appointing a new interim nominations committee.
- Seeking ASC's written confirmation it will not prove for its claim in the proposed DOCA.
- Attending to the implementation of other terms of the Administrators' proposed DOCA.
- Attending to lodgement of statutory reports and documentation.
- Continuing to supervise the affairs of the Company until the effectuation of the Administrators' proposed DOCA.
- Calculating and processing payment of the approved claims of creditors in line with the Administrators' proposed DOCA.

### 2.4.3 Liquidation

As discussed in Section 6.1.2 of the Report by Administrators, it is our view that liquidation of the Company would be unfavourable for creditors, members, and stakeholders, and cause significant disruption to equestrian sport in Australia. We have not sought resolutions relating to future remuneration and internal disbursements in a liquidation scenario as we do not consider this a viable option for the Company.

In the event creditors resolve to wind up the Company, it is likely remuneration and internal disbursements sought for approval by creditors will be significantly higher than either of the DOCA proposals. The key tasks to be undertaken in a liquidation of the Company include, but are not limited to:

- Winding down the trading the Company, including managing insurance matters for members, coaches, clubs, and officials, and dealing with stakeholders including the AOC, PA, FEI, and ASC.
- Attending to lodgement of statutory reports and documentation.
- Realising the assets of the Company, including the property located in Homebush, NSW.



- Attending to the adjudication of creditor claims that crystallise in a liquidation scenario.
- Completing a thorough investigation into the Company's past dealings and affairs pursuant to Section 533 of the Act.
- Distributing the Company's assets in accordance with Section 556 of the Act (subject to Section 545 of the Act) by way of a statutory dividend process.

### 3 Remuneration to be approved

#### 3.1 Declaration

We, Kate Conneely and Craig Shepard of KordaMentha, have undertaken a proper assessment of this remuneration claim, including a review of the work in progress report, for our appointment as Administrators of Equestrian Australia Limited (Administrators Appointed) 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.

#### 3.2 Remuneration summary

##### 3.2.1 Remuneration claim resolutions

The remuneration resolutions being sought are:

###### *Resolution 1*

*'That the remuneration of the Administrators for the period 9 June 2020 to 5 July 2020 in the amount of \$250,000.00, excluding GST, calculated on the basis of time as detailed in the Remuneration Approval Request report to creditors dated 7 July 2020, is approved for payment immediately or as required.'*

##### 3.2.2 Remuneration reconciliation

In our Initial Remuneration Notice ('IRN'), we provided an estimate of total remuneration to be in a range of \$125,000.00 to \$150,000.00 (excluding GST), funds permitting. We now confirm total remuneration to be \$250,000.00 (excluding GST), funds permitting, as follows:

Company	IRN Estimate (\$)	Revised estimate for the Administration period (\$)
Equestrian Australia Ltd	125,000.00 to 150,000.00	250,000.00

The estimate now varies from our previous estimate due to the unforeseen additional work required in the following areas:

- Reviewing amendments to the Company's operations due to the COVID-19 pandemic, including additional attention to employee entitlements, insurance considerations and operational concerns.
- Engaging with a multitude of stakeholders of EA including members, the FEI, AOC, PA and ASC.
- Engaging with the National Discipline Committees regarding the effect of the Administration on the sport.
- Responding to voluminous enquiries from members and creditors regarding the restructure of EA, received by way of email and phone call.
- Performing comprehensive reviews of documentation submitted by the large number of interested stakeholders participating in the Administration process, prompting comprehensive reviews of Proof of Debt and Proxy forms.

As noted in Section 2.1, the total remuneration incurred of \$427,507.50 (excluding GST) has been discounted to the current remuneration claim of \$250,000.00 (excluding GST).

##### 3.2.3 Remuneration recoverable from external sources

We advise that we have not received any indemnity, guarantee or contribution from a member, director or any other party related to the Company for our fees and expenses.



## 4 Disbursements to be approved

### 4.1 Declaration

We, Kate Conneely and Craig Shepard of KordaMentha, have undertaken a proper assessment of disbursements claimed for our appointment as Administrators Equestrian Australia Limited (Administrators Appointed) in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

### 4.2 Disbursements summary

Disbursements are divided into three categories:

- Externally provided professional services – these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional disbursements – these are recovered at cost. Examples of externally provided professional service disbursements are travel, accommodation, search fees and lodgement fees.
- Internal disbursements – these are recovered on a reasonable commercial basis. These disbursements are generally charged a cost, though some may be charged at a rate which recoups both variable and fixed costs. Examples of internal disbursements include printing and postage costs, ASIC charges for appointments and notifiable events, staff travel allowance, staff per diems and data room hosting.

Details of the KordaMentha disbursement policy are included in Appendix 1. The internal disbursements claims have been, and future internal disbursements will be, calculated at the rates as set out in these schedules. We will be seeking creditor approval to pay our internal disbursements.

#### 4.2.1 Internal disbursements claim resolutions

The internal disbursements resolutions being sought are:

##### *Resolution 2*

*‘That the internal disbursements of the Administrators, including those paid to staff, for the period 9 June 2020 to 5 July 2020 in the amount of \$556.52, excluding GST, calculated at the rates as detailed in the Remuneration Approval Request report to creditors dated 7 July 2020 are approved for payment immediately or as required.’*

##### *Resolution 3*

*‘That the estimated internal disbursements of the Administrators, including those paid to staff, for the period 6 July 2020 to the end of the Administration up to a maximum amount of \$400.00, excluding GST, calculated at the rates as detailed in the Remuneration Approval Request report to creditors dated 7 July 2020 are approved for payment to be made on a monthly basis in arrears or as required. However, if the amount of internal disbursements incurred exceeds the capped amount, then we reserve the right to seek further approval of internal disbursements from creditors.’*

Approval for the future internal disbursements sought is based on our best estimate of the internal disbursements necessary to be incurred. Should additional internal disbursements be necessary beyond what is contemplated, further approval may be sought from creditors. Please refer to Appendix 3 and Appendix 4 for full details of the calculation and composition of the internal disbursements approval sought.

#### 4.2.2 External disbursements

We are not required to seek creditor approval for externally provided disbursements but must account to creditors disbursements that have been paid or incurred. Disbursements incurred for the period 9 June 2020 to 5 July 2020 are detailed in Appendix 5. The disbursements in Appendix 5 have been incurred by KordaMentha but not yet reimbursed. Where payments to third parties have been paid directly by the Company, these are only included in the receipts and payments at Appendix B of the Report by Administrators dated 7 July 2020.



## 5 Likely impact on creditors

Section 556 of the Act specifies the order of priority that debts are to be paid from the realised assets of a company. An external administrator's remuneration and internal disbursements are paid prior to any dividend distribution to creditors. Any dividend payable to creditors will ultimately be impacted by the realisations achieved in the Administration and the value of creditor claims admitted to participate in any dividend.

## 6 Contact details and further information

You can access information which may assist you on the following websites:

- ARTIA at [www.arita.com.au/creditors](http://www.arita.com.au/creditors)
- ASIC at [www.asic.gov.au](http://www.asic.gov.au) (search for 'insolvency information sheets')

Supporting documentation for our remuneration and internal disbursement claims may be viewed if requested, provided sufficient notice is given.

If you have any queries or need any assistance with understanding the materials we have sent you, please contact Elyse Diamond on (02) 8257 3014 or by email at [ea@kordamentha.com](mailto:ea@kordamentha.com).

Dated: 7 July 2020



Kate Conneely  
Administrator

Level 5 Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

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**Appendix 1      Schedule of KordaMentha rates**



# KordaMentha rates

National

## Applicable from 29 June 2020

### FY 2021

Classification	\$ per hour*
Principal Appointee/Partner/Executive Director	725
Director	675
Associate Director 1	625
Associate Director 2	575
Manager	525
Senior Executive Analyst	475
Executive Analyst	425
Senior Business Analyst	375
Business Analyst	325
Administration	150

\*Exclusive of GST

## Applicable from 1 July 2019

### FY 2020

Classification	\$ per hour*
Principal Appointee/Partner	775
Executive Director	725
Director	675
Associate Director 1	625
Associate Director 2	575
Manager	525
Senior Executive Analyst	475
Executive Analyst	425
Senior Business Analyst	375
Business Analyst	325
Administration	150

\*Exclusive of GST



## KordaMentha disbursement policy

Disbursements incurred from third party suppliers are charged at the cost invoiced. KordaMentha does not add any margin to disbursements incurred through third parties.

There are no charges for internal KordaMentha disbursements, such as internal photocopy use, telephone calls or facsimiles, except for bulk printing and postage that is performed internally, which are calculated on a variable cost recovery basis.

In relation to any employee allowances, being kilometre allowance and reasonable travel allowance, the rate of the allowance set by KordaMentha is at or below the rate set by the Australian Taxation Office.

If a KordaMentha data room is utilised, the fee will comprise an initial setup fee and then a fee based on the duration and size of the data room.

Certain services provided by Forensic Technology may require the processing of electronically stored information into specialist review platforms. Where these specific Forensic Technology resources are utilised, the fee will be based on units (e.g. number of laptops), size (e.g. per gigabyte) and/or period of time (e.g. period of hosting).

GST is applied to disbursements as required by law.

## KordaMentha disbursement internal rates and allowances

Description	Charge*
Envelopes and postage (varies due to size and destination)	\$1.15 to \$2.73 per envelope – Australia \$2.63 to \$3.62 per DL envelope – overseas
Printing (internal print runs)	\$0.06 per page
ASIC charges for appointments and notifiable events (updated 1 July 2020)	These amounts will be charged at cost, if known at the time it is charged, or at an estimated amount, if known at the time it is charged, or at the last issued estimated amount or actual cost, as advised by ASIC. The current actual cost and estimated cost amounts are as detailed below: \$77.00 per appointee or notifiable event for FY18 at cost – advised by ASIC Jan 2019 \$97.42 per appointee or notifiable event for FY19 at cost – advised by ASIC Jan 2020 \$115.00 per appointee or notifiable event for FY20 and FY21 at estimated amount – advised by ARITA Jun 2019
Travel Reimbursement	\$0.60 per kilometre
Meal per diem, etc.	Up to \$92.70 per day per staff member (unless other arrangements made)
RelativityOne fee	User licence fees (including analytics) \$150 per user per month Data hosting \$22.50 per GB per month Repository workspace \$7.50 per GB per month Cold storage \$5.65 per GB per month <i>Note: only one of Data hosting, Repository workspace or Cold storage cost will be charged at any one time</i>
Dataroom fee (varies based on MB size)	0–300 MB \$1,000 per month 300–1000 MB \$1,000 + \$2.50/MB per month 1000–5000 MB \$2,750 + \$1.25/MB per month 5000+ MB \$7,750 + \$0.60/MB per month

\*Exclusive of GST, reviewed annually on 1 July. Postage is based on standard weight – amounts above that will be at cost. Dataroom rates applicable at the time of establishment are fixed for the duration of the dataroom. If lower rates are negotiated, then they will apply to datarooms established from that point in time.



## KordaMentha classifications

Classification	Guide to level of experience
Principal Appointee/Partner/ Executive Director	Registered/Official Liquidator/Trustee, his or her Partners. Specialist skills brought to the administration. Generally in excess of 10 years' experience.
Director	More than eight years' experience and more than three years as a Manager. Answerable to the appointee, but otherwise responsible for all aspects of an administration. Controls staffing and their training.
Associate Director 1	Six to eight years' experience with well developed technical and commercial skills. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large administrations.
Associate Director 2	Five to seven years' experience with well developed technical and commercial skills. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large administrations.
Manager	Four to six years' experience. Will have had conduct of minor administrations and experience in control of one to three staff. Assists with the planning control of medium to large administrations.
Senior Executive Analyst	Three to four years' experience. Assists planning and control of small to medium administrations as well as performing some of the more difficult tasks on larger administrations.
Executive Analyst	Two to three years' experience. Required to control the tasks on small administrations and is responsible for assisting tasks on medium to large administrations.
Senior Business Analyst	Graduate with one to two years' experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Business Analyst	Undergraduate or graduate with up to one year experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Administration	Appropriate skills, including books and records management and accounts processing particular to the administration.



## Appendix 2      Resolution 1

### Resolution

At the Second Meeting of Creditors to be held on Tuesday 14 July 2020, creditors of the Company will be asked to consider the following resolution for the period 9 June 2020 to 5 July 2020:

*'That the remuneration of the Administrators for the period 9 June 2020 to 5 July 2020 in the amount of \$250,000.00, excluding GST, calculated on the basis of time as detailed in the Remuneration Approval Request report to creditors dated 7 July 2020, is approved for payment immediately or as required.'*

### Calculation of actual fees

We are seeking approval for remuneration in the amount of \$250,000.00 (excluding GST).

The actual value of work completed by the Administrators for this period is \$427,507.50 (excluding GST), as detailed in the summary table below.

Task area	Amount \$ (Excl. GST)
Assets	3,607.50
Creditors	97,125.00
Employees	10,775.00
Statutory compliance	116,730.00
Trading	102,400.00
Administration and risk mitigation	96,870.00
<b>Actual value of work completed</b>	<b>427,507.50</b>
Less: discount applied	177,507.50
<b>Remuneration claim</b>	<b>250,000.00</b>

The basis of calculating this remuneration value is summarised in the table in this appendix. This table sets out the time charged to each major task area by staff members working on the Administration for the period 9 June 2020 to 5 July 2020 and the remuneration associated with that time, which has been discounted, in Resolution 1.

More detailed descriptions of the major tasks performed, and the costs associated with each of those major task areas, matching the amounts in this table, are included in the Summary of work completed table below.

Please note the Administrators will not be seeking remuneration approval for any fees for the period from 6 July 2020 to 14 July 2020, being the date of the Second Meeting of Creditors. During this period, a substantial amount of work will be completed by the Administrators, including collation of all proxies and proof of debt claims, preparation for and conducting of the Second Meeting of Creditors and ongoing statutory and trading tasks.

### Summary of work completed

Detailed below is a summary of work completed by task area for the Administration period from 9 June 2020 to 5 July 2020.

Task area	General description	Details of tasks
Assets 13.2 hours \$3,607.50	Plant and equipment	<ul style="list-style-type: none"> <li>Review of asset listing</li> <li>Asset identification</li> </ul>
	Real property	<ul style="list-style-type: none"> <li>Property and strata fee review</li> <li>Seek title deeds for Property</li> </ul>
	Assets subject to specific charges	<ul style="list-style-type: none"> <li>Liaising with security interest holders regarding nature and validity of security</li> <li>Review of lease contracts</li> </ul>
	Debtors (pre appointment)	<ul style="list-style-type: none"> <li>Review and assessment of debtor ledgers</li> <li>Correspondence with debtors</li> </ul>
	Stock	<ul style="list-style-type: none"> <li>Analysis of stock levels and saleability of stock</li> </ul>

	Leased assets	<ul style="list-style-type: none"> <li>• Review of security documents and lease contracts</li> <li>• Liaising with owners/lessors</li> <li>• Evaluating necessity of disclaiming leases</li> <li>• Analysing use of asset and cost of leases</li> </ul>
Creditors 224.6 hours \$97,125.00	Creditor enquiries, requests and directions	<ul style="list-style-type: none"> <li>• Set up and monitor dedicated mailbox to deal with creditor enquiries</li> <li>• Receive and follow up creditor enquiries</li> <li>• Correspondence to creditors via telephone, mail and email</li> <li>• Issue and update creditor, member and employee Frequently Asked Questions information</li> <li>• Consideration of reasonableness of and responding to creditor requests</li> </ul>
	Security interest claims	<ul style="list-style-type: none"> <li>• Conduct PPSR search and review of results</li> <li>• Correspondence with PPSR holders</li> </ul>
	Reports to creditors	<ul style="list-style-type: none"> <li>• Preparation of initial correspondence to creditors</li> <li>• Preparation of reports to creditors</li> </ul>
	Meeting of creditors	<ul style="list-style-type: none"> <li>• Responding to stakeholder queries and questions in relation to the First and Second Meetings of Creditors</li> <li>• Issue request for proxy forms and manage register of vote allocation from proxies received</li> <li>• Liaising with creditors regarding access to the meeting facilities and lodgement of required forms</li> <li>• Preparation for and attendance at the First Meeting of Creditors</li> </ul>
	Proofs of debts	<ul style="list-style-type: none"> <li>• Receipt of proof of debts and assessment of validity</li> <li>• Maintenance of proof of debt register</li> <li>• Correspondence with creditors regarding proof of debts submitted</li> <li>• Review of proofs of debts for purposes of voting, including requesting further substantiation of claims</li> <li>• Compiling full listing of current EA members and claims lodged</li> </ul>
Employees 38.1 hours \$10,775.00	Employee enquiries	<ul style="list-style-type: none"> <li>• Prepare initial correspondence to employees</li> <li>• Receive and follow up employee enquiries via telephone, mail, email and in person</li> <li>• Correspondence to employees via mail and email</li> </ul>
	Entitlements	<ul style="list-style-type: none"> <li>• Calculation of employee entitlements</li> <li>• Review of employee records, employee agreements and awards</li> <li>• Reconciliation of superannuation accounts</li> <li>• Correspondence with employees re entitlements and any queries</li> </ul>
	Workers compensation	<ul style="list-style-type: none"> <li>• Review insurance policies</li> <li>• Liaising with insurers re current and previous claims</li> <li>• Identification of potential issues requiring attention of workers compensation insurance specialists</li> <li>• Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements</li> </ul>
	Other employee issues	<ul style="list-style-type: none"> <li>• Holding general employee meetings</li> <li>• Correspondence with ATO and OSR regarding employment matters</li> </ul>



Statutory compliance  
277.0 hours  
\$116,730.00

Books and records	<ul style="list-style-type: none"> <li>• Review books and records</li> <li>• Obtain copies of books and records for Administrators' files</li> </ul>
ASIC	<ul style="list-style-type: none"> <li>• Notifications to ASIC</li> <li>• Preparation and lodgement of ASIC forms</li> </ul>
ATO and other statutory reporting	<ul style="list-style-type: none"> <li>• Notification of appointment</li> <li>• Lodgement of necessary forms with ATO and ASIC</li> <li>• Correspondence with ATO regarding Administration and nature of ATO's claim against the Company</li> </ul>
Directors	<ul style="list-style-type: none"> <li>• Correspondence and meetings with Directors</li> <li>• Requests for ROCAP and books and records</li> <li>• Liaising with Directors regarding ROCAP information and lodgement</li> <li>• Discussions regarding the events leading up to the Administration and investigations</li> </ul>
Meeting of creditors	<ul style="list-style-type: none"> <li>• Preparation of meeting notices, proxies and advertisements</li> <li>• Correspondence to creditors, including mail distribution and assisting with completion of required forms</li> <li>• Preparation of meeting documents, including agenda, attendance register, presentation, list of creditors etc.</li> <li>• Prepare electronic facilities and virtual meeting requirements</li> <li>• Conducting of meeting</li> <li>• Send attendance register and meeting voting results to attendees for consideration and feedback</li> <li>• Preparation and lodgement of minutes of meeting with ASIC and on KordaMentha website</li> </ul>
The future options for the Company	<ul style="list-style-type: none"> <li>• Encourage the submission of DOCAs and restructuring proposals for consideration</li> <li>• Review desired outcomes for stakeholders</li> <li>• Summarise feedback and insights from members and other stakeholders</li> <li>• Prepare the Administrators' DOCA and summarise for consideration by creditors</li> <li>• Receive and interpret the State Boards' DOCA and summarise for consideration by creditors</li> </ul>
Investigation	<ul style="list-style-type: none"> <li>• Complete a preliminary investigation into the affairs of the Company</li> <li>• Collection and review of books and records</li> <li>• Review and preparation of company nature and history</li> <li>• Collate and consider information from members and other stakeholders regarding issues facing the Company</li> <li>• Conduct and summarise statutory searches</li> <li>• Preparation of comparative financial statements</li> <li>• Prepare analysis of information obtained</li> <li>• Report to creditors</li> </ul>



Trading  
196.3 hours  
\$102,400.00

- Trade on management
- Liaising with suppliers, management and employees
  - Attendance on site
  - Implementation of controls
  - Authorisation of purchase orders
  - Preparation and authorisations of receipt and payment forms
  - Payroll issues
  - Liaising with other parties, such as superannuation funds, ATO, state revenue offices, insurance brokers etc.
  - Engaging with State Branches and National Discipline Committees

- Budgeting and financial reporting
- Review of company's budgets, management reports and financial statements
  - Planning and ongoing review of trading strategy
  - Preparation of budgets and cash flow forecasts
  - Engagement with pre appointment auditors
  - Meetings to discuss trading position

Administration and risk mitigation  
179.4 hours  
\$96,870.00

- Correspondence
- Ongoing correspondence with various stakeholders

- Planning/review
- Engagement planning
  - Discussions re status of Administration, strategy and outstanding issues
  - KordaMentha team meetings and sharing of information

- Document maintenance, file review, checklist
- Review of Administration regularly
  - Filing of documents
  - Update of work programs
  - File review

- Insurance
- Identification of potential issues requiring attention of insurance specialists
  - Correspondence with insurance brokers re initial and ongoing insurance requirements
  - Set up open cover facility for Administration period
  - Review of insurance policies in place and their adequacy
  - Correspondence with previous brokers
  - Negotiation and implementation of insurance policies for EA members, coaches, officials and clubs
  - Updates to stakeholders, including members, on insurance status

- Bank account administration
- Opening and closing accounts
  - Preparation of transactions
  - Bank account reconciliations
  - Correspondence with bank on specific transactions, arrangements and bank statements
  - Arranging sweeps between bank accounts

- Process of receipts and payments
- Process of receipts, payments and journal entries into accounting system

- General administration
- Risk assessment
  - Set up of client
  - Processing in relation to client accounting
  - Word processing

- Remuneration
- Recording of time, including details of tasks completed
  - Preparation of remuneration schedules



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Security

- Review of security adequacy
- Implement security measures in relation to document leaks

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Media

- Preparation of media releases
  - Respond to media requests
  - Determining media strategy
- 



**Equestrian Australia Limited (Administrators Appointed)**

**Summary of work by person by task for the period 9 June 2020 to 5 July 2020**

Name	Title	Rate	Administration & risk mitigation		Statutory compliance		Assets		Trading		Creditors		Employees		Total	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Craig Shepard	Partner	725.00	26.0	18,850.00	12.5	9,062.50	-	-	69.8	50,605.00	11.0	7,975.00	-	-	119.3	86,492.50
Kate Conneely	Partner	725.00	57.3	41,542.50	22.9	16,602.50	0.1	72.50	24.8	17,980.00	32.1	23,272.50	5.5	3,987.50	142.7	103,457.50
Rahul Goyal	Partner	725.00	-	-	-	-	-	-	-	-	1.0	725.00	-	-	1.0	725.00
Ryan Wadsworth	Executive Director	725.00	6.0	4,350.00	-	-	-	-	-	-	-	-	-	-	6.0	4,350.00
Jessie Harman	Associate Director	575.00	16.6	9,545.00	31.2	17,940.00	0.5	287.50	0.9	517.50	9.8	5,635.00	-	-	59.0	33,925.00
Jessie Harman*	Manager	525.00	11.0	5,775.00	29.0	15,225.00	0.7	367.50	2.0	1,050.00	9.2	4,830.00	1.8	945.00	53.7	28,192.50
Tomas Lee	Manager	525.00	-	-	8.5	4,462.50	-	-	-	-	-	-	-	-	8.5	4,462.50
Tully Cameron	Executive Analyst	425.00	16.8	7,140.00	16.5	7,012.50	1.7	722.50	60.7	25,797.50	33.5	14,237.50	3.3	1,402.50	132.5	56,312.50
James Cox	Executive Analyst	425.00	0.2	85.00	-	-	-	-	-	-	-	-	-	-	0.2	85.00
Michael Barrington-Smith	Executive Analyst	425.00	-	-	8.9	3,782.50	-	-	-	-	-	-	-	-	8.9	3,782.50
Damien Rosario	Senior Business Analyst	375.00	1.4	525.00	-	-	-	-	-	-	-	-	-	-	1.4	525.00
Xavier Power	Senior Business Analyst	375.00	-	-	-	-	1.0	375.00	-	-	-	-	-	-	1.0	375.00
Dylan Genau	Senior Business Analyst	375.00	1.6	600.00	6.1	2,287.50	-	-	-	-	52.6	19,725.00	-	-	60.3	22,612.50
Dylan Genau*	Business Analyst	325.00	11.5	3,737.50	44.5	14,462.50	2.3	747.50	0.7	227.50	24.4	7,930.00	1.8	585.00	85.2	27,690.00
Joanie Zhang	Business Analyst	325.00	0.4	130.00	1.5	487.50	-	-	-	-	-	-	-	-	1.9	617.50
Sarah Hill	Business Analyst	325.00	-	-	36.4	11,830.00	-	-	3.5	1,137.50	-	-	-	-	39.9	12,967.50
Clarisse Lemos	Business Analyst	325.00	-	-	0.6	195.00	-	-	-	-	-	-	-	-	0.6	195.00
Jack Gibson	Business Analyst	325.00	-	-	1.4	455.00	-	-	-	-	-	-	-	-	1.4	455.00
Jake Knight	Business Analyst	325.00	-	-	12.9	4,192.50	-	-	-	-	-	-	-	-	12.9	4,192.50
Jody Richards	Business Analyst	325.00	-	-	-	-	-	-	-	-	10.5	3,412.50	-	-	10.5	3,412.50



Claire Guttentag	Business Analyst	325.00	-	-	-	-	-	-	-	-	-	8.9	2,892.50	-	-	8.9	2,892.50
Sophia Paikopoulos	Business Analyst	325.00	-	-	9.5	3,087.50	-	-	-	-	-	-	-	-	-	9.5	3,087.50
Melissa Galletta	Business Analyst	325.00	-	-	0.2	65.00	-	-	-	-	-	10.0	3,250.00	-	-	10.2	3,315.00
Alice Zhu	Business Analyst	325.00	-	-	2.4	780.00	-	-	-	-	-	-	-	-	-	2.4	780.00
Elyse Diamond	Undergraduate	150.00	14.9	2,235.00	27.1	4,065.00	6.9	1,035.00	33.9	5,085.00	21.6	3,240.00	25.7	3,855.00	130.1	19,515.00	
Various	Administration	150.00	15.7	2,355.00	4.9	735.00	-	-	-	-	-	-	-	-	-	20.6	3,090.00
<b>Total remuneration</b>			<b>179.4</b>	<b>96,870.00</b>	<b>277.0</b>	<b>116,730.00</b>	<b>13.2</b>	<b>3,607.50</b>	<b>196.3</b>	<b>102,400.00</b>	<b>224.6</b>	<b>97,125.00</b>	<b>38.1</b>	<b>10,775.00</b>	<b>928.6</b>	<b>427,507.50</b>	
<b>Time incurred but not billed for the period 9 June 2020 to 5 July 2020</b>																	
Craig Shepard	Partner	725.00														(45.3)	(32,842.50)
Kate Conneely	Partner	725.00														(56.3)	(40,817.50)
Other staff	Various	Various														(89.4)	(36,327.50)
<b>Subtotal</b>																<b>(191.0)</b>	<b>(109,987.50)</b>
<b>Total remuneration incurred for the period 9 June 2020 to 5 July 2020</b>																	<b>317,520.00</b>
Further discount applied on remuneration incurred																	(67,520.00)
<b>Total remuneration sought for approval at the Second Meeting of Creditors</b>																	<b>250,000.00</b>

\*promoted with effect from 29 June 2020



## Appendix 3      Resolution 2

### Resolution

At the Second Meeting of Creditors to be held on Tuesday 14 July 2020, creditors of the Company will be asked to consider the following resolution for the period 9 June 2020 to 5 July 2020:

*'That the internal disbursements of the Administrators, including those paid to staff, for the period 9 June 2020 to 5 July 2020 in the amount of \$556.52, excluding GST, calculated at the rates as detailed in the Remuneration Approval Request report to creditors dated 7 July 2020 are approved for payment immediately or as required.'*

### Calculation of internal disbursements

The basis of calculating the internal disbursements claim is summarised in the table below. This table sets out the basis of the amount charged for each type of internal disbursement for the period 9 June 2020 to 5 July 2020, which is the basis of Resolution 2.

<b>Resolution 2: Disbursements incurred during the period 9 June 2020 to 5 July 2020</b>	<b>Basis</b>	<b>Actual \$ (excluding GST)</b>
Kilometre allowance	\$0.60 per kilometre	326.52
ASIC charges for appointments and notifiable events	At cost	230.00
<b>Total – Internal disbursements for Resolution 2</b>		<b>556.52</b>



## Appendix 4      Resolution 3

### Resolution

At the Second Meeting of Creditors to be held on Tuesday 14 July 2020, creditors of the Company will be asked to consider the following resolution for the period 6 July 2020 to the end of the Administration:

*'That the estimated internal disbursements of the Administrators, including those paid to staff, for the period 6 July 2020 to the end of the Administration up to a maximum amount of \$400.00, excluding GST, calculated at the rates as detailed in the Remuneration Approval Request report to creditors dated 7 July 2020 are approved for payment to be made on a monthly basis in arrears or as required. However, if the amount of internal disbursements incurred exceeds the capped amount, then we reserve the right to seek further approval of internal disbursements from creditors.'*

### Calculation of internal disbursements

The basis of calculating the estimated internal disbursements claim is summarised in the table below. This table sets out the basis of the amount charged for each type of internal disbursement for the period 5 July 2020 to 14 July 2020, which is the basis of Resolution 3.

<b>Resolution 3: Internal disbursements estimated for the period 6 July 2020 to the end of the Administration</b>	<b>Estimate \$ (excluding GST)</b>
<b>Internal disbursements</b>	
ASIC charges for appointments and notifiable events	230.00
Travel Reimbursement	170.00
<b>Total – Internal disbursements for Resolution 3</b>	<b>400.00</b>



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**Appendix 5 Administrators' external disbursements**

<b>Externally provided disbursements incurred during the period 9 June 2020 to 7 July 2020</b>	<b>Basis</b>	<b>Actual \$ (excluding GST)</b>
Travel		74.64
Software subscriptions		457.78
Taxis		48.40
Tolls		144.50
Postage		25.77
<b>Total external disbursements</b>		<b>751.09</b>

