

17 September 2020

TO THE CREDITOR AS ADDRESSED

Dear Sir/Madam

**STA Travel Pty. Ltd. ACN 004 801 512
(Administrators Appointed)
(the Company)**

I refer to the appointment of Tim Norman and myself as Voluntary Administrators to the Company on 21 August 2020.

Please find attached a report for your information that details the progress of the administration, information about the business, property and financial affairs of the Company and our opinion of what would be in the best interests of creditors for the future of the Company. The future of the Company will be decided upon by the creditors at a meeting being held via video conference at **12:00PM (AEST) on Friday, 25 September 2020** as detailed in the attached Notice of Meeting.

We appreciate that this is a stressful and difficult time for those impacted by the Company's collapse. We also appreciate that thousands of customers are urgently seeking clarity about how they are directly impacted – we have received many thousands of enquiries.

We are working as quickly as we can to understand the complex relationships between the Company, its related entities, and third-party travel suppliers and airlines. Many of these arrangements are unique and have their own individual terms and conditions which are likely to impact customers in different ways. Our investigations and a full reconciliation of the various arrangements will take time and is likely to involve court applications for directions. COVID-19 is significantly impacting the leisure, tourism and hospitality sector with many airlines and third-party travel suppliers working with reduced staffing levels and or changing their processes and terms and conditions, which is causing delays.

We appreciate your patience as we work through these issues and will continue to update customers and creditors at www.deloitte.com/au/STATravelGroupAU. We again encourage customers to contact the airline and or third-party supplier of services in the first instance. We apologise in advance if some of these third-parties have not been able to assist you and we will be working to resolve disputes as soon as possible.

Should you have any queries regarding this report or the voluntary administration generally, please do not hesitate to contact our team by email to STATravel@deloitte.com.au.

Yours faithfully



Jason Tracy
Joint and Several Administrator

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

The entity named herein is a legally separate and independent entity. In providing this document, the author only acts in the named capacity and does not act in any other capacity. Nothing in this document, nor any related attachments or communications or services, have any capacity to bind any other entity under the 'Deloitte' network of member firms (including those operating in Australia).

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited



Report to Creditors pursuant to Section 75-225 of the Insolvency Practice Rules (Corporations) 2016

STA Travel Pty. Ltd. ACN 004 801 512
(Administrators Appointed)
(the Company)
17 September 2020

Contents

Glossary		3
1	Executive Summary	5
1.1	Appointment	5
1.2	Conduct of Administration	5
1.3	Investigation, Offences, Voidable Transactions	6
1.4	Deed of Company Arrangement	6
1.5	Dividend	6
1.6	Administrators' Opinion	6
1.7	Second Meeting of Creditors	7
2	Introduction	7
2.1	Purpose of the appointment and report	7
2.2	First Meeting of Creditors	7
2.3	Second Meeting of Creditors	8
2.4	Administrators' independence, relationships and indemnities	8
2.5	Electronic communication	8
3	Background Information	9
3.1	Incorporation and Registered Office	9
3.2	Shareholders, Officers and Security Interests	9
3.3	Group Structure	11
3.4	History of the Company	13
4	Historical Financial Performance	15
4.1	Financial Statements	15
4.2	Profit & Loss	15
4.3	Balance Sheet	17
4.4	Audit Opinion	19
4.5	Working Capital Deficiency and Liquidity Ratio	19
5	Directors' Report on Company Affairs and Property (ROCAP)	21
5.1	Summary	21
5.2	Explanations for difficulties	32
5.3	Outstanding winding up applications	33
5.4	Related entities	33
6	Employee Entitlements and the Fair Entitlements Guarantee Scheme	33
6.1	Correspondence from the Administrators regarding Employee Entitlements	33

6.2	Fair Entitlements Guarantee Scheme	33
7	The Administrators' Actions to Date	35
7.1	Administrators' Actions	35
7.2	Administrators' Receipts and Payments	41
8	Investigations	41
8.1	Introduction	41
8.2	Overview of investigation	41
8.3	Offences by the Directors	42
8.4	Preliminary assessment of solvency (Section 588G)	42
8.5	Voidable transactions	44
8.6	Holding Company liability	47
8.7	Directors' personal financial positions	47
8.8	Limitation of investigations	48
9	Estimated Return	49
9.1	Estimated Return from Winding Up	49
10	Administrators' Opinion	50
10.1	Introduction	50
10.2	The Company execute a DOCA	50
10.3	The administration should end	50
10.4	The Company be wound up	50
10.5	Recommendation	51
11	Remuneration	51
12	Meeting	52

Appendices

Appendix A	Declaration of Independence, Relevant Relationships and Indemnities
Appendix B	Receipts and Payments
Appendix C	Notice of Meeting of Creditors
Appendix D	Proxy Form
Appendix E	Proof of Debt Form
Appendix F	Committee of Inspection Nomination Form
Appendix G	ARITA Information Sheet on Offences, Recoverables and Insolvent Trading
Appendix H	ASIC Information Sheet – Approving fees: A guide for creditors

Glossary

Act	Corporations Act 2001
ACCC	Australian Competition and Consumer Commission
Administrators	Jason Tracy and Tim Norman
AFTA	Australian Federation of Travel Agents
AGD	Attorney-General's Department
ARITA	Australian Restructuring Insolvency Turnaround Association
ASIC	The Australian Securities & Investments Commission
ATO	Australian Taxation Office
AU	Australia
Auditors or EY	Ernst & Young
Barclays	Barclays Bank PLC
c.	circa
Carolbridge	Carolbridge Proprietary Limited
CBA	Commonwealth Bank of Australia
COI	Committee of Inspection
Company or STA Travel or STAU	STA Travel Pty. Ltd.
The Court	The Federal Court of Australia or any of the state Supreme Courts
Deloitte or DTT	Deloitte Financial Advisory Pty Ltd
Directors	Wayne Andrew Nagle, Samantha Stimpson and Colin James Parselle
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities
DOCA	Deed of Company Arrangement
eNett	eNett International
ERV	Estimated Realisable Value
FEG	Fair Entitlements Guarantee
FY	Financial Year Ended 31 December 20XX
FY20YTD	Financial period beginning 1 January 2020 and ended 31 July 2020
IATA	International Air Transport Association
IEP	IEP Pty Limited
International STA Travel Group	All circa 40 entities which formed the STA Travel Group globally with STA Travel Holding AG as the group head

IPR	Insolvency Practice Rules (Corporations) 2016
IPS	Insolvency Practice Schedule (Corporations) 2016
ISIC	International Student Identity Cards
k	Thousands
m	Millions
Management	Management of the Company
NAB	National Australia Bank Limited
NES	National employment standards
PILN	Pay in lieu of notice
PPSR	Personal Properties and Securities Register
Regulations	Corporations Regulations 2001
Relation back day	The date of appointment of administrators
ROCAP	Report on Company's Affairs and Property
SATA	Student Air Travel Association
STA Travel Academic	STA Travel Academic Pty Limited
STA Travel Group	The entities within the International STA Travel Group domiciled in Australia. These entities include: <ul style="list-style-type: none"> • STA Travel Pty. Ltd. • STA Travel Academic Pty Limited • IEP Pty Limited
STA Travel Holding	STA Travel Holding AG
STA Travel International or STIL	STA Travel International Limited

1 Executive Summary

1.1 Appointment

On 21 August 2020 we, Jason Tracy and Tim Norman were appointed Joint and Several Administrators to the STA Travel Pty. Ltd. (**the Company or STA Travel**) by the directors of the Company pursuant to Section 436A of the Corporations Act, 2001 (**Act**).

On the same day we were appointed as Joint and Several Administrators to the Company, we were also appointed as Administrators to the following entities:

Entity	ACN
STA Travel Academic Pty Limited (STA Travel Academic)	626 947 046
IEP Pty Limited (IEP)	069 168 412

Together with the Company, the above entities are collectively referred to as '**STA Travel Group**'.

Our appointment as administrators to the Company was ratified by creditors at the concurrent first meeting of creditors held on 2 September 2020.

A Committee of Inspection (**COI**) for the Company was also formed at the first meeting of creditors.

1.2 Conduct of Administration

The Company was incorporated in December 1969 and provided travel agency services to students and young adults with a focus on travel for leisure and adventure purposes. At the date of our appointment, the Company operated from 27 stores located across Australia and online whilst employing approximately 181 staff.

The appointment of Joint and Several Voluntary Administrators to each of the entities in the STA Travel Group followed STA Travel Holding AG (**STA Travel Holding**), the holding entity for the International STA Travel Group filing for insolvency in Zurich, Switzerland on 20 August 2020.

Our preliminary investigations to date indicate that STA Travel does not own the IT infrastructure, customer database or the STA Travel brand. Access to these assets by the Company was via a license agreement. The Administrators have made contact with the Swiss parent to ascertain whether a global restructure may be put forward. However, as at the date of this report, we have had no response and consider a global restructure unlikely. Regrettably without ownership of the operating assets a restructure is unlikely to be able to be achieved.

Our primary actions following our appointment have involved, but are not limited to, the following:

- Liaising with thousands of customers
- Assessing the possibility of achieving a restructure and / or sale of the Company's business
- Ceasing business operations, including termination of employees and calculation of their entitlements
- Securing key records of the Company across multiple jurisdictions
- Conducting investigations into the flow of funds from customers to entities within the International STA Travel Group and third-party suppliers of services
- Meetings and discussions with key stakeholders including the Australian Federation of Travel Agents (**AFTA**), Australian Consumer Competition Commission (**ACCC**), International Air Transport Association (**IATA**) and various state consumer agencies

- Investigations into the position of customers with airlines and third-party suppliers of services, including multiple meetings with these parties
- Meetings with STA Travel's bank and merchant provider
- Investigating the affairs of the Company and the circumstances leading up to our appointment
- Assessing the value and marketability of the Company's assets
- Discussions and meetings with lawyers representing the liquidator of STA Travel Holding.

We have been required to attend to the above tasks in order to report to creditors and provide our recommendation as to the future of the Company.

1.3 Investigation, Offences, Voidable Transactions

Our preliminary investigations to date have not revealed any possible offences committed by the Directors of the Company or potential recoverable voidable transactions. However, our investigations are ongoing, and we will be examining closely any obligations relating to requirements to hold customer monies on trust and the extent to which categories of customer monies and other cash from operations may have been comingled. These investigations are complex and ongoing.

These matters are further discussed in section 8 of this report.

1.4 Deed of Company Arrangement

We have not been provided with a proposal for a Deed of Company Arrangement (**DOCA**) for the Company.

1.5 Dividend

We consider the Company may have sufficient realisable assets to enable payment of a dividend to priority unsecured creditors in the event the Company is placed into liquidation. We also consider that there may be refunds due to certain classes of customers / creditors if we can establish that certain amounts are held on trust for customers.

The matters being considered are legally complex and may require the directions of the court before we are able to accurately estimate the return to various classes of creditors. At this stage, we have ascribed an 'Unknown' value to the estimated return to creditors and customers, as shown below:

Section 439A Meeting Outcome	Estimated Return for Unsecured Creditors and Customers	
	Low (cents/\$)	High (cents/\$)
DOCA	N/A	N/A
Liquidation - Customers	Unknown	Unknown
Liquidation - Priority creditors	Unknown	Unknown
Liquidation - Ordinary unsecured creditors	Unknown	Unknown
Company returned to the Directors	N/A	N/A

Further details regarding the abovementioned options and the estimated outcomes for creditors are detailed at section 9 of this report. We will provide an update to this analysis as soon as we are able to do so.

1.6 Administrators' Opinion

It is our opinion that the Company should be placed into liquidation. The reasons for our opinion are discussed in section 9 of this report.

1.7 Second Meeting of Creditors

The second meeting of creditors has been called for **12:00pm (AEST) on Friday, 25 September 2020**.

Due to the threat of COVID-19, and consistent with government policy on gatherings, a virtual meeting will be held. All creditors are expected to attend by electronic means, and no physical place of meeting will be made available.

2 Introduction

2.1 Purpose of the appointment and report

The purpose of the appointment of administrators is to allow for independent insolvency practitioners to take control of and investigate the affairs of the insolvent company. Creditors' claims are put on hold as at the date of the administrators' appointment and remain so for the duration of the administration.

We are required to provide creditors with sufficient information and recommendations to assist them in making an informed decision on the company's future. The purpose of this report is to provide that information and recommendations, including:

- Background information about the company
- The results of our investigations
- The estimated returns to creditors
- The options available to creditors and our opinion on each of these options.

2.2 First Meeting of Creditors

On 2 September 2020, a concurrent meeting of creditors for the STA Travel Group was held in accordance with Section 436E of the Act. At this meeting, our appointment as Joint and Several Administrators to the Company was ratified.

Also at that meeting, the Administrators advised they would undertake investigations into the affairs of the Company whilst seeking to confirm the likely estimated return which would be presented to creditors for their approval at a second meeting of creditors.

It was also resolved at the first meeting of creditors that a COI would be formed for the Company. The members of the COI are as follows:

Committee Member Name	
Jessie Ivancic	Nadia Roberts
Tracie Black	Jessica Larke
Catherine Castillo Romero	Mickael Collot
Chantelle Priestley	Ben Thompson
Costa Horitos	Courtney McPhee
Brianna Hastie	Mai-lan Tran
Paul Campbell	Rachel Maclean
Jane Terrell-Phillips	Sonia Rechichi

We note that as at the date of this report a number of the abovementioned COI members have expressed an interest in resigning from the COI.

Notwithstanding the above, as at the date of writing this report, we have written to the members of the COI to request a meeting via videoconference on Monday, 21 September 2020 to inform the COI on the progress of the Administration and in particular:

- Discuss the Administrators' Report to Creditors dated Thursday, 17 September 2020
- Provide an update on the progress of the Administration to date, including status of recovery actions
- Provide an update on the status of customer enquiries
- Discuss the forthcoming Second Meeting of Creditors to be held on Friday, 25 September 2020
- Consider and if thought fit, approve the Administrators' current remuneration from 21 August 2020 to 13 September 2020
- Consider and if thought fit, approve the Administrators' future remuneration from 14 September 2020 to the completion of the Voluntary Administration
- Consider any other business.

The proposed COI meeting will be held subject to sufficient COI members confirming their availability to attend the proposed meeting.

We advise we will also be proposing for the current members of the COI to form a COI for the liquidation of the Company in the event creditors resolve to place the Company into liquidation at the second meeting of creditors.

2.3 Second Meeting of Creditors

Pursuant to Section 439A of the Act a second meeting of creditors is to be held via videoconference at **12:00PM (AEST) on Friday, 25 September 2020.**

We advise that due to the threat of COVID-19, and consistent with government policy on gatherings, a virtual meeting will be held. All creditors are expected to attend by electronic means, and no physical place of meeting will be made available.

At this second meeting, creditors will be asked to make a decision by passing a resolution in respect of options that will be available to them.

We have recommended in this report that the Company be placed into liquidation the reasons as to why we consider this the best option for creditors in sections 9 and 10 of this report.

2.4 Administrators' independence, relationships and indemnities

In accordance with Section 436DA of the Act, a Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**) was provided with the first report to creditors dated 25 August 2020 and was also tabled at the first meeting of creditors.

A further copy of the DIRRI is attached as **Appendix A**. There have been no changes to the details recorded in the DIRRI.

2.5 Electronic communication

Section 600G of the Act allows administrators to make communications and notifications available for creditors to access electronically. Administrators however, must notify creditors when information is made available electronically and provide instructions on how it can be accessed. If a creditor has nominated an email address, administrators can send notification of reports or other communication being available electronically by email, otherwise, a notice must be sent by post.

Electronic communication is speedy and cost effective and reduces the expenses incurred in an administration. Creditors have already been notified how to access information and this report via our website for the Voluntary Administration of the STA Travel Group which is as follows:

www.deloitte.com/au/STATravelGroupAU

If you are having difficulty accessing the above website, please contact our office by email at STATravel@deloitte.com.au. Alternatively, if you do not have access to the internet and would like to receive future correspondence by post, please inform us.

3 Background Information

3.1 Incorporation and Registered Office

A search of the ASIC database disclosed the Company was incorporated in Victoria on 4 December 1969. The Company's registered office and principal place of business are disclosed as Building 10, Level 2, 658 Church Street, Richmond VIC 3121.

3.2 Shareholders, Officers and Security Interests

3.2.1 Shareholders

The Company is limited by shares. The ASIC database records the shareholders of the Company as follows:

Shareholder	Class	Number	%
STA Travel Holding AG	ORD	5,471,000	100.00
Total		5,471,000	100.00

3.2.2 Officers

The ASIC database indicates that during the 12-month period prior to the Administrators' appointment the Company's directors and officers were:

Name	Position	Appointed	Ceased
Wayne Andrew Nagle	Director	3 April 2020	N/A
Samantha Stimpson	Director	3 April 2020	N/A
Colin James Parselle	Director	3 April 2020	N/A
Reinhard Kotzaurek	Director	11 December 2017	3 April 2020
Nino Alexander Ostertag	Director	1 May 2018	3 April 2020
Monika Rieker	Director	1 August 2018	3 April 2020
Holly McVeigh	Secretary	1 November 2017	N/A
Anthony Thomas Mercer	Secretary	2 June 2020	N/A

3.2.3 Related Entities

The Company's directors are also current directors of the following entities within the STA Travel Group:

Related Entity	Common Director	Entity Status
STA Travel Academic Pty Limited	Wayne Andrew Nagle	External administration
IEP Pty Limited	Wayne Andrew Nagle and Colin James Parselle	External administration

The directors of the Company are not current directors of any other companies outside of the STA Travel Group.

3.2.4 Security Interests Registered against the Company

We have conducted searches of the Personal Property Securities Register (**PPSR**) for the Company which revealed the following security interests:

Secured Party	Collateral Class	PMSI	Start Date
Barclays Bank PLC	All present and after acquired property	No	30 January 2012
Quadient Finance Australia Pty Ltd	Other goods – not specified	Yes	15 October 2013
Fuji Xerox Finance Limited and Fuji Xerox Australia Pty Limited	Other goods – copier equipment	Yes	15 January 2014
Quadient Oceania Pty Ltd	Other goods – not specified	Yes	24 January 2014
Elgas Limited	Other goods – gas cylinders	Yes	3 October 2018

Following our appointment, we wrote to each of the secured parties seeking details regarding their registered security interests against the Company.

In our investigations, we determined that it was appropriate to disclaim the security interests registered in favour of the following secured parties:

- Quadient Finance Australia Pty Ltd
- Fuji Xerox Finance Limited and Fuji Xerox Australia Pty Limited
- Quadient Oceania Pty Ltd
- Elgas Limited.

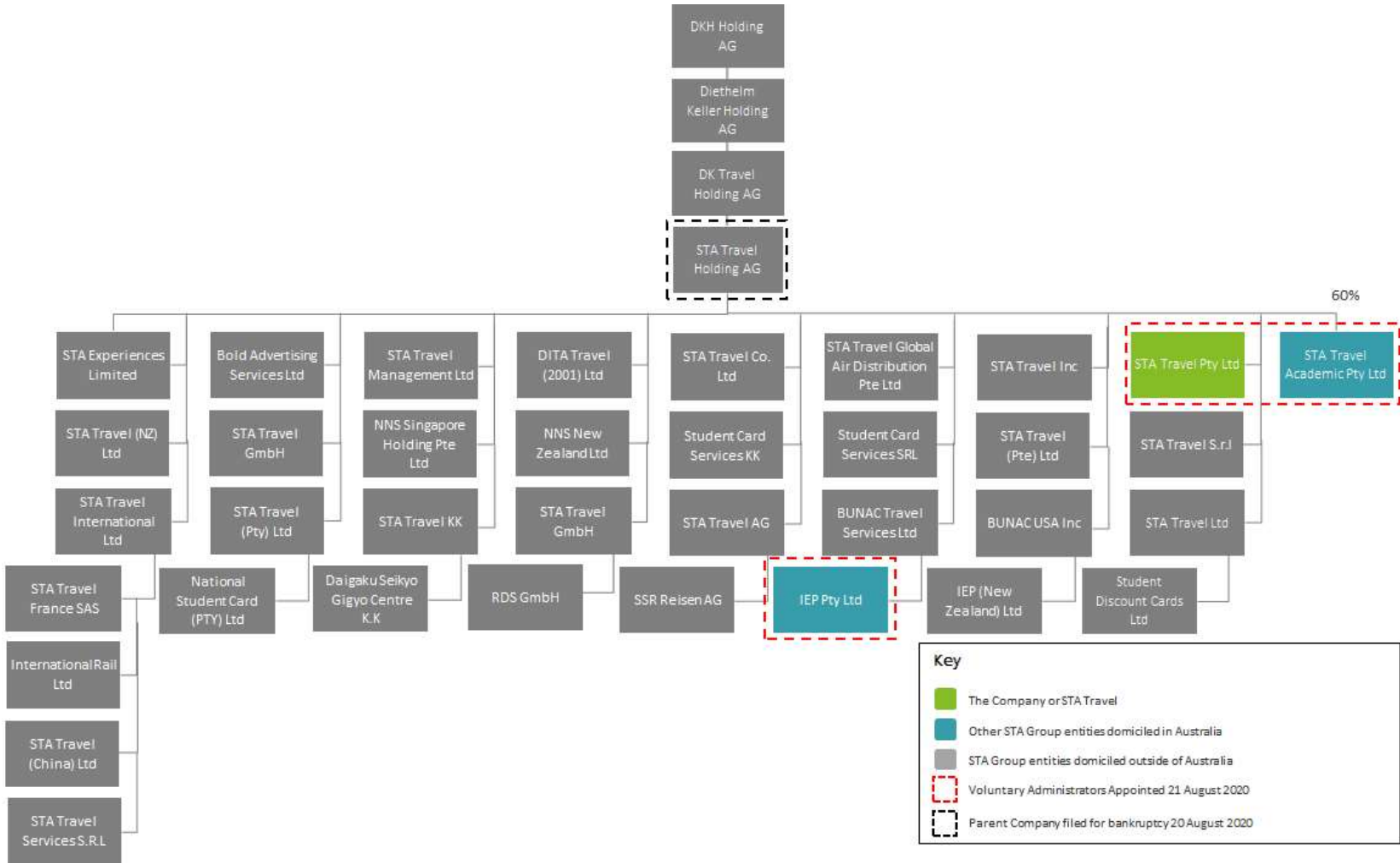
Our investigations regarding the security interest registered in favour of Barclays Bank PLC (**Barclays**) are ongoing as at the date of this report, however, at this stage we have not identified any property subject to their interest.

3.2.5 Winding Up Applications

Our review of the ASIC records did not disclose any winding up applications filed against the Company prior to our appointment as Administrators.

3.3 Group Structure

The International STA Travel Group included approximately 40 entities with STA Travel Holding acting as the holding entity for the group. We have prepared the following diagram to disclose the detailed structure of the International STA Travel Group:



The above entities are collectively referred to as the 'International STA Travel Group'.

Whilst the International STA Travel Group encompasses circa 40 entities, we note, we have only been appointed as Joint and Several Voluntary Administrators to the Australian domiciled entities which are:

- STA Travel Pty Ltd, ACN 004 801 512
- STA Travel Academic Pty Limited, ACN 626 947 046
- IEP Pty Limited, ACN 069 168 412.

We note that due to the size and complexity of the International STA Travel Group, a number of functions were completed on a group basis for each of the entities in the International STA Travel Group. The functions completed on a group basis include, but are not limited to the following:

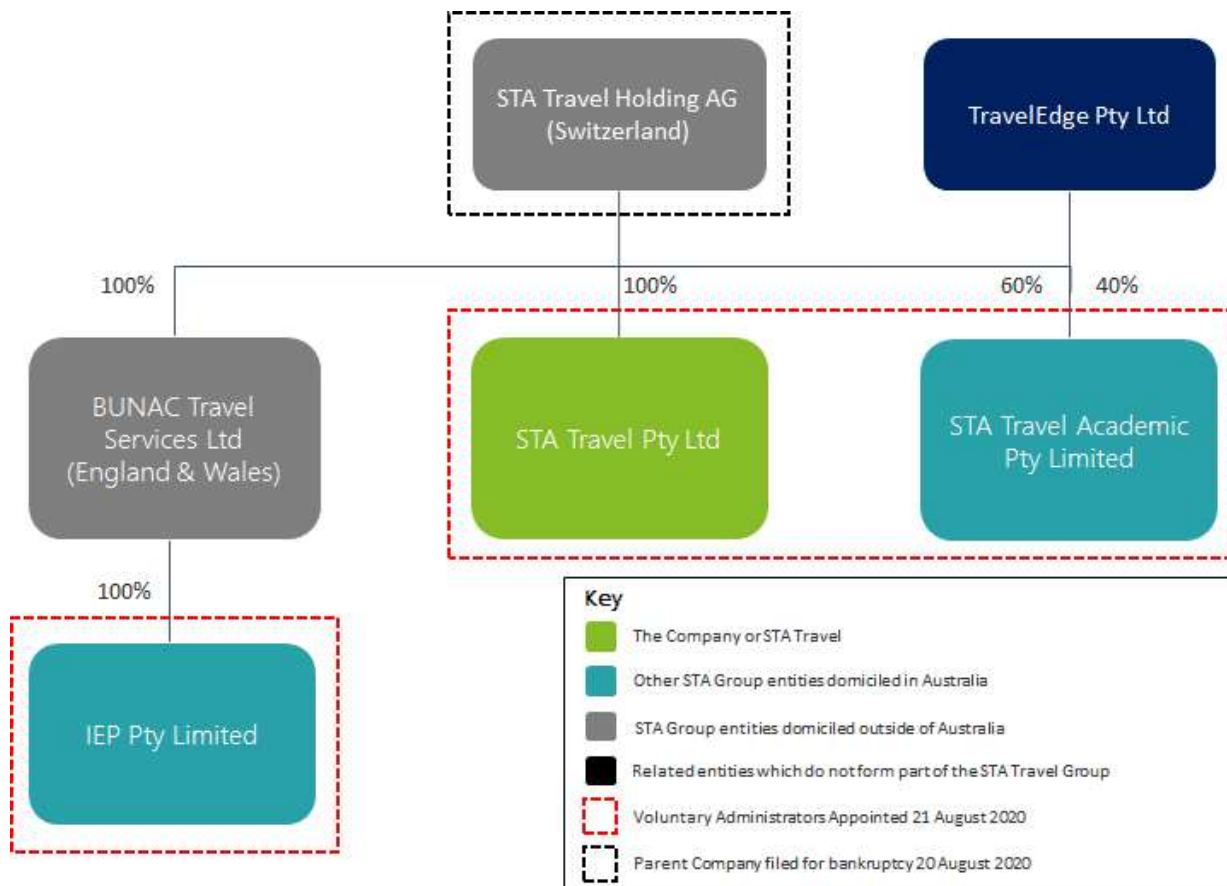
- Preparation and co-ordination of the overall business strategy
- Maintenance and development of key strategic supplier relationships
- Maintaining technological systems, including websites and the point of sales system
- Treasury, cash management and financial reporting
- Providing office support services for each group entities finance, IT and operations functions
- Ownership and maintenance of intellectual property including brand names, patents and trademarks.

The centralisation of a number of key business functions and ownership of key assets (i.e. brands, trademarks, intellectual property (**IP**) etc.) by a number of entities elsewhere within the International STA Travel Group has resulted in difficulties in conducting the Voluntary Administration which include, but are not limited to, the following:

- Difficulties in accessing certain records for the Company, particularly financial records as these were prepared and maintained by teams located in Romania and the United Kingdom
- Inability to achieve a restructure and / or sale of the business in Australia as key assets (i.e. brands, trademarks and IP) are not owned by the Australian domiciled entities that form the STA Travel Group, but rather by entities ultimately owned by DKH Holding AG.

We are continuing to undertake actions to recover records and funds held by entities within the International STA Travel Group and will provide further updates to creditors.

We have prepared the following diagram which details the ownership structure of the Australian domiciled entities which form the STA Travel Group:



We note the Company's parent is STA Travel Holding which is domiciled in Switzerland and is the holding entity for the International STA Travel Group.

As noted above, due to the size and complexity of the International STA Travel Group, a number of business functions were completed on a group basis, accordingly the Directors of the Company were principally responsible for the day-to-day operations and trading of the Company's business including domestic sales, product offerings and marketing and promotions initiatives.

3.4 History of the Company

We have prepared the following summary of key events prior to our appointment as Voluntary Administrators to the Company:

Date	Key Event
19 March 2020	The Australian Federal Government announced a temporary hold for entry into Australia with exceptions only for Australian citizens, permanent residents and their immediate family, including spouses, legal guardians and dependants.
Late March 2020	Virgin Australia and Qantas ground their air fleet used for all international travel routes.
April 2020	The Australian State Government's announced restrictions for the movement of people between Australian States and Territories.

Date	Key Event
23 April 2020	Justice O'Bryan handed down judgement in the Federal Court of Australia that STA Travel would pay the Commonwealth of Australia a pecuniary penalty in the amount of \$14,000,000 for contraventions of Australian Consumer Law.
June 2020	A file note regarding STA Travel's ability to continue as a going concern was executed by Colin Parselle and Casper Urhammer in which it was disclosed "...management consider that STA Travel Group is a going concern as at 31 December 2019." ¹
23 June 2020	Authorised signatories of STA Travel Holding executed a letter which disclosed financial support would be provided to STA Travel by STA Travel Holding to assist STA Travel to meet liabilities as and when they fell due.
26 June 2020	Colin Parselle and Samantha Stimpson signed the directors' declaration accompanying the financial statements prepared for the Company for the period 1 January 2019 to 31 December 2019.
19 August 2020	<p>Casper Urhammer, a director of STA Travel Holding, emailed all country managers for the International STA Travel Group advising the following:</p> <ul style="list-style-type: none"> • STA Travel Holding would be filing for insolvency in Switzerland • The International STA Travel Group had engaged the international law firm, White & Case LLP to provide advice on the implications of the filing for insolvency of STA Travel Holding on each of its subsidiaries.
20 August 2020	<p>Casper Urhammer, a director of STA Travel Holding, issued an email to all employees of the International STA Travel Group advising that STA Travel Holding would be filing for insolvency.</p> <p>STA Travel Holding filed for insolvency.</p> <p>The directors of the Company contacted Maddocks regarding the future of the STA Travel Group in light of STA Travel Holding filing for insolvency.</p>
21 August 2020	<p>The directors of the Company held a meeting at which the following resolutions were passed:</p> <p><i>"that, in the opinion of the directors, the company is insolvent or is likely to become insolvent at some future time."</i>²</p> <p><i>"that the company appoint Jason Tracy and Timothy Norman as Administrators pursuant to Section 436A of the Corporations Act 2001."</i>³</p> <p>The other entities which together formed the STA Travel group being, STA Travel Academic and IEP were also placed into Voluntary Administration at meetings held on 21 August 2020.</p>

¹ File Note: Going Concern – STA Travel Group dated June 2020

² Minutes of meeting of directors held at 7:30am on 21 August 2020

³ *ibid*

4 Historical Financial Performance

4.1 Financial Statements

Special purpose financial statements were prepared for the Company with a reporting period of 1 January to 31 December. These financial statements were most recently prepared up to 31 December 2019 and were audited by Ernst & Young (EY).

We have also been provided with draft management accounts for the Company as at 31 July 2020. We have been advised that these management accounts are the most recent available financial records for STA Travel.

4.2 Profit & Loss

The profit and loss statements for the Company for the financial years FY16 to FY20YTD are summarised as follows:

\$'000	FY16	FY17	FY18	FY19	FY20YTD
INCOME					
Sale revenue	47,262	40,906	132,459	64,687	10,361
Other revenue	4,094	7,153	12,730	14,771	352
Cost of sales	-	-	98,765	37,915	10,063
Gross Profit	51,356	48,059	46,424	41,543	650
EXPENSES					
Employee benefits expense	29,657	28,606	28,922	23,187	6,404
Depreciation and amortisation expense	1,243	1,233	927	855	-
Impairment charges	3	235	27	-	-
Depreciation of right of use asset	-	-	-	6,123	-
Interest expense of leased liability	-	-	-	312	-
Intercompany charges	-	-	575	594	-
Occupancy expenses	9,230	9,224	9,058	2,084	406
Marketing costs	5,672	3,559	2,872	2,284	486
Communication costs	1,635	1,581	1,513	1,464	702
Professional fees	-	-	-	1,684	137
Other expenses	3,649	2,873	2,391	2,625	477
Legal settlement expenses	-	-	-	14,170	-
Total expenses	51,089	47,311	46,285	55,382	8,612
Profit/(loss) before income tax	267	748	139	(13,839)	(7,962)

We provide the following preliminary analysis and commentary in respect of the Company's profit and loss statements:

- The Company's revenues are derived from charges applied when arranging bookings for customers with air and land operators, including commissions from third-party vendors.
- The Company's revenues decreased from \$64.7m in FY19 to \$10.4m in FY20YTD (i.e. average per month run rate of c. \$5.4m declined to \$1.5m). The decrease in revenue occurred as a result of the domestic and international border closures and a decrease in travel spending brought about by COVID-19.

- In FY16 and FY17, the Company only recognised sales revenues earned in the Company's capacity as agent for customers. In FY18 to FY20YTD the Company began recognising sales revenues earned in the Company's capacity as both principal and agent for customers. This change in the recognition of revenues led to Company beginning to include cost of sales in the Company's financial statements. As such, the inclusion of cost of sales in the Company's accounts from FY18 onwards reflects a change in the Company's accounting for revenue and costs rather than a fundamental change to the Company's operating activities.
- The Company's employee benefits expense decreased from \$23m in FY19 to \$6m in FY20YTD. We understand that during FY20YTD certain staff positions had been either made redundant, staff had been stood down or were requested to reduce their working hours due to the impact of COVID-19. The Company was also receiving financial support via JobKeeper.
- The Company generated marginal net profits during the period FY16 to FY18 given the high fixed operating cost structure of the Company's business.
- The Company's profit before income tax decreased from \$748k profit for FY17 to \$139k for FY18. Whilst the Company was continuing to operate at a profit before income tax the decline in revenue prevented the Company's from building up sufficient assets which may have been available to assist the Company in meeting its debts as and when they fell due as the impact of COVID-19 started to be felt by the business.
- The loss before income tax in FY19 totalling \$13.8m is primarily the result of a legal settlement with the ACCC which is recorded as an expense for in excess of \$14m. Whilst this expense is included in the Company's profit and loss statement for FY19, we understand that no payments were made by the Company or any other entity within the International STA Travel Group in respect of this liability. The first payment of \$9m in respect of this settlement was to be paid to the ACCC before 1 November 2020 subject to any further extensions of time to pay being requested by the Company and granted by the ACCC.
- The Company incurred a loss before income tax in FY20YTD of \$8m which is principally driven by a significant decline in revenues from previous financial years and an inability to sufficiently reduce the Company's operating expenses to enable the business to operate profitably.

4.3 Balance Sheet

The balance sheets for the Company for the financial years ended 31 December 2016 to 31 July 2020 are summarised as follows:

\$'000	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Jul-20
ASSETS					
Current Assets					
Cash and cash equivalents	5,650	4,519	5,013	4,484	466
Trade and other receivables	30,933	28,655	23,523	24,682	7,972
Contract assets – deferred cost of sales	-	-	16,272	13,332	13,332
Income tax receivable	-	-	320	-	-
Inventories	-	184	114	24	3
Intercompany loan receivable	-	-	-	-	17,260
Other current assets	7,679	5,537	-	-	-
Total Current Assets	44,262	38,895	45,242	42,522	39,033
Non-Current Assets					
Property, plant and equipment	2,821	1,829	1,511	1,642	1,273
Right of use assets	-	-	-	13,653	9,457
Net deferred tax assets	1,972	1,681	1,421	2,125	2,125
Other non-current assets	2,418	5,500	5,500	5,500	5,500
Intangibles	3	-	-	-	-
Total Non-Current Assets	7,214	9,010	8,432	22,920	18,355
Total Assets	51,476	47,905	53,674	65,442	57,388
LIABILITIES					
Current Liabilities					
Trade and other payables	32,852	29,605	20,285	20,599	14,700
Lease liabilities	-	-	-	4,918	1,137
Contract liabilities – deferred income	-	-	18,522	15,117	15,117
Provisions	1,237	1,036	880	10,034	10,262
Customer crisis adjustment	-	-	-	-	12,290
Tax provision	211	497	-	-	368
Total Current Liabilities	34,300	31,138	39,687	50,668	53,874
Non-Current Liabilities					
Provisions	1,430	997	732	5,476	5,440
Lease liabilities	-	-	-	9,124	8,772
Deferred income	-	-	-	-	552
Total Non-Current Liabilities	1,430	997	732	14,600	14,764
Total Liabilities	35,730	32,135	40,419	65,268	68,638
Net Assets / (Deficiency)	15,746	15,770	13,255	174	(11,250)
EQUITY					
Contributed equity	5,471	5,471	5,471	5,471	5,471
Retained earnings	10,275	10,299	7,784	(5,297)	(16,721)
Total Equity	15,746	15,770	13,255	174	(11,250)

We provide the following preliminary analysis and commentary in respect of the Company's historical balance sheets:

- The Company's balance sheet discloses trade and other receivables totalling \$8m as at 31 July 2020. Our investigations indicate this amount principally relates to funds held by travel industry intermediaries and various land and air service providers. We are engaging with these intermediaries and suppliers to arrange return of funds held whilst also investigating the flow of those funds and whether a trust relationship is established on behalf of customers for funds transferred and held by those travel industry intermediaries and land and air service providers (and in which instances).
- The Company's balance sheet discloses '*contract assets – deferred cost of sales*' with a book value of \$13m as at 31 July 2020. This asset category recognises portions of revenue that have been earned by the Company in organising travel bookings for customers however, the Company has not yet received payment in full from the customer. These funds are disclosed as an asset of the Company until the customer has completed the arranged booking at which time the customer will make the final payments in respect of amounts due to the Company for travel agency services rendered to the customer. In light of the above, we note that contract assets – deferred cost of sales is unlikely to be a recoverable asset in the administration.
- The Company's balance sheet discloses intercompany loans due to the Company totalling \$17m as at 31 July 2020. Our investigations indicate that this balance sheet line item principally relates to a loan due to the Company by STA Travel International Ltd (**STA Travel International**). STA Travel International is domiciled in the United Kingdom and acted as the treasury entity within the International STA Travel Group. We have been advised that the directors of STA Travel International are currently seeking to appoint external administrators and have been advised that there are limited funds in this company, as such, we do not anticipate that this intercompany loan is recoverable, however our investigations are ongoing.
- The Company's balance sheet discloses right-of-use assets with a book value of \$9m as at 31 July 2020. This right-of-use asset refers to leased premises and as such, they do not have any realisable value in the administration.
- The Company's balance sheet discloses other non-current assets with a book value of \$5.5m as at 31 July 2020. This asset category relates to cash deposits held as security for bank guarantees issued to various lessors for the Company's former leased premises and separately security for the Company's merchant facility held with the Commonwealth Bank of Australia (**CBA**). All property leases have since been disclaimed due to the immediate closure of the business following our appointment as Administrators. At this stage of our investigations, it is unlikely any cash-backed bank guarantees will be recovered due to the various lessors exercising their rights in claiming amounts owing to them under their respective guarantees and separately, customers making valid charge back claims.
- The Company's balance sheet discloses '*contract liabilities – deferred income*' as a current liability totalling \$15m as at 31 July 2020. This liability relates to the portion of funds transferred to the Company by customers of STA Travel for future bookings in which the customer is yet to receive the benefit of their booking from the third-party services provider, for example the completion of a flight or tour. This unearned revenue is disclosed as a liability in the Company's balance sheet until the customer completes the booking arranged by STA Travel.
- The Company's balance sheet discloses provisions as a current liability totalling \$10m as at 31 July 2020. We note that \$9m of this liability relates to the first instalment of the fine payable to the ACCC for false and misleading representations in advertising the MultiFlex Pass that was due to be paid no later than 1 November 2020 unless a payment deferral was agreed prior to 1 November 2020. A further \$5m was also payable to the ACCC as part of the \$14m settlement.
- The Company's balance sheet discloses a customer crisis adjustment as a current liability totalling \$12m as at 31 July 2020. We understand this liability relates to the anticipated impact of COVID-19 on the Company's financial position in which the Company has forecast that it will be required to process refunds and offer credits for travel that had been cancelled as a result of the domestic and international border closures.

- The Company's balance sheet discloses a net asset surplus of \$174k as at 31 December 2019 compared to a net asset surplus of \$13m as at 31 December 2018. This decrease in the Company's net asset surplus is principally the result of the inclusion of a provision for legal settlement costs with the ACCC totalling \$14m. The Company's net asset position continued to deteriorate during FY20YTD with the Company's balance sheet as at 31 July 2020 disclosing a net asset deficiency of \$11m as at 31 July 2020. The net asset deficiency as at 31 July 2020 has primarily resulted from the domestic and international border closures brought about by COVID-19. The border closures led to an unprecedented number of pre-booked trips being cancelled in which, travel credits were held by STA Travel on behalf of certain customers whose trips had been cancelled. These travel credits are included in the Company's balance sheet as liabilities within the provisions line item.

4.4 Audit Opinion

STA Travel was considered a large proprietary company pursuant to Section 45A of the Act and as such, was required to lodge audited financial statements with ASIC. In addition, the Company was also required to prepare audited financial statements to maintain the STA Travel's registration to issue air tickets via IATA.

On 26 June 2020, EY expressed an unmodified opinion in respect of the Company's financial statements prepared for the period 1 January 2019 to 31 December 2019. As part of the audit report, EY included an emphasis of matter which drew attention to a material uncertainty regarding the use of the going concern basis for preparation of the Company's financial statements.

The Auditors considered "... the Company may be unable to realise its assets and discharge its liabilities in the normal course of business"⁴ however, the Auditors opinion was not modified as a result of this matter as the Company's parent, STA Travel Holding, provided a letter of financial support dated 23 June 2020 which confirmed financial support would be provided to STA Travel by STA Travel Holding to assist STA Travel to meet its liabilities as and when they fell due.

4.5 Working Capital Deficiency and Liquidity Ratio

Working capital is a financial measure which represents operating liquidity available to a company. Net working capital is calculated as current assets minus current liabilities.

The liquidity ratio (sometimes referred to as the current ratio) below is a measure that is also used to determine a company's ability to pay its short-term debt obligations. It shows working capital in a ratio format. If there is a working capital deficiency, the ratio is less than 1. If the ratio is 1 or greater, the higher the value, the more able the company is to meet its short-term debts. Negative working capital is an indicator of cash flow difficulties.

Below is a summary of the Company's working capital as at financial year end for the period FY16 to FY20YTD:

Working Capital (\$'000)	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Jul-20
Total current assets	44,262	38,895	45,242	42,522	39,033
Total current liabilities	34,300	31,138	39,687	50,668	53,874
Net working capital	9,962	7,757	5,555	(8,146)	(14,841)
Liquidity / current ratio	1.29	1.25	1.14	0.84	0.72

⁴ Financial statements for the year ended 31 December 2019

Below is a summary of the Company's working capital as at financial year end for the period FY16 to FY20YTD, however, we have adjusted the Company's current assets balance as at 31 July 2020 to reflect the inability of the Company to realise the intercompany loan receivable due to the Company by STA Travel International:

Adjusted Working Capital (\$'000)	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Jul-20
Total current assets	44,262	38,895	45,242	42,522	39,033
Less:					
Intercompany loan receivable	-	-	-	-	17,260
Adjusted current assets	44,262	38,895	45,242	42,522	21,773
Total current liabilities	34,300	31,138	39,687	50,668	53,874
Net working capital	9,962	7,757	5,555	(8,146)	(32,101)
Liquidity / current ratio	1.29	1.25	1.14	0.84	0.40

The Company's current ratios as at 31 December 2016, 31 December 2017 and 31 December 2018 are all greater than 1 which indicates that the Company had sufficient current assets to repay its current liabilities.

As at 31 December 2019, the Company had a current ratio of 0.84 compared to a current ratio of 1.14 as at 31 December 2018. This change in the Company's current ratio is principally driven by the inclusion of provisions for legal settlement costs totalling \$9m in the Company's balance sheet as a current liability as at 31 December 2019. These legal settlement costs related to the first instalment for the fine imposed on the Company by the ACCC for false and misleading representations in advertising the MultiFlex Pass.

As at 31 July 2020, the Company's current ratio was 0.72. The Company's current ratio had deteriorated between 31 December 2019 and 31 July 2020 principally as a result of the reduction of the Company's cash and cash equivalents and the inclusion of a customer crisis adjustment as a current liability totalling \$12m in the Company's balance sheet. Both of these movements in the Company's balance sheet are a direct result of COVID-19 by which the lack of revenue has caused the Company to deplete cash reserves to pay debts as and when they fall due and the customer crisis adjustment is a representation of the Company's estimated anticipated return to customers as either refunds or credit vouchers for cancelled travel.

When adjusting the Company's current ratio to exclude the intercompany loan receivable totalling \$17m that is currently deemed not recoverable, the Company's current ratio reduces to 0.40 which confirms the Company's reliance on related entities to ensure it was in a position to pay its debts as and when they fell due.

In summary, our preliminary investigations indicate the Company's current ratio decreased below 1 as at 31 December 2019 and 31 July 2020 for the following reasons:

- The Company recognised the \$14m fine levied against STA Travel by the ACCC in their financial statements and management accounts
- The travel restrictions imposed as a result of COVID-19 restricted the ability of the Company to pay debts from operating revenues and caused the Company to offer refunds and credits in respect of cancelled travel.

In the event we are appointed as liquidators to the Company, further investigations will be conducted regarding the Company's working capital and principally whether the Company had the ability to pay its debts as and when they fell due.

5 Directors' Report on Company Affairs and Property (ROCAP)

5.1 Summary

Pursuant to Section 438B of the Act, the Directors of the Company are required to provide a ROCAP as at the date of our appointment within five (5) business days of receipt of the request from the Administrators or such longer period as the Administrators allow.

The Directors of the Company have each provided a ROCAP as disclosed in the following table:

Director Name	Date of ROCAP Receipt
Samantha Stimpson	2 September 2020
Colin James Parselle	1 September 2020
Wayne Andrew Nagle	1 September 2020

The ROCAPs, together with the respective accompanying schedules have been lodged and copies may be obtained from ASIC. Alternatively those ROCAPs may be inspected by contacting our team by email at STATravel@deloitte.com.au.

The ROCAP represents a snapshot of the asset and liability position of a company on a going concern and forced asset realisation basis, as prepared by the directors. We provide a comparison of the ROCAP values to the estimated realisable amounts for the benefit of creditors.

The book values shown in the ROCAPs do not reflect actual returns to creditors.

The ROCAPs submitted by each of the Directors were identical and are summarised below:

\$'000	Note	Book Value	Directors' ERV
ASSETS			
Cash at bank	5.1.1	6,462	6,462
Debtors	5.1.2	33,186	13,492
Inventories	5.1.3	3	3
Plant and equipment	5.1.4	1,226	1,226
Other assets	5.1.5	33	33
Total		40,910	21,216
LIABILITIES			
Priority creditor employee entitlements	5.1.6	3,022	3,022
Unsecured creditors	5.1.7	37,625	37,625
Total		40,647	40,647
Surplus/(shortfall) to unsecured creditors		263	(19,431)

We comment on the estimated realisable values (**ERV**) included in the Directors' ROCAPs as follows:

5.1.1 Cash at Bank

The ROCAPs submitted by the Directors disclose six (6) bank accounts maintained by various financial institutions with a combined balance of \$6.5m.

Following our appointment, enquiries were made of numerous financial institutions to ascertain whether the Company held any bank accounts. Those searches confirmed that the Company operated fifteen (15) bank accounts with a combined net balance of \$1.7m as at the date of our appointment. Details of these accounts are provided in the following table:

Financial Institution	Account type	Account Number	ROCAP ERV (\$'000)	Balance as at 21 August 2020 (\$'000)
Commonwealth Bank of Australia Limited (CBA)	Cheque account	400012595825	8	8
CBA	Cheque account	400010427676	777	774
CBA	Cheque account	400010427684	N/A	66
CBA	Cheque account	400012673520	76	76
CBA	Credit card	5550059000067057	N/A	-
CBA	Cash deposit account	151555	5,500	5,500
CBA	Contingent liability	00187676	N/A	(3,400)
CBA	Contingent liability	STATRAV	N/A	(1,591)
eNett International (eNett)	Virtual account	ECN405252	95	130
eNett	Virtual account	ECN409111	N/A	133
eNett	Virtual account	ECN100124	N/A	-
eNett	Virtual account	ECN409556	N/A	-
Barclays	Cheque account	44468411	6	6
Barclays	Cheque account	48091199	N/A	-
Travel Fusion	tfPay account	Unknown	N/A	93
Total			6,462	1,702

In order to request transfer of the funds held in the Company's abovementioned pre-appointment bank accounts, we arranged for bank accounts to be setup for the voluntary administration with CBA and National Australia Bank Limited (**NAB**).

We provide the following update regarding the funds held by various financial institutions on behalf of the Company.

CBA

In our investigations we have identified two (2) key issues regarding the funds held in the Company's bank accounts maintained by CBA:

1. Liability for Creditcard Chargebacks and Bank Guarantees for leased premises

After our appointment, we were advised that CBA may have a right of offset against the funds held in the Company's pre-appointment bank accounts as a result of creditcard chargebacks claimed by STA Travel customers and for bank guarantees that support the leased retail stores. The liability of the Company to CBA in respect of creditcard chargebacks claimed by customers are recognised by the CBA as contingent liabilities which are detailed in the above bank account analysis as two (2) contingent liability accounts with a combined amount due to CBA totalling \$5m.

Over the course of our appointment, we have continued to liaise with the CBA regarding the anticipated chargeback liabilities to understand whether we may anticipate receipt of the funds held in the CBA pre-appointment bank accounts.

It is the preliminary view of CBA that funds held in the Company's pre-appointment bank accounts will be insufficient to offset the total liabilities incurred in settling customer chargebacks.

As such, we anticipate we will not receive any funds from the Company's pre-appointment bank accounts held with CBA with the exception of any payments made into those frozen bank accounts subsequent to our appointment.

2. Monies held in Trust

In our investigations we identified that the CBA bank account number 400012673520 is referred to as the '*STA Travel Trust Account*'. Whilst this bank account is referred to as a '*trust*' we understand the account was not operated as a typical '*trust*' account on behalf of customers.

We understand the Company's '*trust*' account was setup to facilitate the transfer of cash from the Company to IATA in respect of customer purchased IATA issued air tickets. In this way, IATA would conduct an automatic debit on the Company's '*trust*' account in respect of purchased tickets. On this basis, we understand the Company was not in complete control of the account to enable the establishment and continuance of a '*trust*' relationship on behalf of customers.

In addition, we note all customer monies were at some stage processed through the Company's trading account and as such, there is likely to be a co-mingling of operating cash flows and customer monies in the STA Travel trading bank account number 400010427676.

We are continuing to investigate the issues relating to the funds held in the CBA bank account and will provide customers with further updates as appropriate.

eNett

As part of our investigations, we identified that the Company maintained four (4) virtual bank accounts with eNett with a combined balance of \$263k.

We wrote to eNett to request release of these funds however, we were advised that we would need to wait 30 days before receiving these funds as eNett proceeded to apply inflight settlements and rebates.

We will continue to liaise with eNett regarding the recovery of these funds over the course of the administration.

Barclays

Following our appointment, we wrote to Barclays requesting that the balance of the Company's pre-appointment bank accounts be transferred to a new bank account setup for the voluntary administration of the Company.

We are continuing to liaise with Barclays regarding the transfer of funds however we note a freeze has been placed on the Company's accounts and as such, no debits have been charged to the Company's bank accounts subsequent to our appointment.

Travel Fusion

As part of our investigations, we identified that the Company maintained a tfPay account with Travel Fusion with a balance of \$93k as at the date of our appointment.

We wrote to Travel Fusion and were able to arrange for these funds to be deposited into a new bank account maintained for the voluntary administration with National Australia Bank Limited (**NAB**).

The receipt of these funds is disclosed in the receipts and payments attached to this report as **Appendix B**.

5.1.2 Debtors

The ROCAPs submitted by the Directors disclosed debtors with a book value of \$33m and an ERV of \$13m.

Based on our investigations to date, we understand the book value of the Company's debtors is \$35m comprising approximately 107 individual debtors.

We provide a summary of the Company's debtors as follows:

Debtor	Book Value (\$'000)
STA Travel International	19,639
IATA	9,392
Contiki	2,346
STA Travel Academic	605
Allianz	393
Carolbridge Proprietary Ltd (Carolbridge)	271
G Adventures	239
International STA Travel Group Entities (excluding STA Travel International and STA Travel Academic))	136
Other Debtors	1,631
Total	34,652

Please note that the difference between the book value of debtors disclosed in the Directors ROCAPs and the book value of debtors detailed in the above table totalling \$1.466m. The difference in these book values arises for the following reasons:

- In some cases, the Directors had set-off certain debtor and creditor claims despite the creditor potentially not having a right of offset with respect to monies payable to the Company
- The Directors' ROCAPs relied on debtor information from the Company's accounts around 30 June 2020. We were subsequently provided with additional debtor reports which disclosed a more accurate representation of the book value of debtors as at the date of our appointment.

We advise that the ERV of our debtor claims has not been included in this report as we are continuing to pursue recovery of various claims, which are commercially sensitive, and we do not want to impact on the potential recoverability of these claims.

We provide the following additional commentary regarding the Company's debtors:

STA Travel International

The Directors' ROCAPs disclose amounts payable by STA Travel International to the Company totalling \$19.6m. As detailed at section 4.3 of this report, we have been advised that the directors of STA Travel International are currently seeking to appoint external administrators and that this entity does not have significant cash resources. As such, we anticipate that these advanced funds are at significant risk of not being recoverable.

Our investigations are continuing and should circumstances change and a portion of this loan becomes recoverable, we will advise creditors accordingly.

IATA Australia

The directors' ROCAPs disclose amounts payable by IATA Australia to the Company totalling \$9.4m.

IATA represent airlines globally and act as an international clearing house for airlines and booking agents worldwide and as such, the funds held by IATA likely represent payments made on behalf of customers by STA Travel.

We are continuing to liaise with IATA regarding the release of funds held on behalf of the Company. This has also involved multiple meetings and discussions with a large number of airlines, including a significant reconciliation exercise to understand the flow of funds.

Contiki

Over the course of our appointment, we have identified that the Company has a claim against Contiki totalling \$2.3m.

In conducting our investigations, we have liaised with Contiki and understand that Contiki purport to have a number of contra-claims against the Company. We will continue to assess the validity of these claims by Contiki.

Notwithstanding the above, our preliminary analysis indicates the funds held by Contiki primarily relate to funds advanced to Contiki on behalf of lay-buy customers and amounts paid by customers in full for travel arrangements.

We are continuing to liaise with Contiki regarding our claims and will provide updates to creditors as appropriate.

STA Travel Academic

Our investigations identified that the Company has a claim against STA Travel Academic totalling \$605k. We understand this claim relates to recharge costs for employees which rendered services in operating the business of STA Travel Academic.

Despite STA Travel Academic being subject to the appointment of voluntary administrators, we understand there are high prospect of recovery of the amount owed by STA Travel Academic.

We will keep creditors informed regarding our recovery of the amounts owed by STA Travel Academic.

Allianz

The Company's records indicate that Allianz is a debtor of the Company totalling \$393k.

We understand the debtor balance relates to a number of different claims, however it is principally made up of an amount due to the Company arising from a settlement agreement executed in April 2020 in the sum of \$259k. Allianz have asserted that they have contra-claims against STA Travel.

We are continuing to liaise with Allianz to recover our claims and will provide updates to creditors as appropriate.

Carolbridge

The directors' ROCAPs disclose amounts payable by Carolbridge to the Company totalling \$271k.

In conducting our investigations, we have identified that Carolbridge is the landlord for the Company's former operating premises located at Building 10, Level 2, 658 Church Street, Richmond VIC 3121.

The claim of the Company against Carolbridge relates to an agreed contribution to fitout costs in respect of the abovementioned former operating premises.

Notwithstanding the above, we are aware that Carolbridge consider they have contra-claims in respect of unpaid rental expenses incurred by the Company prior to our appointment.

We will be liaising with Carolbridge and their legal representatives in respect of our claim and will provide updates to creditors as appropriate.

G Adventures

The Company's records indicate that G Adventures are a debtor of the Company totalling \$239k.

Our investigations have identified that G Adventures also have a series of contra-claims against the Company.

We will continue to investigate our claims and the validity of any contra-claims of G Adventures and provide an update to creditors in due course.

International STA Travel Group Entities (excluding STA Travel International and STA Travel Academic – detailed above)

Our investigations have identified that the Company has claims against various entities within the International STA Travel Group. These additional claims excluding the claims against related entities as discussed above, total \$136k.

As a result of the holding company for the International STA Travel Group, STA Travel Holding, filing for insolvency in Switzerland on 20 August 2020, we understand a number of entities within the International STA Travel Group either have or are intending to appoint external administrators.

Despite the above, we will be writing to each of the relevant related entity debtors to request repayment of amounts owing to the Company.

At this stage, we are not anticipating any recoveries from these related entity debtors however, should circumstances change and amounts be recoverable, we will advise creditors accordingly.

Other Debtors

The other debtors disclosed in the Company's records total \$1.6m and are made up of 94 individual debtors.

These debtors are in respect of various services however, they may be broadly categorised as follows:

- Commissions payable in respect of completed sales
- Payments to land suppliers in respect of tours, transport and accommodation on behalf of customers
- Marketing entitlements in respect of published advertisements.

We are continuing to investigate the other debtors and will provide further updates to creditors as appropriate.

5.1.3 Inventory

The Directors' ROCAPs disclose inventory with an ERV of \$3K.

Our investigations have identified that the inventory relates to approximately 22k International Student Identity Cards (**ISIC**) for which the Company owned serial numbers and physical identity cards which were stored at the Company's principal place of business in Melbourne.

We understand the Company's license agreement as the Australian representative of the ISIC association was cancelled shortly after STA Travel Holding filed for insolvency on 20 August 2020. As a result, the Company is unable to issue the ISIC and they have no realisable value in the liquidation.

In addition to the above, our staff would be required to collect any physical identity cards from the Company's principal place of business which we do not consider commercial when we consider the costs to arrange access to the premises.

As such, no further action will be taken regarding the Company's inventory.

5.1.4 Plant & Equipment

The Directors' ROCAPs disclose plant and equipment with an ERV of \$1.2m

We provide a breakdown of the Company's plant and equipment RATA discloses the following plant and equipment that is owned by the Company:

Plant and Equipment	Directors' ERV (\$'000)	Voluntary Administrators' ERV (\$'000)
Leasehold improvements	1,043	-
Fixtures and fittings	121	-
Office furniture	35	-
Computer equipment	27	Unknown
Total	1,226	Unknown

We provide the following additional commentary regarding the Company's plant and equipment:

Leasehold Improvements

We understand that the Company undertook various improvements to the STA Travel operating premises located across Australia and in particular at the Company's head office located at Building 10, Level 2, 658 Church Street, Richmond VIC 3121.

As detailed at section 5.1.2 of this report, we will be liaising with the landlord for the Company's former head office, Carolbridge, to pursue recovery of the agreed contribution to fitout costs totalling \$271k.

Creditors will be informed of any developments regarding recovery of the above amount from Carolbridge.

In our investigations, we have not identified any other recoverable amounts from landlords with respect to leasehold improvements.

Should these leasehold improvements become recoverable over the course of the administration, we will advise creditors accordingly.

Fixtures and Fittings, Office Furniture and Computer Equipment

Following our appointment, we arranged for Slattery Auctioneers and Valuers to attend the Company's head office located in Melbourne to ascertain the realisable value of any of the Company's equipment including but not limited to, fixtures and fittings, office furniture and computer equipment.

The valuation prepared by Slattery Auctioneers and Valuers indicated that the Company's realisable equipment had an auction value of \$17k, excluding commissions and transportation costs. This figure includes several laptops and desktop computers which are securely stored at the Administrators' office in Melbourne due to the lockdown restrictions imposed in Victoria.

In addition, we note that Slattery Auctioneers and Valuers have attended various former operating locations and we have formed the view that it is not commercial to recover these nominal assets.

We will provide creditors with an update regarding the realisation of the Company's equipment in due course.

5.1.5 Other Assets

The Directors' ROCAPs disclose a claimable GST refund for the month of August up to the date of our appointment with an estimated value of \$33k.

We understand the Company's Business Activity Statements (**BAS**) were prepared by the International STA Travel Group entity based in the United Kingdom and Romania which were responsible for maintaining the financial accounts for the Company.

Whilst the Company may be entitled to a GST refund on completion of the BAS for the month of August 2020, we have not been provided with sufficient records to enable preparation and lodgement of the BAS. We are currently liaising with staff employed by STA Travel International to procure the records pertaining to the August 2020 BAS lodgement.

We will provide creditors with an update regarding the recovery of GST refunds in due course.

5.1.6 Employee Entitlements

The Directors' ROCAPs disclosed c. 180 employees with claims against the Company totalling \$3m as outlined in the table below:

Type of Entitlement	Claim Amount (\$'000)
Wages	353
Annual leave	584
Long service leave	317
Payment in lieu of notice	628
Redundancy	1,140
Total	3,023

As a result of the Company entering into Voluntary Administration and the business subsequently closing, all 181 employees were made redundant effective 24 August 2020. A small number of staff were requested to work during their notice period (or part thereof) to assist the Administrators in winding down the business.

Over the course of our appointment, we have worked with staff that worked during their notice period to determine the employee entitlements payable by the Company. Our preliminary investigations indicate the Company's employee entitlements liabilities total \$3m as outlined in the below table:

Type of Entitlement	Claim Amount (\$'000)
Wages and commissions	191
Superannuation	109
Annual leave	510
Annual leaving loading	68
Long service leave	401
Payment in lieu of notice	564
Redundancy	1,128
Total	2,971

As you may be aware the claims of employees represent a priority unsecured creditor claim pursuant to Section 556 of the Act and accordingly, should sufficient recoveries be made over the course of the administration to enable a distribution to creditors, employee entitlements will be paid before ordinary unsecured creditor claims in the administration.

Notwithstanding the above, we note excluded employees may only claim up to \$2,000 in respect of wages and superannuation and \$1,500 in respect of leave amounts as a priority unsecured creditor claim. Any amounts owed to excluded employees above these thresholds will rank equally with ordinary unsecured creditor claims.

We note that Section 556 of the Act provides a definition for excluded employee however the term broadly refers to anyone who has been a director of the company within 12 months of commencement of the administration or any spouse or relative of the any person who has acted as a director of the company within 12 months of commencement of the administration.

We note that we have identified employee entitlements payable to one (1) excluded employee totalling \$77k. We have only included the capped amounts of the excluded employees claim in the above analysis. Details regarding the excluded employees' non-priority employee entitlements claims are detailed at section 5.1.7 of this report.

Over the course of our appointment, we have written to all employees advising of their outstanding employee entitlements as at 21 August 2020.

Details of the outstanding employee entitlements owing to the Company's former staff is provided as follows:

Outstanding wages

The Company's records indicate there is a fortnightly pay cycle outstanding for the period 8 August 2020 to 21 August 2020. Unfortunately, staff that had been stood down but receiving JobKeeper prior to the Voluntary Administration appointment are not entitled to receive outstanding wages for this period.

Separately, there were outstanding commissions owing to eligible staff for the period 1 July 2020 to 21 August 2020.

Superannuation

We have been advised that superannuation is currently outstanding to all employees for the period 25 July 2020 to 21 August 2020.

Superannuation is also payable on Payment in Lieu of Notice.

Our preliminary investigation has also identified there was an error in the Company's payroll system impacting certain staff not receiving their superannuation entitlements for June 2020 quarter and September 2020 quarter. Staff impacted by this anomaly have been notified accordingly which is included in their outstanding superannuation balance.

It is advised that superannuation entitlement figures for each former employee of the Company will be advised to the Commissioner of Taxation for inclusion in their proof of debt submission and the Commissioner of Taxation will include the superannuation guarantee charge together with superannuation contributions owing to former employees of the Company.

Annual Leave (including annual leave loading)

Employees will be entitled to all annual leave that has accrued, but which has not been taken, up to 21 August 2020. Annual leave entitlements are calculated based on the employee's ordinary rate of pay, being the employee's base pay rate for their usual hours of work and doesn't include allowances, shift loadings, penalties and overtime.

Staff employed under the General Retail Industry Award 2010 (*Cth*) are entitled to 17.5% leave loading on their outstanding annual leave entitlements.

Long Service Leave

Long Service Leave for eligible employees has been calculated in accordance with the applicable state / territory legislation.

Payment in Lieu of Notice

Employers are normally required to give a period of notice before making a position redundant and if the employer is unable to give the required notice, employees are entitled to receive Payment in Lieu of Notice (**PILN**) as was the case for the majority of staff.

Employees' PILN has been determined either by their employment contract, applicable Award or the National Employment Standards (**NES**), whichever is the greater amount.

Redundancy

Redundancy pay has been calculated at the greater of their employment contract, applicable Award or the NES. Please note casual employees are not entitled to redundancy under the NES.

5.1.7 Unsecured Creditors

The Directors' ROCAPs disclose unsecured claims totalling \$37,624,680.

We have undertaken investigations regarding the Company's unsecured creditor claims and understand the total value of these claims to be \$67m. These claims are summarised in the following table:

Type of Creditor	Estimated Number of Creditors	Estimated Claim Amount (\$'000)
Customer creditors	37,044	48,180
Fines and penalties	1	14,000
Trade creditors	267	3,855
Related entity creditors	3	759
Non-priority employee entitlements	1	77
Total	37,316	66,865

Customer Creditors

Our investigations have identified an estimated 37k customers with potential claims against the Company totalling \$48m.

We note that we are only able to estimate the total customer creditors at this stage of the administration for the following reasons:

- Customers may have completed a successful chargeback on their credit card which would mean they are not a creditor of the Company
- Customers may have arranged a refund or credit with the relevant air and land supplier directly and as such, they are not a creditor of the Company
- Customers may have re-arranged their air or land booking with the relevant supplier directly which would mean the customer will not be a creditor of the Company once they complete the re-arranged booking.

Whilst the above will result in a reduction of the total overall customer creditors, we note that there may also be a portion of customers who have not been included in our above analysis as those customer records have not been provided to us by the Company. Our investigations regarding any additional customer creditors will continue throughout the administration.

We note that despite customer creditor claims ranking below employee entitlements in the event a distribution is payable to creditors in the administration, should we recover funds which are held beneficially for customers, these recovered funds may be paid directly to the aggrieved customers rather than be distributed in accordance with Section 556 of the Act.

We will provide updates to customer creditors regarding our recoveries over the course of the administration.

Fines and Penalties

As discussed at sections 3.4, 4.2 and 4.3 of this report, on 23 April 2020, Justice O'Bryan handed down judgement in the Federal Court of Australia that STA Travel would pay the Commonwealth of Australia a pecuniary penalty in the amount of \$14m for contraventions of Australian Consumer Law.

We note that the abovementioned pecuniary penalty has not been paid and as such, this claim will rank as an unsecured creditor claim in the administration.

Trade Creditors

Our investigations have identified an estimated 267 trade creditors with claims against the Company totalling \$3.9m. This balance does not include further claims from landlords regarding possible rental arrears; forfeiture of leases and make-good costs.

The trade creditor claims against the Company generally relate to the Company's operating costs and amounts due to air and land suppliers who often have contra claims against the Company which may impact the recoverability of the Company's debtors as detailed at section 5.1.2 of this report.

Related Party Creditors

Our investigations have identified three (3) unsecured creditor claims from related party creditors of the Company. These related party creditor claims are summarised in the table below:

Creditor Name	Relationship	Debt (\$'000)
STA Travel Holding	Shareholder	663
IEP	Part of the STA Travel Group	1
International Rail Ltd	Part of the International STA Travel Group	95
Total		759

We have not been provided with documentation regarding the abovementioned related party creditor claims and as such, we are unable to confirm the dates those liabilities were incurred and what they relate to.

We have not adjudicated on any claims received from related party creditors.

We will conduct further investigations regarding related part creditor claims over the course of the administration.

Non-Priority Employee Entitlements

As detailed at section 5.1.6 of this report, employee entitlements are afforded priority above ordinary unsecured creditors claims in the event a distribution is payable. This priority is however capped for excluded employees of the Company.

We understand the Company's non-priority employee entitlements liabilities are as follows:

Type of Entitlement	Claim Amount (\$'000)
Wages and commissions	5
Superannuation	7
Annual leave	7
Payment in lieu of notice	58
Total	77

5.2 Explanations for difficulties

5.2.1 Directors' explanation

The Directors have advised that the Company's failure was caused by STA Travel Holding filing for insolvency on 20 August 2020 and the continuation of COVID-19 travel restrictions.

The insolvency of STA Travel Holdings created uncertainty regarding the ability of STA Travel International Ltd to settle the loan owing to the Company totalling \$17m which was one of the Company's largest assets.

The insolvency of STA Travel Holdings also meant that the Company could no longer rely on the letter of financial support provided as part of the preparation of the financial statements for STA Travel. Without this financial support, the Company's Auditors may have considered that STA Travel was unable to continue as a going concern.

The anticipated continuation of travel restrictions led the Company's Directors to anticipate that the Company's short-term sales would not increase and, combined with the loss of financial support from STA Travel Holdings, the Company would be unable to pay its debts as and when they fell due.

5.2.2 Administrators' opinion

In our opinion from a review of the Company's operations, correspondence and discussions with the Directors, the Company's financial difficulties were as a result of a number of factors including the following:

- The impact of COVID-19 which caused domestic and international border closures, restricting the movement of the Company's customer base. The inability to travel, decreased the total revenue generated by the Company's business, thereby reducing the available cash resources to pay debts as and when they fell due
- The judgement against the Company in favour of the ACCC which caused STA Travel to be liable for \$14m
- The insolvency of STA Travel Holdings which meant the Company no longer had access to financial support which it may have required to continue to operate as a going concern particularly to settle the judgement liability of \$14m of which \$9m was due by 1 November 2020.

5.3 Outstanding winding up applications

Our review of the ASIC records did not disclose any winding up applications filed against the Company prior to our appointment as Administrators.

5.4 Related entities

As detailed at section 5.1.7 of this report, our investigations have identified three (3) related entities with creditor claims in the administration totalling \$759k.

We will be conducting further investigations regarding the validity of these related entity creditor claims over the course of the administration.

6 Employee Entitlements and the Fair Entitlements Guarantee Scheme

6.1 Correspondence from the Administrators regarding Employee Entitlements

The Administrators have sent correspondence to all staff advising of their outstanding employee entitlements. We have requested positive confirmations from each employee confirming whether they agree with their entitlement calculations.

The information contained in this communication will assist eligible employees with their claim with the Fair Entitlement Guarantee (**FEG**) scheme, which is administered through the Attorney General's Department – Australian Government.

Should you have any queries regarding your entitlement calculations or have not received correspondence from the Administrators', please do not hesitate to contact us at STATravel@deloitte.com.au.

6.2 Fair Entitlements Guarantee Scheme

6.2.1 General Information

At this stage of the administration, it is likely that STA Travel will have insufficient funds to pay outstanding unsecured priority creditor claims in full.

Should the Company be wound up and placed into liquidation at the Second Meeting of Creditors, eligible employees should lodge a claim for assistance on certain classes of their employee entitlements with the FEG scheme.

Creditors are advised that eligible employees are only able to claim for FEG assistance should STA Travel be wound up at the Second Meeting of Creditors.

At this meeting, should a liquidator be appointed to STA Travel, the liquidator will work in conjunction with employees and the Attorney-General's Department who administer the FEG scheme to assist eligible employees with their respective claims.

Please note that the FEG scheme does not provide funds for certain classes of employee entitlements (for example, superannuation, personal/carers leave, etc.) and caps apply to other entitlement categories.

6.2.2 Assistance and Eligibility

An employee might be eligible for assistance via the FEG scheme if they:

- i. lodge an effective claim within 12 months of either the date the employee was made redundant or the date of the liquidation
- ii. the employee had lost their job due to the insolvency of the employer or was made redundant after, or within six months before, the appointment of a liquidator
- iii. are owed at least one of the entitlements eligible via the FEG scheme
- iv. an Australian citizen or the holder of a permanent visa or special category visa that allows the employee to stay and work in Australia at the time your employment ended.

An employee won't be eligible if, for example, they were a contractor; were a director of the Company within 12 months before liquidation; were a relative (as defined by the Corporations Act 2001) of an employee director of the Company within 12 months before liquidation or do not meet all of the conditions of eligibility set out in the Fair Entitlements Guarantee Act 2012 (*Cth*).

6.2.3 Financial assistance provided by the FEG scheme

Eligible employees will be able to make a claim via the FEG scheme for the following entitlements:

- i. outstanding wages – capped at 13 weeks to a maximum of the 'FEG Maximum Weekly Wage'
- ii. annual leave including leave loading
- iii. long service leave
- iv. payment in lieu of notice – capped at 5 weeks
- v. redundancy pay – capped at 4 weeks per full year of service.

The FEG scheme does not cover unpaid employer superannuation contributions required under the Superannuation Guarantee.

When calculating the amount of FEG assistance payable, the FEG maximum weekly wage is applied. The current indexed maximum weekly wage cap is \$2,451. This means that if an employee earned more than \$2,451 per week, their assistance via the FEG scheme can only be paid based on a weekly wage rate of \$2,451 per week. The remaining portion in excess of this cap is still able to be claimed in the liquidation but payment is dependent upon there being sufficient available funds in the winding-up.

Creditors are advised that the Attorney-Generals' Department will be able to make a claim in the winding-up for employee entitlements funded via the FEG scheme.

Further information regarding the FEG scheme can be found: <https://www.ag.gov.au/industrial-relations/fair-entitlements-guarantee-feg>

7 The Administrators' Actions to Date

7.1 Administrators' Actions

Following our appointment and an initial assessment of the options available, we took immediate steps to cease the Company's business operations and terminate employment of the majority of the Company's circa 180 employees. A small number of staff were initially retained to assist us in gaining an understanding of the Company's business, identifying potentially recoverable assets and securing records required to complete our investigations.

A detailed outline of tasks performed over the course of the voluntary administration will be provided to the COI within our Remuneration Report which is provided to enable the COI to consider approval of our remuneration.

Notwithstanding the above, we provide the following updates regarding key workstreams progressed over the course of the administration:

7.1.1 Potential sale and / or restructure

Key assets such as the STA brands, trademarks and IP are not held by the STA Travel Group, but rather their use was provided by way of license arrangement. We understand that these assets are held by entities ultimately controlled by DKH Holding AG.

We have tried on numerous occasions to have meaningful engagement with persons associated with DKH Holding AG, however, despite our efforts we have been unsuccessful. Without access to these assets a restructure and or a sale is unlikely to be achieved.

7.1.2 Student Air Travel Association Airline Tickets

Approximately 50% of customer air travel was booked through the STA Travel Group's proprietary Student Air Travel Association (**SATA**) platform. This platform involved individual contractual arrangements between a number of entities in the International STA Travel Group and various airlines (including many low-cost carriers).

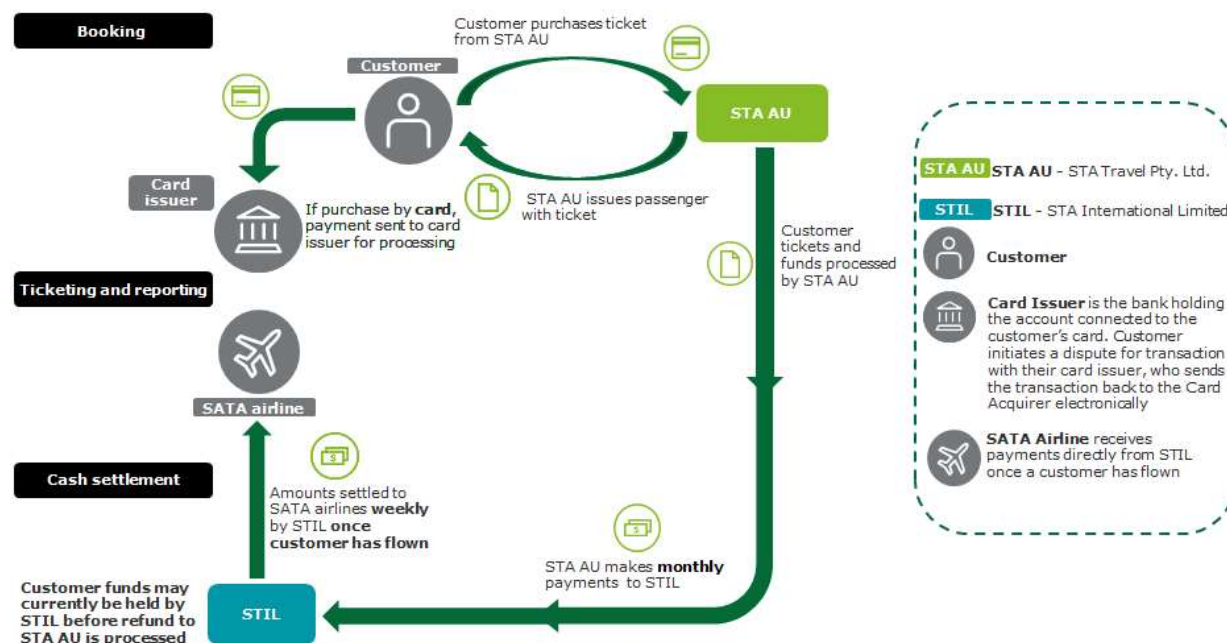
A key feature of the SATA arrangements was that it provided for the International STA Travel Group to issue tickets for travel in circumstances where the airlines only received the cash relating to those flights sometime after the passenger boarded the flight. It is for this reason, that we consider SATA air tickets as being at a greater risk of not being honoured by airlines.

SATA tickets were popular with customers as they were often more heavily discounted and more flexible than tickets provided through the alternate platform, offered by International Air Transport Association (**IATA**) a representative body of airlines globally.

As advised at the first meeting of creditors, customers who have been provided with a numbered airline ticket which starts with the digits '000' are in possession of a SATA air ticket. Further information regarding the process to confirm whether customers have a SATA ticket was provided in our most recent customer FAQ which has been uploaded to our website maintained to the STA Travel website maintained for this engagement:

<http://www.deloitte.com/au/STATravelGroupAU>

With respect to SATA air tickets, we have undertaken extensive investigations to understand which entities may be in possession of funds paid by customers. As part of our investigations, we have prepared the diagram below detailing the flow of funds from the purchase of a SATA air ticket to completion of travel by the customer:



With respect to the above diagram and the identification of customer funds, we advise the following:

- Customers would typically arrange payment to the Company for purchase of a SATA airline ticket by EFT, credit or debit cards or BPAY in which the funds were deposited into STA Travel's operating account
- The Company would complete monthly bulk transfers of funds to STA Travel International in the United Kingdom for all SATA airline tickets purchased by customers
- STA Travel International would then complete weekly bulk transfers of funds to participating SATA airlines. These bulk transfers were completed on behalf of all entities within the International STA Travel Group with the amount payable corresponding to flights that have departed during the relevant weekly payment period (i.e. the relevant customers had flown).

The following complexities exist in respect to SATA air tickets and recovering value relating to those tickets:

- STA Travel does not have funds on hand given they have been transferred to STA Travel International. We understand that STA International has limited funds and that the directors of that entity are seeking to appoint external administrators
- We understand that a number of the SATA participating airlines hold bank guarantees in their favour which may be able to be drawn to repay amounts due to those SATA participating airlines by STA Travel International. In these circumstances, the relevant airline may have received payment for SATA customers' air travel in circumstances where the customer is yet to travel. It is unclear at this stage if the airlines who may have done this intend on honouring future flights
- There would appear to have been significant co-mingling of funds within STA Travel International as the group's treasury entity making the individual position of entities within the International STA Group difficult to reconcile
- It is unclear at this stage whether STA Travel may just be an unsecured creditor of STA Travel International.

The above arrangements are complex and our attempts to expedite our analysis have been hampered by delays by certain airlines who advise they are operating with reduced staff due to COVID-19. We also understand that there is a significant volume of refunds (i.e. billions) being made globally by airlines and consequently have been advised that we should expect delays. In cases, some Airlines have initiated their own insolvency processes and restructures (e.g. Virgin Australia and Thai Airways).

Our current advice to customers remains that you should contact the airline related to your booking directly to ascertain whether the booking may be upheld, re-booked or refunded to you directly. If they are unable to assist you, we encourage you to submit a proof of debt with the Administrators at STATravel@deloitte.com.au.

We will provide SATA air ticket customers with further updates at this matter progresses.

7.1.3 International Air Transport Association (IATA) Airline Tickets

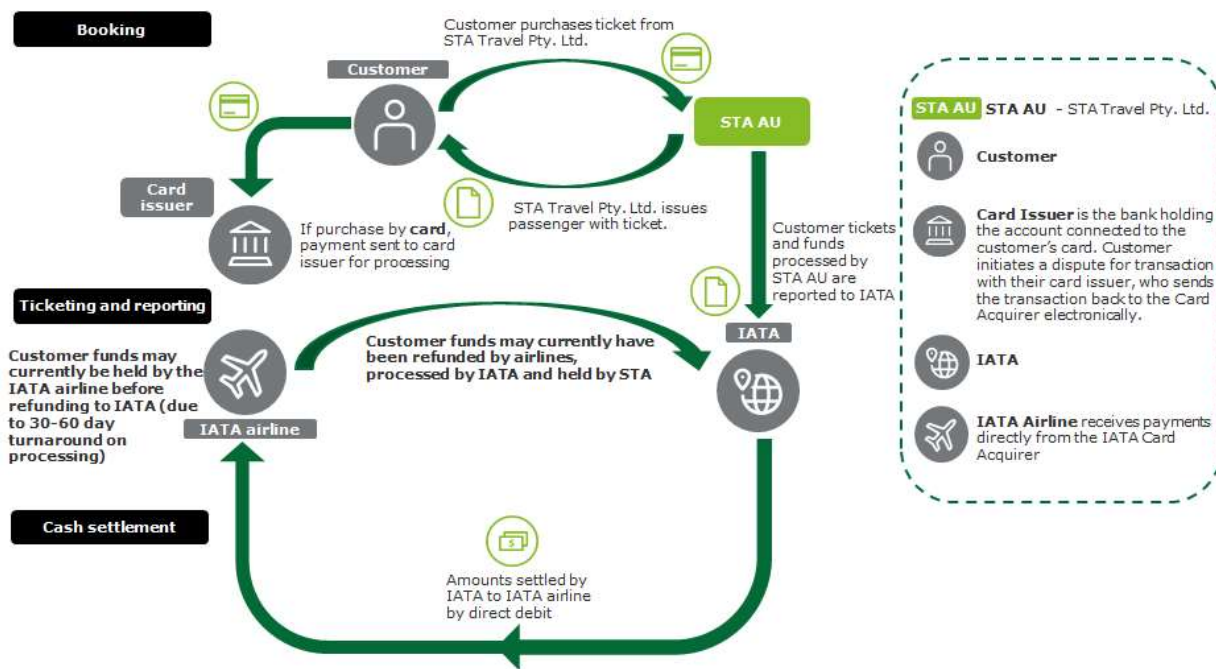
Approximately 50% of customer air travel was booked through IATA. IATA is a representative body for the world's airlines, representing approximately 290 airlines and 82% of total air traffic.

Despite IATA acting as the clearing house for the majority of transactions relating to air tickets globally, only 50% of air travel arranged by the Company historically related to IATA issued air tickets. This was the case as IATA air tickets were generally more costly than air tickets issued through the proprietary SATA air ticket system and IATA air tickets were commonly provided to customers of STA Travel at a price which would have been provided to the Company should the customer have directly arranged a ticket with the relevant airline.

As advised at the first meeting of creditors, customers who have been provided with a numbered airline ticket which starts with digits other than '000' are likely to be in possession of an IATA air ticket. Further information regarding the process to confirm whether customers have an IATA ticket was provided in our most recent customer FAQ which has been uploaded to our website maintained to the STA Travel website maintained for this engagement:

<http://www.deloitte.com/au/STATravelGroupAU>

With respect to the IATA air tickets, we have undertaken extensive investigations to understand which entities may be in possession of funds paid by customers. As part of our investigations, we have prepared the below diagram detailing the flow of funds from the purchase of an IATA air ticket to completion of travel by the customer:



With respect to the above diagram and the identification of customer funds, we advise the following:

- Customers would typically arrange payment to the Company for purchase of an IATA airline ticket by EFT, credit or debit cards or BPAY which was paid into the Company's operating account
- The Company would arrange for the funds paid by the customer to be transferred to a '*trust*' account held in the name of the Company. IATA would complete an automatic debit of funds from the Company's '*trust*' account based on advice provided by the Company relating to arranged flight bookings
- IATA would then transfer funds to the IATA participating airline on behalf of the customer.

When we consider the prospects of an IATA air ticket customer retrieving a refund of their airfares, it is important to note that the customers' funds are likely to be, in one of three locations:

1. Co-mingled in the Company's trading or '*trust*' account
2. Held in clearing accounts maintained by IATA for the Company
3. In the possession of participating IATA airlines.

We provide the following updates on funds potentially held in these locations:

Refunds in the Company's bank accounts

We have identified that the Company's trading bank account maintained with the CBA likely contains customer refunds comingled with other operating funds. We are working through this reconciliation exercise.

Whilst the Company maintained an account which was referred to as a '*trust*' account, this account maintained by the CBA was not operated functionally as a customer '*trust*' account and according to our investigations to date, the funds held in this bank account do not directly correspond to particular customers of the Company. We will be working with the CBA to undertake further investigations regarding the appropriate beneficiaries of these funds, which may require an application to the court for directions.

Refunds held by IATA

As detailed at section 5.1.2 of this report, we understand that airlines are currently holding \$9.4m on behalf of the Company.

As at the date of this report, we have not been provided with these funds via IATA however, we will confirm return of these funds and subsequently undertake steps to distribute the collected funds to the appropriate customer beneficiaries.

Refunds held by participating IATA airlines

We understand that the airlines may still be in possession of funds on behalf of customers where a customer has requested a refund and that refund was in progress as at the date of our appointment.

We have been advised that participating IATA airlines had a standard turnaround time of 30 to 60 days to process customer requested refunds and as such, if the IATA airline was processing your refund at the date of our appointment the funds may remain in the possession of the airline. However, depending on the airline there may be significant delays.

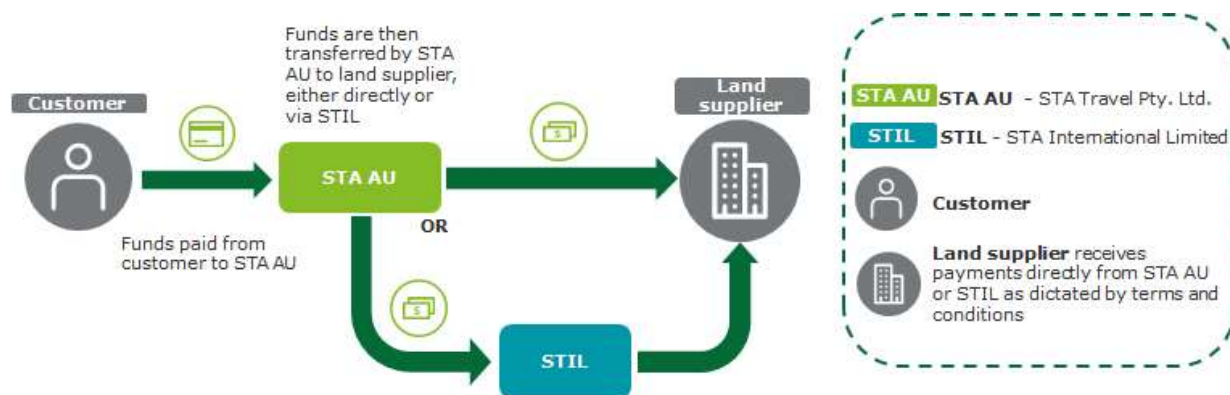
In light of our investigations regarding IATA issued air tickets, we consider there are a number of prospects of recovery of customer funds. We would advise that if customers had not requested a refund prior to our appointment that those customers contact the airlines directly to ascertain whether the booking may be upheld, re-booked or refunded to the customer directly.

We will provide IATA air ticket customers with further updates in the event we are made aware of further information.

7.1.4 Land and Other Bookings

Approximately 30% of bookings at STA Travel related to land and other bookings such as hotels and tour operators. We have found land bookings are generally more complex than flight bookings and the outcome for those impacted is likely to be determined by reference to the terms and conditions entered into by the customer and the relevant terms and conditions of the third-party land and other tour operator supplier. Again, we strongly encourage you to contact the third-party suppliers of those services.

With respect to the land bookings, we have undertaken extensive investigations to understand which entities may be in possession of funds paid by customers. As part of our investigations, we have prepared the below diagram detailing the flow of funds from purchase of land and other tour operator services:



With respect to the above diagram and the identification of customer funds, we advise the following:

- Customers would typically arrange payment to the Company for purchase of land bookings by EFT, credit or debit cards or BPAY into the Company's operating bank account
- In accordance with terms and conditions related to that third-party land and other tourism operator supplier, the Company would complete a transfer of funds to the supplier for services purchased by the Company's customers. This could occur before or after the customer had travelled
- The transfer of funds would occur in one of two ways:
 1. Directly to the land supplier
 2. Via STA Travel International, who would proceed to forward the funds paid by the customer to the land and other tourism operator supplier.

When we consider the prospects of a land and other tourism operator supplier booking customer retrieving a refund of their bookings, it is important to note that this will be subject to recoveries we are able to make.

In light of our investigations regarding land and other tourism operator supplier bookings, our current advice to customers would be to contact the third-party suppliers of those services directly, to ascertain whether the booking may be upheld, re-booked or refunded to the customer directly.

7.1.5 Communicating with Customers

One of the key focuses of the Administration is minimising the impact on customers. To this end, we have:

- Established a group mailbox (STATravel@deloitte.com.au) to collate and manage customer and creditor enquires

- Established a website (<http://www.deloitte.com/au/STATTravelGroupAU>) to provide updates to all relevant parties regarding the Administration
- Prepared two (2) frequently asked questions (**FAQs**) documents to provide quick responses to common customer queries.

Due to the volume of enquiries we are receiving, customers should expect delays in our response, and we will continue to provide updates via our website. Please be aware that due to limited funds held by the Company at the date of our appointment, we unfortunately had to make all of the Company's staff redundant. Consequently, in most cases we are unable to directly respond to each individual customer enquiry.

We are undertaking further investigations regarding the recoverability of each of these classes of tickets provided to customers as detailed in **Section 7**. We have obtained various data sets to inform our discussions and negotiations with these parties.

Additionally, we have been proactively engaging with numerous airlines, land tour operators and other third parties to try and preserve customer bookings and if appropriate recover refunds.

In our investigations, we have found land and other tourism operator bookings are generally more complex than flight bookings and the outcome for those impacted is likely to be determined in accordance with the terms and conditions related to that third party.

In undertaking these investigations and communicating with relevant key stakeholders, airlines and other tourism operators we are hoping to protect the interest of creditors however, we are unable to guarantee the return of funds. We have attended several meetings with key industry stakeholders to understand the flow of funds and how funds may be redirected to customers. We continue to work with airlines and tour operators where possible to provide them with the necessary information in this regard. We have also sought to understand the procedures for those refund requests and the right of customers to return of funds from these third parties.

7.1.6 JobKeeper Payment Scheme Refunds

The books and records of the Company specify there is an amount payable by the Commissioner of Taxation in relation to the JobKeeper payment scheme for wages that had been previously paid by the Company to eligible employees up to a limit of \$1,500 per fortnight.

Our preliminary assessment has indicated the amount to be claimed from the Commissioner of Taxation is not expected to exceed \$528,000.

The Administrators have engaged Deloitte Tax Services Pty Ltd to assist with the preparation and lodgement of this claim on behalf of the Company.

Please note the collection of funds from the JobKeeper payment scheme would be considered a circulating asset rather than funds owing to former employees as staff had previously received their respective wages for the periods claimed by the Company via the scheme.

7.1.7 CBA Correspondence and Funding

It is likely that the Company's most substantial individual creditor outside of the ACCC, will be CBA due to customers lodging chargebacks as a result of trip cancellations. We have spent a considerable amount of time working with the CBA in analysing the chargeback requests lodged by customers.

Upon our request, CBA have also provided funding for the Administration totalling \$108,606 as described in the table below:

Purpose of funding	Amount (\$)
Contribution to STA Travel employee costs	67,463
Contribution to Administrators' remuneration	41,143
Total	108,606

Customers should be aware that it is our understanding that under the relevant scheme rules, that a chargeback can be denied by the end merchant where customers are able to either receive the good or service that they paid for, or receive a refund for same. Given this, we strongly encourage customers to contact the relevant airline, land or tourism operator prior to making a chargeback request.

7.2 Administrators' Receipts and Payments

A summary of our receipts and payments for the period 21 August 2020 to 13 September 2020 is attached as **Appendix B**.

8 Investigations

8.1 Introduction

Section 438A(a) of the Act provides that as soon as practicable after an administration begins the administrators must investigate the company's business, property, affairs and financial circumstances.

Pursuant to Section 75-225 of the IPR the administrators are also required to investigate and report on any possible recovery actions that may be available to a liquidator should creditors resolve that the company be wound up.

An explanation of the possible offences by a director and insolvent and voidable transactions that a liquidator could pursue is attached at **Appendix G**. This information sheet has been prepared by ARITA and is intended to reduce the amount of generic information included as part of the body of this report. Creditors who are not familiar with the nature of offences and liquidator actions should refer to the appendix for explanations. If further explanation is required of the material contained in **Appendix G** or of our investigations, creditors should contact us.

8.2 Overview of investigation

In the time available to us, we have undertaken the following investigations to prepare this report and formulate our opinions:

- ASIC and real property searches
- Personal Property and Securities Register searches
- Review of books and records of the Company
- Review of the Company's lodgement history with the ATO
- Discussions and questionnaires completed by the Directors
- Discussions with management and staff
- Discussions with creditors
- Discussions with advisors
- Review of the financial accounts of the Company.

Whilst we have no reason to doubt any information contained in this report, we reserve the right to alter our conclusions should the underlying data prove to be inaccurate or materially change from the date of this report.

8.3 Offences by the Directors

8.3.1 Overview

We are required to complete and lodge a report pursuant to Section 438D of the Act with ASIC where it appears that a past or present officer of the company may have been guilty of an offence in relation to the company and in other limited circumstances. Any report lodged pursuant to Section 438D of the Act (or an investigative report lodged by a liquidator pursuant to Section 533 of the Act) is not available to the public.

We have undertaken a preliminary investigation of the affairs of the Company in relation to suspected contraventions of Section 180 to 184 of the Act regarding the general duties of directors and officers.

From our preliminary investigations to date we have not found that the directors have acted dishonestly and/or fraudulently in the exercise of their powers and discharge of their duties. To date, there has been no evidence that the directors have used their powers other than in the company's interest.

Notwithstanding the above, we advise that if a liquidator was appointed, further investigations would be conducted regarding the handling of customers funds to ascertain whether the Company's directors may have breached any duties in failing to adequately act as a 'trustee' in respect of customer funds. The failure to maintain a 'trust' on behalf of customers may currently be demonstrated by the comingling of funds in trading and 'trust' bank accounts.

we will continue to investigate any potential breaches of director's duties and provide creditors with updates on our investigations as appropriate.

8.3.2 Books and records

Pursuant to Section 286 of the Act, a company must keep written financial records that correctly record and explain its transactions, financial position and performance and would enable true and fair financial statements to be prepared and presented in accordance with the accounting standards.

Failure by the Company to maintain books and records in accordance with Section 286 of the Act provides a rebuttable presumption of insolvency of the company; however, this only applies in respect of a liquidator's application for compensation for insolvent trading and other actions for recoveries pursuant to part 5.7B of the Act from related entities.

In our opinion, it appears as though the books and records have been maintained in accordance with Section 286 of the Act.

8.4 Preliminary assessment of solvency (Section 588G)

The Act states that 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. A company that is not solvent is insolvent. Accordingly, the test for insolvency is not a balance sheet test but rather a cash flow test.

Directors have a positive duty to prevent a company from trading whilst it is insolvent pursuant to Section 588G of the Act. If a director is found to have contravened Section 588G of the Act they may be ordered to pay an amount of compensation to the company equal to the amount of loss or damage suffered by creditors as a result of the contravention.

Information about possible insolvent trading is relevant to creditors when making a decision about the future of the company as directors of the company may generally only be pursued for insolvent trading if the company is in liquidation.

As with our voidable transaction analysis, creditors have to assess the advantages to them of a DOCA, which cannot include proceeds from insolvent trading actions, compared to the likely return in a liquidation, which could include the proceeds of any successful insolvent trading action.

In considering the history of the Company outlined in this report as it relates to the question of the Company's solvency position, we make the following observations:

- The Company's financial statements prepared for FY16 to FY18 have all been prepared on a going concern basis with the Company's Auditor, EY providing unmodified audit opinions in respect of the Company's financial statements for each of those financial years
- On 26 June 2020, EY provided an unmodified audit opinion in respect of the financial statements prepared for the period 1 January 2019 to 31 December 2019. Whilst EY's independent report included an emphasis of matter regarding the ability of the Company to continue as a going concern, EY was satisfied that the letter of financial support from the Company's parent, STA Travel Holding, dated 23 June 2020 was sufficient to alleviate concerns regarding the Company's ability to realise assets and discharge liabilities in the normal course of business
- On 20 August 2020, the Company's parent, STA Travel Holding, filed for insolvency in Switzerland. As a result of filing for insolvency, the Company's parent could no longer provide the financial support that was confirmed would be provided should the Company be unable to realise assets and discharge liabilities in the normal course of business
- On 21 August 2020, the Directors of the Company placed the Company into voluntary administration as they concluded that without the financial support of the Company's parent, the Company's Directors considered STA Travel was either currently insolvent or likely to become insolvent
- As detailed in section 4.2 of this report, we understand that during FY20YTD certain staff positions had been either made redundant, staff had been stood down or were requested to reduce their working hours due to the impact of COVID-19 on the travel industry thereby limiting the total liabilities being incurred by the Company
- In response to the COVID-19 pandemic, the Government implemented COVID-19 Safe Harbour provisions which included the Coronavirus Economic Response Package Omnibus Bill 2020. Among other measures, the bill inserted Section 588GAAA into the Act which granted temporary relief for financially distressed businesses. This temporary relief included protection for directors from potential personal liability for insolvent trading.

We have also considered the following indicia of insolvency, as outlined in ASIC's Regulatory Guide 217: Duty to prevent insolvent trading: Guide for directors.

Indicia	Present in the Company?	Note
Continuing losses	Yes	Refer to section 4.2 of this report
Liquidity ratios below 1	Yes	Refer to section 4.4 of this report
Overdue Commonwealth and State taxes	No	
Poor relationship with financier	No	
Inability to raise further equity capital	No	
Suppliers placing company on Cash on Delivery (COD), or otherwise demanding payments before resuming supply	No	
Deterioration in creditors unpaid outside trading terms	No	
Issuing of post-dated cheques	No	
Dishonoured payments	No	
Special arrangements with selected creditors	No	
Solicitors' letters, summonses, judgements or warrants issued against the company	Yes	Judgement awarded in favour of the ACCC for \$14m. Refer to section 4.2 and 4.3 of this report
Payments to creditors of rounded sums not reconcilable to specific invoices	No	

Indicia	Present in the Company?	Note
Inability to produce timely and accurate financial information to display the company's trading performance and financial position and make reliable forecasts	No	

While there are a small number of insolvency indicators in the Company, we do not consider these to be significant. The solvency of the Company is based on its ability to meet its debts as they fall due and based on the facts and circumstances, we consider it likely that that Company was able to meet its debts as and when they fell due (and in fact did) up to 20 August 2020 when the Company's parent, STA Travel Holding filed for insolvency.

We understand that the Directors immediately sought legal advice regarding the solvency of the Company following the Company's parent, STA Travel Holding filed for insolvency given the Company would no longer be in a position to rely on the letter of support dated 23 June 2020 from STA Travel Holding.

If a liquidator were appointed, further investigations into the Company's directors for breaches of their duties to prevent insolvent trading will be conducted, in particular investigations will be undertaken relating to the level of due diligence performed by the directors and EY around the letter of support from STA Travel Holding and whether the level of reliance placed upon it was reasonable. If it is established that a director has breached his or her duties to prevent the Company from incurring debts whilst it was insolvent, a liquidator could recover from those directors an amount equal to the loss that has been suffered by the creditors whose debts remain unpaid.

If a liquidator chooses to pursue an insolvent trading action, creditors are prevented from taking their own action against the director(s) for compensation. If a liquidator does not choose to take any action in this regard, a creditor may commence proceedings on its own behalf but only with the consent of the liquidator or the Court.

Given that we have formed the preliminary view that the Company was not insolvent until 20 August 2020, we do not consider an insolvent trading claim (even if successful) likely to realise any material benefit to creditors.

8.5 Voidable transactions

The Act requires an administrator to specify whether there are any transactions that appear to the administrator to be voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act.

This issue is relevant to creditors if they are being asked to choose between a DOCA and liquidation, because voidable transactions are only able to be challenged if liquidation occurs.

Voidable transactions include:

- Unfair preferences (Section 588FA)
- Uncommercial transactions (Section 588FB)
- Insolvent transactions (Section 588FC)
- Unfair loans (Section 588FD)
- Unreasonable director-related transactions (Section 588FDA)
- Related party transactions (Section 588FE(4))
- Arrangements to avoid employee entitlements (Section 596AB)
- Transactions with the purpose of defeating creditors (Section 588FE(5))
- Voidable security interests (Section 588FJ).

It is important to note that some transactions are only voidable if they are considered insolvent transactions of the Company. In order for a liquidator to recover any amount it would first be necessary to establish that the Company was in fact insolvent at the time of the transaction.

Generally, such actions are expensive and must be litigated in Court. As such, should there be inadequate funds available, or the liquidators consider it uncommercial or not in the creditors' best interests, recovery actions may not be commenced by a liquidator (if appointed).

In these circumstances, creditors wishing to fund any actions may do so. Should funds be recovered from these actions, the creditors providing the funding may be entitled to receive their contribution in priority to other creditors.

Alternatively, a liquidator may assign a right to sue to any interested third party pursuant to Section 100-5 of the Insolvency Practice Schedule (Corporations) 2016 (**IPS**). This enables the liquidator to quickly realise something for the benefit of creditors without the time, cost and risks associated with pursuing the legal action. Any person to whom the right to sue is assigned is free to pursue the legal action at their own expense and will receive the full benefit of any court order that may result.

Litigation funding and/or insurance may also be available to fund actions. However, such funding is generally only available where legal advice indicates that there is a strong potential for success.

8.5.1 Unfair Preferences Payments (Section 588FA)

These are transactions between a company and a creditor resulting in the creditor receiving more than the creditor would receive if the transactions were set aside and the creditor claimed for this amount in the winding-up. Any such voidable transactions must arise in the period beginning six months prior to the relation back date and ending on the date of commencement of the administration, that is, for the period 21 February 2020 through 21 August 2020.

In order to recover an unfair preference payment, a liquidator will need to prove that creditors knew or should have known that the Company was insolvent at the time the payments were made.

As detailed at section 8.4 of this report, our current investigations indicate that the Company was not insolvent until 20 August 2020 and as such, there is a limited period during which the Company may have entered into any unfair preference payments.

Our current investigations indicate that the Company was not insolvent until 20 August 2020 when the parent company for the International STA Travel Group, STA Travel Holdings, filed for insolvency in Switzerland. This filing meant the Company could no longer rely on the letter of financial support that had been executed by representatives of STA Travel Holdings in June 2020.

Accordingly, our preliminary investigations indicate that there have been no unfair preference payments to creditors of the Company.

In the event a liquidator is appointed to the Company, further investigations will be conducted regarding potential unfair preference payments.

8.5.2 Uncommercial Transactions (Section 588FE)

These are transactions entered into that a reasonable person would not have entered into having regard to the benefit to the company, the detriment to the company and the benefit to the other parties involved in the transaction. In this instance, it is not necessary for a creditor to be a party to the transaction. Such transactions are only voidable if the company was insolvent at the time of the transaction.

As detailed at section 8.4 of this report, our current investigations indicate that the Company was not insolvent until 20 August 2020 and as such, there is a limited period during which the Company may have entered into any uncommercial transactions.

Notwithstanding the above, we have identified payments totalling \$129m by the Company to STA Travel International which require further investigation. Further details regarding these payments are provided at section 8.5.5 of this report.

In the event a liquidator is appointed to the Company, further investigations will be conducted regarding potential uncommercial transactions.

8.5.3 Unfair Loans (Section 588FD)

These transactions are those representing loans made to the Company where interest or other charges on the loan were extortionate. These transactions can be recovered regardless of when they were entered into.

Our investigations have not identified any unfair loans however, if a liquidator was appointed, further investigations may be conducted regarding unfair loans.

8.5.4 Unreasonable Director-Related Transactions (Section 588FDA)

These are transactions that a reasonable person in the Company's circumstances would not have entered into having regard to the benefit to the Company (and other parties to the transaction) and the detriment to the Company. These transactions may be void if they occurred within four years of the relation back day.

Our preliminary investigations have not identified any potential unreasonable director related transactions, however should a liquidator be appointed to the Company, further investigations will be conducted regarding potential unreasonable director-related transactions.

8.5.5 Related Party Transactions (Section 588FE(4))

These transactions are those representing insolvent transactions (unfair preferences or uncommercial transactions) with a related party within four years prior to the relation back day.

In conducting our investigations, we have identified that the Company entered into a number of transactions with related entities. We have summarised these inflows and outflows between the Company and related entities for the period 1 August 2018 to 21 August 2020 in the below table:

Transactions with STA Travel International	Amount (\$'000)
Payments from STA Travel to STA Travel International	132,750
Receipts received by STA Travel from STA Travel International	3,750
Net Payments by STA Travel to STA Travel International	(129,000)

We provide the following comments regarding the net payments totalling \$129m by the Company to STA Travel International:

- As detailed at section 7.1.1 of this report, when providing SATA air tickets to customers, the Company would transfer funds on behalf of their customers to STA Travel International on a weekly basis. These payments were in the ordinary course of business and as such, are unlikely to constitute preferential or uncommercial related party transactions
- We understand the directors of STA Travel International are in the process of placing STA Travel International into external administration and as such, STA Travel International is unlikely to have sufficient assets to repay any claim.

If a liquidator is appointed, further investigations will be conducted with respect to the abovementioned transactions and any other potential related party transactions.

8.5.6 Transactions with the Purpose of Defeating Creditors (Section 588FE(5))

These transactions are those representing insolvent transactions (unfair preferences or uncommercial transactions) entered into for the purpose of defeating, delaying or interfering with rights of creditors within ten years prior to the commencement of the liquidation.

Our investigations have not identified any transactions entered into for the purposes of defeating creditors however, if a liquidator was appointed, further investigations would be required.

8.5.7 Discharging a Debt of a Related Entity (Section 588FH)

These transactions represent voidable transactions which have the effect of discharging liabilities due to the insolvent Company by a related entity.

Our investigations have not identified any payments to discharge liabilities due to the Company by a related entity however, if a liquidator was appointed, further investigations may be conducted regarding potential recovery actions.

8.5.8 Arrangements to Avoid Employee Entitlements (Section 596AB)

These arrangements refer to agreements or transactions entered into by a company with the intention to avoid or prevent recovery of employee entitlements or significantly reduce those employee entitlements.

Our investigations have not identified any transactions entered into by the Company with the intention of avoiding or preventing recovery of employee entitlements or significantly reducing those employee entitlements.

8.5.9 Circulating security interests created within Six Months (Section 588FJ)

In certain circumstances security interests registered within six (6) months of the appointment may be voidable as against the appointment of an administrator.

Our investigations have not identified any circulating security interests created with six (6) months of the date of our appointment.

8.6 Holding Company liability

Section 588V of the Act states that a holding company is liable for the debts of its subsidiary where the subsidiary is insolvent, and:

- The holding company and one or more of its directors were aware it was insolvent; or
- It is reasonable to expect the holding company or its directors would have been aware that the subsidiary was insolvent.

As the holding company, STA Travel Holding, was required to provide a letter of financial support to enable the Company's financial statements to be prepared on a going concern basis, there is reasonable basis to assume the holding company and its directors were aware that the Company was or would become insolvent.

Notwithstanding, the holding company, STA Travel Holding, filed for insolvency on 20 August 2020 and as such, any claim against the holding company pursuant to Section 588V of the Act would rank as a claim in the insolvency of STA Travel Holding.

8.7 Directors' personal financial positions

The financial position of directors and their ability to compensate for any damages awarded against them in the event proceedings were undertaken by a liquidator is relevant to the consideration of the commerciality of further action.

Due to time constraints, our investigations have been limited to public information, information provided by the Directors, or authorised by the Director to be disclosed by third parties.

In conducting our investigations, we have identified that some of the Directors of the Company have real property registered in their names. In the event proceedings were commenced and awarded against those Directors, these real property interests may be realised to provide compensation for the claims arising from the liquidation of the Company.

In the event a liquidator is appointed, further investigations would be required to assess the financial capacity of the Directors to repay any claims made against them in the liquidation.

8.8 Limitation of investigations

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

- Representations by the Directors
- The details of the Company's assets and liabilities as established by our office
- The books and records of the Company, up to 21 August 2020, that have been made available to the Administrators.

9 Estimated Return

9.1 Estimated Return from Winding Up

We have prepared the following analysis of the likely realisations in the event the Company is placed into liquidation:

\$'000s	Report Ref	Liquidation High	Low
Assets			
Cash at Bank	5.1.1	Unknown	Unknown
Debtors	5.1.2	Withheld	Withheld
Inventories	5.1.3	-	-
Plant and equipment	5.1.4	Unknown	Unknown
Other assets	5.1.5	33	-
JobKeeper recoveries	7.1.5	528	528
Funding provided by CBA	7.1.6	>109	109
Total Assets		>637	637
Other Realisations			
Liquidators' Recovery Actions	8	Unknown	-
Total Other Realisations		Unknown	-
Costs of External Administration			
Voluntary Administrators' Remuneration	10	965	965
Voluntary Administrators' Expenses		150	150
Liquidators' Remuneration		Unknown	Unknown
Liquidators' Expenses		Unknown	Unknown
Total Costs of External Administration		>1,115	>1,115
Funds Available for Distribution to Creditors		Unknown	Unknown
Creditor Claims			
Priority employee creditors:			
Wages and superannuation	5.1.6	247	247
Leave entitlements	5.1.6	980	980
PILN and redundancy	5.1.6	1,692	1,692
Unsecured creditors:			
Customer creditors	5.1.7	48,180	48,180
Fines and penalties	5.1.7	14,000	14,000
Trade creditors	5.1.7	3,855	3,855
Related entity creditors	5.1.7	759	759
Non-priority employee entitlements	5.1.7	77	77
Total Creditor Claims		69,790	69,790
Distribution to Creditors			
Priority employee creditors		-	-
Unsecured creditors		-	-
Total Distribution to Creditors		-	-
Return (cents in the dollar)			
Priority Employee Creditors		Unknown	Unknown
Unsecured Creditors		Unknown	Unknown
Customer		Unknown	Unknown

The values included in the return to creditor's summary are discussed below.

9.1.1 Optimistic scenario

These values have been included on the basis that there is potential for an increased recovery or realisation above that of a pessimistic position for specific assets. Where there are two estimates of the value of an asset, the higher value has been included in the optimistic calculations. Achieving these values is subject to a number of factors that would arise during the realisation process. This includes various market forces affecting the value of each asset, including the interest in each asset and the general economic status at the time of sale.

9.1.2 Pessimistic scenario

The values included in this calculation are considered the lower possible values recoverable from the specific assets of the company. These amounts have been calculated by either discounting for a reduced return or where two values were provided for an asset, the lower value was included.

Again, the realisations will be subject to costs and also fluctuations in various other factors outlined in the previous section.

9.1.3 Outcome for creditors and customers

At this stage of the administration it is very difficult to estimate what the outcome will be for creditors and customers. Please be aware that we have:

- Withheld the realisable value of a number of potentially recoverable assets so as to not jeopardise our efforts to recover those assets (i.e. they are commercially sensitive)
- If we receive monies from certain debtors which are deemed to be held on trust for customers, the relevant customer creditors will be those beneficiaries of those funds rather than the general body of creditors pursuant to Section 556 of the Corporations Act.

10 Administrators' Opinion

10.1 Introduction

The following options are available to creditors to decide:

- The Company execute a deed of company arrangement; or
- The administration end; or
- The Company be wound up.

Our opinions on each option and our reasons for our opinions are discussed below.

10.2 The Company execute a DOCA

As we have not received a DOCA proposal, we cannot recommend this course of action for the Company.

10.3 The administration should end

Based on our analysis, the Company is presently insolvent and unable to pay its debts as and when they fall due. Ending the administration would not be in the best interests of creditors and would expose the Directors to the possibility of liability for insolvent trading. Accordingly, we cannot recommend that the administration end and control be returned to the Directors.

10.4 The Company be wound up

As there is no proposed DOCA and we consider the Company to be presently insolvent, we recommend that creditors place the Company into liquidation.

10.5 Recommendation

In our opinion, creditors would be best served if the Company is wound up.

We reserve the right to change our recommendation to creditors should a DOCA proposal be received subsequent to the date of this report.

Should we receive any new information relevant to creditors between issuing this report and the date of the creditors meeting; a summary will be made available on our website maintained for the STA Travel Group which can be accessed via the following link:

<http://www.deloitte.com/au/STATravelGroupAU>

10.5.1 Other Material Information

We are not aware of any other information that is materially relevant to creditors being able to make an informed decision on the Company's future.

11 Remuneration

As detailed at section 2.2 of this report, we have written to the members of the COI to request a meeting via videoconference on Monday, 21 September 2020 to inform the COI on the progress of the Administration. The Administrators' will also propose for the members of the COI to consider approving our remuneration for the conduct of the Voluntary Administration.

We note that we intend to request the COI to approve our remuneration for the Voluntary Administration as follows:

Period	Amount \$ (Excl GST)
Current remuneration approval sought:	
Voluntary Administration	
Resolution 1: 21 August 2020 to 13 September 2020	580,196.00
Resolution 2: 14 September 2020 to the conclusion of the Voluntary Administration*	385,000.00
Total – Voluntary Administration	965,196.00
*Approval for the future remuneration sought is based on an estimate of the work that is necessary. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors. However, should a lower amount be incurred, only this amount will be charged to the administration.	

We will provide an update to creditors regarding our remuneration at the second meeting of creditors to be held at **12:00pm (AEST) on 25 September 2020**.

For further information regarding Administrators remuneration and the remuneration approval process, please refer to the Information Sheet – Approving Fees: a guide for Creditors, a copy of which is attached as **Appendix H**.

12 Meeting

Pursuant to Section 439A(3) of the Act and Section 75-225 of the IPR, we have attached a notice convening the second meeting of creditors to be held via videoconference at **12:00pm (AEST) on 25 September 2020** (see Form 529 enclosed as **Appendix C**).

Please note that due to the threat of COVID-19, and consistent with government policy on gatherings, all creditors are expected to attend by electronic means, and no physical place of meeting will be made available.

At this meeting creditors will be asked to resolve whether:

- The Company execute a deed of company arrangement; or
- The administration end; or
- The Company be wound up.

At this meeting, creditors will also consider whether a COI should be appointed for the liquidation of the Company.

The role of the COI is to consult with the Liquidators about matters relevant to the liquidation and receive and consider reports from the Liquidator. The COI can also require the Liquidator to report to them about the liquidation. It may also approve the Liquidators' fees.

At times, the Liquidator may call upon this COI for assistance. It is a voluntary role and the COI are not remunerated for their time.

All creditors that have a just estimate of their claim with the Company, are entitled to stand for COI membership to represent the interests of all creditors. However, to operate efficiently, the COI should not be too large.

If you wish to nominate for the COI, please fill in the COI Nomination form attached to this report as **Appendix F** and return same with the proof of debt and/or proxy form.

Attendance at this meeting is not compulsory. Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy must be made in accordance with Form 532 (copy attached as **Appendix D**).

A special proxy can be lodged showing approval or rejection of each resolution. Proxy forms or facsimiles thereof must be lodged with the Administrators prior to the commencement of the meeting. Where a facsimile copy of a proxy is sent, the original must be lodged with the Administrators within 72 hours after receipt of the facsimile. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairman of the meeting, prior to the commencement of the meeting.

Please note that a creditor is required to lodge a proof of debt or claim (copy attached as **Appendix E**) to be entitled to vote at the second meeting of creditors, if they have not already done so. A creditor will not be able to vote at the meeting unless a proof of debt or claim is lodged with us by **5:00pm (AEST) on Thursday, 24 September 2020**.

If a creditor wishes to rely upon the proof of debt or claim that they lodged with us at the first meeting of creditors, held on 2 September 2020, they must make reference to that proof of debt or claim when submitting a proxy, or when registering to attend the second meeting of creditors.

We trust creditors find this report informative and useful. In the event you have any queries regarding the contents of this report, or the administration in general, please do not hesitate to contact our team by email at STATravel@deloitte.com.au.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Jason Tracy', with a stylized, flowing script.

Jason Tracy
Joint and Several Administrator

Appendix A – DIRRI

Declaration of Independence, Relevant Relationships and Indemnities

STA Travel Pty. Ltd. ACN 004 801 512
STA Travel Academic Pty Limited ACN 626 947 046
IEP Pty Limited ACN 069 168 412
(All Administrators Appointed)
(STA Travel Group or the Companies)

This document requires the Practitioners appointed to an insolvent entity to make declarations as to:

- A. their independence generally;
- B. relationships, including
 - (i) the circumstances of the appointment;
 - (ii) any relationships with the company and others within the previous 24 months;
 - (iii) any prior professional services for the company within the previous 24 months;
 - (iv) that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of ourselves, our partners and Deloitte Financial Advisory Pty Limited (**Deloitte**).

1. Independence

We, Jason Tracy and Timothy Norman of Deloitte have undertaken a proper assessment of the risks to our independence prior to accepting the appointments as administrators of the Companies in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting these appointments.

2. Declaration of Relationships

i Circumstances of appointment

This appointment was referred to us by Maddocks.

We had two (2) meetings with the Companies officers on 20 August 2020. Details of those meetings are as follows:

Date of Meeting	Attendees	Purpose of Meeting
20 August 2020	Jason Tracy, Deloitte Holly McVeigh and Wayne Andrew Nagle, directors of certain entities of the STA Travel Group	<ul style="list-style-type: none"> Receive details of the opportunity and information regarding the STA Travel Group to conduct relevant conflict searches for the potential engagement Discuss the current financial position of the STA Travel Group.
20 August 2020	Jason Tracy, Deloitte Holly McVeigh and Wayne Andrew Nagle, directors of certain entities of the STA Travel Group	<ul style="list-style-type: none"> Obtain sufficient information about the STA Travel Group to agree and accept the appointment Clarify and explain the nature of the engagement Confirm ability to act as Voluntary Administrators to the STA Travel Group.

We received no remuneration for advice provided at any of the abovementioned meetings.

In our opinion these meetings do not affect our independence as the meetings were in the nature of a pre-appointment discussion and were limited to the financial position of the Companies. During the meetings advice was limited to verbal discussions of the potential options available. It is our opinion that these meetings does not present a conflict or impediment as we do not consider ourselves to be bound to provide services to the Companies in relation to this matter or in any way obligated to deliver a favourable outcome to any party, nor will the advice provided be subject to review and challenge during the course of the voluntary administration. The Courts and the ARITA's Code of Professional Practice specifically recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment.

We have provided no other information or advice to the directors of each of the Companies or any other advisors prior to our appointment beyond that outlined in this DIRRI.

ii Relevant Relationships (excluding Professional Services to the Company)

We, or a member of our firm, have, or have had within the preceding 24 months, a relationship with:

Name	Nature of relationship	Reasons why this relationship does not result in a conflict of interest
Maddocks	Referral from law firm	<p>We believe this referral does not result in a conflict of interest because:</p> <ul style="list-style-type: none"> We have undertaken a number of appointments which have been referred to us by Maddocks in the usual course of business.

		<ul style="list-style-type: none"> • We are not paid any commissions, inducements or benefits by Maddocks to undertake any appointments. • There is no arrangement between us and Maddocks that we will give any work arising out of the Administration to Maddocks. • There is no relationship with Maddocks which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment.
Barclays Bank Plc (Barclays)	<p>Barclays holds an ALLPAAP over the whole of the property of the STA Travel Pty. Ltd.</p> <p>Deloitte has provided assurance and advisory, and tax services to Barclays.</p>	<p>We do not consider previous engagements for Barclays to present a conflict as there is no arrangement between us that we will give any work arising out of the administration to them.</p> <p>The provision of assurance and advisory, and tax services to Barclays brings about a commercial relationship that in our opinion does not present a conflict or impediment as it does not impact upon the position of the Companies.</p> <p>We are not paid any commissions, inducements or benefits to undertake any engagements with Barclays and do not consider ourselves to be bound or in any way obligated to deliver a favourable outcome to any party.</p> <p>Therefore there is no relationship with Barclays which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment.</p>

Group Appointment

As specified on page 1, we have been appointed as Voluntary Administrators of 3 (three) companies in the STA Group Globally. In addition, our colleagues from Deloitte New Zealand, David Webb and Colin Owens, have been appointed as Voluntary Administrators of the following entities domiciled in New Zealand which also form part of the STA Group Globally:

- NNS New Zealand Limited, NZBN 9429030962675
- STA Travel (NZ) Limited, NZBN 9429039765437
- IEP New Zealand Limited, NZBN 9428038165436

We are of the view that our appointment as Voluntary Administrators to multiple entities within the STA Group Globally together with our colleagues from Deloitte New Zealand's appointment to other entities within the STA Group Globally provides practical benefits for the conduct of the Voluntary Administrations, particularly in that this will enable an accurate view to be obtained of the financial position of the group as a whole. We are aware that there may be inter-company transactions within the group but at this time we are not aware of any potential conflicts arising from our appointment over the Companies. However, if in the future any inter-company dealings give rise to a conflict then we undertake to disclose any such conflicts to the creditors and, if required, seek Court directions as to the appropriate means of resolving the conflict among members of the group.

iii Prior Professional services to the Company

Neither we, nor our firm, have provided any professional services to the Companies in the previous 24 months.

iv Other relevant relationships to disclose

We, consider it appropriate to disclose the following other relevant relationship:

Name	Nature of relationship	Reasons why this relationship does not result in a conflict of interest
Virgin Australia Holdings Limited and associated entities (the Virgin Group)	The Companies are creditors of the Virgin Group which are currently subject to Voluntary Administration. The Voluntary Administrations of the Virgin Group are being conducted by other Partners of our Firm.	<p>We believe this relationship does not result in a conflict of interest because:</p> <ul style="list-style-type: none"> • The Voluntary Administrations of the Virgin Group are being conducted by the following Partners of our Firm: <ul style="list-style-type: none"> ◦ Vaughan Strawbridge ◦ Richard Hughes ◦ John Greig ◦ Salvatore Algeri • Those Partners have not been appointed nor will they have any involvement in the Voluntary Administrations of the Companies. • The appointment of the other Partners of our Firm as Voluntary Administrators to the Virgin Group will not impact our ability to lodge its full claim for debts due to the Companies in the Virgin Group administration thus entitling the Companies to receive any dividend that may be ultimately be declared. <p>Should any situation arise in which we consider this other relevant relationship may give rise to a conflict of interest, we will advise creditors and seek Court directions as to the appropriate means of resolving the conflict.</p>

With the exception of the above, there are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Companies, an associate of the Companies, a former insolvency practitioner appointed to the Companies or any person or entity that has security over the whole or substantially whole of the Companies' property that should be disclosed.

3. Indemnities and up-front payments

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute and we have not received any up-front payments in respect of our remuneration or disbursements.

Dated this 25th day of August 2020



Jason Tracy
Joint and Several Administrator



Timothy Norman
Joint and Several Administrator

Note:

1. If circumstances change, or new information is identified, we are required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with my/our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components 2 and 3 of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

Appendix B – Receipts and Payments

STA Travel Pty. Ltd. (Administrators Appointed)
ACN 004 801 512
(the Company)

Summary of receipts and payments		Amount
For the period 21 August 2020 to 13 September 2020		\$ (ex GST)
Receipts		
Cash at bank		92,829
External funding (CBA)		67,463
Total receipts		160,292
Payments		
Wages	-	28,996
Total payments	-	28,996
Funds on hand as at 13 September 2020		131,296

Appendix C – Notice of Meeting of Creditors

NOTICE OF MEETING OF CREDITORS
STA Travel Pty. Ltd. ACN 004 801 512
(Administrators Appointed)
(the Company)

Notice is given that a meeting of the creditors of the Company will be held at the offices of Deloitte, Level 9, Grosvenor Place, 225 George Street, Sydney NSW 2000 via video conference at **12:00PM (AEST) on Friday, 25 September 2020.**

Due to the threat of COVID-19, and consistent with government policy on gatherings, a virtual meeting will be held. All creditors are expected to attend by electronic means, and no physical place of meeting will be made available.

Attendance at this meeting is not compulsory.

Should you wish to attend the meeting and you would like to vote, you must complete the relevant forms and return these to my office by 5:00pm on Thursday, 24 September 2020 via email to STATravel@deloitte.com.au.

Otherwise, you may be considered an observer and you will not be able to vote.

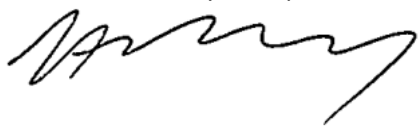
Details for the videoconference will be provided once we receive the completed relevant forms and you have registered online. The online registration form can be accessed from the below link:
statravel-registrationform.deloitte.com.au

Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy must be made in accordance with the approved form.

AGENDA

1. To receive a Report on Company Activities and Property.
2. To receive a statement to creditors by the directors, explaining the circumstances leading up to the Administration.
3. To receive the report of the Administrator.
4. Questions from creditors.
5. For creditors to resolve:
 - a. that the Company execute a Deed of Company Arrangement; or
 - b. that the administration should end; or
 - c. that the Company be wound up.
6. If the company is wound up, to consider appointing a Committee of Inspection.
7. Any other business that may be lawfully brought forward.

Dated this 17th day of September 2020.



Jason Tracy
Joint and Several Administrator

PLEASE READ CAREFULLY
ATTENDANCE AT SECOND MEETING OF CREDITORS

Attendance

Attendance at this meeting is not compulsory.

Should you wish to attend the meeting and you would like to vote, you must complete the relevant forms and return these to my office by 5:00pm on Thursday, 24 September 2020 via email to STATravel@deloitte.com.au.

Otherwise, you may be considered an observer and you will not be able to vote.

Details for the videoconference will be provided once we receive the completed relevant forms and you have registered online. The online registration form can be accessed from the below link:
statravel-registrationform.deloitte.com.au

Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy must be made in accordance with the approved form.

Relevant forms

Annexure	Form	Information	Who should complete
F	532 – Appointment of proxy	This form is required to be completed for each creditors meeting (i.e. proxies completed for previous meetings are not valid at this meeting). A specific proxy can be lodged showing approval or rejection of each resolution.	Non-individual creditors (companies, trusts etc.) who want to be represented must appoint an individual to act on its behalf by executing a proxy form. Individuals may choose to appoint a proxy/representative to vote on their behalf by executing a proxy form. If an individual is attending in person a proxy form is not required.
G	535 – Proof of debt	This form is required to register your claim against the Companies. In order to vote at the meeting, a creditor needs to have completed a proof of debt to register a claim. Documents to substantiate your claim (e.g. invoices) must also be provided. There is no requirement to resubmit a proof of debt form unless the amount claimed has changed.	All creditors

Entitlement to vote at meetings of creditors

1. A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
2. Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
3. A person is not entitled to vote as a creditor at a meeting of creditors unless:
 - a) his or her debt or claim has been admitted wholly or in part by the external administrator; or
 - b) he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim: i) those particulars; oror
 - 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
- the person is not an insolvent under administration or a person against whom a winding up order is in force.

Appendix D – Proxy Form

APPOINTMENT OF PROXY
CREDITORS MEETING

STA TRAVEL PTY. LTD.
(ADMINISTRATORS APPOINTED)
ACN 004 801 512 ("the Company")

*I/*We ⁽¹⁾	
Of	
being a creditor of the Company, appoint ⁽²⁾ or in his or her absence	
to vote for me/us on my/our behalf at the meeting of creditors to be held via video conference at 12:00pm (AEST) on Friday, 25 September 2020 , or at any adjournment of that meeting.	

Please mark any boxes with ☐ X

Proxy Type: ☐ General ☐ Special

	For	Against	Abstain
Resolution 1 To consider and if thought fit, pass the following resolution (choose ONE of a, b or c): a) "That the Company execute a Deed of Company Arrangement." b) "That the Administration end." c) "That the Company be wound up and Jason Mark Tracy and Timothy Bryce Norman be appointed Joint and Several Liquidators."	<input style="width: 40px; height: 30px; border: 1px solid black;" type="checkbox"/> <input style="width: 40px; height: 30px; border: 1px solid black;" type="checkbox"/> <input style="width: 40px; height: 30px; border: 1px solid black;" type="checkbox"/>	<input style="width: 40px; height: 30px; border: 1px solid black;" type="checkbox"/> <input style="width: 40px; height: 30px; border: 1px solid black;" type="checkbox"/> <input style="width: 40px; height: 30px; border: 1px solid black;" type="checkbox"/>	<input style="width: 40px; height: 30px; border: 1px solid black;" type="checkbox"/> <input style="width: 40px; height: 30px; border: 1px solid black;" type="checkbox"/> <input style="width: 40px; height: 30px; border: 1px solid black;" type="checkbox"/>
Resolution 2 "That a committee of inspection be formed and the following persons form the committee of inspection: • • • • • • "	<input style="width: 40px; height: 30px; border: 1px solid black;" type="checkbox"/>	<input style="width: 40px; height: 30px; border: 1px solid black;" type="checkbox"/>	<input style="width: 40px; height: 30px; border: 1px solid black;" type="checkbox"/>

DATED this day of 2020.

Signature

CERTIFICATE OF WITNESS

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

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

Dated:

Signature of Witness:

Description:

Place of Residence:

* Strike out if inapplicable

(1) If a firm, strike out "I" and set out the full name of the firm.

(2) Insert the name, address and description of the person appointed.

Appendix E – Proof of Debt Form

INFORMAL PROOF OF DEBT FORM

Section 600G
Regulation 5.6.47
Corporations Act 2001

STA TRAVEL PTY. LTD.
(ADMINISTRATORS APPOINTED)
ACN 004 801 512

Name of creditor:

Address of creditor:

ABN:

Telephone number:

Amount of debt claimed: \$..... (including GST \$.....)

Consideration for debt (i.e, the nature of goods or services supplied and the period during which they were supplied):

.....

.....

.....

Is the debt secured? YES/NO

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

.....

.....

Other Information:

☐ I am **not** a related creditor of the Company*

☐ I am a related creditor of the Company¹

relationship:

*Related Party / Entity: Director, relative of Director, related company, beneficiary of a related trust.

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

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

☐ Attached

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

RECEIVE REPORTS BY EMAIL

Do you wish to receive all future reports and correspondence via email? Yes ☐ No ☐

Email:

Signature of Creditor
(or person authorised by creditor)

Dated

Notes:

Under the Insolvency Practice Rules (Corporations) (IPR) 75-85, a creditor is not entitled to vote at a meeting unless:

- his or her claim has been admitted, wholly or in part, by the Joint and Several Administrators; or
 - he or she has lodged with the Joint and Several Administrators particulars of the debt or claim, or if required, a formal proof of debt.
- At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security (IPR 75-87).

Proxies must be made available to the Joint and Several Administrators.

Appendix F – Committee of Inspection Nomination Form

Insolvency Practice Schedule (Corporations) s80-15

**NOMINATION FOR PROPOSED COMMITTEE OF INSPECTION
STA Travel Pty. Ltd. ACN 004 801 512
(Administrators Appointed)
(the Company)**

At the meeting of creditors to be held on Friday, 25 September 2020, a resolution will be proposed to determine whether to form a committee of inspection (**COI**) for the liquidation of the Company. Should the creditors decide in favour, a COI will be duly formed. In this regard, we are seeking nominations from creditors of the Company to be appointed to the COI. If you would like to nominate yourself/your company to be appointed to the COI, please complete the details below and return this form no later than **5pm Thursday, 24 September 2020**.

Duties and obligations of committee members:

Please read the attached information sheet prepared by the Australian Restructuring Insolvency & Turnaround Association (**ARITA**) which we would normally send after a creditor has been appointed, however, in this case, we are sending it prior to your nomination as it provides important information about the role and powers of a COI.

<input type="checkbox"/>	I am a creditor of the Company in the amount of \$_____ and have duly lodged a claim in the administration. I have read the information provided and understand my duties and obligations should I be appointed to the proposed committee
--------------------------	---

Name of creditor:	
Creditor address:	
Contact name:	
Position:	
Email Address:	
Contact number:	

Return to: STAtavel@deloitte.com.au

Information Sheet: Committees of Inspection

You have been elected to be, or are considering standing for the role of, a member of a Committee of Inspection (COI) in either a bankruptcy or personal insolvency agreement (collectively referred to as a regulated debtor's estate).

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

What is a COI?

A COI is a small group of creditors elected to represent the interests of creditors in the regulated debtor's estate. The COI advises and assists the trustee and also has the power to approve and request certain things – this is discussed in more detail below.

Membership of the COI is a voluntary, unpaid position.

Who can be elected to a COI?

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

- A creditor
- The attorney of a creditor
- A person authorised in writing by a creditor; or
- A representative of the Commonwealth where an advance has, or is likely to be made, to meet employee entitlements.

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

A COI usually has between 5 and 7 members, though it can have more or less depending on the size of the regulated debtor's estate.

A member of a COI can be appointed by:

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

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

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

What are the roles and powers of a COI?

A COI has the following roles:

- to advise and assist the trustee
- to give directions to the trustee
- to monitor the conduct of the regulated debtor's estate.

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

A COI also has the power to:

- approve remuneration of the trustee after the trustee has provided the COI with a Remuneration Approval Report (a detailed report setting out the remuneration for undertaking the regulated debtor's estate)
- require the trustee to convene a meeting of the company's creditors
- request information from the trustee
- approve the return of books and records of the bankrupt or debtor (collectively referred to as the regulated debtor) to the regulated debtor at the end of the administration
- with the approval of the trustee, obtain specialist advice or assistance in relation to the conduct of the regulated debtor's estate
- authorise the payment to a third party for services ordinarily provided by the trustee
- apply to the Court for the Court to enquire into the regulated debtor's estate.

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

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

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

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

A request for information is unreasonable if:

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

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

A trustee must inform the COI if their meeting or information request is not reasonable and the reason why.

How does the COI exercise its powers?

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

A meeting is convened by the trustee by giving notice of the meeting to the members of the COI. Meetings of the COI can be convened at short notice.

The trustee must keep minutes of the meeting.

The Inspector-General in Bankruptcy is entitled to attend any meeting of a COI.

What restrictions are there on COI members?

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

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

Where can you get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding regulated debtor estates and insolvency.

This information is available from ARITA's website at artia.com.au/creditors.

AFSA provides information on a range of personal insolvency topics. This information can be accessed on AFSA's website at www.afsa.gov.au.

Appendix G – ARITA Information Sheet on Offences, Recoverables and Insolvent Trading

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.
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.

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.

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. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

Liquidators have the power to reclaim '*unreasonable payments*' made to directors by companies prior to liquidation. The provision relates to 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.

Appendix H – ASIC Information Sheet – Approving fees: A guide for creditors



ASIC

Australian Securities & Investments Commission

ASIC Guide for

INFORMATION SHEET 85

Approving fees: A guide for creditors

If a company is in financial difficulty, it can be put under the control of an independent external administrator.

This information sheet (INFO 85) gives general information for creditors on the approval of an external administrator's fees in a liquidation of an insolvent company, voluntary administration or deed of company arrangement (the fees of a receiver are fixed by the secured creditor that appoints the receiver and are not discussed in this information sheet). It outlines the rights that creditors have in the approval process.

It covers:

- entitlement to fees and costs
- who may approve fees
- calculation of fees
- initial remuneration notice
- report on proposed fees
- deciding if fees are reasonable
- reimbursement of out-of-pocket costs
- queries and complaints

Entitlement to fees and costs

A liquidator, voluntary administrator or deed administrator (i.e. an 'external administrator') is entitled to be:

- paid reasonable fees, or remuneration, for the necessary work they properly perform, once these fees have been approved by creditors, a committee of inspection or a court
- reimbursed for out-of-pocket costs incurred in performing their role.

External administrators are only entitled to an amount of fees that is reasonable for the necessary work that they and their staff properly perform in the external administration. What is reasonable will depend on the type of external administration and the issues that need to be resolved. Some are straightforward, while others are more complex.

External administrators must undertake some tasks that may not directly benefit creditors. These include reporting potential breaches of the law and lodging with ASIC a detailed listing of receipts

and payments, known as an annual administration return, annually on the anniversary of their appointment and at the end of their administration.

The external administrator is entitled to be paid for completing these statutory tasks.

Note: If the external administration commenced prior to 1 September 2017, the external administrator will continue to lodge the six-monthly Form 524 Presentation of accounts and statement until the six-month period ending on the first anniversary of their appointment date. Thereafter, they will lodge the annual administration return (AAR Form 5602).

Out-of-pocket costs that are commonly reimbursed include:

- legal fees
- valuer's, real estate agent's and auctioneer's fees
- stationery, photocopying, telephone and postage costs
- retrieval costs for recovering the company's computer records
- storage costs for the company's books and records.

Creditors have a direct interest in the level of fees and costs, as the external administrator will generally be paid from the company's available assets before any payments to creditors. If there are not enough assets, the external administrator may have arranged for a third party to pay any shortfall. As a creditor, you should receive details of such an arrangement. If there are not enough assets to pay the fees and costs, and there is no third party payment arrangement, any shortfall is not paid.

Who may approve fees

An external administrator's fees must be approved by one of the following ways:

- by resolution of creditors
- by a committee of inspection (if there is a committee of inspection) if no resolution has been passed by creditors
- by the court if neither the creditors nor a committee of inspection have passed a resolution.

Note: An external administrator in a members' voluntary winding up must have fees approved by a resolution of the company, or the court.

The external administrator must provide sufficient information to enable the relevant decision-making body to assess whether the fees are reasonable.

If fees are not approved by the relevant decision-making body, the liquidator is entitled to be paid reasonable fees up to a maximum of \$5,000 excluding GST (indexed annually).

Creditors' approval at a creditors' meeting

Creditors can approve fees by passing a resolution at a creditors' meeting. Unless creditors call for a poll, the resolution passes if a simple majority of creditors present and voting, in person or by proxy, indicates that they agree to the resolution.

If a poll is taken, rather than a vote being decided on the voices, a majority in number and value of creditors present and voting must agree. A poll requires the votes of each creditor to be recorded.

A separate resolution of creditors is required for approving fees for an administrator in a voluntary administration and an administrator of a deed of company arrangement, even if the administrator is the same person in both administrations.

A proxy is where a creditor appoints someone else to represent them at a creditors' meeting and to vote on their behalf. A proxy can be either a general proxy or a special proxy. A general proxy allows the person holding the proxy to vote as they wish on a resolution, while a special proxy directs the proxy holder to vote in a particular way.

A creditor will sometimes appoint the external administrator as a proxy to vote on the creditor's behalf. An external administrator, their partners or staff must not use a general proxy to vote on approval of their fees; they must hold a special proxy in order to do this. They must vote all special proxies as directed, even those against approval of their fees.

Creditors' approval without a creditors' meeting

Instead of convening a creditors' meeting, the external administrator can put proposals to creditors by giving notice in writing.

This notice must be given to each creditor who would be entitled to receive notice of a meeting and:

- include a statement of the reasons for the proposal and the likely impact the proposal will have on creditors
 - invite the creditor to either:
 - vote 'yes' or 'no' for the proposal
- object to the proposal being resolved without a meeting
- specify a reasonable time for creditors' replies to be received by the external administrator.

To vote on the proposal, a creditor must lodge details of your debt or claim with the external administrator and complete the voting documents provided by the external administrator.

Creditors can vote 'yes' or 'no' on the proposal or object to the proposal being resolved without a creditors' meeting. You should return your response to the external administrator within the time specified in the notice which must be at least 15 business days after the notice is given to creditors.

A resolution is passed if the majority of creditors in number and value who responded to the notice voted 'yes' and if not more than 25% in value of the creditors who responded objected to the proposal being resolved without a creditors' meeting.

The external administrator should provide creditors enough information to allow them to make an informed decision about the proposal. A creditor should contact the external administrator to obtain further information if they think it necessary for them to make a decision.

The external administrator must lodge with ASIC the outcome of the proposal. A copy of the outcome of the proposal may be obtained by searching the ASIC registers and paying the relevant fee.

Committee of inspection approval

If there is a committee of inspection, the committee of inspection can approve an external administrator's fees. In approving the fees, the members represent the interests of all creditors or employees, not just their own individual interests.

A committee of inspection makes its decision by a majority in number of its members present at a meeting, but it can only act if a majority of its members attend.

To find out more about committees of inspection and how they are formed, see Information Sheet 45 Liquidation: A guide for creditors (INFO 45), Information Sheet 74 Voluntary administration: A guide for creditors (INFO 74) and Information Sheet 41 Insolvency: A glossary of terms (INFO 41).

Calculation of fees

Fees may be calculated using one of a number of different methods, such as:

- on the basis of time spent by the external administrator and their staff
- a quoted fixed fee, based on an upfront estimate
- a percentage of asset realisations.

Charging on a time basis is the most common method. If an external administrator seeks approval for charging wholly or partly on a time basis, and the work is yet to be carried out, the approval sought must include a maximum limit ('cap') on the amount of remuneration the external administrator is entitled to receive. For example, future fees calculated according to time spent may be approved on the basis of the number of hours worked at the rates charged (as set out in the provided rate scale) up to a cap of \$X. If the work involved then exceeds this figure, the external administrator will have to ask the creditors/committee to approve a further amount of fees, after accounting for the fees already incurred.

The external administrator and their staff will record the time taken for the various tasks involved, and a record will be kept of the nature of the work performed.

External administrators have a scale of hourly rates, with different rates for each category of staff working on the external administration, including the external administrator. If the external administrator intends to charge on a time basis, you should receive a copy of these hourly rates soon after their appointment and before you are asked to approve the fees. It is important to note that the hourly rates do not represent an hourly wage for the external administrator and their staff. The external administrator is running a business – an insolvency practice – and the hourly rates will be based on the cost of running the business, including overheads such as rent for business premises, utilities, wages and superannuation for staff who are not charged out at an hourly rate (such as personal assistants), information technology support, office equipment and supplies, insurances, taxes, and a profit.

External administrators are professionals who are required to have qualifications and experience, be independent and maintain up-to-date skills. Many of the costs of running an insolvency practice are fixed costs that must be paid, even if there are insufficient assets available to pay the external administrator for their services. External administrators compete for work and their rates should reflect this.

These are all matters that committee members or creditors should be aware of when considering the fees presented. However, regardless of these matters, creditors have a right to question the external administrator about the fees and whether the rates are negotiable.

It is up to the external administrator to justify why the method chosen for calculating fees is an appropriate method for the particular external administration. As a creditor, you also have a right to question the external administrator about the calculation method used and how the calculation was made.

Initial remuneration notice

The external administrator must send creditors a notice setting out the following information if they propose to seek fee approval for the external administration:

- the method by which they seek to be paid

- the rate of fees
- an estimate of the expected amount of total fees
- the method how out-of-pocket costs will be calculated
- a brief explanation of the different methods to calculate fees
- an explanation why they chose the particular fee method by which they seek to be paid
- if a time-cost basis was chosen, the hourly rates of the external administrator and other staff who will work on the external administration.

This initial remuneration notice must be sent to creditors:

- in a voluntary administration – at the same time as the notice of the first meeting of creditors is sent
- in a court liquidation – within 20 business days after the liquidator's appointment
- in a voluntary liquidation – within 10 business days after the day of the meeting at which the resolution to wind up the company is passed.

Report on proposed fees

When seeking approval of fees, the external administrator must send creditors/committee members a report setting out:

- a summary description of the major tasks performed, or likely to be performed
- the costs associated with each of these tasks and the method of calculation of the costs
- the periods when funds will be drawn to pay the fees
- an estimated total amount, or range of amounts, of total fees
- an explanation of the likely impact the fees will have on any dividends to creditors
- such other information that will assist in assessing the reasonableness of the fees claimed.

Creditors/committee members may be asked to approve fees for work already performed or an estimate of work yet to be carried out. For more on the tasks involved, see INFO 45 and INFO 74.

Deciding if fees are reasonable

If asked to approve an amount of fees, your task is to decide if that amount of fees is reasonable, given the work carried out in the external administration and the results of that work.

In addition to the information the external administrator must provide to you before seeking approval of fees, you may find the following additional information from the external administrator useful in deciding if the fees claimed are for necessary work properly performed and reasonable:

- an explanation of why the work performed was necessary
- the size and complexity (or otherwise) of the external administration
- the value and nature of the property dealt with
- the level of risk or responsibility involved with the external administration
- whether there are any extraordinary issues that were required to be dealt with
- the amount of fees (if any) that have previously been approved

- if the fees are calculated, in whole or in part, on a time basis:
 - the period over which the work was or is likely to be performed
 - the time spent by each level of staff on each of the major tasks performed or likely to be performed
 - if the fees are for work that is yet to be carried out, whether the fees are capped.

If you need more information about fees than is provided in the external administrator's report, you should let them know before the meeting at which fees will be voted on.

What can you do if you think the fees are not reasonable?

If you do not think the fees claimed are reasonable, you should raise your concerns with the external administrator. It is your decision whether to vote in favour of, or against, a resolution to approve fees.

Generally, if creditors or a committee of inspection approves fees and you wish to challenge this decision, you may apply to the court and ask the court to review the fees.

You may wish to seek your own legal advice if you are considering applying for a court review of the fees.

As well as a court review of the external administrator's fees, creditors (by resolution of creditors) or one or more creditors (with the external administrator's consent) can appoint a registered liquidator to carry out a review of fees and/or costs incurred by the external administrator of the company.

Note: A creditor can also apply to ASIC in the approved form for it to appoint a reviewing liquidator (see Form 5605 Application for ASIC to appoint a reviewing liquidator).

This review is limited to:

- remuneration approved within the six months before the reviewing liquidator is appointed
- costs or expenses incurred during the 12-month period before the reviewing liquidator is appointed (unless the external administrator agrees to a longer period).

The reviewing liquidator must be a registered liquidator. A creditor who wishes to appoint a reviewing liquidator must approach a registered liquidator to get a written consent from that person that they would be prepared to act as reviewing liquidator. The person must also make a written declaration about any relationships they or their firm may have that might affect their independence to act as reviewing liquidator.

The external administrator and their staff, must cooperate with the reviewing liquidator.

If creditors pass a resolution to appoint the reviewing liquidator, the reviewing liquidator's costs form part of the expenses of the external administration of the company. If one or more of the creditors appoint the reviewing liquidator with the consent of the external administrator, the reviewing liquidator's costs are borne by the creditor(s) appointing the reviewing liquidator.

Reimbursement of out-of-pocket costs

An external administrator should be very careful incurring costs that must be paid from the external administration – as careful as if they were dealing with their own money. Their report on fees must also include information on the out-of-pocket costs of the external administration.

Out of pocket expenses (or disbursements) can be categorised into:

- external services or costs such as legal fees, valuation fees, travel, accommodation and search fees
- internal services or costs such as photocopying, printing and postage.

External costs are usually charged at cost and do not require prior approval of creditors.

Internal costs may be charged at a rate higher than actual cost in order to recover overheads and similar costs. In instances where costs are charged at a rate higher than cost, the external administrator will need to obtain creditor approval before being reimbursed.

When seeking approval of out-of-pocket expenses, the external administrator must send creditors/committee members a report setting out:

- a summary description of the out-of-pocket expenses
- how they were calculated
- the total amount the external administrator is seeking reimbursement for
- why the expenses were necessary.

Creditors/committee members may be asked to approve reimbursement of out-of-pocket expenses for expenses already incurred or an estimate of expenses to be incurred.

If the expenses are yet to be incurred, a maximum limit ('cap') should be placed on the amount that the external administrator may incur and reimbursed for.

Queries and complaints

You should first raise any queries or complaints with the external administrator. If this fails to resolve your concerns, including any concerns about their conduct, you can lodge a report of misconduct with ASIC – see How to complain.

Lodging your report of misconduct online ensures the quickest response from ASIC to your concerns.

ASIC usually does not become involved in matters of an external administrator's commercial judgement.

Reports of misconduct against companies and their officers can also be made to ASIC.

If you cannot report misconduct online to ASIC, you can contact us on 1300 300 630.

Where can I get more information?

For an explanation of terms used in this information sheet, see Information Sheet 41 Insolvency: A glossary of terms (INFO 41). For more on external administration, see the related information sheets listed in Information Sheet 39 Insolvency information for directors, employees, creditors and shareholders (INFO 39).

Further information is available from the Australian Restructuring Insolvency & Turnaround Association (ARITA) website. The ARITA website also contains the ARITA Code of Professional Practice for Insolvency Practitioners.

Important notice

Please note that this information sheet is a summary giving you basic information about a particular topic. It does not cover the whole of the relevant law regarding that topic, and it is not a substitute for professional advice. You should also note that because this information sheet avoids legal language wherever possible, it might include some generalisations about the application of the law. Some provisions of the law referred to have exceptions or important qualifications. In most cases your particular circumstances must be taken into account when determining how the law applies to you.

This is Information Sheet 85 (INFO 85), updated on 1 September 2017. Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

The entity named herein is a legally separate and independent entity. In providing this document, the author only acts in the named capacity and does not act in any other capacity. Nothing in this document, nor any related attachments or communications or services, have any capacity to bind any other entity under the 'Deloitte' network of member firms (including those operating in Australia).

About Deloitte

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's approximately 200,000 professionals are committed to becoming the standard of excellence.

About Deloitte Australia

In Australia, the member firm is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia's leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 6000 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at www.deloitte.com.au.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

© 2020 Deloitte Touche Tohmatsu