



9 January 2019

Pizzata Direct Pty Ltd (In Liquidation)
ACN 088 767 355
Formerly trading as 'The Fruit Basket'
("the Company")

Christian Sprowles and I were appointed Joint and Several Liquidators of the Company by a special resolution of the members of the Company passed at a duly convened meeting on 2 November 2018.

Our investigations and the books and records of the Company indicate that you may be a creditor of the Company.

Please find enclosed Initial Report to Creditors of the Company dated 22 November 2018.

If you are not a creditor of the Company, please disregard this notice.

Dated this 9 January 2019

Michael Hogan
Joint & Several Liquidator

**Initial information for creditors
Pizzata Direct Pty Ltd (In Liquidation)
A.C.N 088 767 355 ("the Company")**

The purpose of this document is to provide you with information about the liquidation of Pizzata Direct Pty Ltd and your rights as a creditor.

We will write to you within three months of our appointment (second report) advising whether a dividend is likely and an update on the progress of our investigations, including but not limited to the following:

- Recovering and selling any available property;
- Investigating the Company's affairs; and
- Reporting to the corporate regulator, the ASIC.

We may write to you again with further information on the progress of the liquidation however creditors are welcome to contact our office to obtain an update on the progression of the liquidation.

1. Information for creditors

1.1 Notification of appointment

Christian Sprowles and I were appointed Joint and Several Liquidators of the Company by special resolution of the members of the company passed at a duly convened meeting on the 2 November 2018.

A copy of our Declaration of Independence, Relevant Relationships and Indemnities ("DIRRI") is attached as **Annexure A**. The DIRRI assists you to understand any relevant relationships that we have, and any indemnities or upfront payments that have been provided to us. We have considered each relationship and it is our opinion that none of the relationships disclosed in the DIRRI result in a conflict of interest or duty or affect our independence.

1.2 What is a creditors' voluntary liquidation?

A creditors' voluntary liquidation ("CVL"), is a liquidation initiated by the Company where it is unable to pay all of its creditors in full. This means that the Company is insolvent.

According to the Company's records, you may be a creditor of the Company.

1.3 What happens to your debt?

All creditors of the Company are now creditors in the liquidation. As a creditor, you have certain rights, although your debt will now be dealt with in the liquidation. Information regarding your rights as a creditor is provided in the information sheet included at **Annexure B**. This includes your right to:

- Make reasonable requests for a meeting;
- Make reasonable requests for information; Give directions to me;
- Appoint a reviewing liquidator; and
- To replace me as liquidator.

If you have leased the Company property, have a retention of title claim or hold a Personal Property Security in relation to the Company, please contact our staff as soon as possible.

Creditors can request a meeting in the first 20 business days of a creditor's voluntary liquidation as long the request is reasonable. The details of the procedures and whether a request is reasonable is included in the Information Sheet at **Annexure B**.

2. Summary of the Company's affairs & list of creditors

2.1 Creditor Details

Attached is a copy of the Form 509 at **Annexure C** completed by the Company Director which provides an estimate of the assets and liabilities of the Company at the date of our appointment.

We attach at **Annexure D** a list of creditors, including their address and the estimated amounts of their claims, that are shown in the records of the Company. We are required to provide this information to creditors under law.

Claims for employee entitlements are afforded a priority over the unsecured creditors of the Company pursuant to section 556 of the Corporations Act 2001. Details of the estimated return to all classes of creditors will be provided in our second report to creditors.

2.2 Estimated Return to Creditors

At this stage we are unable to advise on the estimated return to the Company's unsecured creditors, but a return will be contingent on the successful sale of the business and recovery actions.

A detailed position statement and estimate of the return to each class of creditor will be provided in our Statutory Report to Creditors.

3. Liquidation update

3.1 Background of the Company

The Company was incorporated on 22 July 1999 and operated a fresh fruit and vegetable shop in Western Australia. The Company ceased to trade around FY15 following the sale of the business.

At the date of this report, the only known creditor is the Australian Taxation Office ("ATO"). At the date of our appointment, the ATO is owed \$50,295 arising from income tax payable for the FY16 period.

4. Costs of the liquidation

Included at **Annexure E** is our Initial Remuneration Notice. This document provides you with information about how we propose to be paid for undertaking the liquidation.

We may write and ask that you approve our remuneration for the work that we and our firm do in completing the liquidation. If we do, we will provide you with detailed information so that you can understand what tasks we have undertaken and the costs of those tasks.

We are seeking approval of our proposed remuneration, without a meeting of creditors, via the following circular resolutions:

- Approve the future remuneration of the Liquidators for \$12,000 exclusive of GST (**Annexure F**);
- Approve the future disbursements of the Liquidators for \$500 exclusive of GST (**Annexure G**).

We have been indemnified for our fees for an amount of \$5,000 from the Director of the Company.

Detailed relating to the approval of our proposed remuneration are included in the following attachments:

Annexure H is the Proof of Debt Form

Annexure I is the ARITA Information Sheet: Proposals without meeting

Annexure J is a copy of my Estimated Liquidator Remuneration Report

The Australian Restructuring Insolvency and Turnaround Association ("ARITA") provides information to assist creditors with understanding liquidations and insolvency.

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

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

Should you have any questions in relation to this matter, please contact Jonas Wu via phone (02) 8020 5857 or via email Jwu@hogansproawles.com.au of this office.

DATED this 22nd day of November 2018

Pizzata Direct Pty Ltd



Michael Hogan
Joint & Several Liquidator

Attachments

Annexure A	Declaration of Independence, Relevant Relationships and Indemnities
Annexure B	Information Sheet - Creditor Rights in Liquidation
Annexure C	Form 509 Presentation of summary of affairs of a company
Annexure D	List of Creditors
Annexure E	Initial remuneration notice
Annexure F	Proposal 1: Notice of Proposal to Creditors regarding Liquidators remuneration
Annexure G	Proposal 2: Notice of Proposal to Creditors regarding Liquidators disbursements
Annexure H	Proof of Debt form
Annexure I	ARITA Information Sheet: Proposals without meeting
Annexure J	Estimated Liquidators Remuneration Report

Declaration of Independence, Relevant Relationships and Indemnities

PIZZATA DIRECT PTY LTD (IN LIQUIDATION)
ACN 088 767 355 ("the Company")

This document requires the Practitioner/s 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 Pizzata Direct Pty Ltd and others within the previous 24 months;
 - iii any prior professional services for the with Pizzata Direct Pty Ltd 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 myself, my partners and HoganSprowles.

A. Independence

We, Christian Sprowles and Michael Hogan of HoganSprowles have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Joint & Several Liquidators of Pizzata Direct Pty Ltd 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 this appointment.

B. Declaration of Relationships

i Circumstances of appointment

The appointment was referred to us by Alex Clark, a registered trustee of Aravanis who forwarded the job from the Company's accountant, Thad Bochat from L Jeffery Accountants.

The reason we believe this referral does not result in the Liquidators having a conflict of interest or duty are:

- Referral from business advisors including lawyers and accountants are common place and do not impact on our independence in carrying out our duties as Liquidators of the Company;
- Referrals from this source are not a significant percentage of our business and we are by no means dependent on referrals from this source.

Michael Hogan was engaged by Alex Clark and Thad Bochat regarding the liquidation of the Company on 12 October 2018.

We received an indemnity of \$5,000 to commence the liquidation of the Company.

In our opinion these conversations do not affect our independence for the following reasons:

- The ARITA (formerly IPA) Code of Professional Practice and the Courts recognises the need for practitioners to provide advice on the insolvency process and the options available and we do not consider that such advice results in a conflict or is an impediment to accepting the appointment; and
- The nature of the advice provided to the Company is such that it would not be subject to review and challenge during the Liquidation; and
- The nature of the pre-appointment advice provided to the Company will not influence our ability to fully comply with the statutory and fiduciary obligations associated with the Liquidation of the Company in an objective and impartial manner.

We have provided no other information or advice to the Company or its director prior to our appointment beyond that outlined in this DIRRI.

ii Relevant Relationships (excluding Professional Services to the Insolvent)

We, nor our firm, have, or have had within the preceding 24 months, any relationships with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has security over on the whole or substantially whole of the Company's property.

iii Prior Professional Services to the Insolvent

We, nor our Firm, have provided any professional services to the Company in the previous 24 months.

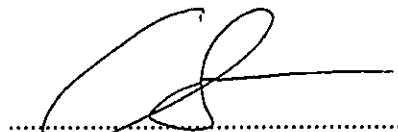
iv No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has a valid and enforceable security interest on the whole or substantially whole of company's property that should be disclosed.

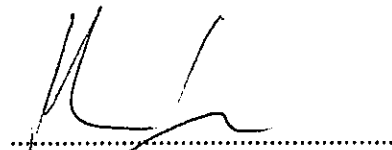
C. Indemnities and up-front payments

We have not been indemnified in relation to this liquidation, 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: 22 November 2018



Christian Sprowles
Joint & Several Liquidator



Michael Hogan
Joint and Several Liquidator

NOTE:

1. *If circumstances change, or new information is identified, I am/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 B and C 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.*

Creditor Rights in Liquidations

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



Right to request a meeting

In liquidations, no meetings of creditors are held automatically. However, creditors with claims of a certain value can request in writing that the liquidator hold a meeting of creditors.

A meeting may be requested in the first 20 business days in a creditors' voluntary liquidation by $\geq 5\%$ of the value of the debts held by known creditors who are not a related entity of the company.

Otherwise, meetings can be requested at any other time or in a court liquidation by:

- $> 10\%$ but $< 25\%$ of the known value of creditors on the condition that those creditors provide security for the cost of holding the meeting
- $\geq 25\%$ of the known value of creditors
- creditors by resolution, or
- a Committee of Inspection (this is a smaller group of creditors elected by, and to represent, all the creditors).

If a request complies with these requirements and is 'reasonable', the liquidator must hold a meeting of creditors as soon as reasonably practicable.

Right to request information

Liquidators will communicate important information with creditors as required in a liquidation. In addition to the initial notice, you should receive, at a minimum, a report within the first three months on the likelihood of a dividend being paid.

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

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

Requests must be reasonable.

They are not reasonable if:

Both meetings and information:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) there is not sufficient available property to comply with the request
- (c) the request is vexatious

Meeting requests only:

- (d) a meeting of creditors dealing with the same matters has been held, or will be held within 15 business days

Information requests only:

- (e) the information requested would be privileged from production in legal proceedings
- (f) disclosure would found an action for breach of confidence
- (g) the information has already been provided
- (h) the information is required to be provided under law within 20 business days of the request

If a request is not reasonable due to (b), (d), (g) or (h) above, the liquidator must comply with the request if the creditor meets the cost of complying with the request.

Otherwise, a liquidator must inform a creditor if their meeting or information request is not reasonable and the reason why.

Right to give directions to liquidator

Creditors, by resolution, may give a liquidator directions in relation to a liquidation. A liquidator must have regard to these directions, but is not required to comply with the directions.

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

An individual creditor cannot provide a direction to a liquidator.

Right to appoint a reviewing liquidator

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

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

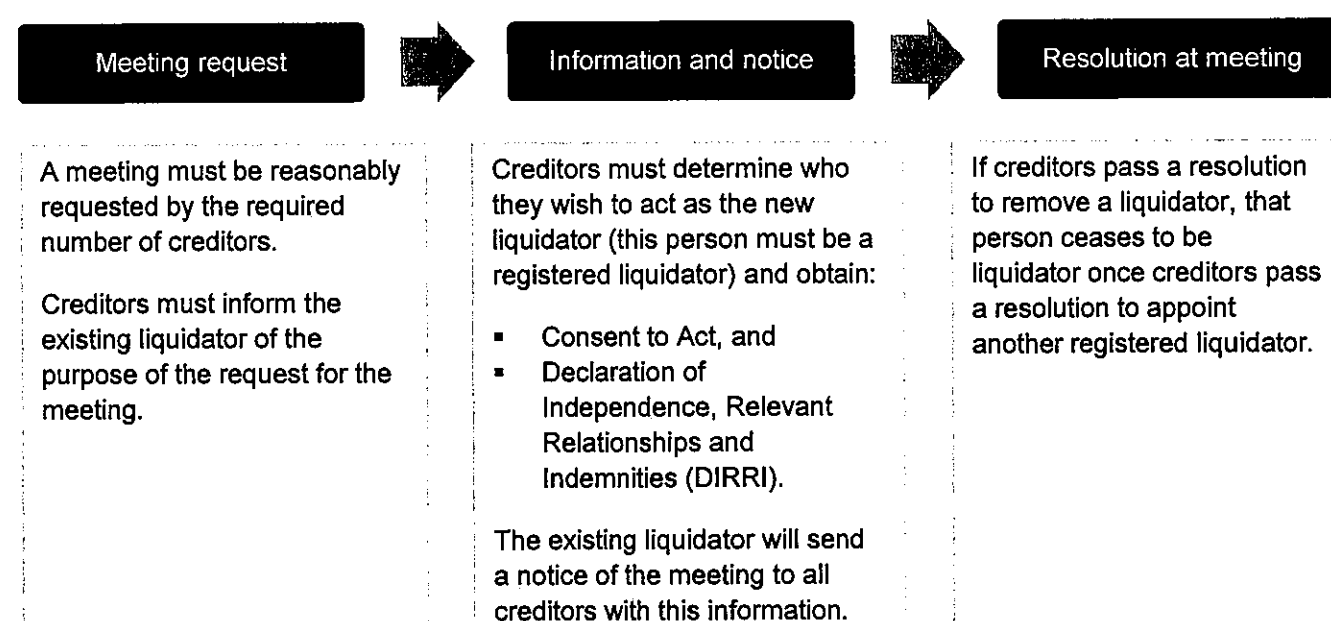
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

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

Right to replace liquidator

Creditors, by resolution, have the right to remove a liquidator and appoint another registered liquidator.

For this to happen, there are certain requirements that must be complied with:



For more information, go to www.arita.com.au/creditors

ASIC registered agent number 473873
lodging party or agent name HoganSprowles Pty Ltd
address
telephone (02) 8020 5850
facsimile (02) 9251 9777
DX number

Annexure C

Australian Securities and Investments Commission FORM 509


Presentation of Corporations Act 2001
SUMMARY OF AFFAIRS OF A COMPANY 497(2)(b)(i)

company name PIZZATA DIRECT PTY LTD
A.C.N 088 767 355

SUMMARY OF ASSETS AND LIABILITIES

date to which summary is made up (d/m/y)

	Valuation (show whether cost or net book amount) \$	Estimated Realisable Values \$
1 assets not specifically charged		
(a) interest in land		
(b) sundry debtors		
(c) cash on hand		
(d) cash at bank	\$ 0	\$ 0
(e) stock as detailed in inventory		
(f) work in progress as detailed in inventory		
(g) plant and machinery as detailed in inventory		
(h) other assets		
2 assets subject to specific charges	\$ 0	\$ 0
less amounts owing		
TOTAL assets	\$ 0	\$ 0
TOTAL estimated realisable values	\$ 0	\$ 0
3 less preferential creditors entitled to priority over the holders of debentures under any floating charge	\$ 0	\$ 0
4 less amounts owing and secured by debenture or floating charge over company's assets	\$ 0	\$ 0
5 less preferential creditors estimate amount available for unsecured creditors	\$ 0	\$ 0
6 creditors (unsecured) amount claimed	\$49,914.56	\$49,914.56
7 balances owing to partly secured creditors total claims security held	\$ 0	\$ 0
8 contingent assets estimated to produce	\$ 0	\$ 0
9 contingent liabilities estimated to rank for estimated deficiency/surplus (subject to costs of administration/liquidation) share capital issued paid up	\$ 0	\$ 0

Name of person signing	SEBASTIANO PIZZATA	capacity	DIRECTOR
Signature		date	2/11/18

Pizzata Direct Pty Ltd (In Liquidation)
A.C.N 088 767 355
List of Creditors

Name	Address 1	Amount	Related
Deputy Commissioner of Taxation	520 Smollett Street, Albury NSW 2640	\$50,295.00	No

INITIAL REMUNERATION NOTICE

Insolvency Practice Schedule (Corporations) 70-50

Insolvency Practice Rules (Corporation) 70-35

Pizzata Direct Pty Ltd (In Liquidation)
ACN 088 767 355 ("the Company")

The purpose of the Initial Remuneration Notice is to provide you with information about how we propose our remuneration for undertaking the Liquidation will be set.

1 Remuneration Methods

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

- A. *Time based / hourly rates:*** This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.
- B. *Fixed Fee:*** The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a practitioner will finalise an administration for a fixed fee.
- C. *Percentage:*** The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.
- D. *Contingency:*** The practitioner's fee is structured to be contingent on a particular outcome being achieved.

2 Method chosen

Given the nature of this liquidation we propose that our remuneration be calculated on a time based/hourly rates basis. The amount of work required and the recoveries from Company assets are at this stage not known to me and accordingly the time based/hourly rates basis best allows us to accurately determine how much work has been completed in the liquidation and remunerate accordingly. We have chosen the time based/hourly rates method because:

- This method is considered to be the most suitable for this appointment as it ensures creditors are only charged for work that is performed in the liquidation, which can be difficult to accurately estimate at the date of appointment.
- Even later than the date of appointment, it can be difficult to estimate the time that may be required in advance of the substantive work being undertaken. The time based method in this case again ensures that creditors are only charged for work that is actually performed in the external Liquidation.

- The practitioner is required to perform a number of tasks which do not relate to the realisation of assets, for example, reporting to the Australia Securities and Investments Commission ("ASIC"), undertaking investigations, responding to creditor enquiries and distributing funds to creditors.
- The practitioner has a time recording system that can produce a detailed analysis of the time spent on each type of task by each individual staff member in the liquidation.
- Time based remuneration calculates fees upon a basis of time spent at the level appropriate to the work performed.

3 Explanation of Hourly Rates

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

Title	Description	Hourly rate (Excl. GST) (\$)
Partner	Registered liquidator, Chartered Accountant, degree qualified with more than fifteen years of extensive experience in insolvency, restructuring and business advisory matters. experience. Leads engagements with full accountability for strategy and execution.	545
Director	Generally Chartered Accountant and degree qualified with more than ten years of experience. Extensive experience in managing large, complex engagements at a senior level. Autonomously leads complex insolvency appointments reporting to Partner.	490
Senior Manager	Generally Chartered Accountant and degree qualified with more than seven years of experience. Significant experience across all types of engagements. Self-sufficiently conducts small to medium insolvency appointments.	429
Manager	Generally Chartered Accountant and degree qualified with more than five years of experience. Experience in complex matters, day to day conduct of small to medium engagements. Assists senior staff on complex matters.	385
Supervisor	Generally Chartered Accountant and degree qualified with more than three years of experience. Assists senior staff in planning and conduct of small to large engagements. Supervise a small team and control small engagements.	363
Senior Analyst 1	Generally degree qualified and undertaking Chartered Accountant's qualification. Controls certain tasks on small engagements and assists staff with completing tasks on medium to large engagements.	319
Senior Analyst 2	Experienced graduate controlling certain tasks on small engagements. Assists senior staff in completing tasks on small to large engagements.	308
Analyst 1	Experienced graduate. Required to assists senior staff in completing tasks on small to large engagements.	264
Analyst 2	Generally a university graduate with appropriate qualifications. Assists with day to day tasks under the supervision of senior staff.	198

Graduate	Generally degree qualified and undertaking or about to undertake Chartered Accountant's qualification with less than one year of experience. Assists with day to day tasks under the supervision of senior staff.	182
Undergraduate	Undertaking relevant degree. Assists with tasks within workstreams and appointments under supervision.	165
Senior Bookkeeper	Experienced bookkeeper with more than 18 months experience. Assist senior staff with accounting functions of engagement.	165
Bookkeeper	Assist senior staff with accounting functions of engagement.	154
PA	Appropriate skills and experience to support professional staff in an administrative capacity.	132
Administration	Appropriate skills and experience to support professional staff in an administrative capacity.	105

4 Estimated remuneration

We have estimated that this liquidation will cost approximately \$12,000 exclusive of GST to completion, subject to the following variables which may have a significant effect on this estimate and that we are unable to determine at this early stage in the administration:

- Trading on the operations of the business
- Conducting campaign for the sale of the business
- The recovery of the Company's assets (if any);
- Investigations required into the business affairs of the Company and identify any assets or recoveries available to the liquidator; and
- Any matters identified that are required to be reported to statutory authorities, such as ASIC.

The Liquidator's time costs are recoverable only against the asset realisations available.

5 Disbursements

Disbursements are divided into three types:

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

We are not required to seek creditor approval for disbursements paid to third parties, but must account to creditors. However, we must be satisfied that these disbursements are appropriate, justified and reasonable.

We are required to obtain creditor's consent for the payment of internal disbursements where there may be a profit or advantage. Creditors will be asked to approve our internal disbursements where there is a profit or advantage prior to these disbursements being paid from the liquidation.

Details of the basis of recovering disbursements in this liquidation are provided below.

Basis of disbursement claim

Disbursements	Rate (Excl GST)
Externally provided professional services	At cost
Externally provided non-professional services	At cost
Internal disbursements	
Advertising	At cost
Search fees	At cost
Courier	At cost
Printing, Faxes & Photocopies	\$0.20 per page
Postage	At cost
Stationary and other incidental disbursements	At cost
Travel - Staff by own vehicle	\$0.68 per km
Travel - other	At cost

Scale applicable for the financial year ending 30 June 2019.

Queries

Creditors have the right to request and obtain further information from the liquidator.

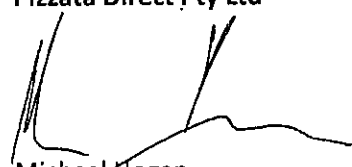
Information Sheet

Creditors may access the remuneration information sheet (ASIC Information Sheet 85 – Approving fees: a guide for creditors) at ASIC's website under Regulatory Resources.

<http://www.asic.gov.au/regulatory-resources/insolvency/insolvency-for-creditors/approving-fees-a-guide-for-creditors/>

Dated this 22nd day of November 2018

Pizzata Direct Pty Ltd



Michael Hogan
Joint & Several Liquidator

NOTICE OF PROPOSAL TO CREDITORS
Dated: 22 November 2018**Voting Poll Closes: 17 December 2018**

Pizzata Direct Pty Ltd (In Liquidation)
ACN 088 767 355 ("the Company")

Proposal No. 1 for creditor approval

That the future remuneration of the Liquidator from 2 November 2018 to the conclusion is determined at a sum equal to the cost of time spent by the Liquidators, their partners and staff, calculated at the hourly rates as detailed in the remuneration report dated 22 November 2018 such sum to be capped at the amount of \$12,000 exclusive of GST and that the Liquidator may draw the remuneration on a monthly basis or as required.

Vote on the Proposal No. 1

Please select the appropriate Yes, No or Object box referred to below with a ☒ to indicate your preferred position.

- Yes ☐ I approve the proposal
- No ☐ I do not approve the proposal
- Object ☐ I object to the proposal being resolved without a meeting of creditors

For your vote to count, your claim against the Company must have been admitted for the purposes of voting by the Joint and Several Liquidators. Please select the option that applies to you:

- ☐ I have previously submitted a proof of debt form and supporting documents
- ☐ I have enclosed a proof of debt form and supporting documents with this proposal form
- ☐ I am **not** a related creditor of the Company
- ☐ I am a related creditor of the Company*

relationship: _____

*eg Director, relative of Director, related company, beneficiary of a related trust.

Reasons for the proposal and the likely impact it will have on creditors if it is passed

- A Liquidator is entitled to be fairly remunerated for undertaking statutory and other duties, including reporting obligations in acting as a liquidator.
- I am unable to pay my remuneration without the approval of the Committee of Inspection (if one has been appointed), Creditors, or the Court.
- Approval by Creditors is efficient and timely, and is less costly than an application to the Court.
- Approval of my remuneration will allow me to progress further investigations in a timely manner to ensure the prospect of any dividends can be maximised.
- Approval by Creditors, by circulating resolution from the Notice of Proposal to Creditors, is less costly than convening a meeting of creditors to obtain remuneration approval.
- This may negatively impact on creditors, as a formal meeting of creditors may be convened later than it may otherwise be convened, or not convened at all. That said, creditors are welcome to contact the Liquidators staff, by email or telephone, for an update on the liquidation.

**Name of creditor /
authorised person:** _____

Address: _____

Signature: _____ **Date:** _____

For your vote to count, you **must complete** this document and return it together with any **supporting documents** by no later than close of business on **17 December 2018**, by email to Jonas Wu at Jwu@hogansprowles.com.au. Should you have any queries in relation to this matter, please contact Jonas Wu on (02) 8020 5857.

HoganSproles
Level 9,
60 Pitt Street
SYDNEY NSW 2000

NOTICE OF PROPOSAL TO CREDITORS
Dated: 22 November 2018**Voting Poll Closes: 17 December 2018**

Pizzata Direct Pty Ltd (In Liquidation)
ACN 088 767 355 ("the Company")

Disbursements

Disbursements are divided into three types:

- **Externally provided professional services** (eg legal fees) – these are recovered at cost.
- **Externally provided non-professional costs** (eg travel, accommodation and search fees) – these are also recovered at cost.
- **Internal disbursements** (eg photocopying, telephone, fax, printing and postage costs) – these are generally recovered at cost, however, expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs on a reasonable commercial basis.

We are not required to seek creditor approval for disbursements paid to third parties, however, We are required to account to creditors for such expenses and we must be satisfied that those disbursements are appropriate, justified and reasonable. In respect of Internal disbursements, to the extent that these may be recovered at more than their cost, they may be considered as deriving a profit or advantage and must therefore be approved by creditors, a committee of inspection (if one is appointed), or by the Court prior to them being drawn.

Declaration

We, Christian Sprowles and Michael Hogan have undertaken a proper assessment of disbursements claimed in the matter of the Company, in accordance with the law and applicable professional standards and we are satisfied that the disbursements claimed are necessary and proper.

It is proposed that future disbursements to be provided by our firm will be charged to the Company on the following basis:

Disbursements	Rate (Excl GST)
Externally provided professional services	At cost
Externally provided non-professional services	At cost
Internal disbursements	
Advertising	At cost
Search fees	At cost
Courier	At cost
Printing, Faxes & Photocopies	\$0.20 per page
Postage	At cost
Stationary and other incidental disbursements	At cost
Travel - Staff by own vehicle	\$0.68 per km
Travel - other	At cost

Proposal No. 2 for creditor approval

That the future disbursements of the Liquidator from 2 November 2018 is determined at a sum equal to the cost spent by the Liquidators, their partners and staff, calculated at the rates as detailed in the remuneration report dated 22 November 2018 such sum to be capped at the amount of \$500.00 exclusive of GST, and that the Liquidator may draw the disbursements on a monthly basis or as required.

Vote on the Proposal No. 2

Please select the appropriate Yes, No or Object box referred to below with a ☒ to indicate your preferred position.

- Yes ☐ I approve the proposal
- No ☐ I do not approve the proposal
- Object ☐ I object to the proposal being resolved without a meeting of creditors

For your vote to count, your claim against the Company must have been admitted for the purposes of voting by the Joint and Several Liquidators. Please select the option that applies to you:

- ☐ I have previously submitted a proof of debt form and supporting documents
- ☐ I have enclosed a proof of debt form and supporting documents with this proposal form
- ☐ I am **not** a related creditor of the Company
- ☐ I am a related creditor of the Company*

relationship: _____

*eg Director, relative of Director, related company, beneficiary of a related trust.

Reasons for the proposal and the likely impact it will have on creditors if it is passed

- A Liquidator is entitled to be fairly remunerated for undertaking statutory and other duties, including reporting obligations in acting as a liquidator.
- I am unable to pay my disbursements without the approval of the Committee of Inspection (if one has been appointed), Creditors, or the Court.
- Approval by Creditors is efficient and timely, and is less costly than an application to the Court.
- Approval of my disbursements will allow me to progress further investigations in a timely manner to ensure the prospect of any dividends can be maximised.
- This may negatively impact on creditors, as a formal meeting of creditors may be convened later than it may otherwise be convened, or not convened at all. That said, creditors are welcome to contact the Liquidator's staff, by email or telephone, for an update on the liquidation.

Creditor details

Name of creditor

Address

ABN (if applicable)

Contact number

Email address

**Name of creditor /
authorised person:** _____

Signature: _____

Date: _____

For your vote to count, you **must complete** this document and return it together with any **supporting documents** by no later than close of business on **17 December 2018** by email to Jonas Wu at Jwu@hogansprowles.com.au. Should you have any queries in relation to this matter, please contact Jonas Wu on (02) 8020 5857.

HoganSproles
Level 9,
60 Pitt Street
SYDNEY NSW 2000

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Joint and Several Liquidators Pizzata Direct Pty Ltd (In Liquidation)

1. This is to state that the company was, on 2 November 2018
- ⁽¹⁾
- and still is, justly and truly indebted to
- ⁽²⁾
- (full name):

.....
(‘Creditor’).....
of (full address)

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

Particulars of the debt are:

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

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

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

Date	Drawer	Acceptor	Amount \$ c	Due Date

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

relationship:

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

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

DATED this day of 2018

Signature of Signatory

NAME IN BLOCK LETTERS

Occupation

Address

See Directions overleaf for the completion of this form**OFFICE USE ONLY**

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

Proof of Debt Form Directions

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

Annexures

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



Information sheet: Proposals without meetings

You may be a creditor in a liquidation, voluntary administration or deed of company arrangement (collectively referred to as an external administration).

You have been asked by the liquidator, voluntary administrator or deed administrator (collectively referred to as an external administrator) to consider passing a proposal without a meeting.

This information sheet is to assist you with understanding what a proposal without a meeting is and what your rights as a creditor are.

What is a proposal without a meeting?

Meetings of creditors were previously the only way that external administrators could obtain the views of the body of creditors. However, meetings can be very expensive to hold.

A proposal without a meeting is a cost effective way for the external administrator to obtain the consent of creditors to a particular course of action.

What types of proposals can be put to creditors?

The external administrator is able to put a range of proposals to creditors by giving notice in writing to the creditors. There is a restriction under the law that each notice can only contain a single proposal. However, the external administrator can send more than one notice at any single time.

What information must the notice contain?

The notice must:

- include a statement of the reasons for the proposal and the likely impact it will have on creditors if it is passed
- invite the creditor to either:
 - vote yes or no to the proposal, or
 - object to the proposal being resolved without a meeting, and
- specify a period of at least 15 business days for replies to be received by the external administrator.

If you wish to vote or object, you will also need to lodge a Proof of Debt (POD) to substantiate your claim in the external administration. The external administrator will provide you with a POD to complete. You should ensure that you also provide documentation to support your claim.

If you have already lodged a POD in this external administration, you do not need to lodge another one.

The external administrator must also provide you with enough information for you to be able to make an informed decision on how to cast your vote on the proposal. With some types of proposals, the law or ARITA's Code of Professional Practice sets requirements for the information that you must be provided.

For example, if the external administrator is asking you to approve remuneration, you will be provided with a Remuneration Approval Report, which will provide you with detailed information about how the external administrator's remuneration for undertaking the external administration has been calculated.

What are your options if you are asked to vote on a proposal without a meeting?

You can choose to vote yes, no or object to the proposal being resolved without a meeting.

How is a resolution passed?

A resolution will be passed if more than 50% in number and 50% in value (of those creditors who did vote) voted in favour of the proposal, but only so long as not more than 25% in value objected to the proposal being resolved without a meeting.

What happens if the proposal doesn't pass?

If the proposal doesn't pass and an objection is not received, the external administrator can choose to amend the proposal and ask creditors to consider it again or the external administrator can choose to hold a meeting of creditors to consider the proposal.

The external administrator may also be able to go to Court to seek approval.

What happens if I object to the proposal being resolved without a meeting?

If more than 25% in value of creditors responding to the proposal object to the proposal being resolved without a meeting, the proposal will not pass even if the required majority vote yes. The external administrator will also be unable to put the proposal to creditors again without a meeting.

You should be aware that if you choose to object, there will be additional costs associated with convening a meeting of creditors or the external administrator seeking the approval of the Court. This cost will normally be paid from the available assets in the external administration.

This is an important power and you should ensure that it is used appropriately.

Where can I get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding external administrations and insolvency.

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

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

Liquidators Remuneration Approval Report

Pizzata Direct Pty Ltd (In Liquidation)
ACN 088 767 355 ("the Company")

This remuneration report provides you with the information you need to be able to make an informed decision regarding the approval of our remuneration for undertaking the liquidation of Pizzata Direct Pty Ltd.

This report has the following information included:

Contents

Part 1: Declaration	1
Part 2: Executive Summary	2
Part 3: Remuneration	3
Part 5: Summary of Receipts and Payments	6
Part 6: Queries	6
Part 7: Approval of remuneration and internal disbursements.....	6
Schedule A – Resolution 1 - Table of major tasks for remuneration	7

What do you need to do next?

You should read this report and the other documentation that we have sent you.

To minimise the costs in the administration and this liquidation, we have elected to seek the approval of creditors for our remuneration and internal disbursements without a meeting. Information about the proposals without a meeting process is included at part 8 of this report.

You can cast your vote by using the included voting form. This form needs to be returned to our office by post, scanned and emailed or faxed. We need to receive your forms **by Monday, 17 December 2018** for your vote to count. If you choose to use post, please allow enough time for your letter to be delivered.

If you have any questions or need any assistance with understanding the materials we have sent to you, please contact Jonas Wu of our office on (02) 8020 5857 or via email at Jwu@hogansprowles.com.au.

Part 1: Declaration

We, Christian Sprowles and Michael Hogan of HoganSprowles, have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Liquidators of the Company in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the liquidation.

Part 2: Executive Summary

The total remuneration for this appointment is estimated to be \$12,000 exclusive of GST. We have not previously sought approval for our remuneration since our appointment.

Remuneration currently claimed is summarised below:

Period	Report Reference	Amount (ex GST)
Future Remuneration claim:		
Liquidation		
Resolution [1]: 2 November 2018 to the conclusion	Part 3	\$12,000.00
Total – future remuneration		\$12,000.00
* Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the liquidation. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.		

Internal disbursements currently claimed are summarised below:

Period	Report Reference	Amount (ex GST)
Future Internal disbursements approval		
Resolution [2]: 2 November 2018 to the conclusion	Part 4	\$500.00
Total – future disbursements		\$500.00
* Approval for the future internal disbursements sought is based on an estimate of the internal disbursements necessary to the completion of the liquidation. Should additional disbursements be necessary beyond what is contemplated, further approval may be sought from creditors.		

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

Part 3. Remuneration

3.1 Remuneration claim resolutions

We will be seeking approval of the following resolution to approve our remuneration. Details to support this resolution is included in section 3.2 and in the attached Schedule.

Resolution 1: from 2 November 2018 to the conclusion of the liquidation

“That the future remuneration of the Liquidator from 2 November 2018 to completion is determined at a sum equal to the cost of time spent by the liquidators, their partners and staff, calculated at the hourly rates as detailed in the Remuneration Approval Report of 22 November 2018 that may be increased at a rate of 10% at 1 July each year (rounded to the nearest \$10), up to a capped amount of \$12,000 exclusive of GST, and that the liquidator can draw the remuneration on a monthly basis or as required”.

3.2 Details of remuneration

The below table sets out the predicted time charges to each major task area by staff members working on the liquidation for the period between 2 November 2018 to the completion which is the basis of the Resolution 1 claim. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained in Schedule A below.

Pizzata Direct Pty Ltd (In Liquidation)
A.C.N. 088 767 355
ESTIMATED HOURS TO BE INCURRED FOR THE PERIOD 2 NOVEMBER 2018 TO COMPLETION OF WINDING UP
CALCULATION OF REMUNERATION

Employee	Position	\$/hour	Total actual hours	Total (\$)	Task Area						Total
					Assets hrs	Creditors hrs	Investigation hrs	Administration hrs	Other hrs	Other hrs	
Michael Hogan	Partner	545.0	5.5	2,998	0.50	273	2.00	1,090	2.00	1,090	545
Dilyana Panova	Senior Analyst 1	319.0	6.5	2,074	0.50	160	2.00	638	2.00	638	638
Angelo Cadiz	Senior Analyst 1	308.0	8.0	2,464	0.00	0	2.00	616	3.00	924	924
Jonas Wu	Graduate	182.0	17.0	3,094	1.00	182	5.00	910	8.00	1,456	546
Natalie Lu	Administrator	105.0	14.0	1,470	0.00	0	3.00	315	5.00	525	630
Total			51	12,099	2	614	14	3,569	20	4,633	3,283
But Say				12,000							
GST				1,200							
Total (incl GST)				13,200							
Average hourly rate				237							

3.3 Total remuneration reconciliation

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

3.4 Likely impact on dividends

The dividend to any creditor will ultimately be impacted by the realisations achieved by the liquidator and the value of creditor claims admitted to participate in the dividend and the fees for the work performed to achieve realisations has prior.

At this stage we are unable to advise on the estimated return to the Company's unsecured creditors, but a return will be contingent on the successful sale of the business and recovery actions

Part 4: Disbursements

Disbursements are divided into three types:

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

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

We will be seeking creditor approval to pay our internal disbursements from creditors in the amount of \$500 plus any GST applicable.

4.1 Future basis of internal disbursements

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

Disbursements	Rate (Excl GST)
Externally provided professional services	At cost
Externally provided non-professional services	At cost
Internal disbursements	
Advertising	At cost
Search fees	At cost
Courier	At cost
Printing, Faxes & Photocopies	\$0.20 per page
Postage	At cost
Stationary and other incidental disbursements	At cost
Travel - Staff by own vehicle	\$0.68 per km
Travel - other	At cost

Rates applicable for financial year ending 30 June 2018.

Approval of the payment of these disbursements at the above rates to a capped amount of \$500 exclusive of GST is being sought from creditors via a proposal without a meeting.

Part 5: Summary of Receipts and Payments

There have been no receipts or payments to date.

Part 6: Queries

If you have any queries in relation to the information in this report, please contact Jonas Wu on (02) 8020 5857 or via email at jwu@hogansproawles.com.au.

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

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for "insolvency information sheets").

Part 7: Approval of remuneration and internal disbursements

At Annexure F to H, we have enclosed the following for your completion by **Monday, 17 December 2018**:

- Voting slip for the liquidator's remuneration;
- Voting slip for the liquidator's disbursements;

- Proof of debt form

In our report we are seeking creditors to vote via a proposal without a meeting on the following resolutions:

“That the future remuneration of the liquidators from 2 November 2018 to the conclusion of the liquidation is determined at a sum equal to the cost of time spent by the liquidators, their partners and staff, calculated at the hourly rates as detailed in the Remuneration Approval Report dated 22 November 2018 that may be increased at a rate of 10% at 1 July each year (rounded to the nearest \$10), up to a capped amount of \$12,000 exclusive of GST, and that the liquidators’ can draw the remuneration on a monthly basis or as required”.

AND

“That the disbursements of the liquidators for the period 2 November 2018 to the conclusion of the liquidation at the rates outlined in the Remuneration Approval Report dated 22 November 2018 be capped at the amount of \$500 plus GST and can be drawn by the liquidator as required.”

Schedule A – Resolution 1 - Table of major tasks for remuneration

The below table provides a description of the work which will be undertaken in each major task area during the course of the liquidation.

Task Area	General Description	Includes
Assets 2.0 hours \$614	Assets subject to a specific charge	Correspondence to security interest parties regarding PPSR Tasks associated with disclaiming assets
Creditors 14.0 hours \$3,569	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Dealing with proofs of debt	Receipting and filing POD’s when not related to a dividend Corresponding with OSR and ATO regarding POD’s when not related to a dividend
	Reports to creditors	Preparation of report to creditor, initial creditors report and statutory report
Investigation 20.0 hours \$4,633	Conducting investigation	Collection of company books and records Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements, company’s books and records and Report as to Affairs

Task Area	General Description	Includes
		Reviewing company's books and records Review and preparation of company nature and history Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Liaising with directors regarding certain transactions Preparation of investigation file Lodgement of investigation with the ASIC
	Litigation / Recoveries	Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
Administration 15.0 hours \$3,283	Correspondence	With various stakeholders Day one notices Meeting with Directors and Lawyers
	Bank account administration	Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers Correspondence with pre-appointment bank regarding closure of account
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 5602, 5011 etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment Preparing BAS' Correspondence with ATO regarding lodgements and registration
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

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Schedule of rates as @ 1 July 2018

Private & Confidential

Title	Description	Hourly rate (Excl. GST) (\$)
Partner	Registered liquidator, Chartered Accountant, degree qualified with more than fifteen years of extensive experience in insolvency, restructuring and business advisory matters. experience. Leads engagements with full accountability for strategy and execution.	545
Director	Generally Chartered Accountant and degree qualified with more than ten years of experience. Extensive experience in managing large, complex engagements at a senior level. Autonomously leads complex insolvency appointments reporting to Partner.	490
Senior Manager	Generally Chartered Accountant and degree qualified with more than seven years of experience. Significant experience across all types of engagements. Self-sufficiently conducts small to medium insolvency appointments.	429
Manager	Generally Chartered Accountant and degree qualified with more than five years of experience. Experience in complex matters, day to day conduct of small to medium engagements. Assists senior staff on complex matters.	385
Supervisor	Generally Chartered Accountant and degree qualified with more than three years of experience. Assists senior staff in planning and conduct of small to large engagements. Supervise a small team and control small engagements.	363
Senior Analyst 1	Generally degree qualified and undertaking Chartered Accountant's qualification. Controls certain tasks on small engagements and assists staff with completing tasks on medium to large engagements.	319
Senior Analyst 2	Experienced graduate controlling certain tasks on small engagements. Assists senior staff in completing tasks on small to large engagements.	308
Analyst 1	Experienced graduate. Required to assists senior staff in completing tasks on small to large engagements.	264
Analyst 2	Generally a university graduate with appropriate qualifications. Assists with day to day tasks under the supervision of senior staff.	198
Graduate	Generally degree qualified and undertaking or about to undertake Chartered Accountant's qualification with less than one year of experience. Assists with day to day tasks under the supervision of senior staff.	182
Undergraduate	Undertaking relevant degree. Assists with tasks within workstreams and appointments under supervision.	165
Senior Bookkeeper	Experienced bookkeeper with more than 18 months experience. Assist senior staff with accounting functions of engagement.	165
Bookkeeper	Assist senior staff with accounting functions of engagement.	154
PA	Appropriate skills and experience to support professional staff in an administrative capacity.	132
Administration	Appropriate skills and experience to support professional staff in an administrative capacity.	105