

# Equestrian Australia Limited (Administrators Appointed)

## Members – Frequently Asked Questions

15 June 2020 – Version 2

Craig Shepard and Kate Conneely of KordaMentha were appointed Voluntary Administrators of Equestrian Australia Limited ('the Company' or 'EA') on 9 June 2020. The Company is continuing to trade on a business as usual basis whilst the Administrators explore how the business may move forward with the renewed support of its members and major financial stakeholder.

For your reference, the Administrators have provided the following responses to Frequently Asked Questions.

### General

**1. Who is KordaMentha?**

KordaMentha is an investment and advisory firm. KordaMentha Restructuring works with companies in financial distress to restructure and stabilise businesses, or to recover value on behalf of stakeholders.

**2. What is a Voluntary Administration?**

Voluntary Administration ('Administration') is a process where the directors of a company determine the company is or is likely to become insolvent and appoints an external administrator. The external administrator assumes executive control and undertakes a comprehensive review to determine the future of the company.

**3. What happened to the Company?**

On 9 June 2020, Craig Shepard and Kate Conneely of KordaMentha were appointed Voluntary Administrators of:

Company	ABN	ACN
Equestrian Australia Limited	19 077 455 755	077 455 755

A detailed report into the reasons leading to the Administration will be provided to creditors prior to the Second Meeting of Creditors.

**4. Will there be a change to the entity's ABN or name?**

The Company's ABN will remain unchanged.

The Company's name has changed to include the suffix '**(Administrators Appointed)**'.

**5. Is the Company continuing to trade?**

The Voluntary Administrators have determined it is in the best interests of the Company to continue to trade whilst they explore how the business may move forward with the renewed support of its members and major financial stakeholder.

**6. Will EA competitions still be held?**

While operations are currently reduced due to COVID, EA and all state equestrian bodies will endeavour to get back to normal as soon as possible. All competitions will resume when the government restrictions allow for it.

**7. Who is my best point of contact?**

Please visit our website for ongoing information regarding the Administration:

<https://kordamentha.com/creditors/equestrian-australia-limited>.

For general queries, please contact ea@kordamentha.com or call Elyse Diamond on (02) 8257 3014.



## Members

### 1. What does this all mean for me?

The Administrators will continue to trade the Company on a care and maintenance mode as has occurred over the course of the last few months due to COVID.

The Administrators will provide updates in relation to the Administration online via the Creditor information page on the KordaMentha website: <https://kordamentha.com/creditors/equestrian-australia-limited>

### 2. Am I still covered by EA insurance?

Yes. EA's current insurance policies will continue in existence. The Administrators will conduct a review of all policies to ensure the continuation of adequate insurance for all members, volunteers, clubs and coaches.

### 3. What does this mean for my state office?

Your state office is unaffected by the Administration.

### 4. What does this mean for competition rules?

The Administration has no effect on competition rules. These will continue to be regulated by EA and your relevant state body.

### 5. I've paid my membership and I don't want the services anymore; can I get a refund?

Membership fees are non-refundable.

### 6. What is the effect of the administration on the High-Performance program?

The High-Performance program has been transferred to the Australian Institute of Sport, with the High-Performance Committee to maintain its current role.

### 7. Am I also a creditor of the company if I am a paid-up member?

If you are a current paid up member of a state body, you are also a paid-up member of the Company. As you have paid your annual membership in advance you will be entitled to participate in the First Meeting of Creditors of EA as a contingent creditor with respect to the unexpired portion of your annual membership.

### 8. Do I need to fill out and submit a Proof of Debt?

No, the Administrators will allow all current paid up members to participate in the First Meeting of Creditors and will admit them to vote for \$1 in recognition of the unexpired portion of their annual membership.

### 9. How do I exercise my right to participate in the Administration?

Further details will be provided in due course. The Administrators will seek to implement a process to ensure maximum participation for all members and creditors of EA.

### 10. What do I need to do to participate in the Administration process as a creditor?

Please see the FAQ sheet for creditors, on the Creditor information page on the KordaMentha website: <https://kordamentha.com/creditors/equestrian-australia-limited>.

**Following the significant volume of queries received in the first week of the Administration, the Administrators' have prepared further responses to Frequently Asked Questions.**

### 11. What is the Voluntary Administration process?

The administration process is focussed on involving creditors in a restructure of a company's balance sheet in order to preserve the going concern value of the business, and to provide a better return to creditors (and other stakeholders) than would be achieved via the winding up of the company.

The restructure is often facilitated via operational change and the balance sheet is restructured via Deed of Company Arrangement ('DOCA'). A DOCA provides the flexibility to deliver change that may be subject to the fulfilment of a number of conditions. The terms of the DOCA need to be supported by the majority of creditors of the company in both number and value.

### 12. What is the timeline of a Voluntary Administration?

The Voluntary Administrators must hold the First Meeting of Creditors within eight business days of being appointed, unless the court allows an extension of time.



Following the First Meeting of Creditors, the Administrators must investigate EA's affairs and report to creditors on alternatives for its future.

The Administrators are then required to hold a Second Meeting of Creditors within 25 business days of being appointed to decide on the Company's future. At this meeting, creditors can decide to:

- Return the Company to the control of the directors
- Execute a DOCA, or
- Put the Company into liquidation (this happens immediately, and the Administrators become the Liquidators).

### **13. What is the purpose of the First Meeting of Creditors?**

The First Meeting of Creditors, to be held on Friday, 19 June 2020, is an opportunity for the Administrators of EA to introduce themselves and provide further information about the Voluntary Administration process. It also provides a platform for the Administrators to provide an update on what has taken place in the first two weeks of the administration.

Additionally, creditors will be asked to decide on two questions:

1. Whether creditors want to form a committee of inspection, and, if so, who will be on the committee.
2. Whether creditors want the existing Voluntary Administrators to be removed and replaced by a Voluntary Administrator of their choice.

### **14. What is the role of the Committee of Inspection?**

The first matter to be dealt with is whether the creditors of the company require the appointment of a Committee of Inspection. Pursuant to Section 80-35 of Schedule 2 of the Corporations Act ('the Act'), the functions of a Committee of Inspection of a company under administration are:

- To advise and assist the external administrator of the company.
- To give directions to the external administrator of the company, although an administrator must have regard to the directions, they are not required to comply with the directions.
- To monitor the conduct of the external administrator of the company.
- Such other functions as conferred on the Committee by the Act.
- To do anything incidental or conducive to the performance of any of the above functions.

### **15. How can I attend the First Meeting of Creditors?**

As noted in point 8, members do not need to submit a Proof of Debt form to attend the First Meeting of Creditors. To attend the meeting, members are required to complete the Notice of Electronic Facilities for Meeting and return it to [ea@kordamentha.com](mailto:ea@kordamentha.com). This will enable the Administrators to provide each member access to the conference call facilities.

If members do not wish to attend the meeting but would like to vote, they can elect somebody to vote on their behalf. To do so, they are required to complete a Proxy Form clearly outlining who they have elected to be their proxy. If you appoint a person to be your 'general' proxy they will be able to decide how to cast your vote on your behalf while in attendance at the meeting. If you appoint a person to be a 'special' proxy, they will attend the meeting on your behalf however will cast your vote as specified by you on the Proxy Form.

Both the Notice of Electronic Facilities for Meeting and Proxy Form can be found on the KordaMentha website: <https://kordamentha.com/creditors/equestrian-australia-limited>.

### **16. What is the legal status of the board members in the Administration process and what is their responsibility to EAs members?**

The directors' powers are suspended from the time of appointment of Administrators to EA. However, they are required to prepare for the Administrators', a Report on Company Activities and Property as well as provide assistance to the Administrators where appropriate.



The co-operation and assistance of the board, management and staff is vitally important to the efficiency of the Voluntary Administration process and the preservation of the going concern of the Company.

To the best of our knowledge and understanding the directors are complying with these obligations.

**17. Are the directors seeking private funding for EA in lieu of Sports Australia to resume business in the future?**

The Administrators have no knowledge of the directors seeking private funding for EA.

**18. Can members provide feedback to the Administrators?**

The Administrators welcome feedback from members and creditors regarding the Administration and future of EA. To that end, members are encouraged to submit their feedback to [ea@kordamentha.com](mailto:ea@kordamentha.com).

**19. What are the Administrators' powers in enacting constitutional reform?**

Any change to the constitution is outside the remit of the Administrators. However, a change to the constitution may be included as a condition to any proposed DOCA. The terms of the DOCA need to be supported by the majority of creditors in number and value.

Any change to the constitution would need to be considered in accordance with requirements of the EA constitution.

If you have any additional queries, please email [ea@kordamentha.com](mailto:ea@kordamentha.com) or call Elyse Diamond on KordaMentha on (02) 8257 3014.