



McGrathNicol

Nut Butter Wine Pty Ltd (formerly Onebuild Projects) (In Liquidation)
ACN 104 825 667
(NBW)

Report to Creditors

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I refer to the appointment of Jamie Harris and I as Liquidators of NBW on 13 September 2019.

The purpose of this report is to provide you with an update on the progress of the liquidation and information about a meeting of creditors to be held on 28 February 2020.

Statutory report to creditors and resolutions

In our Statutory Report to Creditors dated 13 December 2019, we provided creditors with an update on the progress of the liquidation. At that time, we requested that creditors consider the following resolutions by a proposal without a meeting:

- the Liquidators' actual remuneration of \$61,309 (excluding GST) for the period 13 September 2019 to 3 December 2019;
- the Liquidators' future remuneration of \$40,000 (excluding GST) for the period 4 December 2019 to the finalisation of the Liquidation; and
- the Liquidators destroying NBW's books and records following the deregistration of NBW, subject to obtaining the consent of the Australian Securities and Investments Commission.

Those resolutions failed to pass as more than 25% of creditors by value objected to the resolutions being passed without a creditors' meeting. Accordingly, we have convened a creditors' meeting to reconsider the above resolutions and additional resolutions set out below.

Investigations

Since our last update, we have continued to progress our investigations into NBW's affairs.

On 24 January 2020, Moira Carter of BRI Ferrier was appointed Controlling Trustee of Rhys Auliff pursuant to section 188(1) of the *Bankruptcy Act 1996* (Part X No. QLD 313/2020/1). We have advised the Trustee that we expect the director may be liable for insolvent trading with the damages claim still to be quantified. We will continue our investigations with respect to insolvent trading and advise creditors if there is an expected dividend from Mr Auliff's Part X – Personal Insolvency Arrangement.

If you have any queries regarding Mr Auliff's Part X, please contact Elliot Currie of BRI Ferrier on (07) 3220 0994 or ecurrie@brifsq.com.au.

On 28 January 2020, we issued a letter to the Deputy Commissioner of Taxation in respect of \$52,000 of payments made by NBW that we consider to be unfair preference payments. We are continuing to investigate whether any other transactions may be recovered for the benefit of creditors.

We are in the process of finalising our statutory investigations and anticipate lodging our section 533 report with the Australian Securities and Investments Commission shortly.

Should the Liquidators recover funds from the above actions, there may be funds available to distribute to priority and ordinary unsecured creditors. We will continue to update creditors on the progress of our recovery actions at appropriate times.

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In association
with



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under Professional Standards Legislation

**ADVISORY
RESTRUCTURING**



Meeting of creditors

A meeting of creditors has been convened as follows:

Date: 28 February 2020
Time: 9:30 AM
Address: Level 7, 175 Eagle Street, Brisbane QLD 4000

Teleconference facilities will be available to those unable to attend in person:

Telephone number: 1800 153 721
Access participant pin: 829 993 94#

If you are unable to attend in person or via the available teleconference facilities, you can appoint a proxy to attend on your behalf, who may be the chairperson. Further details to appoint a proxy are set out below.

The purpose of this meeting is for creditors to consider the following resolutions:

- the Liquidators' actual remuneration of \$61,309 (excluding GST) for the period 13 September 2019 to 3 December 2019;
- the Liquidators' future remuneration of \$60,000 (excluding GST) for the period 4 December 2019 to the finalisation of the Liquidation;
- the Liquidators entering into an agreement that may involve a term or obligations that extend for more than three months;
- the Liquidators compromising any debt to the company greater than \$100,000; and
- the Liquidators destroying NBW's books and records following the deregistration of NBW, subject to obtaining the consent of the Australian Securities and Investments Commission.

I enclose a notice of meeting. To participate in this meeting, you must submit a proof of debt and information to substantiate your claim. **If you have already lodged a proof of debt, you are not required to do so again unless there is information you would like to update.** If the creditor is a person and will attend the meeting, this is all that is required. However, if the creditor is another type of entity (such as a company), they must also appoint a person – a "proxy" or person authorised under a power of attorney – to vote on behalf of the creditor at the meeting. A proxy should also be appointed if the creditor is a person, but is not available to attend the meeting.

You can appoint the chairperson of the meeting as your proxy and direct the chairperson how you wish your vote to be cast. This is called a special proxy. If you choose to do this, the chairperson must cast your vote as directed.

A proof of debt and proxy form are enclosed, together with guidance notes to assist you should you need to complete them. Your completed proof of debt and, if applicable, proxy form must be returned to Patrick Cashman by post or by email to pcashman@mcgrathnicol.com by 5:00PM on 27 February 2020.

I also enclose general information for attending and voting at meetings of creditors.

Remuneration

As I will seek your approval of my remuneration at this meeting, detailed information about what tasks I have undertaken and the costs of those tasks are provided in my enclosed Remuneration Approval Report.



What you should do next

You should:

- read the enclosed information;
- decide whether you are going to participate in the meeting; and if so
- complete and return your proof of debt (if you have not already done so) and proxy form (if required) by 5:00 PM on 27 February 2020.

If you have any queries, please contact Patrick Cashman on (07) 3333 9828.

Dated: 14 February 2020

Anthony Connelly
Liquidator

Enclosures:

Notice of Meeting

Proof of Debt Form (Form 535)

Proof of Debt Guidance Notes

Proxy Form

Proxy Form Guidance Notes

General information for attending and voting at meeting of creditors

Remuneration Approval Report



Notice of Meeting

Nut Butter Wine Pty Ltd (formerly Onebuild Projects Pty Ltd) (In Liquidation)
ACN 104 825 667
(NBW)

NOTICE OF MEETING OF CREDITORS OF COMPANY UNDER EXTERNAL ADMINISTRATION

- 1 Notice is now given that a meeting of the creditors of the company will be held at McGrathNicol, Level 7, 175 Eagle Street, Brisbane QLD 4000, Australia on 28 February 2020 at 9:30AM.
- 2 The purpose of the meeting is for creditors to consider the following resolutions:
 - a. the Liquidators' actual remuneration of \$61,309 (excluding GST) for the period 13 September 2019 to 3 December 2019;
 - b. the Liquidators' future remuneration of \$60,000 (excluding GST) for the period 4 December 2019 to the finalisation of the Liquidation;
 - c. the Liquidators entering into an agreement that may involve a term or obligations that extend for more than three months;
 - d. the Liquidators compromising any debt to the company greater than \$100,000; and
 - e. the Liquidators destroying NBW's books and records following the deregistration of NBW, subject to obtaining the consent of the Australian Securities and Investments Commission.
- 3 The effect of Insolvency Practice Rules (Corporations) section 75-85 (entitlement to vote as a creditor at meetings of creditors) is:
 - a. A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
 - b. Subject to subsections (c) and (d), each creditor is entitled to vote and has one vote.
 - c. A person is not entitled to vote as a creditor at a meeting of creditors unless:
 - (i) his or her debt or claim has been admitted wholly or in part by the external administrator; or
 - (ii) 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:
 - > those particulars; or
 - > if required—a formal proof of the debt or claim.
 - d. A creditor must not vote in respect of:
 - (i) an unliquidated debt; or
 - (ii) a contingent debt; or
 - (iii) an unliquidated or a contingent claim; or
 - (iv) a debt the value of which is not established;unless a just estimate of its value has been made.



- 4 Proofs of debt and proxies must be submitted by 5:00PM on 27 February 2020. If you have already lodged a proof of debt, you are not required to do so again unless there is information you would like to update.
- 5 Should a person be unable to attend the meeting in person, teleconference facilities will be available as follows:
Telephone number: 1800 153 721 (Australia)
Access participant pin: 829 993 94#

Dated: 12 February 2020

A handwritten signature in black ink, appearing to read 'Anthony Connelly'.

Anthony Connelly
Liquidator

McGrathNicol
GPO Box 9986
Brisbane QLD 4001
Australia
+61 7 3333 9800

FORM 535
FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

ACN
"the Company"

To the Liquidator/Administrator of the Company

1. This is to state that the Company was on _____, and still is, justly and truly indebted to:
_____ (name of creditor)
of _____ (address of creditor)
for \$ _____ and _____ cents (GST inclusive) GST amount _____

Date	Consideration (state how the Debt arose)	Amount \$ c	Remarks (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 satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount \$c	Due Date

3. Select which of the below applies (choose one):

- The creditor is a company and I am signing as a director of the company
- The creditor is a company and I am signing as an authorised representative/duly constituted attorney of the company
- I am an individual and I am signing in my personal capacity (which includes employees)
- The creditor is a sole trader and I am signing as the proprietor
- The creditor is a partnership and I am signing as a partner of the partnership
- I am signing in my personal capacity as a member or contributory of the Company
- Other: _____

4. If you are a related party, state your relationship _____

I nominate to receive electronic notifications of documents in accordance with Section 600G of the Corporations Act at the following email address

Email: _____

5. Is this debt claimed on the basis of an assignment? Yes No

If so, what consideration was paid for the debt? _____

This debt was incurred for the consideration stated and the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Signature Dated

Name: _____

Address: _____



Proof of Debt Guidance Notes

(Please read carefully before filling in Form 535 or Form 536)

It is a creditor's responsibility to prove their claim to our satisfaction.

When lodging claims, creditors must ensure:

- the proof of debt form is properly completed in every particular; and
- evidence, as set out under "Information to support your claim", is attached to the Form 535 or Form 536.

Directions for completion of a Proof of Debt

1. Insert the full name and address of the creditor.
2. Under "Consideration" state how the debt arose, for example "goods sold to the company on _____".
3. Under "Remarks" include details of any documents that substantiate the debt (refer to the section "Information to support your claim" below for further information).
4. Where the space provided for a particular purpose is insufficient to contain all the information required for a particular item, please attach additional information.

Information to support your claim

Please note that unless you provide evidence to support the existence of the debt, your debt is not likely to be accepted. Detailed below are some examples of debts creditors may claim and a suggested list of documents that should accompany a proof of debt to substantiate the debt.

Trade Creditors

- Invoice(s) and statement(s) showing the amount of the debt; and
- Advice(s) to pay outstanding invoice(s) (optional).

Guarantees/Indemnities

- Executed guarantee/indemnity;
- Notice of Demand served on the guarantor; and
- Calculation of the amount outstanding under the guarantee.

Judgment Debt

- Copy of the judgment; and
- Documents/details to support the underlying debt as per other categories.

Deficiencies on Secured Debt

- Security Documents (eg. mortgage);
- Independent valuation of the secured portion of the debt (if not yet realised) or the basis of the creditor's estimated value of the security;
- Calculation of the deficiency on the security; and
- Details of income earned and expenses incurred by the secured creditor in respect of the secured asset since the date of appointment.

**Loans (Bank and Personal)**

- Executed loan agreement; and
- Loan statements showing payments made, interest accruing and the amount outstanding as at the date of appointment.

Tax Debts

- Documentation that shows the assessment of debts, whether it is an actual debt or an estimate, and separate amounts for the primary debt and any penalties.

Employee Debts

- Basis of calculation of the debt;
- Type of Claim (eg. wages, holiday pay, etc);
- Correspondence relating to the debt being claimed; and
- Contract of Employment (if any).

Leases

- Copy of the lease; and
- Statement showing amounts outstanding under the lease, differentiating between amounts outstanding at the date of the appointment and any future monies.

PROXY FORM

Nut Butter Wine Pty Ltd (formerly Onebuild Projects Pty Ltd) (In Liquidation)

ACN 104 825 667

(NBW)

APPOINTMENT OF PROXY

I/We (if a firm, strike out "I" and set out the full name of the firm) _____ of

_____ (insert address)

a creditor of **Nut Butter Wine Pty Ltd (formerly Onebuild Projects Pty Ltd) (In Liquidation)** appoint

_____ (insert name, address and description of the person appointed)

or in his or her absence

_____ (insert name, address and description of the person appointed)

as my/our (choose one):

general proxy

special proxy

to vote at the meeting of creditors to be held on 28 February 2020 at 9:30 AM or at any adjournment of that meeting.

Resolution (only complete where appointing a special proxy)	For	Against	Abstain
1 <i>"That the remuneration of the Liquidators for the period 13 September 2019 to 3 December 2019, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 11 October 2019, is determined in the sum of \$61,309, exclusive of GST."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 <i>"That the future remuneration of the Liquidators from 4 December 2019 to the finalisation of the liquidation is determined at a sum equal to the cost of time spent by the Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 11 October 2019, up to a capped amount of \$60,000, exclusive of GST."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 <i>That so far as is necessary for the beneficial winding up of NBW, the Liquidators are hereby authorised pursuant to subsections 506(1A), 477(2A) and 477(2B) of the Corporations Act to compromise any debt to NBW, greater than the prescribed amount (currently \$100,000), and to enter any agreement on behalf of NBW involving a term or obligations extending for more than three months.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution (only complete where appointing a special proxy)	For	Against	Abstain
4 That the books and records of NBW may be destroyed following the deregistration of NBW, subject to the consent of the Australian Securities & Investments Commission being obtained.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DATED this _____ day of _____ 20

Name _____

Signature _____

Select which of the below applies (choose one):

The creditor is a company and I am signing as a director of the company

The creditor is a partnership and I am signing as a partner of the partnership

The creditor is a company and I am signing as an authorised representative/duly constituted attorney of the company

I am signing in my personal capacity as a member or contributory of Nut Butter Wine Pty Ltd (In Liquidation)

I am an individual and I am signing in my personal capacity (which includes employees)

Other: _____

The creditor is a sole trader and I am signing as the proprietor

Proxy forms should be completed and returned by no later than 5:00 PM on 27 February 2020.

RETURN TO: **Nut Butter Wine Pty Ltd (formerly Onebuild Projects Pty Ltd) (In Liquidation)**

c/- McGrathNicol

Address: GPO Box 9986, Brisbane QLD 4001, Australia

Email: pcashman@mcgrathnicol.com

Phone: +61 7 3333 9800

Fax: +61 7 3333 9899



Proxy Guidance Notes

- Insert full name and address of creditor, contributory or member on the top line.
- On the second line, insert the address of the creditor, contributory or member.
- On the next line insert the name of the person you appoint as your proxy. You may insert "the Chairperson of the meeting" if you wish.
- You may appoint an alternate proxy on the fourth line who may act if your first appointed proxy cannot attend the meeting. You may insert "the Chairperson of the meeting" if you wish.
- Make sure you select whether the proxy is a general or special proxy.
- A general proxy is where you leave it to the proxy to decide how to vote on each of the resolutions put before the meeting.
- A special proxy is where you specify how the proxy is to vote on each resolution and the proxy must vote in accordance with that instruction.
- If the proxy is a special proxy, the form must include details of each resolution and whether the proxy holder is to cast their vote in favour or against each resolution or abstain from voting.
- Date and sign the Proxy form, indicating in which capacity you are signing the form. The person signing must be authorised to do so.



Nut Butter Wine Pty Ltd (formerly Onebuild Projects Pty Ltd) (In Liquidation)
ACN 104 825 667

General Information for Attending and Voting at Meetings of Creditors

Time and Place of Meeting

Pursuant to *Insolvency Practice Rules (Corporations) (IPR) 75-30*, a meeting of creditors must be convened at the time and place the Chairperson believes are convenient for the majority of creditors entitled to receive notice of the meeting.

Quorum

- Pursuant to IPR 75-105, unless a quorum is present, a meeting must not act for any purpose other than:
 - the election of a chairperson; and
 - the proving of debts; and
 - the adjournment of the meeting.
- A quorum is present if two (2) or more persons are entitled to vote and at least two (2) persons are present at the meeting in person, by proxy or by power of attorney.
- A quorum is present if only one (1) person is entitled to vote and that person is present at the meeting in person, by proxy or by power of attorney.
- A person who participates in the meeting using electronic facilities is taken to be present in person at the meeting.
- A meeting is sufficiently constituted if only one (1) person is present in person, if the person represents personally or by proxy or otherwise a number of persons sufficient to constitute a quorum.

Chairperson

Pursuant to IPR 75-50, the external administrator is appointed Chairperson of the meeting. Alternatively, pursuant to IPR 75-50 and IPR 75-152 the external administrator may appoint someone else to act as chairperson of the meeting and authorise that person to use any proxies held by the external administrator on the external administrator's behalf.

For the second meeting of creditors in a Voluntary Administration, the Administrator must chair the meeting pursuant to IPR 75-50.

Voting

- Pursuant to IPR 75-85, creditors will not be eligible to vote at the meeting unless they have lodged particulars of their debt or claim prior to or at the meeting.
- Accordingly, creditors who intend to vote at the meeting should ensure that they lodge a formal proof of debt with the external administrator prior to or at the meeting.
- Pursuant to IPR 75-110, a resolution put to the meeting is to be decided on the voices or by a poll, if one is requested.
- A poll may be requested by:
 - the chairperson; or
 - a person participating and entitled to vote at the meeting.



- Pursuant to IPR 75-115, should a poll be requested:
 - a resolution is passed if a majority in number and a majority in value vote in favour of the resolution; and
 - a resolution is not passed if a majority in number and a majority in value vote against the proposed resolution.

In the event of a deadlock, the chairperson may exercise a casting vote. In such situations, the minutes of the meeting must specify the chairperson's reasons for exercising, or not exercising, their casting vote.

Proxies

- Pursuant to IPR 75-150, a person entitled to vote at a meeting may, in writing, appoint an individual as their proxy to attend and vote at the meeting on their behalf.
- Accordingly, creditors who are unable to attend the meeting but who wish to be represented should ensure that a validly executed proxy form is lodged with the external administrator prior to the meeting.

Corporate Creditors

Corporate creditors who wish to attend the meeting should note that an individual may only represent them if the corporation validly grants that person a proxy or power of attorney.

Alternatively, section 250D of the *Corporations Act* provides that a corporation may, by resolution of its board, provide a standing authority for a specified person to represent the corporation at a specified meeting of creditors. A copy of any such resolution should be provided to the external administrator prior to attending the meeting.

Committee of Inspection

Pursuant to IPR 80-5, a person may only serve as a member of a Committee of Inspection if the person is:

- a creditor of the company personally; or
- the attorney of a creditor under a general power of attorney; or
- authorised in writing by a creditor; or
- a representative of the Commonwealth if a FEG claim has been, or the Commonwealth considers a claim is likely to be, made in relation to unpaid employee entitlements.

Corporate creditors who are members of a Committee of Inspection may be represented by an individual authorised in writing by the member to represent the member on the committee.



Remuneration Approval Report

Nut Butter Wine (formerly Onebuild Projects Pty Ltd)

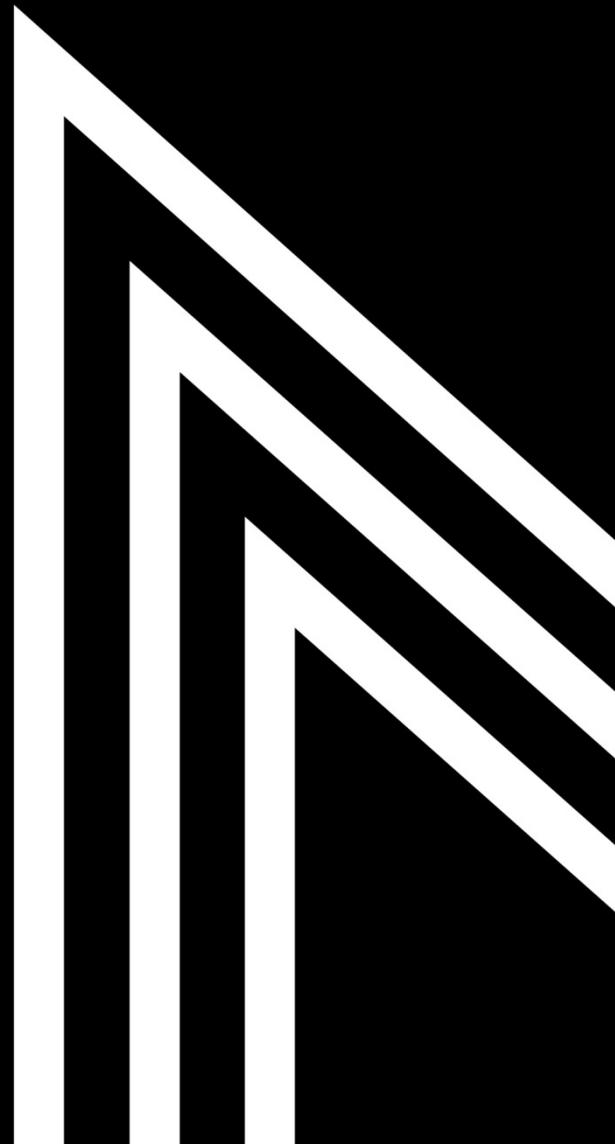
(In Liquidation)

ACN 104 825 667

14 February 2020



McGrathNicol



This remuneration approval report provides you with information to assist you to make an informed decision regarding the approval of our proposed remuneration for undertaking the Liquidation of NBW.

The report has the following information:

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4	Disbursements	10
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5	Queries	12

1 Declaration

We, Anthony Norman Connelly and William James Harris of McGrathNicol, have undertaken a proper assessment of this remuneration claim for our appointment as Liquidators of NBW 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 this matter.

2 Executive Summary

To date, no remuneration or internal disbursements have been approved and paid in this administration.

This remuneration approval report details approval sought for the following remuneration:

Approvals sought	Report Reference	Amount (ex GST)
Remuneration		
Retrospective	3.1	\$61,309
Prospective*	3.2	\$60,000
Total remuneration		\$121,309
* Approval sought for future remuneration 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.		

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

3 Remuneration

3.1 Retrospective remuneration

We will request that the following resolution be passed to approve our retrospective remuneration. Details to support this resolution are included further below.

Retrospective remuneration resolution(s)	Appointment Type	Amount (ex GST)
Resolution 1: 13 September 2019 to 3 December 2019	Liquidation	\$61,309
Total retrospective remuneration resolution		\$61,309

Resolution 1: 13 September 2019 to 3 December 2019

"That the remuneration of the Liquidators for the period 13 September 2019 to 3 December 2019, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 11 October 2019, is determined in the sum of \$61,309, exclusive of GST."

We will withdraw funds from the administration account in respect of the Liquidators' remuneration immediately upon approval if funds are available. If funds are not available, we will withdraw funds progressively over time as funds become available.

The below table sets out the time charged to each major task area by staff members working on the Liquidation for the period 13 September 2019 to 3 December 2019, which is the basis of Resolution 1. More detailed descriptions of the tasks performed within each task area and matching amounts are detailed below.

Resolution 1: 13 September 2019 to 3 December 2019

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area									
					Assets		Creditors		Employees		Investigation		Administration	
					hrs	\$	hrs	\$	hrs	\$	hrs	\$	Hrs	\$ ex GST
Anthony Connelly	Liquidator	630	8.90	5,607	2.80	1,764.00	1.10	693.00	-	-	4.70	2,961.00	0.30	189.00
Employee A	Manager	460	49.80	22,908	12.50	5,750.00	6.10	2,806.00	1.20	552.00	20.20	9,292.00	9.80	4,508.00
Employee B	Senior Accountant	380	86.30	32,794	9.50	3,610.00	23.70	9,006.00	3.90	1,482.00	34.20	12,996.00	15.00	5,700.00
Total (ex GST)			145	61,309.00	24.80	11,124.00	30.90	12,505.00	5.10	2,034.00	59.10	25,249.00	25.10	10,397.00
Average hourly rate				422.82		448.55		404.69		398.82		427.23		414.22

The below table sets out a detailed description of work undertaken on the Liquidation for the period 13 September 2019 to 3 December 2019, which is the basis of Resolution 1.

Resolution 1: 13 September 2019 to 3 December 2019

Task Area	General Description	Includes
Assets 24.8 hours \$11,124	Monies	<ul style="list-style-type: none"> Secured bank accounts
	Debtors	<ul style="list-style-type: none"> Issued notifications to debtors Liaised with debtors regarding amounts recorded as owing to NBW Liaised with former customer regarding funds held on retention
	Sale of motor vehicle	<ul style="list-style-type: none"> Liaised with valuer to obtain valuation of the motor vehicle Considered and accepted offer from director to purchase equity interest in motor vehicle
	Assets subject to specific charges and security interests	<ul style="list-style-type: none"> Searched the PPS register Liaised with Westpac Banking Corporation regarding motor vehicle subject to security interest Disclaimed interest in motor vehicle Disclaimed interest in property lease
	Stock and furniture & fixtures (FF&E)	<ul style="list-style-type: none"> Liaised with agent to gain access to leased premises to collect stock and ascertain whether there is any value in the remaining FF&E Attended premises and met with agent. However, access was then denied
Creditors 30.9 hours \$12,505	Creditor Enquiries, Requests & Directions	<ul style="list-style-type: none"> Received and responded to creditor enquiries Prepared initial correspondence to creditors and their representatives Compiled information requested by creditors Liaised with Queensland Building and Construction Commission (QBCC) regarding numerous creditor claims and complaints
	Secured creditor reporting	<ul style="list-style-type: none"> Notified PPSR registered creditors of appointment Responded to secured creditors' queries
	Creditor reports	<ul style="list-style-type: none"> Prepared Statutory Report by Liquidator
	Deal with proofs of debt (POD)	<ul style="list-style-type: none"> Receive PODs from claimants Maintained POD register Adjudicated on PODs to enable insurance claims by claimants

Task Area	General Description	Includes
Employees 5.1 hours \$2,034	Employee queries	<ul style="list-style-type: none"> Received and followed up employee enquiries Prepared letters to employees advising of their available options Prepare correspondence in response to employees' queries
	Fair Entitlements Guarantee (FEG)	<ul style="list-style-type: none"> Liaised with FEG Completed FEG questionnaire Reviewed confirmation report from FEG
Investigation 59.1 hours \$25,249	Conduct investigations	<ul style="list-style-type: none"> Sent initial request to director for Report on Company Activities & Property (ROCAP) and company books and records Followed up director to request ROCAP and books and records Met with director to discuss the company's history, available records and asset position Issued requests to third parties for company books and records Obtained ROCAP and books and records Conducted detailed review of books and records, including Xero accounting software, Office365 email data and physical books and records Reviewed information from creditors and other third parties
	Recoveries	<ul style="list-style-type: none"> Considered potential recovery actions, including unfair preferences and insolvent trading Prepared supporting workpapers to determine the date of insolvency Drafted correspondence to the Commissioner of Taxation regarding potential unfair preference claim (to be finalised and submitted)
Administration 25.1 hours \$10,397	Document maintenance/file review/checklist	<ul style="list-style-type: none"> Conducted first month file reviews Maintained physical and electronic engagement file Updated checklists
	Insurance	<ul style="list-style-type: none"> Corresponded with insurer regarding initial and ongoing insurance requirements
	Bank account administration	<ul style="list-style-type: none"> Prepared correspondence to open and close accounts Requested bank statements Performed bank account reconciliations

Task Area	General Description	Includes
	Australian Securities and Investment Commission (ASIC) forms	<ul style="list-style-type: none"> Prepared and lodged ASIC forms, including notification of appointment, ROCAP and disclaimer of lease Corresponded with ASIC regarding statutory forms
	Statutory reporting	<ul style="list-style-type: none"> Notified various statutory authorities of the appointment Received and reviewed responses from those entities
	Planning/Review	<ul style="list-style-type: none"> Discussed status of external administration

3.2 Prospective remuneration

We request that the following resolution be passed to approve our prospective remuneration. Details to support this resolution are included further below.

Prospective remuneration resolution(s)	Appointment Type	Amount (ex GST)
Resolution 2: 4 December 2019 to finalisation of Liquidation	Liquidation	\$60,000
Total Prospective remuneration resolution		\$60,000

Resolution 2: 4 December 2019 to finalisation of Liquidation

"That the future remuneration of the Liquidators from 4 December 2019 to the finalisation of the liquidation is determined at a sum equal to the cost of time spent by the Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 11 October 2019, up to a capped amount of \$60,000, exclusive of GST."

We will withdraw funds from the administration account in respect of the Liquidators' remuneration progressively over time as funds become available and only once it is incurred. If actual costs incurred are below the capped amount, the Liquidators are only authorised to draw the amount incurred. If actual costs incurred exceed the amount approved, the Liquidators may seek further approval from creditors.

The below table sets out the expected costs and a detailed description of the work by task area to be undertaken on the liquidation for the period 4 December 2019 to the finalisation of the Liquidation, which is the basis of Resolution 2.

Resolution 2: 4 December 2019 to finalisation of Liquidation

Task Area	General Description	Includes
Assets \$2,000	Debtors	<ul style="list-style-type: none"> Liaise with remaining debtors, including debtor with funds held on retention Request release of retention monies
Creditors \$10,000	Creditor Enquiries, Requests & Directions	<ul style="list-style-type: none"> Receive and respond to creditor enquiries Consider reasonableness of creditor requests Document reasons for not complying with requests or directions Compile and issue information requested by creditors

Task Area	General Description	Includes
	Creditor reports	<ul style="list-style-type: none"> Finalise and issue Statutory Report by Liquidator Prepare and issue updates to creditors regarding the progress of the liquidation
	Proposals to Creditors	<ul style="list-style-type: none"> Prepare proposal notices and voting forms Forward notice of proposal to all known creditors Review votes and determine outcome of proposal Prepare and lodge proposal outcome with ASIC
	Meeting of Creditors	<ul style="list-style-type: none"> Prepare and send notice to convene a meeting of creditors Advertise notice of meeting Prepare meeting file Prepare and lodge minutes of meeting with ASIC Respond to stakeholder queries and questions following the meeting
Employees \$1,000	Employee queries (if required)	<ul style="list-style-type: none"> Receive and follow up employee enquiries Prepare letters to employees advising of their entitlements and options available Prepare correspondence in response to employees' queries
	FEG (if required)	<ul style="list-style-type: none"> Correspond with FEG regarding additional claims
	Calculation of entitlements	<ul style="list-style-type: none"> Review employee files and company's books and records Reconcile superannuation accounts and calculate amounts owed Prepare and lodge Superannuation Guarantee Statements with the Australian Taxation Office (ATO) to register the claim for superannuation
	Employee distribution (if applicable)	<ul style="list-style-type: none"> Correspond with employees regarding distribution Correspond with ATO regarding Superannuation Guarantee Charge (SGC) POD Correspond with FEG regarding POD Receive and adjudicate PODs Calculate and prepare distribution

Task Area	General Description	Includes
Investigation \$40,000	Conduct investigations	<ul style="list-style-type: none"> ▪ Finalise detailed review of company's books and records, including Xero accounting software, Office365 email data, financial accounts, correspondence and physical books and records ▪ Review information from creditors and other third parties ▪ Prepare comparative financial statements ▪ Review specific transactions and liaise with director regarding certain transactions ▪ Finalise workpapers regarding date of insolvency ▪ Complete analysis and investigations to determine the existence, and if relevant quantum, of the insolvent trading claim against the director ▪ Liaise with Controlling Trustee of the director regarding the status and outcome of his Part X
	Recoveries	<ul style="list-style-type: none"> ▪ Finalise position regarding potential recovery actions, including insolvent trading and several potential voidable transactions ▪ Request repayment of identified unfair preference payments ▪ Discuss status of recovery actions ▪ Liaise with lawyers regarding recovery actions (if required)
	ASIC reporting	<ul style="list-style-type: none"> ▪ Prepare report to ASIC under s533 ▪ Liaise with ASIC
Dividend \$5,000	Process proofs of debt	<ul style="list-style-type: none"> ▪ Prepare correspondence to potential creditors inviting lodgement of PODs ▪ Receive and adjudicate PODs ▪ Respond to requests from insurers for results of POD adjudication ▪ Maintain POD register ▪ Correspond with claimants regarding PODs
	Dividend procedures (if required)	<ul style="list-style-type: none"> ▪ Correspond with creditors regarding dividend ▪ Receive and adjudicate PODs ▪ Advertise intention to declare dividend ▪ Obtain clearance from ATO ▪ Calculate increasing or decreasing adjustment regarding ATO's claim ▪ Calculate equalising dividend ▪ Calculate and pay dividend
Administration \$2,000	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Conduct six monthly file reviews ▪ Maintain physical and electronic engagement file ▪ Update checklists

Task Area	General Description	Includes
	Bank account administration	<ul style="list-style-type: none"> ▪ Prepare correspondence to close accounts ▪ Request bank statements ▪ Perform bank account reconciliations
	ASIC forms	<ul style="list-style-type: none"> ▪ Prepare and lodge ASIC forms ▪ Correspond with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> ▪ Prepare BASs
	Finalisation	<ul style="list-style-type: none"> ▪ Notify ATO of ceasing to act ▪ Cancel ABN/GST/PAYG registration ▪ Complete checklists
	Planning/Review	<ul style="list-style-type: none"> ▪ Discuss status of external administration
	Books and records / storage	<ul style="list-style-type: none"> ▪ Send job files to storage ▪ Deal with records in storage
Total		
\$60,000		

3.3 Estimated future remuneration

In preparing this report, our prospective remuneration approval is our best estimate of 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.

3.4 Total remuneration reconciliation

At this point in time we estimate that the total remuneration for the Liquidation will be \$121,309 (GST exclusive), as shown in the table below. This is subject to the following variables, which may have a significant effect on this estimate and that we are unable to determine as yet:

- continued investigations required to determine the existence and commerciality of any recovery actions that may be available to the Liquidators, including potential voidable transactions or insolvent trading recoveries;
- if sufficient funds become available, work that may be required to distribute funds to creditors; and
- any identified matters that may be required to be reported to statutory authorities, such as ASIC.

Remuneration type	Report Reference	Amount (ex GST)
Retrospective remuneration approval	3.1	\$61,309
Prospective remuneration approval	3.2	\$60,000
Estimated total remuneration		\$121,309

This differs to the estimate provided in our Remuneration Approval Report dated 13 December 2019, which estimated remuneration of \$101,309 (excluding GST), for reasons that include the following:

- time spent advancing investigations to determine the existence of potential recovery actions;
- time spent preparing for a creditors' meeting following the objection to our proposal to creditors; and
- time spent considering and responding to a detailed creditor information request.

We have provided an explanation of the tasks that remain to be completed, including our estimated costs to complete those tasks, to support our current remuneration approval request, at section 3.2 of this report.

3.5 Likely impact on dividends

It is both reasonable and appropriate for a professional service provider to be remunerated for their services. An external administrator is entitled to be remunerated for necessary work that is properly performed. That work generates the funds that may be recovered for the benefit of creditors and other stakeholders.

The impact of the approval of the external administrator's remuneration is that the remuneration will then be paid provided sufficient funds are generated to enable it to be paid. The remuneration will be paid from those funds that are generated prior to the payment of most creditors in the external administration.

It is noted that funds would only be available to any stakeholder as a consequence of the work necessarily undertaken by the external administrator.

If a dividend or distribution is to be paid to stakeholders, there is also necessary work that must be undertaken by the external administrator to properly adjudicate on claims and distribute any available funds.

3.6 Remuneration recovered from external sources

The Liquidators have not recovered any remuneration from external sources or received any indemnities or up-front payments.

4 Disbursements

Disbursements are paid for by McGrathNicol and are recovered from the Liquidation bank account.

Disbursements are divided into two types:

- External disbursements – these are recovered at cost. Examples are travel, accommodation, postage, advertising, couriers and search fees.
- Internal disbursements – these disbursements are charged at a rate which recoups both fixed and variable costs and may include an element of profit or advantage to the External Administrator or a related party of the External Administrator. Examples are printing and data storage. 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 Liquidation, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

4.1 External disbursements

External disbursements are recovered at cost. Creditors are not required to approve these types of disbursements, but details are provided to account to creditors, including the basis of charging for these types of disbursements. Creditors are entitled to question the incurring of the disbursements and can challenge the disbursements in Court.

The following external disbursements have been paid by McGrathNicol and relate to the Liquidation. These amounts will be reimbursed to McGrathNicol at cost from the Liquidation bank account:

External disbursements for the period 13 September 2019 to 3 December 2019	Amount (ex GST)
Searches	\$640.53
Subscriptions for accounting software	\$53.66
Total	\$694.19

4.1.1 Future internal disbursements

Future disbursements provided by McGrathNicol will be charged to the external administration on the following basis:

Disbursement type	Rate (ex GST)
External disbursements	
Postage	At cost
Stationery and other incidental disbursements	At cost
Telephony – conference calls	At cost
Searches	At cost
Advertising	At cost
Courier	At cost
Staff per diem travel allowance*	\$89.00 per day**
Staff vehicle use	\$0.68 per km**
ASIC user pays levy	At cost
Internal disbursements (that may have an element of profit or advantage)	
Data processing – data loading & processing fee	\$20-\$60 per gigabyte (GB)***, minimum \$3,000 for matters less than 50GB.
Data hosting – monthly hosting fee	\$10 per GB, per month. Minimum \$1,000 for small matters. Large matters are priced on application.
Printing – black and white	\$0.09 per page
Printing – Colour	\$0.28 per page

* Payable when partners or staff are required for business purposes to stay away from their usual place of residence overnight.

** These rates are deemed reasonable by the Australian Taxation Office.

*** Tiered pricing model depending on volume of data to be hosted.

4.1.2 Further explanation of data hosting disbursements

In the conduct of this Liquidation, we may use McGrathNicol's Forensic Technology team to extract, aggregate, electronically process and/or host electronic data, which could be used for our investigations regarding transactions or potential recoveries available to creditors.

If data hosting is required and we choose not to use the services of McGrathNicol's Forensic Technology team, we will otherwise have to purchase those services from an alternative provider and/or use another method to achieve the same end, which will not be as efficient as using these available internal services.

We note that the data hosting rates above are no more than our standard commercial pricing available for the same services when they are provided to external parties.

5 Queries

If you have any queries regarding the information in this report, please contact Patrick Cashman on (07) 3333 9828.

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

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for "fees of insolvency practitioner").

Dated: 14 February 2020



Anthony Connelly
Liquidator