

MCN+

McGRATHNICOL

**James Australia Group Pty Ltd
ACN 000 975 191**

**TLT Nominees Pty Ltd
ACN 133 250 307**

**Print National Nominees Pty Ltd
ACN 098 730 431**

**Newcastle Liquor Wholesalers Pty Ltd ACN
135 338 635**

**Rugama Trading Pty Ltd
ACN 135 068 147**

**(Receivers and Managers Appointed to all)
(Administrators Appointed to all)
(collectively known as the Companies)**

Report to Creditors

11 September 2013

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Introduction

On 19 August 2013, Shaun Fraser and Christopher Honey were appointed Joint & Several Administrators of James Australia Group Pty Ltd (“JAG”), TLT Nominees Pty Ltd (“TLT”), Print National Nominees Pty Ltd (“PNN”), Newcastle Liquor Wholesalers Pty Ltd (“NLW”) and Rugama Trading Pty Ltd (“RGT”) (Receivers and Managers Appointed to all) (Administrators Appointed). The appointment was made by a secured creditor, the ANZ Banking Group Limited (“ANZ”) pursuant to section 436C of the Corporations Act.

Throughout this report JAG, TLT, PNN, NLW and RGT are collectively referred to as “the Companies”. TLT and NLW are referred to as “the Trading Entities” and JAG, PNN and RGT are referred to as “the Non-Trading Entities”.

The object of the voluntary administration is to provide for the businesses, property and affairs of the entities to be administered in a way that:

- + maximises the chances of the entities, or as much as possible of their businesses, continuing in existence; or
- + results in a better return for the Companies’ creditors and members than would result from an immediate winding up of the Companies.

In voluntary administrations, administrators are empowered by the Corporations Act 2001, (“the Act”) to assume control of insolvent companies (or those likely to become insolvent), superseding the power of the directors and officers, to manage the company’s affairs and deal with their assets in the interest of creditors and members. The intention of voluntary administration is to maximise the prospects of insolvent companies continuing in existence, or if that is not possible, to achieve better returns to creditors and members than would be achieved in liquidation.

During a voluntary administration there is a moratorium over most pre-administration creditor claims, and administrators are required to investigate the Company’s affairs and report to the creditors.

Pursuant to section 439A of the Act, administrators must convene a meeting of creditors and provide:

- + A report about the business, property, affairs and financial circumstances of the Companies.
- + A statement setting out the Administrators’ opinion, supported by their reason, about each of the following matters:
 - whether it would be in the creditors’ interest for the administration to end;
 - whether it would in the creditors’ interest for the Companies to execute a Deed of Company Arrangement (“DOCA”);
 - if a DOCA is proposed, a statement setting out details of the proposed DOCA; and
 - whether it would be in the creditors’ interests for the Companies to be wound up.

The creditors of the Companies may vote at the second meeting of creditors on the options outlined above concerning the future of the Companies, or may vote to adjourn the meeting for up to 45 business days.

This is the report that we are required to provide under section 439A of the Act in respect of the Companies.

The purpose of this report is to inform creditors about the Companies’ business, property, affairs and financial circumstances in preparation for the second meeting of creditors, and to provide creditors with my opinion as to the course of action which should be adopted.

For the sake of efficiency, we have produced one report outlining the required information for all the Companies.

In the limited time available, we have undertaken the following investigations to prepare this report and formulate my opinion:

- + Review the limited books and records of the Companies made available to me; and
- + Discussions with the Receivers and Managers of the Companies.

This is a statutory report and the Corporations Act imposes tight timeframes for Administrators to conduct an investigation, prepare a report and provide that report to creditors with sufficient notice prior to the second creditors meeting.

At the time of writing this report, the Director of the Companies has failed to comply with my requests for access to the Companies' books and records or attend my office to answer my enquiries. We have recovered some books and records from the Companies' premises and been provided access to records recovered by the Receivers and Managers. However, those records are incomplete and inconsistent.

As a result, we are unable to undertake a detailed investigation and the matters raised in this report are based on the limited and inconsistent information available.

The Receivers and Managers appointed to the Companies have been in control of the assets, as opposed to the Administrators.

At the meeting of creditors to be held on 18 September 2013, creditors will be asked to make a decision by passing a resolution in respect of options available to them. In this report I have recommended that the Companies be placed into liquidation and detailed why this option is, in my opinion, in creditors' best interests.

Administrator’s prior involvement

In accordance with Section 436DA of the Act and the Insolvency Practitioners’ Association of Australia (“IPA”) *Code of Professional Practice*, a Declaration of Independence, Relevant Relationships and Indemnities (“the Declaration”) was enclosed with our first communication to creditors. I have updated the Declaration since that time and tabled it at the First Meeting of Creditors. The Declaration was updated to highlight that the Administrators were appointed by the secured creditor and highlight that the appointment covered companies in a group. The updated Declaration is attached and also available on our website www.mcgrathnicol.com.

The Declaration disclosed the following information regarding our independence, prior personal or professional relationships with the Companies or related parties and indemnities received in relation to this appointment.

- + ANZ Banking Group: ANZ holds a charge on the whole or substantially whole of the property of the Companies and appointed both the Administrators and Receivers and Managers. McGrathNicol undertakes corporate recovery and advisory work from time to time on instructions from the ANZ.
- + The Administrators had discussions with ANZ representatives in the days leading to the Administration to clear conflicts and agree funding arrangements.
- + ANZ has agreed to provide funding to the Administrators of up to \$100,000. The loan is provided on an unconditional basis and is to be secured against the Administrators right of indemnity under section 443D of the Act. Our fees are still subject to approval by creditors or the Court.
- + The Administrators or their staff had no communication with the Companies, their Directors or shareholders prior to the appointment.

There were no independence issues, existing or prior professional or personal relationships or indemnities disclosed in the Declaration of Independence, Relevant Relationships and Indemnities. Further details regarding our relationship with ANZ are set out in the table below.

Name	Nature of relationship	Reasons why no conflict of interest or duty
ANZ	<p>ANZ holds several charges on the whole or substantially the whole of the property of the Companies.</p> <p>McGrathNicol undertakes corporate recovery and advisory work from time to time on instructions from ANZ.</p>	<p>Each professional engagement undertaken for ANZ in relation to a particular entity or group of entities is conducted on an entirely separate basis which has no bearing on this appointment.</p> <p>These engagements are only commenced after full regard is given to potential conflicts of interest in relation to all interested stakeholders.</p> <p>McGrathNicol has not undertaken an engagement for ANZ in respect of the Companies. Given these factors, our independence in acting as Voluntary Administrator of the Companies has not been affected. In addition, ANZ has also made an appointment of Greg Hall and David Merryweather of PriceWaterhouseCoopers (“PWC”), as Receivers and Managers of the Companies</p>

Background

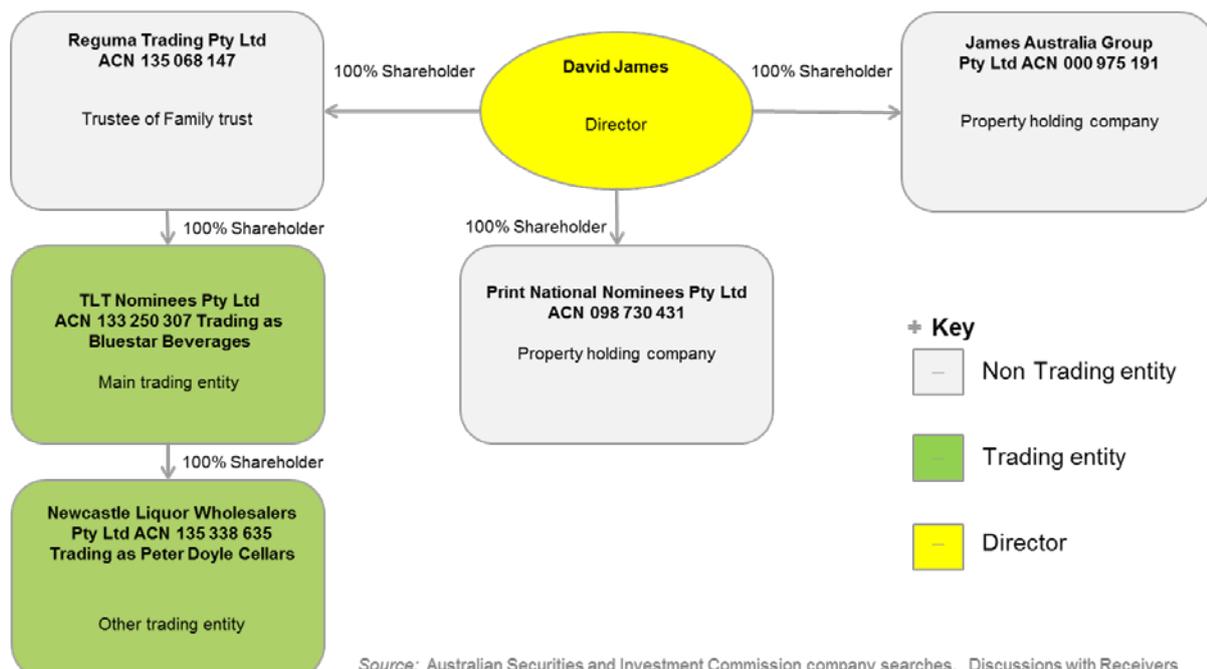
History

We were appointed to the Companies on 19 August 2013 immediately prior to Greg Hall and David Merryweather of PWC being appointed as Receivers and Managers.

We understand the following in respect of the Companies:

- + The Trading Entities were operating at a loss for a period prior to the appointment of external administrators.
- + The Companies' banker had concerns in respect of its exposure and the ability of the Companies to service this indebtedness from at least mid-2012.
- + The Companies were subject to proceedings in the Supreme Court with the OSR relating to unpaid payroll tax. A multi-million dollar judgement was awarded against the Companies. The OSR has lodged a proof of debt to a value in excess of \$5.8 million. This will have significantly impacted the financial position of the Companies.
- + The Companies were indebted to the ANZ which holds security in the form of fixed and floating charges. The Companies defaulted on the loan agreements with the ANZ.
- + The defaults remained un-remedied and ANZ enforced its security by appointing Administrators and the Receivers and Managers on 19 August 2013.
- + The below diagram details our understanding of the Companies' structure as per the ASIC company records.
- + David James is also a Director of a number of other entities (not listed below) related to the Companies. Rabobank is the secured creditor of these entities and it appointed Neil Cussen and Vaughan Neil Stawbridge of Deloitte as Receivers and Managers on 28 August 2013.
- + Many of the day to day operations of the businesses within the wider David James Group of entities were reportedly intermingled and in some cases shared accounts, premises, and employees.

The David James Group of Companies



Source: Australian Securities and Investment Commission company searches. Discussions with Receivers

Shareholders and officers

David James is the sole Director of the Companies.

Details of the corporate structure and ownership of the Companies are set out on the previous page.

Based on ASIC company searches we have provided further details of the Companies below:

Company Details				
Company name	ACN	Place Of Business	Registered Office	Registration Date
James Australia Group Pty Ltd	000 975 191	10 Denney Street Broadmeadow NSW 2292	C/- Walker & Company 17A William Street Hamilton NSW 2303	28-Jan-72
New castle Liquor Wholesalers Pty Ltd	135 338 635	56 The Avenue Maryville NSW 2293	56 The Avenue Maryville NSW 2293	11-Feb-09
Print National Nominees Pty Ltd	098 730 431	31 Samdon Street Hamilton NSW 2303	C/- Walker & Company 17A William Street Hamilton NSW 2303	13-Nov-01
Rugama Trading Pty Ltd	135 068 147	22 Moorgate Street Chippendale NSW 2008	22 Moorgate Street Chippendale NSW 2008	23-Jan-09
TLT Nominees Pty Ltd	133 250 307	5481 Bayhill Terrace Hope Island QLD 4212	5481 Bayhill Terrace Hope Island QLD 4212	15-Sep-08

Source: ASIC searches

Outlined below are the current office holders of each company.

Current Office Holders			
Company name	Director	Secretary	Appointment Date
James Australia Group Pty Ltd	David James	David James	1-Jul-10
New castle Liquor Wholesalers Pty Ltd	David James	David James	20-May-11
Print National Nominees Pty Ltd	David James	David James	7-Jun-05
Rugama Trading Pty Ltd	David James	David James	20-May-11
TLT Nominees Pty Ltd	David James	David James	18-Sep-08

Source: ASIC searches

There were no former office holders in the 12 months prior to our appointment.

Charges

A search of the Personal Property Securities Register disclose the below registered charges held over the Companies.

Company Charges						
Type	Number	PMSI	Collateral Class	Secured Party Group	Registration Start Time	
JAMES AUSTRALIA GROUP PTY LTD						
PPSR All PAAP, Except Registration	201211010117890	Not Provided	All PAAP, Except	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	1/11/2012 18:51	
PPSR All PAAP Registration	201112120118827	Not Provided	All PAAP	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	30/01/2012 0:00	
NEWCASTLE LIQUOR WHOLESALERS PTY LTD						
PPSR Other Goods Registration	201201120678195	Yes	Other Goods	MOET HENNESSY AUSTRALIA PTY LIMITED	30/01/2012 0:00	
PPSR Other Goods Registration	201207110040722	Yes	Other Goods	PREMIUM WINE BRANDS PTY LTD	11/07/2012 11:42	
PPSR Motor Vehicle Registration	201202170040264	Yes	Motor Vehicle	Komatsu Forklift Australia Pty Ltd	17/02/2012 11:59	
PPSR Other Goods Registration	201112290402713	Yes	Other Goods	SAMUEL SMITH & SON PTY. LTD.	30/01/2012 0:00	
PPSR Other Goods Registration	201201110467065	Yes	Other Goods	INDEPENDENT DISTILLERS (AUST) PTY LTD	30/01/2012 0:00	
PPSR Other Goods Registration	201305210074808	Yes	Other Goods	J. BOAG & SON BREWING PTY LTD, TOOHEY'S PTY LIMITED, CASTLEMAINE PERKINS PTY LIMITED, LION-WINE PTY LIMITED, LION VICTORIA PTY LTD, THE SWAN BREWERY COMPANY PTY LIMITED, THE SOUTH AUSTRALIAN BREWING COMPANY PTY LIMITED	21/05/2013 22:15	
PPSR Other Goods Registration	201210230073029	Yes	Other Goods	PREMIUM BEVERAGES PTY LTD	23/10/2012 16:39	
PPSR Other Goods Registration	201201030254281	Yes	Other Goods	TYRRELLS' VINEYARDS PTY LTD	30/01/2012 0:00	
PPSR Other Goods Registration	201201030275919	Yes	Other Goods	AUSTRALIAN VINTAGE LTD	30/01/2012 0:00	
PPSR Other Goods Registration	201112290397555	Yes	Other Goods	SAMUEL SMITH & SON PTY. LTD.	30/01/2012 0:00	
PPSR Motor Vehicle Registration	201202170039726	Yes	Motor Vehicle	Komatsu Forklift Australia Pty Ltd	17/02/2012 11:55	
PPSR Other Goods Registration	201207130087778	Yes	Other Goods	VOK BEVERAGES PTY LTD	13/07/2012 16:39	
PPSR Other Goods Registration	201205210025611	Yes	Other Goods	MCWILLIAMS WINES GROUP LTD, ECHELON WINE PARTNERS PTY LTD	21/05/2012 10:01	
PPSR Other Goods Registration	201202170046382	Yes	Other Goods	BUNDA BERG BREWED DRINKS PTY LTD	17/02/2012 12:53	
PPSR Other Goods Registration	201212170053958	Yes	Other Goods	ACCOLADE WINES AUSTRALIA LIMITED	17/12/2012 15:57	
PPSR Other Goods Registration	201202240123772	Yes	Other Goods	CAMPBELLS CASH & CARRY PTY. LIMITED.	24/02/2012 17:11	
PPSR Other Goods Registration	201202020072829	Yes	Other Goods	TREASURY WINE ESTATES AUSTRALIA LIMITED	2/02/2012 3:12	
PPSR Other Goods Registration	201202230008670	Yes	Other Goods	FOSTER'S AUSTRALIA LIMITED	23/02/2012 2:51	
PPSR All PAAP, Except Registration	201302210046303	Not Provided	All PAAP, Except	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	21/02/2013 14:55	
PPSR Motor Vehicle Registration	201202130079068	No	Motor Vehicle	FLEETPLUS PTY LIMITED	13/02/2012 14:06	
TLT NOMINEES PTY LTD						
PPSR Other Goods Registration	201302220031025	Yes	Other Goods	THE INDEPENDENT LIQUOR GROUP DISTRIBUTION CO-OPERATIVE LTD	22/02/2013 12:17	
PPSR Other Goods Registration	201207130063159	Yes	Other Goods	VOK BEVERAGES PTY LTD	13/07/2012 14:10	
PPSR Other Goods Registration	2012121700556037	Yes	Other Goods	ACCOLADE WINES AUSTRALIA LIMITED	17/12/2012 16:02	
PPSR Other Goods Registration	201201110466805	Yes	Other Goods	INDEPENDENT DISTILLERS (AUST) PTY LTD	30/01/2012 0:00	
PPSR Other Goods Registration	201202170045781	Yes	Other Goods	BUNDA BERG BREWED DRINKS PTY LTD	17/02/2012 12:52	
PPSR Other Goods Registration	201201030250083	Yes	Other Goods	TYRRELLS' VINEYARDS PTY LTD	30/01/2012 0:00	
PPSR Other Goods Registration	201202020124241	Yes	Other Goods	TREASURY WINE ESTATES AUSTRALIA LIMITED	2/02/2012 4:08	
PPSR Other Goods Registration	201210010029677	Yes	Other Goods	PREMIUM BEVERAGES PTY LTD	1/10/2012 14:59	
PPSR Other Goods Registration	201209190015983	Yes	Other Goods	TOOHEY'S PTY LIMITED	19/09/2012 10:25	
PPSR Other Goods Registration	201112290403607	Yes	Other Goods	SAMUEL SMITH & SON PTY. LTD.	30/01/2012 0:00	
PPSR Other Goods Registration	201209070048287	Yes	Other Goods	STUART ALEXANDER & CO PTY LTD	7/09/2012 14:50	
PPSR Other Goods Registration	201201300111571	Yes	Other Goods	FOSTER'S AUSTRALIA LIMITED	30/01/2012 8:19	
PPSR Other Goods Registration	201205090055325	Yes	Other Goods	PREMIUM WINE BRANDS PTY LTD	9/05/2012 16:40	
PPSR Other Goods Registration	201302270070235	Yes	Other Goods	DIAGEO AUSTRALIA LIMITED	27/02/2013 16:33	
PPSR All PAAP Registration	201112212003732	Not Provided	All PAAP	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	30/01/2012 0:00	
PPSR All PAAP, Except Registration	201211070063041	Not Provided	All PAAP, Except	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	7/11/2012 16:04	
RUGAMA TRADING PTY LTD						
PPSR All PAAP, Except Registration	201211070048333	Not Provided	All PAAP, Except	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	7/11/2012 14:40	
PPSR All PAAP Registration	201112221211895	Not Provided	All PAAP	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	30/01/2012 0:00	
PRINT NATIONAL NOMINEES PTY LTD						
PPSR All PAAP Registration	201203060063808	Not Provided	All PAAP	COMMONWEALTH BANK OF AUSTRALIA	6/03/2012 17:26	
PPSR All PAAP Registration	201302210027612	Not Provided	All PAAP	COMMONWEALTH BANK OF AUSTRALIA	21/02/2013 11:39	
PPSR All PAAP Registration	201112170002418	Not Provided	All PAAP	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	30/01/2012 0:00	
PPSR All PAAP, Except Registration	201211070040478	Not Provided	All PAAP, Except	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	7/11/2012 14:05	

Source: ASIC company searches

Books and records

We are required to provide an opinion as to whether the Company's books and records are maintained in accordance with section 286 of the Act.

The Act requires that a company maintain financial records that:

- + correctly record and explain its transactions and financial position and performance; and
- + would enable true and fair financial statements to be prepared and audited.

Failure to maintain books and records in accordance with section 286 of the Act provides a presumption of insolvency. This presumption can be relied upon by a liquidator in an application for compensation for insolvent trading and other actions for recoveries pursuant to Division 2 of Part 5.7B of the Act from the Director and related parties.

We understand the books and records of the Companies were located in Homebush (Unit 15,16 - 1 Burroway Road, Wentworth Point 2127) and Newcastle (10 Denney Street, Broadmeadow NSW 2292).

A forensic computer image of several computers belonging to the Companies' senior employees has also been undertaken by the Receivers and Managers. We have been provided with the following books and records:

- + Management accounts for the Trading Entities for the period from FY 2009 to August 2013.
- + Audited accounts for the Trading Entities for the three year period ending FY 2012.
- + Access to archived records including various trading documents, invoices and legal actions.

Our comments

We consider that a company operating this type of business should, as a minimum, maintain the following books and records in order to comply with section 286 of the Act:

Compliant books and records	Administrator comments
Copies of bank statements and deposit books for the last 7 years	Incomplete records were located which did not include any documents from the last 12 months.
Cash receipts and payment journals	Incomplete records were located which did not include any journals from the last 12 months.
Supporting documentation for payments	Some records located however they appear incomplete and not retained in an orderly manner.
Payroll records	Some records located however they appear incomplete and not retained in an orderly manner.
Statutory records	I have not found nor been provided with any evidence that the Companies maintained sufficient statutory records.
Management meeting minutes	I have not found nor been provided with any evidence that the Companies kept managerial meeting minutes.
Asset listing	I have not found nor been provided with any evidence that the Companies kept an asset register.
General ledger/Accounting statements	Whilst general ledgers were kept by the Companies, it does not appear that they were kept up to date with accurate information. I found no basis, supporting schedules or notes on which the ledgers were created, reconciled or maintained.

Summary

We note that despite numerous requests to the Director, he has failed to respond and provide information in regards to the Companies affairs and location of its books and records. We have recently been provided with access to a limited collection of company records by the Receivers and Managers. The limited collection of books and records we have recovered are incomplete and insufficient to complete our investigations.

Given the lack of immediately available records, I suspect the Companies have failed to maintain appropriate records in accordance with the requirements of section 286 of the Act.

Should it be determined that the Companies did not maintain sufficient books and records, I may be able to rely on the presumption of insolvency based on a failure to maintain records in accordance with section 286 of the Act. I will report this contravention to ASIC if I remain of the view that there has been inadequate books and records maintained, at the conclusion of my investigations.

Recent financial results

Creditors should note that we have not carried out an audit, nor have we verified the financial statements, management accounts and trial balances in the preparation of the summarised profit and loss, balance sheet and cash flow statements for the Companies. Accordingly, no warranty of accuracy or reliability is provided by the Administrators.

The audited annual accounts are prepared on a consolidated basis for the Trading Entities and summaries of the consolidated profit and loss and balance sheet statements are set out below.

I have been unable to locate any financial records for the Non-Trading Entities. We note that Mawad & Younan Chartered Accountants acted as the Companies auditors for these periods.

Profit and loss statement for the Trading Entities as per the Companies audited accounts

Profit and Loss			
\$'000s			
Audited Accounts			
\$'000s	FY 2010	FY 2011	FY 2012
Total Revenue	11,844	56,697	63,537
COGS	(9,479)	(46,578)	(53,769)
Gross Profit	2,365	10,119	9,767
Other Income	234	1,154	1,172
Total Income	2,599	11,273	10,939
Expenses	(2,207)	(9,806)	(9,461)
Net Profit	392	1,466	1,478
Tax	(118)	(440)	(443)
Total Profit	274	1,026	1,035

Based on the audited reports, the Companies reported trading profits up to the end of FY 2012.

We have recently been provided with the Companies' management accounts for the above periods which indicate a materially different position.

Further investigations are required to understand the variances between the audited accounts and management reports before we can provide further comments. These investigations will include discussions with the Companies' auditors.

Historical balance sheet for the Trading Entities as per the Companies audited accounts

Balance Sheet			
\$'000s	As at 30 June 2010	As at 30 June 2011	As at 30 June 2012
Audited Accounts			
Assets			
Cash Assets	185	152	142
Inventories	9,301	13,494	13,699
Receivables	10,214	11,924	11,495
Total Current Assets	19,700	25,571	25,336
Non-Current Assets			
Intercompany Loans/Intangibles	1,740	985	1,275
Plant and Equipment	1,356	1,683	1,849
Total Non-Current Assets	3,096	2,668	3,124
Total Assets	22,796	28,238	28,460
Liabilities			
Bank Account	10,277	12,810	12,307
Trade Creditors	2,237	3,587	3,395
Employee Entitlements	243	496	404
Provision for Tax	118	24	4
GST, WET and PAYG Payable	16	64	44
Total Current Liabilities	12,932	16,981	16,154
Non-Current Liabilities			
Shareholders Loan	9,631	9,956	9,970
Total Non-Current Liabilities	9,631	9,956	9,970
Total Liabilities	22,563	26,937	26,124
Net Assets	233	1,301	2,336
Equity			
Retained Profits	274	1,301	2,336
Total Equity	274	1,301	2,336

Based on the audited reports, the Companies had a net asset position of \$2.3 million as at 30 June 2012.

We have recently been provided with the Companies' management accounts for the above periods which indicate a materially different position.

Further investigations are required to understand the variances between the audited accounts and management reports before we can provide further comments. These investigations will include discussions with the Companies' auditors.

Cashflow

We have not been able to locate nor have we been provided with any historical cashflow information or cashflow forecasts prepared by any of the Companies.

Financial position

Report as to Affairs

As at the date of this report, the Director has not responded to our numerous attempts to contact him and he has not provided a Report as to Affairs for the Companies.

Our comments regarding the below accounts are largely based on discussions with the Receivers and Managers (who do not provide any warranties in relation to this information as they have sourced it from third parties).

Assets

Interest in land

1. PNN owns a property located at 872 Pacific Highway, Lisarow, NSW, 2250 ("the Property"). This Property is leased by another David James company, Print National Pty Ltd ("Print National"). Neil Cussen and Vaughan Neil of Deloitte were appointed Receivers and Managers of Print National on 28 August 2013.

The Property is subject to two Real Property Act mortgages. The first mortgage is with the CBA and is unlikely to hold sufficient value to repay the secured creditors in full.

2. JAG owns a vacant block of land that is subject to a Real Property Act Mortgage – this land is also unlikely to hold sufficient value to repay the secured creditor in full.

Debtors

The book value of the Trading Entities debtors (i.e. excluding intercompany loans and accounts) as at 14 August 2013 and the amount collected by the Receivers and Managers to date is set out below.

Company	Book value as at 14 August 2013	Collections to date
TLT	\$1.4 million	\$0.8 million
NLW	\$1.2 million	\$0.4 million

Debtors are considered circulating assets. I consider it unlikely that there will be any benefit to unsecured creditors from the realisation of debtors after deducting the costs of realisations and the priority and secured creditor claims which rank ahead of unsecured creditor claims.

Cash on hand

The Companies operated on an overdraft facility that was overdrawn – the Companies had no cash on hand.

Stock

A full stocktake was conducted by the Receivers and Managers when they were appointed and we understand a number of third parties have claimed title to some or all of this stock. We understand many of the third parties claiming title to the stock are in discussions with the Receivers and Managers in respect of priority entitlements to the stock. Many of those claims appear to be supported by registered security interests.

We are unable to estimate the realisable value of stock however, it is unlikely that realisations from stock will result in a surplus for unsecured creditors.

Work in progress

We are not aware of any work in progress that could be realised for the benefit of creditors.

Plant and equipment

The Companies had minimal plant and equipment consisting only of office furniture and equipment, warehouse racking and various sundry items of equipment.

We are unable to estimate the realisable value of plant and equipment however, it is unlikely that realisations will be sufficient to pay the claim of the secured creditor. On that basis it is unlikely that there will be funds available from plant and equipment realisations for unsecured creditors.

Other assets

We are unaware of any other assets owned by the Companies.

Liabilities

Secured creditors

ANZ (the secured creditor) is owed in excess of \$14 million and has fixed and floating charges over each of the Companies.

The CBA is the first ranking secured creditor in respect of the Property at 872 Pacific Highway, Lisarow, NSW, 2250 which is owned by PNN. The amount owed to the CBA is in excess of \$2.1 million.

Employee entitlements

We understand that there were approximately 50 employees employed by the Companies. However, it is not clear which entities employed staff or paid wages. There is evidence of wages of individual employees being paid by various entities and it is possible that this reflects the intermingled operations of the Group.

We have not been provided with sufficient information to determine the value of employee entitlements owed by each of the Companies.

Unsecured creditors

The unsecured creditor value as per the Companies books and records is set out below:

- + TLT = \$1.6 million
- + NLW = \$3.9 million

Please note the above has not been adjusted to allow for any payments that may be made in respect of valid retention of title claims paid by the Receivers or proofs of debt provided to us prior to the First Creditors Meeting. I expect the trade creditor balances for the above entities will be materially higher than set out above.

Explanation for difficulties

The Director has not responded to our requests for information regarding the Companies' affairs. Accordingly, we are unable to provide any specific commentary regarding the financial difficulties experienced by the Companies in the period prior to the appointment of external administrators.

Based on discussions with the Receivers and our review of the limited records provided to us, our understanding of the material events that impacted the Companies include:

- + The Trading Entity Companies were operating at a loss for a period prior to the appointment of external administrators. Based on management accounts (which differ from the audited accounts) that period may have exceeded three years.
- + ANZ appeared to recognise an increase in the risk associated with the companies during 2012.
- + The Companies were subject to proceedings in the Supreme Court with the OSR relating to unpaid payroll tax. A multi-million dollar judgement was awarded against the Companies. The OSR has lodged a proof of debt to a value in excess of \$5.8 million. This will have significantly impacted the financial position of the Companies.
- + The Companies were indebted to the ANZ which holds security in relation to their indebtedness in the form of fixed and floating charges. The Companies defaulted on the loan agreements with the ANZ.
- + The defaults under the secured debt facility documents remain unresolved and ANZ enforced its security by appointing Administrators and the Receivers and Managers.

Outstanding winding up applications

We are not aware of any outstanding winding up applications made against any of the Companies.

Related entities

Searches of the ASIC database advise that David James is the director and secretary of several other entities outside of this group as detailed below:

Related Companies			
Company name	ACN	Director	Secretary
Killara 10 Pty Ltd	085 902 174	David James	David James
Liquor National Pty Ltd	100 586 776	David James	David James
Print National Pty Ltd	132 502 697	David James	David James
Print National Australia Pty Ltd	107 512 649	David James	David James
Wine National Pty Ltd	100 586 785	David James	David James

Source: ASIC company searches

Neil Cussen and Vaughan Neil Stawbridge of Deloitte were appointed Receivers and Managers of these entities on 28 August 2013.

I have not been made aware of any inter-company claims these entities might have against the Companies.

Trading and sale of business

Trading position

The Receivers and Managers have taken control over the Companies assets and operations. The Receivers and Managers have advised me that they have ceased trading the businesses to limit trading losses. This process included the majority of staff being made redundant.

Less than ten employees have assisted the Receivers and Managers to wind down operations and collect debtors.

Sale of business

The Receivers and Managers are currently conducting a sale process for the business and assets. This process is ongoing and is uncertain at this stage whether a successful sale will eventuate. The Receivers and Managers anticipate that there will be a significant shortfall to the secured creditor and therefore a return to unsecured creditors from the sale of businesses and assets is remote.

Offences, insolvent trading and voidable transactions

Offences

An administrator is required to complete and lodge a report pursuant to s438D of the Act with ASIC where it appears to the administrator that a past or present officer of the company may have been guilty of an offence in relation to the company and/or in other limited circumstances.

Due to the limited access to books and records and lack of assistance provided by the Director, we have been unable to conduct any meaningful investigations to date.

If creditors decided that the Companies be placed into liquidation, I will consider taking further action to recover books and records and conduct further investigations in order to provide a separate report to creditors outlining my findings.

The IPA has issued an “Offences, Recoverable transactions and Insolvent trading” information sheet providing general information for creditors about insolvent trading and voidable transactions.

This information sheet is available from the IPA website (www.ipaa.com.au). If you are unable to access this website, please contact Chris King on (02) 9338 2613 to obtain a copy.

Insolvent trading

Other than in cases of fraud, the directors of a company may only be sued for insolvent trading if the company is in liquidation. Where a voluntary administrator has been appointed, assessment of the issue of insolvent trading can be important to creditors if they are being asked to choose between a DOCA or a liquidation. In that instance, creditors have to assess the advantages to them of a DOCA (which does not include proceeds from insolvent trading actions) compared to the likely return to them in a liquidation (which could include the proceeds of any successful insolvent trading action). A liquidation also preserves the possibility of individual creditors taking action in their own right.

Before a Court will order that a person pay compensation in respect of insolvent trading, a liquidator must establish that:

- + The person was a director of the Companies at the time the Companies incurred the debts that are the subject of the claim;
- + The Companies were insolvent at that time or became insolvent by incurring the debt;
- + At that time, there were reasonable grounds for suspecting that the Companies were solvent or would become insolvent by incurring the debt; and
- + The debts subject of the claim was wholly or partly unsecured and the creditors to whom the debts are owed have suffered loss or damage.

There are various defences available to a director. In summary they are:

- + The director had reasonable ground to suspect that the Companies were solvent;
- + The director had reasonable ground to believe and did believe that a competent reliable person was responsible for providing adequate information on the Companies’ solvency and that person fulfilled that responsibility and the director believed that at the time the debt was incurred, and considering the other debts existing at that time, the Companies were solvent and remained solvent;
- + The director was ill (and therefore did not take part in management) at the time the debt was incurred; and
- + The director took reasonable steps to prevent the debt being incurred.

Due to a lack of information, the Administrators have not yet formed a final view as to whether the Companies were trading whilst insolvent. However, our initial investigations have revealed that:

- + Audited financial statements existed from at least FY10 through to FY12 and did not indicate any financial difficulties of the trading entities. There are contradicting management accounts which suggest the Companies were loss making over that period;

- + The Companies' bankers had begun to express concerns from at least mid-2012;
- + Management accounts did not reconcile to the audited financial statements since at least June 2010;
- + As at the date of our appointment, the majority of trade creditors had outstanding accounts of 60 days or more; and
- + It appears that appropriate books and records were not maintained.

In my view, it is possible that the Companies were insolvent for at least FY 2013 as a result of the ATO judgement and possibly earlier based on the management accounts. However, a more detailed investigation would be required in order to form a view on these issues and establish whether litigation against the Director is warranted.

The question of whether or not a company is solvent is a factual test and generally determined by the Courts. The test of solvency is a cash flow test (rather than a balance sheet test). In current circumstances, further analysis would need to be undertaken to establish sufficient evidence to support a claim of insolvent trading.

As detailed previously, given the lack of immediately available books and records, I suspect the Companies may have failed to maintain appropriate records in accordance with the requirements of section 286 of the Act. Accordingly there is potentially a basis to presume insolvency by as early as the beginning of FY 2013.

Voidable transactions

In the event that the Companies are wound up, certain transactions that occurred prior to the appointment of the Administrators, and where the property of the Companies was disposed of or dealt with, may be recovered by the liquidator under Part 5.7B of the Act. This may result in, among other things, a requirement for a third party to return property to the Companies and thereby increase the assets available to the liquidator and creditors. These are known as voidable transactions.

Corporations Regulation 5.3A.02 requires an administrator to specify whether there are any transactions that appear to the administrator to be voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act. As with the insolvent trading analysis above, this issue is relevant to creditors if they are being asked to choose between a DOCA or a liquidation, because voidable transactions are only recoverable if a liquidation occurs.

Voidable transactions include:

- + unfair preference claims: transactions between the Companies and the creditors, resulting in the creditors receiving from the Companies, in relation to an unsecured debt owed to the creditor, a greater amount than it would have received in relation to the debt in a winding up of the Companies;
- + uncommercial transactions: being transactions which a reasonable person in the place of the Companies would not have entered into, taking into account the benefits and the detriment to the Companies, the respective benefits to the other parties involved and any other related matters; and
- + unfair loans: being a loan agreement where the interest or charges are considered to be extortionate. Unfair loans made to the Companies any time prior to the appointment of the Administrator may potentially be overturned by a subsequently appointed liquidator, whether or not the Companies were insolvent at any time after the loan was entered into.

As we have limited books and records at this stage we have not yet identified any voidable transactions.

Recovery from company officers

We are not aware of any Directors & Officers ("D&O") insurance cover in place for the Director and we are therefore unable to comment on the potential recovery from company officers or a D&O policy.

We will continue our attempts to contact the director and confirm whether there are any potential recoveries from him.

Funding to pursue insolvent trading, voidable transactions or company officers

Insolvent trading and voidable transactions can only be pursued in a liquidation and further investigation and any subsequent proceedings will incur significant costs. Funding may need to be provided by creditors or litigation funders, if we are able to identify potential claims.

Alternative courses of action

As Administrator, I am to provide creditors with a statement of my opinion about each of the courses of action in respect of which creditors are entitled to vote at the meeting on 18 September 2013. The matters requiring my opinion are:

- + Whether it would be in the creditors' interest for the administration to end;
- + Whether it would be in the creditors' interest for to execute a DOCA;
- + If a DOCA is proposed in respect of the Companies, a statement setting out details of the proposed DOCA; and
- + Whether it would be in the creditors' interests for the Companies to be wound up.

In addition, creditors are entitled to adjourn the meeting for up to 45 business days. My opinions on the above matters are as follows:

Deed of Company Arrangement

At this point in time, there has been no Deed of Company Arrangement proposed. As such, this option is not available to creditors.

Administration to end

Creditors may resolve that the Administration of a company should come to an end, following which control of the relevant company will be returned to its directors.

Each of the Companies are or are likely to become insolvent. In those circumstances, it would be improper to return an insolvent company to the control of the Director. Accordingly, in our opinion, it is not in the interests of creditors of the companies for the Administrations to come to an end.

The company to be wound up

An administrator would usually recommend liquidation of insolvent companies to creditors in the absence of a DOCA. An administrator would also recommend liquidation in preference to a DOCA if there is a likelihood that recoveries in the liquidation, including actions which are only available to a liquidator (for example, from voidable transactions or actions against directors for insolvent trading) may improve the return to creditors in comparison to the return expected under a DOCA.

As there has been no DOCA proposed and the Companies are or are likely to become insolvent, the only option available to creditors is that the Companies be wound up.

Anticipated return to creditors

It is unlikely that the sale of the Companies assets will be sufficient to extinguish the claims of priority creditors. Based on our estimated recoveries of remaining assets, we anticipate that there is likely to be a shortfall to the secured creditor.

Unsecured creditors only prospect of a return would be via a liquidators recovery of funds from the successful pursuit of voidable transactions or claims against the Director. As discussed previously, this is only possible in the event creditors pass a resolution to wind up the Companies.

Based on information currently available, we are unable to estimate the potential recoveries for creditors. However, in my opinion, the only likelihood of a return to unsecured creditors is from recoveries available to a liquidator (i.e. voidable transactions and insolvent trading claims against the Director).

Until I am provided with sufficient books and records to undertake a thorough investigation into the Companies affairs, I am unable to estimate potential recoveries for creditors.

Recommendation

Based on our analysis to date, our recommendation to creditors of each entity is that they be wound up:

- + There is no DOCA proposed.
- + The Companies are or are likely to become insolvent and so the Companies cannot be handed back to the Director.
- + Liquidation does not prejudice the asset realisation process.
- + Liquidation would facilitate the completion of investigations commenced by the Administrators. Whilst we have presently estimated no return to creditors, the results of the investigations may lead to proceedings being commenced that can only occur under liquidation that may result in further recoveries, where it is considered commercially appropriate to do so.

Administrator's remuneration

An Administrator's remuneration can only be fixed by resolution of a committee of creditors, the Companies' creditors or by application to the Court.

In accordance with Section 449E of the Act and the IPA *Code of Professional Practice*, a Schedule of Remuneration Methods and Hourly Rates was provided to you with my initial communication and tabled at the First Creditors Meeting.

We are allocating the remuneration incurred on a proportionate basis between the Trading and Non-Trading Entities, and where tasks were in relation to a particular entity.

Whilst we are seeking approval for our fees in full, it is unlikely that the full amount will be recovered, especially in relation to the Non-Trading Entities.

The below table summarises the Administrators remuneration allocated between each of the Companies.

David James Group: Fee Summary				
\$ GST excl	19 Aug to 6 Sep 2013	7 Sep to 18 Sep 2013	Prospective Liquidator's fees	Total
TLT Nominees	29,058	8,750	15,000	52,808
New castle Liquor Wholesalesr	29,058	8,750	15,000	52,808
James Australia Group	6,143	2,500	-	8,643
Print National Nominees	7,118	2,500	-	9,618
Reguma Trading	6,143	2,500	-	8,643
Total	77,521	25,000	30,000	132,521

Work Completed

Approval sought for TLT

Approval will be requested for the Administrator's remuneration in respect of TLT for the period from 19 August 2013 to 6 September 2013. As at 6 September 2013, fees for services performed were \$29,058 (excluding GST).

A resolution to be proposed at the forthcoming meeting will take the form of:

“That the remuneration of the Administrators for the period 19 August 2013 to 6 September 2013, calculated at hourly rates as detailed in the circular to creditors dated 22 August 2013, is approved for payment in the sum of \$29,058, exclusive of GST.”

This remuneration has been calculated in accordance with the Schedule of Remuneration Methods and Hourly Rates previously provided in this administration.

Approval sought for NLW

Approval will be requested for the Administrator's remuneration in respect of NLW for the period from 19 August 2013 to 6 September 2013. As at 6 September 2013, fees for services performed were \$29,058 (excluding GST).

A resolution to be proposed at the forthcoming meeting will take the form of:

“That the remuneration of the Administrators for the period 19 August 2013 to 6 September 2013, calculated at hourly rates as detailed in the circular to creditors dated 22 August 2013, is approved for payment in the sum of \$29,058, exclusive of GST.”

This remuneration has been calculated in accordance with the Schedule of Remuneration Methods and Hourly Rates previously provided in this administration.

Approval sought for JAG

Approval will be requested for the Administrator's remuneration in respect of JAG for the period from 19 August 2013 to 6 September 2013. As at 6 September 2013, fees for services performed were \$6,143 (excluding GST).

A resolution to be proposed at the forthcoming meeting will take the form of:

“That the remuneration of the Administrators for the period 19 August 2013 to 6 September 2013, calculated at hourly rates as detailed in the circular to creditors dated 22 August 2013, is approved for payment in the sum of \$6,143, exclusive of GST.”

This remuneration has been calculated in accordance with the Schedule of Remuneration Methods and Hourly Rates previously provided in this administration.

Approval sought for PNN

Approval will be requested for the Administrator's remuneration in respect of PNN for the period from 19 August 2013 to 6 September 2013. As at 6 September 2013, fees for services performed were \$7,118 (excluding GST).

A resolution to be proposed at the forthcoming meeting will take the form of:

“That the remuneration of the Administrators for the period 19 August 2013 to 6 September 2013, calculated at hourly rates as detailed in the circular to creditors dated 22 August 2013, is approved for payment in the sum of \$7,118, exclusive of GST.”

This remuneration has been calculated in accordance with the Schedule of Remuneration Methods and Hourly Rates previously provided in this administration.

Approval sought for REG

Approval will be requested for the Administrator's remuneration in respect of REG for the period from 19 August 2013 to 6 September 2013. As at 6 September 2013, fees for services performed were \$6,143 (excluding GST).

A resolution to be proposed at the forthcoming meeting will take the form of:

“That the remuneration of the Administrators for the period 19 August 2013 to 6 September 2013, calculated at hourly rates as detailed in the circular to creditors dated 22 August 2013, is approved for payment in the sum of \$6,143, exclusive of GST.”

This remuneration has been calculated in accordance with the Schedule of Remuneration Methods and Hourly Rates previously provided in this administration.

Description of work completed

TLT Nominees Pty Limited

Task Area	General Description	Includes
Creditors 56.7 hours \$18,929.52	Creditor Enquiries	Receive and follow up creditor enquiries. Discussions with creditors regarding their claims. Discussions with top 5 creditors to discuss their claims. Sending out additional creditor information packs.
	Secured creditor reporting	Phone calls and emails to the secured creditor. Responding to secured creditor's queries.
	Creditor reports	Preparing 439A report for the second creditors meeting.
	Dealing with proofs of debt	Receipting and filing POD's. Corresponding with OSR and ATO regarding POD's.
	Meeting of Creditors	Preparing meeting notices, proxies and advertisements. Forwarding the notice of meeting to all known creditors. Preparation of meeting file, including agenda, notes,

Task Area	General Description	Includes
		<p>certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.</p> <p>Preparation and lodgement minutes of meetings with ASIC.</p> <p>Respond to stakeholder queries and questions immediately following meeting.</p>
<p>Investigation 23.4 hours \$7,269.65</p>	<p>Conducting investigation</p>	<p>Collection of company books and records.</p> <p>Correspondence with external parties regarding their knowledge and possession of company books and records.</p> <p>Drafting and sending requests to provide company books and records.</p> <p>Discussions with PWC regarding their knowledge of the company.</p> <p>Drafting correspondence to the director for his assistance and providing company records.</p> <p>Discussions with the Director's brother regarding his knowledge and involvement in the company.</p> <p>PPSR searches</p> <p>Reviewing and analysis of financial statements.</p> <p>Reviewing company's books and records.</p> <p>Review and preparation of notes outlining company nature and history.</p> <p>Conducting and summarising statutory searches.</p> <p>Preparation of comparative financial statements.</p> <p>Preparation of deficiency statement.</p> <p>Preparation of investigation file.</p> <p>Discussions with third parties in relation to company history.</p>
<p>Administration 8.1 hours \$2,858.77</p>	<p>Correspondence</p>	<p>Correspondence with various parties regarding our appointment.</p>
	<p>Document maintenance/file review/checklist</p>	<p>Filing of documents.</p> <p>File reviews.</p> <p>Updating checklists.</p>
	<p>Insurance</p>	<p>Correspondence with Willis regarding initial and ongoing insurance requirements as well as if the director has insurance.</p>
	<p>Bank account administration</p>	<p>Requesting bank statements.</p> <p>Bank account reconciliations.</p>
	<p>ASIC Forms</p>	<p>Preparing and lodging ASIC forms including 505, 911 etc.</p> <p>Correspondence with ASIC regarding statutory forms.</p>
	<p>ATO & other statutory reporting</p>	<p>Notification of appointment.</p>
	<p>Planning / Review</p>	<p>Discussions regarding status and planning of administration.</p>
	<p>Books and records / storage</p>	<p>Dealing with records in storage.</p> <p>Sending job files to storage.</p>

Newcastle Liquor Wholesalers Pty Limited

Task Area	General Description	Includes
Creditors 56.7 hours \$18,929.52	Creditor Enquiries	Receive and follow up creditor enquiries. Discussions with creditors regarding their claims. Discussions with top 5 creditors in relation to their claims. Sending out additional creditor information packs.
	Secured creditor reporting	Responding to secured creditor's queries.
	Creditor reports	Preparing 439A report for the second creditors meeting.
	Dealing with proofs of debt	Receipting and filing POD's. Corresponding with OSR and ATO regarding POD's.
	Meeting of Creditors	Preparing meeting notices, proxies and advertisements. Forwarding the notice of meeting to all known creditors. Preparation of meeting file, including agenda, notes, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgement minutes of meetings with ASIC. Respond to stakeholder queries and questions immediately following meeting.
Investigation 23.4 hours \$7,269.65	Conducting investigation	Collection of company books and records. Correspondence with external parties regarding their knowledge and possession of company books and records. Drafting and sending requests to provide company books and records. Discussions with PWC regarding their knowledge of the company. Drafting correspondence to the director for his assistance and providing company records. Discussions with the Director's brother regarding his knowledge and involvement in the company. PPSR searches Reviewing and analysis of financial statements. Reviewing company's books and records. Review and preparation of notes outlining company nature and history. Conducting and summarising statutory searches. Preparation of comparative financial statements. Preparation of deficiency statement. Preparation of investigation file. Discussions with third parties in relation to company history.
Administration 8.1 hours \$2,858.77	Correspondence	Correspondence with various parties regarding our appointment.
	Document maintenance/file	Filing of documents. File reviews.

Task Area	General Description	Includes
	review/checklist	Updating checklists.
	Insurance	Correspondence with Willis regarding initial and ongoing insurance requirements as well as if the director has insurance.
	Bank account administration	Requesting bank statements. Bank account reconciliations.
	ASIC Forms	Preparing and lodging ASIC forms including 505, 911 etc. Correspondence with ASIC regarding statutory forms.
	ATO & other statutory reporting	Notification of appointment.
	Planning / Review	Discussions regarding status and planning of administration.
	Books and records / storage	Dealing with records in storage. Sending job files to storage.

James Australia Group Pty Limited

Task Area	General Description	Includes
Creditors 15.1 hours \$4,968.29	Creditor Enquiries	Receive and follow up creditor enquiries. Discussions with creditors regarding their claims. Sending out additional creditor information packs.
	Dealing with proofs of debt	Receipting and filing POD's. Corresponding with OSR and ATO regarding POD's.
	Creditor reports	Preparing 439A report for the second creditors meeting.
	Meeting of Creditors	Preparing meeting notices, proxies and advertisements. Forwarding the notice of meeting to all known creditors. Preparation of meeting file, including agenda, notes, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgement minutes of meetings with ASIC. Respond to stakeholder queries and questions immediately following meeting.
Investigation 2.9 hours \$694.10	Conducting investigation	Collection of company books and records. Correspondence with external parties regarding their knowledge and possession of company books and records. Drafting and sending requests to provide company books and records. Discussions with PWC regarding their knowledge of the company. Drafting correspondence to the director for his assistance and providing company records. Discussions with the Director's brother regarding his knowledge and involvement in the company. PPSR searches

Task Area	General Description	Includes
		Reviewing and analysis of financial statements. Reviewing company's books and records. Review and preparation of notes outlining company nature and history. Conducting and summarising statutory searches. Preparation of comparative financial statements. Preparation of deficiency statement. Preparation of investigation file. Discussions with third parties in relation to company history.
Administration 1.5 hours \$480.99	Correspondence	Correspondence with various parties regarding our appointment.
	Document maintenance/file review/checklist	Filing of documents. File reviews. Updating checklists.
	Insurance	Correspondence with Willis regarding initial and ongoing insurance requirements as well as if the director has insurance.
	Bank account administration	Requesting bank statements. Bank account reconciliations.
	ASIC Forms	Preparing and lodging ASIC forms including 505, 911 etc. Correspondence with ASIC regarding statutory forms.
	ATO & other statutory reporting	Notification of appointment.
	Planning / Review	Discussions regarding status and planning of administration.
	Books and records / storage	Dealing with records in storage. Sending job files to storage.

Print National Nominees Pty Limited

Task Area	General Description	Includes
Assets 2.5 hours \$975	Assets subject to specific charges	Discussions with Gadens lawyers regarding the interest of CBA in the Company's property. Drafting and executing administrators consent to allow the secured creditor to commence recovery action.
Creditors 15.1 hours \$4,968.29	Creditor Enquiries	Receive and follow up creditor enquiries. Discussions with creditors regarding their claims. Sending out additional creditor information packs.
	Creditor reports	Preparing 439A report for the second creditors meeting.
	Dealing with proofs of debt	Receipting and filing POD's. Corresponding with OSR and ATO regarding POD's.
	Meeting of Creditors	Preparing meeting notices, proxies and advertisements. Forwarding the notice of meeting to all known creditors. Preparation of meeting file, including agenda, notes, certificate of postage, attendance register, list of

Task Area	General Description	Includes
		creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgement minutes of meetings with ASIC. Respond to stakeholder queries and questions immediately following meeting.
Investigation 2.9 hours \$694.10	Conducting investigation	Collection of company books and records. Correspondence with external parties regarding their knowledge and possession of company books and records. Drafting and sending requests to provide company books and records. Discussions with PWC regarding their knowledge of the company. Drafting correspondence to the director for his assistance and providing company records. Discussions with the Director's brother regarding his knowledge and involvement in the company. PPSR searches Reviewing and analysis of financial statements. Reviewing company's books and records. Review and preparation of notes outlining company nature and history. Conducting and summarising statutory searches. Preparation of comparative financial statements. Preparation of deficiency statement. Preparation of investigation file. Discussions with third parties in relation to company history.
Administration 1.5 hours \$480.99	Correspondence	Correspondence with various parties regarding our appointment.
	Document maintenance/file review/checklist	Filing of documents. File reviews. Updating checklists.
	Insurance	Correspondence with Willis regarding initial and ongoing insurance requirements as well as if the director has insurance.
	Bank account administration	Requesting bank statements. Bank account reconciliations.
	ASIC Forms	Preparing and lodging ASIC forms including 505, 911 etc. Correspondence with ASIC regarding statutory forms.
	ATO & other statutory reporting	Notification of appointment.
	Planning / Review	Discussions regarding status and planning of administration.
	Books and records / storage	Dealing with records in storage. Sending job files to storage.

Rugama Trading Pty Limited

Task Area	General Description	Includes
Creditors 15.1 hours \$4,968.29	Creditor Enquiries	Receive and follow up creditor enquiries. Discussions with creditors regarding their claims. Sending out additional creditor information packs.
	Creditor reports	Preparing 439A report for the second creditors meeting.
	Dealing with proofs of debt	Receipting and filing POD's. Corresponding with OSR and ATO regarding POD's.
	Meeting of Creditors	Preparing meeting notices, proxies and advertisements. Forwarding the notice of meeting to all known creditors. Preparation of meeting file, including agenda, notes, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgement minutes of meetings with ASIC. Respond to stakeholder queries and questions immediately following meeting.
Investigation 2.9 hours \$694.10	Conducting investigation	Collection of company books and records. Correspondence with external parties regarding their knowledge and possession of company books and records. Drafting and sending requests to provide company books and records. Discussions with PWC regarding their knowledge of the company. Drafting correspondence to the director for his assistance and providing company records. Discussions with the Director's brother regarding his knowledge and involvement in the company. PPSR searches Reviewing and analysis of financial statements. Reviewing company's books and records. Review and preparation of notes outlining company nature and history. Conducting and summarising statutory searches. Preparation of comparative financial statements. Preparation of deficiency statement. Preparation of investigation file. Discussions with third parties in relation to company history.
Administration 1.5 hours \$480.99	Correspondence	Correspondence with various parties regarding our appointment.
	Document maintenance/file review/checklist	Filing of documents. File reviews. Updating checklists.
	Insurance	Correspondence with Willis regarding initial and ongoing insurance requirements as well as if the director has insurance.
	Bank account	Requesting bank statements.

Task Area	General Description	Includes
	administration	Bank account reconciliations.
	ASIC Forms	Preparing and lodging ASIC forms including 505, 911 etc. Correspondence with ASIC regarding statutory forms.
	ATO & other statutory reporting	Notification of appointment.
	Planning / Review	Discussions regarding status and planning of administration.
	Books and records / storage	Dealing with records in storage. Sending job files to storage.

Calculation of remuneration

TLT Nominees Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) - Professional fees by category of work for the period 19 August 2013 to 6 September 2013

Employee	Position	\$ /hour (ex GST)	Total		Task Area							
					Assets		Creditors		Investigations		Administration	
					hrs	\$ (ex GST)	hrs	\$ (ex GST)	hrs	\$ (ex GST)	hrs	\$ (ex GST)
Shaun Fraser	Partner	587	4.4	2,556.39			3.7	2,157.23			0.7	399.16
Chris Honey	Partner	587	0.2	102.73							0.2	102.73
Bradley Leahy	Senior Manager	438	8.4	3,657.30			5.3	2,330.16	2.1	908.85	1.0	418.29
Chris King	Manager 1	390	40.8	15,913.95			26.1	10,194.60	10.8	4,219.80	3.8	1,499.55
Johnathon Taw il	Accountant	208	22.4	4,654.00			11.0	2,278.64	10.0	2,069.60	1.5	305.76
Katy Phillips	Administration: Level 2	349	2.5	855.05			2.5	855.05				
Aaron McGuinness	Administration: Level 4	136	0.5	71.40							0.5	71.40
Alana Bandera	Administration: Level 4	136	1.9	261.80			1.9	261.80				
Carly Chambers	Administration: Level 4	136	1.1	142.80			1.1	142.80				
Gracelia Nolan	Administration: Level 4	136	1.0	133.28					0.5	71.40	0.5	61.88
Kieren Samuel	Administration: Level 4	136	0.2	23.80			0.2	23.80				
Lauren Fountain	Administration: Level 4	136	1.0	138.04			1.0	138.04				
Simone Strojek	Administration: Level 4	136	4.0	547.40			4.0	547.40				
Totals			88.2	29,057.93	0.0	0.00	56.7	18,929.52	23.4	7,269.65	8.1	2,858.77
GST				2,905.79		-		1,892.95		726.97		285.88
Total Inc GST				31,963.72		0.00		20,822.47		7,996.62		3,144.64
<i>Average hourly rate</i>				329				334		311		353

Newcastle Liquor Wholesalers Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) - Professional fees by category of work for the period 19 August 2013 to 6 September 2013

Employee	Position	\$/hour (ex GST)	Total		Task Area							
			hrs	\$(ex GST)	Assets		Creditors		Investigations		Administration	
					hrs	\$(ex GST)	hrs	\$(ex GST)	hrs	\$(ex GST)	hrs	\$(ex GST)
Shaun Fraser	Partner	587	4.4	2,556.39			3.7	2,157.23			0.7	399.16
Chris Honey	Partner	587	0.2	102.73							0.2	102.73
Bradley Leahy	Senior Manager	438	8.4	3,657.30			5.3	2,330.16	2.1	908.85	1.0	418.29
Chris King	Manager 1	390	40.8	15,913.95			26.1	10,194.60	10.8	4,219.80	3.8	1,499.55
Johnathon Taw il	Accountant	208	22.4	4,654.00			11.0	2,278.64	10.0	2,069.60	1.5	305.76
Katy Phillips	Administration: Level 2	349	2.5	855.05			2.5	855.05				
Aaron McGuinness	Administration: Level 4	136	0.5	71.40							0.5	71.40
Alana Bandera	Administration: Level 4	136	1.9	261.80			1.9	261.80				
Carly Chambers	Administration: Level 4	136	1.1	142.80			1.1	142.80				
Gracelia Nolan	Administration: Level 4	136	1.0	133.28					0.5	71.40	0.5	61.88
Kieren Samuel	Administration: Level 4	136	0.2	23.80			0.2	23.80				
Lauren Fountain	Administration: Level 4	136	1.0	138.04			1.0	138.04				
Simone Strojek	Administration: Level 4	136	4.0	547.40			4.0	547.40				
Totals			88.2	29,057.93	0.0	0.00	56.7	18,929.52	23.4	7,269.65	8.1	2,858.77
GST				2,905.79		-		1,892.95		726.97		285.88
Total Inc GST				31,963.72		0.00		20,822.47		7,996.62		3,144.64
<i>Average hourly rate</i>				329				334		311		353

James Australia Group Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) - Professional fees by category of work for the period 19 August 2013 to 6 September 2013

Employee	Position	\$ /hour (ex GST)	Total		Task Area							
			hrs	\$ (ex GST)	Assets		Creditors		Investigations		Administration	
					hrs	\$ (ex GST)	hrs	\$ (ex GST)	hrs	\$ (ex GST)	hrs	\$ (ex GST)
Shaun Fraser	Partner	587	1.1	663.31			1.1	616.35			0.1	46.96
Chris Honey	Partner	587	0.1	29.35							0.1	29.35
Bradley Leahy	Senior Manager	438	1.9	832.20			1.5	665.76	0.3	109.50	0.1	56.94
Chris King	Manager 1	390	7.1	2,780.70			6.3	2,472.60	0.2	85.80	0.6	222.30
Johnathon Taw il	Accountant	208	5.9	1,216.80			3.1	651.04	2.3	478.40	0.4	87.36
Katy Phillips	Administration: Level 2	349	0.7	244.30			0.7	244.30				
Aaron McGuinness	Administration: Level 4	136	0.2	20.40							0.2	20.40
Alana Bandera	Administration: Level 4	136	0.6	74.80			0.6	74.80				
Carly Chambers	Administration: Level 4	136	0.3	40.80			0.3	40.80				
Gracelia Nolan	Administration: Level 4	136	0.3	38.08					0.2	20.40	0.1	17.68
Kieren Samuel	Administration: Level 4	136	0.1	6.80			0.1	6.80				
Lauren Fountain	Administration: Level 4	136	0.3	39.44			0.3	39.44				
Simone Strojek	Administration: Level 4	136	1.2	156.40			1.2	156.40				
Totals			19.5	6,143.38	0.0	0.00	15.1	4,968.29	2.9	694.10	1.5	480.99
GST				614.34		-		496.83		69.41		48.10
Total Inc GST				6,757.72		0.00		5,465.12		763.51		529.09
<i>Average hourly rate</i>				315				329		238		314

Print National Nominees Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) - Professional fees by category of work for the period 19 August 2013 to 6 September 2013

Employee	Position	\$ /hour (ex GST)	Total		Task Area							
			hrs	\$ (ex GST)	Assets		Creditors		Investigations		Administration	
					hrs	\$ (ex GST)	hrs	\$ (ex GST)	hrs	\$ (ex GST)	hrs	\$ (ex GST)
Shaun Fraser	Partner	587	1.1	663.31			1.1	616.35			0.1	46.96
Chris Honey	Partner	587	0.1	29.35							0.1	29.35
Bradley Leahy	Senior Manager	438	1.9	832.20			1.5	665.76	0.3	109.50	0.1	56.94
Chris King	Manager 1	390	9.6	3,755.70	2.5	975.00	6.3	2,472.60	0.2	85.80	0.6	222.30
Johnathon Taw il	Accountant	208	5.9	1,216.80			3.1	651.04	2.3	478.40	0.4	87.36
Katy Phillips	Administration: Level 2	349	0.7	244.30			0.7	244.30				
Aaron McGuinness	Administration: Level 4	136	0.2	20.40							0.2	20.40
Alana Bandera	Administration: Level 4	136	0.6	74.80			0.6	74.80				
Carly Chambers	Administration: Level 4	136	0.3	40.80			0.3	40.80				
Gracelia Nolan	Administration: Level 4	136	0.3	38.08					0.2	20.40	0.1	17.68
Kieren Samuel	Administration: Level 4	136	0.1	6.80			0.1	6.80				
Lauren Fountain	Administration: Level 4	136	0.3	39.44			0.3	39.44				
Simone Strojek	Administration: Level 4	136	1.2	156.40			1.2	156.40				
Totals			22.0	7,118.38	2.5	975.00	15.1	4,968.29	2.9	694.10	1.5	480.99
GST				711.84		97.50		496.83		69.41		48.10
Total Inc GST				7,830.22		1,072.50		5,465.12		763.51		529.09
<i>Average hourly rate</i>				323		390		329		238		314

Reguma Trading Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) - Professional fees by category of work for the period 19 August 2013 to 6 September 2013

Employee	Position	\$ /hour (ex GST)	Total		Task Area							
			hrs	\$ (ex GST)	Assets		Creditors		Investigations		Administration	
					hrs	\$ (ex GST)	hrs	\$ (ex GST)	hrs	\$ (ex GST)	hrs	\$ (ex GST)
Shaun Fraser	Partner	587	1.1	663.31			1.1	616.35			0.1	46.96
Chris Honey	Partner	587	0.1	29.35							0.1	29.35
Bradley Leahy	Senior Manager	438	1.9	832.20			1.5	665.76	0.3	109.50	0.1	56.94
Chris King	Manager 1	390	7.1	2,780.70			6.3	2,472.60	0.2	85.80	0.6	222.30
Johnathon Taw il	Accountant	208	5.9	1,216.80			3.1	651.04	2.3	478.40	0.4	87.36
Katy Phillips	Administration: Level 2	349	0.7	244.30			0.7	244.30				
Aaron McGuinness	Administration: Level 4	136	0.2	20.40							0.2	20.40
Alana Bandera	Administration: Level 4	136	0.6	74.80			0.6	74.80				
Carly Chambers	Administration: Level 4	136	0.3	40.80			0.3	40.80				
Gracelia Nolan	Administration: Level 4	136	0.3	38.08					0.2	20.40	0.1	17.68
Kieren Samuel	Administration: Level 4	136	0.1	6.80			0.1	6.80				
Lauren Fountain	Administration: Level 4	136	0.3	39.44			0.3	39.44				
Simone Strojek	Administration: Level 4	136	1.2	156.40			1.2	156.40				
Totals			19.5	6,143.38	0.0	0.00	15.1	4,968.29	2.9	694.10	1.5	480.99
GST				614.34		-		496.83		69.41		48.10
Total Inc GST				6,757.72		0.00		5,465.12		763.51		529.09
<i>Average hourly rate</i>				315				329		238		314

Estimated work to 18 September 2013

Approval sought for TLT

Approval will be requested for the Administrator's estimated remuneration in respect of TLT for the period from 7 September 2013 to 18 September 2013.

We estimate that fees for the period 7 September 2013 to 18 September 2013 will be in the order of \$8,750 (excluding GST) for work mainly associated with completing this report, organising and attending the second creditors meeting and continuing investigations into the conduct of the company and its director.

A resolution to be proposed at the forthcoming meeting will take the form of:

“That the future remuneration of the Administrators from 7 September 2013 to 18 September 2013 is determined at a sum equal to the cost of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the circular to creditors dated 22 August 2013, up to a capped amount of \$8,750, exclusive of GST, and that the Administrators can draw the remuneration as required.”

Approval sought for NLW

Approval will be requested for the Administrator's estimated remuneration in respect of NLW for the period from 7 September 2013 to 18 September 2013.

We estimate that fees for the period 7 September 2013 to 18 September 2013 will be in the order of \$8,750 (excluding GST) for work mainly associated with completing this report, organising and attending the second creditors meeting and continuing investigations into the conduct of the company and its director.

A resolution to be proposed at the forthcoming meeting will take the form of:

“That the future remuneration of the Administrators from 7 September 2013 to 18 September 2013 is determined at a sum equal to the cost of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the circular to creditors dated 22 August 2013, up to a capped amount of \$8,750, exclusive of GST, and that the Administrators can draw the remuneration as required.”

Approval sought for JAG

Approval will be requested for the Administrator's estimated remuneration in respect of JAG for the period from 7 September 2013 to 18 September 2013.

We estimate that fees for the period 7 September 2013 to 18 September 2013 will be in the order of \$2,500 (excluding GST) for work mainly associated with completing this report, organising and attending the second creditors meeting and continuing investigations into the conduct of the company and its director.

A resolution to be proposed at the forthcoming meeting will take the form of:

“That the future remuneration of the Administrators from 7 September 2013 to 18 September 2013 is determined at a sum equal to the cost of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the circular to creditors dated 22 August 2013, up to a capped amount of \$2,500, exclusive of GST, and that the Administrators can draw the remuneration as required.”

Approval sought for PNN

Approval will be requested for the Administrator's estimated remuneration in respect of PNN for the period from 7 September 2013 to 18 September 2013.

We estimate that fees for the period 7 September 2013 to 18 September 2013 will be in the order of \$2,500 (excluding GST) for work mainly associated with completing this report, organising and attending the second creditors meeting and continuing investigations into the conduct of the company and its director.

A resolution to be proposed at the forthcoming meeting will take the form of:

“That the future remuneration of the Administrators from 7 September 2013 to 18 September 2013 is determined at a sum equal to the cost of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the circular to creditors dated 22 August 2013, up to a capped amount of \$2,500, exclusive of GST, and that the Administrators can draw the remuneration as required.”

Approval sought for REG

Approval will be requested for the Administrator’s estimated remuneration in respect of REG for the period from 7 September 2013 to 18 September 2013.

We estimate that fees for the period 7 September 2013 to 18 September 2013 will be in the order of \$2,500 (excluding GST) for work mainly associated with completing this report, organising and attending the second creditors meeting and continuing investigations into the conduct of the company and its director.

A resolution to be proposed at the forthcoming meeting will take the form of:

“That the future remuneration of the Administrators from 7 September 2013 to 18 September 2013 is determined at a sum equal to the cost of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the circular to creditors dated 22 August 2013, up to a capped amount of \$2,500, exclusive of GST, and that the Administrators can draw the remuneration as required.”

Remuneration Previously Approved

No remuneration has previously been approved in this administration.

Disbursements

Disbursements include costs incurred on behalf of the Companies in the course of conducting the administration.

Disbursements may be paid directly from the administration bank account. In which case they are included by expense type in the attached report of Receipts and Payments.

Other disbursements are paid for by the Administrators and are recovered from the administration bank account or funds made available through realisation of the Companies assets.

Disbursements of this nature which are not yet reflected in the Receipts and Payments report are:

Disbursement type	Quantity	Rate	\$
<i>Room hire for the 1st creditors meeting</i>	1	854.54	854.54
Total			854.54

We note that we will incur costs associated with company search fees, recovering and storing the books and records and holding the Second Creditors meeting. The costs will be allocated across each of the Companies in a similar fashion to our fees as detailed on page 20.

Future Fees – Liquidator’s Remuneration

Approval sought for TLT

Approval is being sought for future remuneration capped at \$15,000 (excluding GST), with the following resolution to be proposed at the forthcoming meeting:

“That the future remuneration of the Liquidators from 19 September 2013 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 circular to creditors dated 22 August 2013, up to a capped amount of \$15,000, exclusive of GST, and that the Liquidators can draw the remuneration as required.”

The future remuneration being sought represents the current estimate of the work required and the associated remuneration. In the event that unforeseen circumstances arise which require work to be done in excess of that

which is presently anticipated a further Remuneration Report will be provided and approval sought for further remuneration.

Approval sought for NLW

Approval is being sought for future remuneration capped at \$15,000 (excluding GST), with the following resolution to be proposed at the forthcoming meeting:

“That the future remuneration of the Liquidators from 19 September 2013 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 circular to creditors dated 22 August 2013, up to a capped amount of \$15,000, exclusive of GST, and that the Liquidators can draw the remuneration as required.”

The future remuneration being sought represents the current estimate of the work required and the associated remuneration to the completion of the Liquidation. In the event that unforeseen circumstances arise which require work to be done in excess of that which is presently anticipated a further Remuneration Report will be provided and approval sought for further remuneration.

Future fees for Non-Trading Entities

We note that we will likely incur fees associated with investigations and the administration of the non-Trading Entities. However, as we have not identified any valuable assets to pay these costs, we will not be asking creditors to approve future fees.

Description of major tasks to be completed and explanation of estimated fees

TLT Nominees Pty Limited

Task Area	General Description	Includes
Creditors \$500	Creditor Enquiries	Receive and follow up creditor enquiries. Correspondence with creditors or committee of creditor's members.
	Secured creditor reporting	Preparing reports to the secured creditor. Responding to secured creditor's queries.
	Creditor reports	Correspondence outlining the results of investigations
	Dealing with proofs of debt	Receipting and filing POD's
Investigation \$14,000	Conducting investigation	Collection of company books and records. Correspondence with external parties regarding their knowledge and possession of company books and records. Drafting and sending requests to provide company books and records. Discussions with PWC and Deloitte regarding their knowledge of the company. Reconstruction of financial statements. 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. Preparation of investigation file. Discussions with third parties around company history.
	ASIC reporting	Preparing statutory investigation reports. Preparing affidavits seeking non lodgements assistance. Liaising with ASIC.
Administration	Correspondence	Correspondence with third parties regarding the

Task Area	General Description	Includes
\$500		administration
	Document maintenance/file review/checklist	First month, then 6 monthly administration review. Filing of documents. File reviews. Updating checklists.
	Insurance	Correspondence with Willis regarding ongoing insurance requirements.
	ASIC forms	Correspondence with ASIC regarding statutory forms.
	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.

Newcastle Liquor Wholesalers Pty Limited

Task Area	General Description	Includes
Creditors \$500	Creditor Enquiries	Receive and follow up creditor enquiries. Correspondence with creditors or committee of creditor's members.
	Secured creditor reporting	Preparing reports to the secured creditor. Responding to secured creditor's queries.
	Creditor reports	Correspondence outlining the results of investigations
	Dealing with proofs of debt	Receipting and filing POD's
Investigation \$14,000	Conducting investigation	Collection of company books and records. Correspondence with external parties regarding their knowledge and possession of company books and records. Drafting and sending requests to provide company books and records. Discussions with PWC and Deloitte regarding their knowledge of the company. Reconstruction of financial statements. 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. Preparation of investigation file. Discussions with third parties around company history.
	ASIC reporting	Preparing statutory investigation reports. Preparing affidavits seeking non lodgements assistance. Liaising with ASIC.
Administration \$500	Correspondence	Correspondence with third parties regarding the administration

Task Area	General Description	Includes
	Document maintenance/file review/checklist	First month, then 6 monthly administration review. Filing of documents. File reviews. Updating checklists.
	Insurance	Correspondence with Willis regarding ongoing insurance requirements.
	ASIC forms	Correspondence with ASIC regarding statutory forms.
	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.

Summary Receipts and Payments

To date, there have been no receipts or payments to or from the administration bank account. However, McGrathNicol has paid \$145 (excl. GST), as an out of pocket expense, for the notice of insolvency and notification of the first creditors meeting placed with ASIC shortly after our appointment.

Creditor Information Sheet

The IPA has issued an “Approving remuneration in external administrations” information sheet providing general information for creditors on the approval of an administrator’s fees in a liquidation, a voluntary administration or a deed of company arrangement.

This information sheet is available from the IPA website (www.ipaa.com.au). If you are unable to access this website, please contact Chris King on (02) 9338 2613 to obtain a copy.

Committee of inspection

We note that creditors elected not to establish a committee of creditors at the First Creditors Meeting.

In the event that creditors resolve that the company execute a DOCA or that the Companies be wound up, then the Act provides that a committee of inspection ("COI") may be formed.

In both circumstances, a COI may be useful to provide the deed administrator or liquidator with a sounding board as to likely creditor views, and in approving any matters which require authorisation by the committee, creditors or the Court.

At the second meeting, detailed below, creditors will be invited to consider whether a COI should be formed, and if so, to nominate members.

Creditor meeting details

The second statutory meeting of creditors has been convened to be held at Clifton's Sydney, Level 13, 60 Margaret Street, Sydney NSW 2000, on 18 September 2013, commencing at 9:30am.

Creditors who have already lodged a proof of debt do not need to complete a new proof.

Under the Act, the proxy forms lodged by creditors for the first meeting cannot be used for the second meeting. Accordingly, creditors who are unable to attend the meeting and wish to be represented should ensure that either a proxy form, power of attorney or evidence of appointment of a company representative is completed. Documents may be lodged with me prior to the meeting or may be brought to the meeting.

A formal notice of meeting, proof of debt form and proxy form are attached as Annexures to this report.

Creditors who require further details should please contact Chris King of this office on (02) 9338 2613.



Shaun Fraser
Joint & Several Administrator