

6 April 2018

AS ADDRESSED TO CREDITORS

Dear Sir/Madam

Installed Holdings Pty Ltd (In Liquidation)
A.C.N 169 136 289 (“the Company”)

I refer to the appointment of Michael Hogan and Christian Sprowles as Joint and Several Administrators on 8 March 2018.

The petitioning creditor, the Deputy Commissioner of Taxation (“ATO”), filed a winding up application (“the Application”) on 14 February 2018. The Application was heard on 21 March 2018 and the registrar made orders that the Company be wound up and Michael Hogan and I be appointed liquidators. Our appointment as voluntary administrators of the Company has now ceased.

Our initial circular to creditors is attached.

Should you have any queries regarding the above matter, please contact Anny Ngo on (02) 8020 5853 or via email at anny@hogansproyles.com.au or Jonas Wu on (02) 8020 5857 or via email at jwu@hogansproyles.com.au.

Yours faithfully
Installed Holdings Pty Ltd


Christian Sprowles
Joint & Several Liquidator

Initial information for creditors

INSTALLED HOLDINGS PTY LTD (IN LIQUIDATION) A.C.N 169 136 289 (“the Company”)

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

1. Information for creditors

1.1 Notification of appointment

Michael Hogan and I were appointed as Joint Liquidators of the above Company on 21 March 2018 pursuant to an order made by the Federal Court of NSW. This superseded our appointment as Voluntary Administrators on 8 March 2018.

On 14 February 2018 the Deputy Commissioner of Taxation filed an application with the Federal Court for the Company to be wound up on grounds of insolvency. We did not oppose the application, which was heard on 21 March 2018, and subsequently orders were made winding up the Company and appointing Michael Hogan and I as Liquidators.

Our Declaration of Independence, Relevant Relationships and Indemnities (“DIRRI”) was enclosed in our previous report dated 9 March 2018 and remains unchanged. A copy is attached at **Annexure A**. The DIRRI assists you to understand any relevant relationships that we have, and any indemnities or upfront payments that have been provided to us. We have considered each relationship and it is our opinion that none of the relationships disclosed in the DIRRI result in a conflict of interest or duty or affect our independence.

1.2 What is a court liquidation?

A court liquidation is where an order to place a Company into liquidation is made by the court. Usually this is on application of a creditor where the Company has not paid its outstanding debt. In most circumstances, this means that the Company is insolvent.

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

1.3 What happens to your debt?

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

- make reasonable requests for a meeting
- make reasonable requests for information
- give directions to me

- appoint a reviewing liquidator
- to replace me as liquidator.

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

The Company has ceased trading prior to our appointment. If you are a supplier or employee, you should have received a separate communication on how this appointment impacts your ongoing dealings with the Company.

2. Summary of the Company's affairs

The Company provided building façade installation services predominately to related party, Supplied Holdings (NSW) Pty Ltd ("Supplied Holdings"). We understand the large suppliers terminated their arrangement with the company prior to our appointment and accordingly there is little to no prospect of trading on or selling the business.

In accordance to my preliminary investigations, the Company appeared to be loss making since FY16. During FY17 there was a change in management whereby the director Brian Mobbs left the business and retired as a director.

The Company was largely funded by Supplied Holdings and the ATO through increase in accrued debt.

We received a Report as to Affairs (RATA) from the directors on 13 March 2018. A summary of the Company's affairs from the information in the RATA is attached at **Annexure C**. We are still conducting our investigations in the matter and will provide an update in our statutory report to creditors pursuant to Rule 70-40 of the Insolvency Practice Rules.

3. Update on liquidation to date

There were six employees upon our appointment. Two employees have been terminated and paid out the entitlements by a related party, Supplied Holdings. Since our appointment, we have liaised with Supplied Holdings to offer employment to four other employees to minimise the priority claims.

Our investigations are continuing into the following matters:

- the possible excessive management fees paid to related parties JPG Constructions Pty Ltd and the former director;
- possible shadow directorship;
- breaches of director duties relating to the payment of management fees as outlined above; and
- insolvent trading.

We seek creditors assistance in providing any additional information which may assist our investigations. Please email Anny Ngo of our office at anny@hogansproyles.com.au or by phone on 02 8020 5853, if you have any information that may assist.

A summary of receipts and payments is provided at **Annexure D**.

We will proceed with the liquidation, including:

- recovering and selling any available property
- investigating the Company's affairs
- reporting to the corporate regulator, the Australian Securities and Investments Commission ("ASIC").

We will write to you within three months of our appointment advising whether a dividend is likely and update you on the progress of our investigations.

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

4. Estimated Position Statement

We forecast there will be no dividend to any class of creditors subject to the outcome of our investigations and possible voidable transaction recoveries.

Estimated position statement	Notes	Book value	ERV \$
Assets			
Cash at Bank	4.1	26,836	26,836
Trade Debtors	4.2	363,373	Nil
Plant and Equipment	4.3	4,177	Nil
Voidable transaction recoveries	4.4		TBA
Liabilities			
Legal fees	4.5		(2,776)
Petitioning creditors costs	4.6		(2,809)
Appointees Fees and disbursements	4.7		(37,563)
Total Surplus/deficiency for priority creditors			(16,312)
Less: Employee entitlements			
Annual leave	4.8		4,208
PILN			3,680
Superannuation			485
			8,374
Total surplus / deficiency to unsecured creditors			Nil
Unsecured creditors			
Trade creditors	4.9		39,466
Statutory creditors			513,461
Related party			130,496
			683,423
Total surplus / deficiency before costs			Nil

Notes

4.1 Cash at Bank

We have received \$26,836 from the closure of the company's pre-appointment bank account with Commonwealth Bank of Australia.

4.2 Trade Debtors

Summary of trade debtors as at the date of our appointment is summarised below. Our investigations are continuing into the recoverability of the debtors. However, Supplied Holdings may have a claim of an offset as they have been funding the working capital during the trading of the Company.

Debtor	Amount \$	Comment
Façade Innovations Pty Ltd	54,079	Paid prior to appointment
JPG Construction Pty Ltd	242	Related Party deregistered on 15 January 2017
Parkview Construction Pty Ltd	16,289	Paid prior to appointment
Supplied Holdings (NSW) Pty Ltd	292,763	Related party counter claim of \$337,003 which they advise was advanced to fund the working capital of the Company.
	<u>363,373</u>	

4.3 Plant and Equipment

Plant and equipment is made up of miscellaneous computers and office supplies. These assets are recorded at a nominal value in the balance sheet. We are currently assessing the cost benefit of realising these assets.

4.4 Voidable Transactions Recoveries

We have commenced our investigations into the affairs of the business and are continuing. A detailed report of our findings will be provided in our statutory report to creditors which will be issued in the forthcoming months. Our preliminary investigations have commenced in the following:

- Breaches in director's duties relating to excessive payments of management fees;
- Potential shadow directorship;
- Payments to related parties;
- Preference payments; and
- Insolvent trading.

4.5 Legal Fees

We have engaged Bridges Lawyers to represent the voluntary administrators to appear in the Federal Court on 21 March 2018 in relation to a winding up application filed by the Australian Taxation Office on 14 February 2018.

4.6 Petitioning creditors costs

Federal Court of Australia as ordered the petitioning creditors costs to be fixed in the sum of \$2,808.78. This ranks as a priority pursuant to section 556 of the Act and will be paid to the petitioning creditor in due course.

4.7 Appointees Fees and Disbursements

Refer to section 5 of this report.

4.8 Employee Entitlements

Employees were terminated on the date of our appointment or offered new employment with related entity Supplied Holdings. Employees terminated have been paid their entitlements by Supplied Holdings accordingly rank as a priority unsecured creditor for the amount of \$7,690.

I have also been contacted by a former employee who resigned prior to our appointment regarding outstanding leave entitlements totalling \$684. Employees who are owed entitlements should contact our office to obtain information regarding making a claim with Fair Entitlement Guarantee scheme. Further information can also be obtained at <https://www.jobs.gov.au/fair-entitlements-guarantee-feg>.

4.9 Unsecured Creditors

To date we have received claims totalling \$683,423 including the amount of \$130,496 owing to related entity Supplied Holdings.

5. Costs of the liquidation

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

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

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

- Approve the current remuneration of the Administrators for \$11,862.91 exclusive of GST (**Annexure F**);
- Approval of the current disbursements of the Administrators for \$200 exclusive of GST (**Annexure G**);
- Approve the future remuneration of the Liquidators for \$25,000 exclusive of GST (**Annexure H**);
- Approve the future disbursements of the Liquidators for \$500 exclusive of GST (**Annexure I**).

We have not been indemnified for my fees and are reliant on recoveries during the liquidation to meet our remuneration. Please return the voting slips by close of business, **Friday 27 April 2018**.

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

Annexure K is the ARITA Information Sheet: Proposals without meeting

Annexure L is a copy of our Administrators Remuneration Report and Estimated Liquidators Remuneration Report

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

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

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

Should you have any questions in relation to this matter, please contact Anny Ngo via phone (02) 8020 5853 or via email anny@hogansprople.com.au of this office.

DATED this 6th day of April 2018.

Installed Holdings Pty Ltd


Christian Sprowles
Joint & Several Liquidator

Attachments

Annexure A	Declaration of Independence, Relevant Relationships and Indemnities
Annexure B	Information Sheet - Creditor Rights in Liquidation
Annexure C	Summary of affairs
Annexure D	Receipts and Payments
Annexure E	Initial remuneration notice
Annexure F	Proposal 1: Notice of Proposal to Creditors regarding Administrators remuneration
Annexure G	Proposal 2: Notice of Proposal to Creditors regarding Liquidators remuneration
Annexure H	Proposal 3: Notice of Proposal to Creditors regarding Administrators disbursements
Annexure I	Proposal 4: Notice of Proposal to Creditors regarding Liquidators disbursements
Annexure J	Proof of Debt form
Annexure K	ARITA Information Sheet: Proposals without meeting
Annexure L	Administrators Remuneration Report and Estimated Liquidators Remuneration Report

Declaration of Independence, Relevant Relationships and Indemnities

INSTALLED HOLDINGS PTY LTD (ADMINISTRATORS APPOINTED) ("the Company")
ACN 169 136 289

This document requires the Practitioner/s appointed to an insolvent entity to make declarations as to:

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

This declaration is made in respect of myself, my partners and HoganSprowles.

A. Independence

We, Christian Sprowles and Michael Hogan of HoganSprowles have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Joint & Several Administrators of Installed Holdings Pty Ltd in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to my independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. Declaration of Relationships

i Circumstances of appointment

This appointment was referred to Christian Sprowles by Scott Coombes of Kelly Partners, the Company's external accountant.

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

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

On 12 February 2018, Christian Sprowles and his colleague, Anny Ngo, met with the Company's director, Suzanne Kemp, the Company's accountant, Scott Coombes and an employee, Jason Garling

At the meeting Christian Sprowles explained to the director the various types of external administration appointments including a Creditors Voluntary Liquidation and Voluntary Administration.

Christian Sprowles also answered questions from the Company's director and accountant regarding the two types of appointment, which included a general discussion on the implications of insolvency on the Company.

We did not receive any remuneration for the above.

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

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

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

ii Relevant Relationships (excluding Professional Services to the Insolvent)

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

iii Prior Professional Services to the Insolvent

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

iv No other relevant relationships to disclose

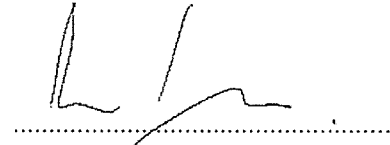
There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has a valid and enforceable security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

C. Indemnities and up-front payments

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

Dated: 9 March 2018


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Christian Sprowles
Joint & Several Administrator

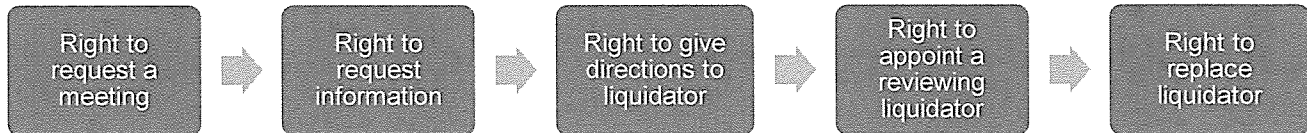

.....
Michael Hogan
Joint and Several Administrator

NOTE:

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

Creditor Rights in Liquidations

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



Right to request a meeting

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

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

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

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

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

Right to request information

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

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

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

Requests must be reasonable.

They are not reasonable if:

Both meetings and information:

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

Meeting requests only:

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

Information requests only:

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

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

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

Right to give directions to liquidator

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

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

An individual creditor cannot provide a direction to a liquidator.

Right to appoint a reviewing liquidator

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

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

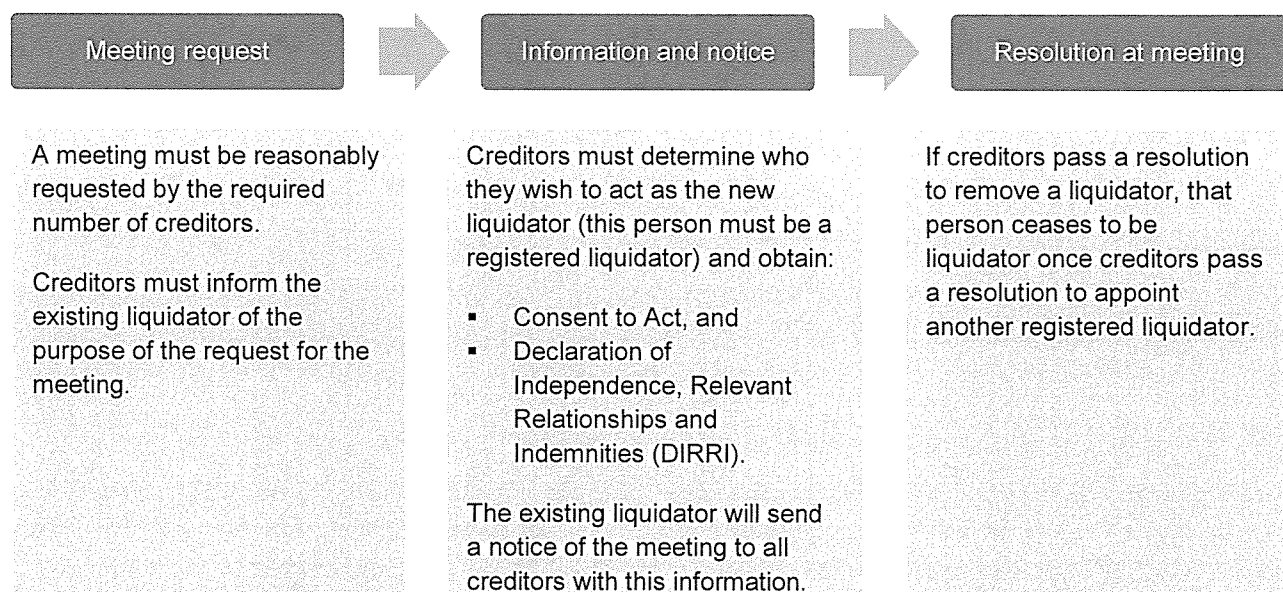
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

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

Right to replace liquidator

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

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



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

Director RATA	Director's RATA	
	Book Value (\$'000)	ERV (\$'000)
Assets		
Cash at Bank	27	27
Sundry Debtors	363	363
Plant & Equipment	4	0
Total Assets	394	390
Less: Creditors		
Employee Entitlements	0	0
Secured Creditors	0	0
Creditors with Specific Security Interest	0	0
Unsecured Creditors	1,098	1,098
Total Creditors	1,098	1,098
Surplus/(deficiency)	1,493	1,489

**Installed Holdings Pty Ltd
(In Liquidation)
A.C.N 169 136 289**

Receipts and Payments as at 31 March 2018

Receipts	\$
Cash at Bank	<u>26,835.85</u>
	26,835.85
 Payments	 <u>-</u>
	 -
 Cash at Bank	 26,835.85

INITIAL REMUNERATION NOTICE

Insolvency Practice Schedule (Corporations) 70-50

Insolvency Practice Rules (Corporation) 70-35

Installed Holdings Pty Ltd (In Liquidation)

ACN 169 136 289

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

1 Remuneration Methods

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

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

2 Method chosen

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

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

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

3 Explanation of Hourly Rates

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

Title	Description	Hourly rate (Excl. GST) (\$)
Partner	Registered liquidator, Chartered Accountant, degree qualified with more than fifteen years of extensive experience in insolvency, restructuring and business advisory matters. experience. Leads engagements with full accountability for strategy and execution.	495
Director	Generally Chartered Accountant and degree qualified with more than ten years of experience. Extensive experience in managing large, complex engagements at a senior level. Autonomously leads complex insolvency appointments reporting to Partner.	445
Senior Manager	Generally Chartered Accountant and degree qualified with more than seven years of experience. Significant experience across all types of engagements. Self-sufficiently conducts small to medium insolvency appointments.	390
Manager	Generally Chartered Accountant and degree qualified with more than five years of experience. Experience in complex matters, day to day conduct of small to medium engagements. Assists senior staff on complex matters.	350
Supervisor	Generally Chartered Accountant and degree qualified with more than three years of experience. Assists senior staff in planning and conduct of small to large engagements. Supervise a small team and control small engagements.	330
Senior Analyst 1	Generally degree qualified and undertaking Chartered Accountant’s qualification. Controls certain tasks on small engagements and assists staff with completing tasks on medium to large engagements.	290
Senior Analyst 2	Experienced graduate controlling certain tasks on small engagements. Assists senior staff in completing tasks on small to large engagements.	280
Analyst 1	Experienced graduate. Required to assists senior staff in completing tasks on small to large engagements.	240
Analyst 2	Generally a university graduate with appropriate qualifications. Assists with day to day tasks under the supervision of senior staff.	180
Graduate	Generally degree qualified and undertaking or about to undertake Chartered Accountant’s qualification with less than one year of experience. Assists with day to day tasks under the supervision of senior staff.	165

Annexure E

Undergraduate	Undertaking relevant degree. Assists with tasks within workstreams and appointments under supervision.	150
Senior Bookkeeper	Experienced bookkeeper with more than 18 months experience. Assist senior staff with accounting functions of engagement.	150
Bookkeeper	Assist senior staff with accounting functions of engagement.	140
PA	Appropriate skills and experience to support professional staff in an administrative capacity.	120
Administration	Appropriate skills and experience to support professional staff in an administrative capacity.	95

4 Estimated remuneration

We estimate that this liquidation will cost approximately \$25,000 exclusive GST to complete, subject to the following variables which may have a significant effect on this estimate and that we are unable to determine at this early stage in the administration:

- The time required to obtain the Company books and records from the director and third parties;
- The recovery of the Company's assets (if any);
- Investigations required into the business affairs of the Company and identify any assets or recoveries available to the liquidator; and
- Any matters identified that are required to be reported to statutory authorities, such as ASIC.

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

5 Disbursements

Disbursements are divided into three types:

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

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

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

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

Basis of disbursement claim

Disbursements	Rate (Excl GST)
Externally provided professional services	At cost
Externally provided non-professional services	At cost
Internal disbursements	
Advertising	At cost
Search fees	At cost
Courier	At cost
Printing, Faxes & Photocopies	\$0.20 per page
Postage	At cost
Stationary and other incidental disbursements	At cost
Travel - Staff by own vehicle	\$0.66 per km
Travel - other	At cost

Scale applicable for the financial year ending 30 June 2018.

Queries

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

Information Sheet

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

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

Dated this 6th day of April 2018


 Christian Sprowles
 Liquidator

 NOTICE OF PROPOSAL TO CREDITORS

Dated: 6 April 2018

Voting Poll Closes: 27 April 2018

Installed Holdings Pty Ltd
 (In Liquidation)
 ACN 169 136 289 ("the Company")

Proposal No. 1 for creditor approval

That the current remuneration of the Joint and Several Administrators from 8 March 2018 to 25 March 2018 is determined at a sum equal to the cost of time spent by the Joint and Several Administrators and the Joint and Several Administrators' partners and staff, calculated at the hourly rates as detailed in the remuneration report dated 6 April 2018 such sum to be capped at the amount of \$11,862.91 exclusive of GST, and that the Joint and Several Administrators may draw the remuneration on a monthly basis or as required.

Vote on the Proposal No. 1

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

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

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

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

relationship: _____

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

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

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

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

Address: _____

Signature: _____ **Date:** _____

For your vote to count, you **must complete** this document and return it together with any **supporting documents** by no later than close of business on **27 April 2018**, by email to Anny Ngo at anny@hogansprowles.com.au. Should you have any queries in relation to this matter, please contact Anny Ngo on (02) 8020 5850.

HoganSprowles
Level 9,
60 Pitt Street
SYDNEY NSW 2000

NOTICE OF PROPOSAL TO CREDITORS

Dated: 6 April 2018

Voting Poll Closes: 27 April 2018

**Installed Holdings Pty Ltd
(In Liquidation)
ACN 169 136 289 ("the Company")**

Proposal No. 2 for creditor approval

That the future remuneration of the Joint and Several Liquidators from 8 March 2018 to the conclusion is determined at a sum equal to the cost of time spent by the Joint and Several Administrators and the Joint and Several Administrators' partners and staff, calculated at the hourly rates as detailed in the remuneration report dated 6 April 2018 such sum to be capped at the amount of \$25,000.00 exclusive of GST and that the Joint and Several Administrators may draw the remuneration on a monthly basis or as required.

Vote on the Proposal No. 2

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

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

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

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

relationship: _____

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

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

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

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

Address: _____

Signature: _____ **Date:** _____

For your vote to count, you **must complete** this document and return it together with any **supporting documents** by no later than close of business on **27 April 2018**, by email to Anny Ngo at anny@hogansprowles.com.au. Should you have any queries in relation to this matter, please contact Anny Ngo on (02) 8020 5850.

HoganSproles
Level 9,
60 Pitt Street
SYDNEY NSW 2000

NOTICE OF PROPOSAL TO CREDITORS

Dated: 6 April 2018

Voting Poll Closes: 27 April 2018

**Installed Holdings Pty Ltd
(In Liquidation)
ACN 169 136 289 ("the Company")**

Disbursements

Disbursements are divided into three types:

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

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

Declaration

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

The following disbursements have been incurred by the Company during the period from 8 March 2018 to 21 March 2018. Where amounts have been paid by our firm for externally provided services and costs, those payments are in reimbursement of costs previously paid by my firm either due to a lack of funds in the Company at the time the payment was due, or due to the direct invoicing of our firm by the supplier. All of the below transactions appear in the receipts and payments listing attached to this report as Appointee disbursements. Where payments to third parties are paid directly from the Company's bank account, they are included in the attached listing of receipts and payments.

Internal disbursements	Rate (Excl GST)	Cost (excl GST)
Postage	At Cost	\$21.61
Faxes, printing & Photocopies	\$0.20 / page	\$14.80
Searches	At Cost	\$68.90
Total		\$105.31

Proposal No. 3 for creditor approval

That the future disbursements of the Joint and Several Administrators from 8 March 2018 is determined at a sum equal to the cost spent by the Joint and Several Administrators and the Joint and Several Administrators' partners and staff, calculated at the rates as detailed in the remuneration report dated 6 April 2018 such sum to be capped at the amount of \$200.00, exclusive of GST, and that the Joint and Several Administrators may draw the disbursements on a monthly basis or as required.

Vote on the Proposal No. 3

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

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

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

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

relationship: _____

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

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

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

Creditor details

Name of creditor

Address

ABN (if applicable)

Contact number

Email address

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

Signature: _____

Date: _____

For your vote to count, you **must complete** this document and return it together with any **supporting documents** by no later than close of business on **27 April 2018**, by email to Anny Ngo at anny@hogansprowles.com.au. Should you have any queries in relation to this matter, please contact Anny Ngo on (02) 8020 5850.

HoganSproles
Level 9,
60 Pitt Street
SYDNEY NSW 2000

NOTICE OF PROPOSAL TO CREDITORS

Dated: 6 April 2018

Voting Poll Closes: 27 April 2018

**Installed Holdings Pty Ltd
(In Liquidation)
ACN 169 136 289 (“the Company”)**

Disbursements

Disbursements are divided into three types:

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

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

Declaration

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

As at the date of this report, no disbursements have been paid by the Company to our firm. Where amounts have been paid by our firm for externally provided services and costs, those payments are in reimbursement of costs previously paid by my firm either due to a lack of funds in the Company at the time the payment was due, or due to the direct invoicing of our firm by the supplier. All of the below transactions appear in the receipts and payments listing attached to this report as Appointee disbursements. Where payments to third parties are paid directly from the Company’s bank account, they are included in the attached listing of receipts and payments.

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

Disbursements	Rate (Excl GST)
Externally provided professional services	At cost
Externally provided non-professional services	At cost
Internal disbursements	
Advertising	At cost
Search fees	At cost
Courier	At cost
Printing, Faxes & Photocopies	\$0.20 per page
Postage	At cost
Stationary and other incidental disbursements	At cost
Travel - Staff by own vehicle	\$0.66 per km
Travel - other	At cost

Proposal No. 4 for creditor approval

That the future disbursements of the Joint and Several Liquidators from 21 March 2018 is determined at a sum equal to the cost spent by the Joint and Several Liquidators and the Joint and Several Liquidators' partners and staff, calculated at the rates as detailed in the remuneration report 6 April 2018 such sum to be capped at the amount of \$500.00, exclusive of GST, and that the Joint and Several Administrators may draw the disbursements on a monthly basis or as required.

Vote on the Proposal No. 4

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

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

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

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

relationship: _____

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

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

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

Creditor details

Name of creditor

Address

ABN (if applicable)

Contact number

Email address

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

Signature: _____

Date: _____

For your vote to count, you **must complete** this document and return it together with any **supporting documents** by no later than close of business on **27 April 2018**, by email to Anny Ngo at anny@hogansprowles.com.au. Should you have any queries in relation to this matter, please contact Anny Ngo on (02) 8020 5850.

HoganSproles
Level 9,
60 Pitt Street
SYDNEY NSW 2000

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Joint and Several Liquidators of Installed Holdings Pty Ltd (In Liquidation)

1. This is to state that the company was, on 21 March 2018 ⁽¹⁾ and still is, justly and truly indebted to⁽²⁾ (full name):

.....
(‘Creditor’)

.....
of (full address)

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

Particulars of the debt are:

Date	Consideration ⁽³⁾ <small>state how the debt arose</small>	Amount \$	GST included \$	Remarks ⁽⁴⁾ <small>include details of voucher substantiating payment</small>

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

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

Date	Drawer	Acceptor	Amount \$ c	Due Date

- I am **not** a related creditor of the Company ⁽⁵⁾
- I am a related creditor of the Company ⁽⁵⁾
relationship: _____

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

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

DATED this day of 2018

Signature of Signatory

NAME IN BLOCK LETTERS

Occupation

Address

See Directions overleaf for the completion of this form

OFFICE USE ONLY

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

Proof of Debt Form Directions

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

Annexures

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



Information sheet: Proposals without meetings

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

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

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

What is a proposal without a meeting?

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

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

What types of proposals can be put to creditors?

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

What information must the notice contain?

The notice must:

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

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

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

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

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

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

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

How is a resolution passed?

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

What happens if the proposal doesn't pass?

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

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

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

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

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

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

Where can I get more information?

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

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

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

Administrators & Liquidators Remuneration Approval Report

Installed Holdings Pty Ltd
(In Liquidation)
ACN 169 136 289
("the Company")

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

This report has the following information included:

Contents

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Schedule A – Resolution 1 - Table of major tasks for remuneration	8
Schedule B – Resolution 2 - Table of major tasks for remuneration	10

What do you need to do next?

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

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

You can cast your vote by using the included voting forms. These forms then need to be returned to our office by post, scanned and emailed or faxed. We need to receive your forms **by Friday, 27 April 2018** for your vote to count. If you chose to use post, please allow enough time for your letter to be delivered.

If you have any questions, or need any assistance with understanding the materials we have sent to you, please contact Anny Ngo of my office on (02) 8020 5853 or via email at anny@hogansprowles.com.au.

Part 1: Declaration

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

Part 2: Executive Summary

The total remuneration for this appointment is estimated to be \$19,889.50 plus GST. We have not previously sought approval for our remuneration since our appointment.

Remuneration currently claimed is summarised below:

Period	Report Reference	Amount (ex GST)
Current Remuneration claim:		
Administration		
Resolution [1]: 8 March 2018 to 21 March 2018	Sch A	\$11,862.91
Total – current remuneration		\$11,862.91
Future Remuneration claim:		
Liquidation		
Resolution [2]: 21 March 2018 to the conclusion	Sch B	\$25,000
Total – future remuneration		\$25,000
TOTAL remuneration claimed		\$36,862.91
* Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the administration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.		

Internal disbursements currently claimed are summarised below:

Period	Report Reference	Amount (ex GST)
Current internal disbursements claim:		
Administration Resolution [3]: 8 March 2018 to 21 March 2018	Part 4	\$200.00
Internal disbursements approved		
Resolution [4]: 21 March 2018 to the conclusion	Part 4	\$500.00
TOTAL internal disbursements claimed and approved		\$700.00
* Approval for the future internal disbursements sought is based on an estimate of the internal disbursements necessary to the completion of the administration. Should additional disbursements be necessary beyond what is contemplated, further approval may be sought from creditors.		

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

Part 3. Remuneration

3.1 Remuneration claim resolutions

We will be seeking approval of the following resolutions to approve our remuneration. Details to support these resolutions are included in section 3.2 and in the attached Schedules.

Resolution 1: from 8 March 2018 to 21 March 2018

“That the current remuneration of the Administrators from 8 March 2018 to 21 March 2018 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 report to creditors of 6 April 2018 that may be increased at a rate of 10% at 1 July each year (rounded to the nearest \$10), up to a capped amount of \$11,862.91 exclusive of GST, and that the administrators can draw the remuneration on a monthly basis or as required”.

Resolution 2: from 21 March 2018 to the conclusion of the liquidation

“That the future remuneration of the liquidators from 21 March 2018 to the conclusion of the liquidation is determined at a sum equal to the cost of time spent by the liquidator and their partners and staff, calculated at the hourly rates as detailed in the report to creditors 6 April 2018 that may be increased at a rate of 10% at 1 July each year (rounded to the nearest \$10), up to a capped amount of \$25,000 exclusive of GST, and that the liquidator can draw the remuneration on a monthly basis or as required”.

3.2 Details of remuneration

Resolution 1: from 8 March 2018 to 21 March 2018

The below table sets out time charged to each major task area by staff members working on the administration for the period between 8 March 2018 to 21 March 2018 which is the basis of the Resolution 1 claim. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained in Schedule A below.

ACTUAL HOURS INCURRED BY THE ADMINISTRATORS FOR THE PERIOD 8 MARCH 2018 TO 21 MARCH 2018
CALCULATION OF REMUNERATION

Employee	Position	\$/hour	Total actual hours	Total (\$)	Task Area							
					Creditors hrs	\$	Employees hrs	\$	Investigation hrs	\$	Administration hrs	\$
Christian Sproles	Partner	495.0	5.2	2,582	1.0	495	0.0	0	1.6	767	2.7	1,320
Michael Hogan	Partner	495.0	0.8	396	0.8	396	0.0	0	0.0	0	0.0	0
Anny Ngo	Manager	350.0	17.7	6,195	5.5	1,925	5.3	1,855	5.2	1,820	1.7	595
Jonas Wu	Graduate	165.0	16.3	2,690	1.9	314	0.6	99	6.1	1,007	7.7	1,271
Total			23.7	11,863	9.2	3,130	5.9	1,954	12.9	3,594	12.1	3,186
GST				1,186								
Total (Incl GST)				13,049								
Average hourly rate				500								

Resolution 2: from 21 March 2018 to the conclusion of the liquidation

The below table sets out the expected costs for the major tasks likely to be performed by the liquidator and their staff for the period between 21 March 2018 to the conclusion of the liquidation to which is the basis of the Resolution 2 claim. More detailed descriptions of the tasks likely to be performed within each task area, matching the amounts below, are contained in Schedule B.

ACTUAL HOURS INCURRED FOR THE PERIOD 21 MARCH 2018 TO THE CONCLUSION
CALCULATION OF REMUNERATION

Employee	Position	\$/hour	Total actual hours	Total (\$)	Task Area									
					Assets hrs	\$	Creditors hrs	\$	Employees hrs	\$	Investigation hrs	\$	Administration hrs	\$
Christian Sproles	Partner	495.0	12.5	6,188	1.0	495	5.0	2,475	1.0	495	4.0	1,980	1.5	743
Michael Hogan	Partner	495.0	2.2	1,089	0.5	248	0.0	0	0.0	0	1.0	495	0.7	347
Anny Ngo	Manager	350.0	36.0	12,600	2.0	700	8.0	2,800	4.0	1,400	18.0	6,300	4.0	1,400
Angelo Cadiz	Analyst 1	240.0	3.5	840	0.0	0	2.0	480	0.0	0	0	0	1.5	360
Jonas Wu	Graduate	165.0	26.0	4,290	2.0	330	4.0	660	3.0	495	12.0	1,980	5.0	825
Total			80.2	25,007	5.5	1,773	19.0	6,415	8.0	2,390	35.0	10,755	12.7	3,674
But Say				25,000										
GST				2,500										
Total (Incl GST)				27,500										
Average hourly rate				312										

3.3 Total remuneration reconciliation

To date, we have not drawn any fees. This is consistent with the estimate provided in the Initial Remuneration Notice dated 6 April 2018, which estimated the Administrators remuneration between \$30,000 to \$50,000 excluding GST.

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

3.4 Likely impact on dividends

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

At this stage there are insufficient funds to cover our time costs incurred to date. Accordingly, there is no likelihood of a dividend to any class of creditors. Should circumstances change, creditors will be notified.

Part 4: Disbursements

Disbursements are divided into three types:

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

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

We will be seeking creditor approval to pay our internal disbursements from creditors in the amount of \$700 plus any GST applicable.

1.1 Future basis of internal disbursements

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

Disbursements	Rate (Excl GST)
Externally provided professional services	At cost
Externally provided non-professional services	At cost
Internal disbursements	
Advertising	At cost
Search fees	At cost
Courier	At cost
Printing, Faxes & Photocopies	\$0.20 per page
Postage	At cost
Stationary and other incidental disbursements	At cost
Travel - Staff by own vehicle	\$0.66 per km
Travel - other	At cost

Rates applicable for financial year ending 30 June 2018.

Approval of the payment of these disbursements at the above rates to a capped amount of \$700 plus GST is being sought from creditors via a proposal without a meeting.

To date we have incurred \$105.31 in disbursements which have not been claimed as there are insufficient funds available in the liquidation. A summary of those disbursements are as follows:

Internal disbursements	Rate (Excl GST)	Cost (excl GST)
Postage	At Cost	\$21.61
Faxes, printing & Photocopies	\$0.20 / page	\$14.80
Searches	At Cost	\$68.90

Part 5: Report on Progress of the Administration

Please see enclosed Initial Report to Creditors dated 6 April 2018.

Part 6: Summary of Receipts and Payments

Attached at **Annexure D** are the receipts or payments to date.

Part 7: Queries

If you have any queries in relation to the information in this report, please contact Anny Ngo on (02) 8020 5853 or via email at anny@hogansprowles.com.au.

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

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

Part 8: Approval of remuneration and internal disbursements

At **Annexure F to J**, we have enclosed the following for your completion by Friday, 27 April 2018:

- Voting slip for the liquidator's remuneration;
- Voting slip for the liquidator's disbursements;
- Proof of debt form

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

"That the current remuneration of the Administrators from 8 March 2018 to 31 March 2018 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 report to creditors of 6 April 2018 that may be increased at a rate of 10% at 1 July each year (rounded to the nearest \$10), up to a capped amount of \$11,862.91 exclusive of GST, and that the administrators can draw the remuneration on a monthly basis or as required".

AND

“That the future remuneration of the liquidators from 21 March 2018 to the conclusion of the liquidation is determined at a sum equal to the cost of time spent by the liquidator and their partners and staff, calculated at the hourly rates as detailed in the report to creditors 6 April 2018 that may be increased at a rate of 10% at 1 July each year (rounded to the nearest \$10), up to a capped amount of \$25,000 exclusive of GST, and that the liquidator can draw the remuneration on a monthly basis or as required”.

AND

“That the disbursements of the administrators for the period 8 March 2018 to 21 March 2018 at the rates outlined in the Administrators and Liquidators Remuneration Approval Report dated 6 April 2018 be capped at the amount of \$200 plus GST and can be drawn by the liquidator as required.”

AND

“That the disbursements of the liquidators for the period 8 March 2018 to the conclusion of the liquidation at the rates outlined in the Remuneration Approval Report dated 6 April 2018 be capped at the amount of \$500 plus GST and can be drawn by the liquidator as required.”

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

The below table provides a description of the work undertaken in each major task area for the 8 March 2018 to 21 March 2018.

Task Area	General Description	Includes
Creditors 9.2 hours \$3,130	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Dealing with proofs of debt	Receipting and filing POD's when not related to a dividend Corresponding with OSR and ATO regarding POD's when not related to a dividend
	Reports to creditors	Preparation of report to creditor, initial creditors report
	Meeting of creditors	Preparation of meeting notices, proxies and advertisement Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certification of postage, attendance register, list of creditors, report to creditors,

Task Area	General Description	Includes
		<ul style="list-style-type: none"> advertisement of meeting and draft minutes of meeting Preparation and lodgement of minutes of meeting with ASIC
Employees 5.9 hours \$1,954	Employee enquiries	<ul style="list-style-type: none"> Received and follow up employee enquiries via telephone and email Review and prepare correspondence to creditors and their representatives via email and post Prepared letters to employees advising of their entitlements and options available Received correspondence from employees re leave entitlements
	Calculation of entitlements	<ul style="list-style-type: none"> Review company books and records for employee entitlements Calculation of employee entitlements Review awards Liaise with company director and staff regarding employee entitlements Prepared separation certificates for terminated employees
Investigation 12.9 hours \$3,594	Conducting investigation	<ul style="list-style-type: none"> Collection of company books and records Reviewing company's books and records Review and preparation of company nature and history Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Liaising with directors regarding certain transactions Preparation of investigation file
Administration 12.1 hours \$3,186	Correspondence	<ul style="list-style-type: none"> Correspondence with various stakeholders Day one notices
	Bank account administration	<ul style="list-style-type: none"> Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers Correspondence with pre-appointment bank regarding closure of account
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> Preparing and lodging ASIC forms including 505, 5602, 5011 etc Correspondence with ASIC regarding statutory forms

Task Area	General Description	Includes
	ATO and other statutory reporting	Notification of appointment Preparing BAS Correspondence with ATO regarding lodgements and registration
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

Schedule B – Resolution 2 - Table of major tasks for remuneration

The below table provides a description of the work undertaken in each major task area for the 21 March 2018 to the conclusion of the liquidation.

Task Area	General Description	Includes
Assets 5.5 hours \$1,773	Plant & equipment	Review the fixed asset register
	Other assets	Review assets recoverable by the liquidator Review previous contracts and values Tasks associated with realising assets
Creditors 19.0 hours \$6,415	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Dealing with proofs of debt	Receipting and filing POD's when not related to a dividend Corresponding with OSR and ATO regarding POD's when not related to a dividend
	Reports to creditors	Preparation of report to creditor, initial creditors report and statutory report Preparation and lodgement of report to ASIC
Employees 8.0 hours \$2,390	Employee enquiries	Received and follow up employee enquiries via telephone and email Review and prepare correspondence to creditors and their representatives via email and post
	FEG	Correspondence with FEG Preparation of notification spreadsheet Preparing FEG quotation Preparing FEG adjudication

Task Area	General Description	Includes
	Calculation of entitlements	Review company books and records for employee entitlements Calculation of employee entitlements Review awards Liaise with company director and staff regarding employee entitlements Issue PAYG summary certificates
Investigation 35.0 hours \$10,755	Conducting investigation	Collection of company books and records Reviewing company's books and records Preparation of comparative financial statements Review of specific transactions and liaising with directors regarding certain transactions Liaising with directors regarding certain transactions Preparation of investigation file Lodgement of investigation with the ASIC Preparation and lodgement of supplementary report if required Investigations regarding insolvent trading
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
Administration 12.7 hours \$3,674	Correspondence	With various stakeholders
	Bank account administration	Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 5602, 5011 etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment Preparing BAS' Completing group certificates
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Books and records / storage	Dealing with records in storage Sending job files to storage



Schedule of rates as @ 1 April 2017

Private & Confidential

Title	Description	Hourly rate (Excl. GST) (\$)
Partner	Registered liquidator, Chartered Accountant, degree qualified with more than fifteen years of extensive experience in insolvency, restructuring and business advisory matters. experience. Leads engagements with full accountability for strategy and execution.	495
Director	Generally Chartered Accountant and degree qualified with more than ten years of experience. Extensive experience in managing large, complex engagements at a senior level. Autonomously leads complex insolvency appointments reporting to Partner.	445
Senior Manager	Generally Chartered Accountant and degree qualified with more than seven years of experience. Significant experience across all types of engagements. Self-sufficiently conducts small to medium insolvency appointments.	390
Manager	Generally Chartered Accountant and degree qualified with more than five years of experience. Experience in complex matters, day to day conduct of small to medium engagements. Assists senior staff on complex matters.	350
Supervisor	Generally Chartered Accountant and degree qualified with more than three years of experience. Assists senior staff in planning and conduct of small to large engagements. Supervise a small team and control small engagements.	330
Senior Analyst 1	Generally degree qualified and undertaking Chartered Accountant's qualification. Controls certain tasks on small engagements and assists staff with completing tasks on medium to large engagements.	290
Senior Analyst 2	Experienced graduate controlling certain tasks on small engagements. Assists senior staff in completing tasks on small to large engagements.	280
Analyst 1	Experienced graduate. Required to assists senior staff in completing tasks on small to large engagements.	240
Analyst 2	Generally a university graduate with appropriate qualifications. Assists with day to day tasks under the supervision of senior staff.	180
Graduate	Generally degree qualified and undertaking or about to undertake Chartered Accountant's qualification with less than one year of experience. Assists with day to day tasks under the supervision of senior staff.	165
Undergraduate	Undertaking relevant degree. Assists with tasks within workstreams and appointments under supervision.	150
Senior Bookkeeper	Experienced bookkeeper with more than 18 months experience. Assist senior staff with accounting functions of engagement.	150
Bookkeeper	Assist senior staff with accounting functions of engagement.	140
PA	Appropriate skills and experience to support professional staff in an administrative capacity.	120
Administration	Appropriate skills and experience to support professional staff in an administrative capacity.	95