

WA CEILINGS AND FITOUT PTY LTD

(In Liquidation)
ACN 605 525 488

Report to Creditors

6 May 2020

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Annexures

- A Remuneration Approval Report

Enclosures

- (i) Notice of Proposal to Creditors
(ii) Proof of Debt or Claim form

1. Introduction

- 1.1 I refer to my appointment as Liquidator of the company on 14 December 2018 and to my Reports to Creditors dated 20 December 2018 and 11 March 2019.
- 1.2 My latest Annual Administration Return was lodged with the Australian Securities and Investments Commission on 30 January 2020.
- 1.3 The purpose of this report is to provide creditors with an update on the progress of the liquidation and to seek approval of the liquidator's remuneration.

2. Independence

- 2.1 Please refer to my Report to Creditors dated 20 December 2018 for information concerning my independence in this matter. There have been no changes to my independence.

3. Receipts and payments

- 3.1 The following is a summary of receipts and payments in the liquidation to date:

	\$
Receipts	
Contribution	15,000
Cash at bank on appointment	591
Pre-appointment debts	37,081
	52,672
Payments	
Bank fees	92
Legal fees	3,167
Liquidator's fees (general)	15,000
Liquidator's fees (circulating assets)	15,000
Liquidator's disbursements:	
Advertisements	64
Facsimiles	5
Postage	105
Printing & photocopying	30
Searches	99
Stationery	9
Telephone	1
GST (net)	11
	33,583
Cash at bank	19,089

4. Assets

- 4.1 The company's director gave an estimate in his Report on Company Activities and Property ("ROCAP") of potential realisations. Set out below is a comparison of this estimate with the Liquidator's estimate and actual realisations to date.

	Ref	ROCAP estimate \$	Liquidator's estimate \$	Liquidator's realisations to date \$
Cash at bank	4.2	611	591	591
Pre-appointment debts	4.3	130,489	37,081	37,081
		131,100	37,672	37,672

4.2 *Cash at bank*

- 4.2.1 The director disclosed in his ROCAP that the company held one bank account with Westpac. \$591 was realised upon closure of the bank account.

4.3 *Pre-appointment debts*

- 4.3.1 The director disclosed in his ROCAP that the company had pre-appointment debts totalling \$130,489. These debts related to retentions owed to the company.
- 4.3.2 I have completed the collection of the company's pre-appointment debts. The majority of the amounts owed were disputed by the debtors on the basis of rectification costs incurred by them in relation to the company's work.

5. Secured creditors

- 5.1 As at the date of my appointment ANZ Banking Group Ltd and Prosopa Advance Pty Ltd held circulating and non-circulating security interests.
- 5.2 ANZ Banking Group Ltd hold a first ranking circulating and non-circulating security interest and is owed \$184,045.70. This debt was assigned to Pioneer Credit Pty Ltd on 21 February 2019.

6. Priority creditors

- 6.1 The director disclosed in his ROCAP that the company did not have any priority creditors.
- 6.2 I have received a claim from My Leave in the sum of \$3,423.59 in respect of outstanding contributions towards employees' long service leave entitlements.

7. Unsecured creditors

- 7.1 On the basis of current information, I estimate that the total amount owed to unsecured creditors is \$649,987 (excluding the amount owed to ANZ Banking Group Ltd, but including the amount owed to Prosopa Advance Pty Ltd).
- 7.2 Please find enclosed a Proof of Debt or Claim form to enable any unsecured creditors who have not already done so to lodge their claim against the company.

8. Dividend

- 8.1 A dividend of 100 cents in the dollar will be paid to the priority creditor, being My Leave.
- 8.2 I do not anticipate paying a dividend to non-priority unsecured creditors.
- 8.3 If a dividend to unsecured creditors does become payable, creditors will be contacted prior to payment of the dividend and will be asked to lodge a Proof of Debt. This will formalise creditors' claims against the company.

9. Investigations

Failure of the company

- 9.1 From my initial investigations, I determined that the failure of the company was caused by poor economic conditions, increased competition and the company's involvement in a major project which ran overtime and resulted in the company incurring further unbudgeted costs. I determined that the company was likely to be insolvent from at least 31 October 2018.

Preferences

- 9.2 There is the potential for a Liquidator to recover payments to creditors that have been preferred over other creditors of the company within six months of the company being placed into external administration. That is, if a creditor receives payment in preference to other creditors, the amount paid to that creditor is potentially recoverable by the Liquidator.
- 9.3 From my investigations, I identified three parties that may have received a preference. I pursued all three parties for the unfair preference payments. However, none of my claims were successful either because the creditor could reasonably defend my claim or the quantum of the claim was uncommercial to commence legal action.

9. Investigations (cont.)

Breaches of director duties

- 9.4 From my investigations, I believe that the director breached Section 588G of the Corporations Act 2001 (Cth) ("the Act"), being the duty to prevent insolvent trading.
- 9.5 The director was made bankrupt on 24 February 2020. I have submitted a claim in the bankrupt estate in respect of my insolvent trading claim in the sum of \$288,958.94. The bankruptcy trustee has advised that it is unlikely that a dividend will be paid from the bankrupt estate.

Australian Securities and Investments Commission ("ASIC")

- 9.6 On 16 May 2019, I submitted to ASIC a detailed account of my investigation into the conduct of the company's director with regard to the breach of civil obligations under the Act.
- 9.7 ASIC subsequently reviewed my findings and advised that it did not intend to commence any further investigation into the matters raised in my report.

10. Liquidator's remuneration

- 10.1 Please refer to Annexure A, Remuneration Approval Report, for details of the Liquidator's remuneration.
- 10.2 I propose to have my remuneration approved by a proposal without a meeting. Information about passing resolutions without a meeting and a Notice of Proposal to Creditors is enclosed. **I request that you return to this office the completed Notice of Proposal to Creditors form by 4:00pm Wednesday, 27 May 2019.**
- 10.3 I note that while I am seeking approval of further fees of \$25,597.50 plus GST, given that no further asset realisations are anticipated and that a 100 cents in the dollar dividend will be paid to the priority creditor, a substantial portion of these fees will remain unpaid.

If you wish to discuss the above matters, please contact Melissa Ledger of this office.

Yours faithfully



JENNIFER E. LOW
Liquidator of
WA Ceilings and Fitout Pty Ltd

WA CEILINGS AND FITOUT PTY LTD
ACN 605 525 488
(In Liquidation) (“the company”)

REMUNERATION APPROVAL REPORT

This Remuneration Approval Report provides you with the information you need to be able to make an informed decision regarding the approval of my remuneration for undertaking the liquidation of the company. This report has the following information included:

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Part 1: Declaration

I, Jennifer E. Low, of Sheridans, have undertaken a proper assessment of this remuneration claim for my appointment as Liquidator of the company in accordance with the law and applicable professional standards. I am satisfied that the remuneration claimed is in respect of necessary work to be properly performed in the conduct of the liquidation.

Part 2: Executive summary

To date, remuneration totalling \$30,000.00 has been approved and paid in this administration. This Remuneration Report details approval sought for the following fees:

Period	Report reference	Amount (excl. GST) \$
Resolution 1: 14 December 2018 to 30 April 2020 (unpaid)	Part 3	25,597.50

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

Part 3: Remuneration

3.1 Remuneration claim resolution

I will be seeking approval of the following resolution to approve my unpaid remuneration for the period 14 December 2018 to 30 April 2020:

That the Liquidator's unpaid remuneration incurred in excess of the current approval of \$30,000, calculated on the basis of time spent by the Liquidator and her staff, at the standard scale rates set by Sheridans for work of this nature, be approved for the period 14 December 2018 to 30 April 2020 in the sum of \$25,597.50 plus GST.

3.2 Details of remuneration

The table below provides a detailed description of the work undertaken in each major task area for the period 14 December 2018 to 30 April 2020.

Task area	General description	Specific description
Assets 60.8 hours \$14,538.60 ①	Cash at bank	Correspondence regarding funds held in bank accounts. Receipt of cash at bank. Reconciliation of funds received.
	Pre-appointment debts	Reviewing company records to determine pre-appointment debts. Preparing schedule of debts and monitoring schedule. Correspondence with pre-appointment debtors in order to recover debts owed to the company. Negotiations with pre-appointment debtors and their representatives in respect of outstanding debts. Engaging solicitors to assist in collection of outstanding debts. Reviewing company records and correspondence with the director to verify pre-appointment debtor responses. Receipting payments from pre-appointment debtors.
Creditors 39.3 hours \$9,819.50 ①	Creditor enquiries, requests & directions	Receive and respond to creditor enquiries. Maintaining creditor request log. Review and prepare initial correspondence to creditors and their representatives. Considering reasonableness of creditor requests. Documenting reasons for complying or not complying with requests or directions. Compiling information requested by creditors.
	Secured creditor reporting	Notifying PPSR registered creditors of appointment. Correspondence with PPSR creditors. Determining if any amount is owed to secured creditors.
	Creditor reports	Preparing initial and 3 month reports to creditors.
	Dealing with Proofs of Debt	Receipting and filing POD when not related to a dividend. Corresponding with OSR and ATO regarding POD when not related to a dividend.
	Proposals to creditors	Preparing notices of proposal to creditors forms. Forward forms to all known creditors. Reviewing votes and determining outcome of proposal. Preparation and lodgement of proposal outcome with ASIC.
Employees 13.8 hours \$3,213.40 ①	Superannuation	Reviewing employee files and company's books and records to determine whether any superannuation is outstanding. Correspondence with manager of superannuation funds regarding whether any superannuation was outstanding.
	My Leave	Correspondence with MyLeave regarding outstanding lodgements. Reviewing employee files and company's books and records. Completing My Leave lodgements. Correspondence with My Leave regarding claim.
	Other employee issues	Correspondence with Child Support. Correspondence with Centrelink.

Part 3: Remuneration (Cont.)

Investigation 60.9 hours \$14,167.30 ①	Conducting investigation	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 director regarding certain transactions. Preparation of investigation file. Identifying and investigating specific voidable transactions. Correspondence with various stakeholders regarding areas requiring investigation. Pursuing unfair preference claims. Correspondence with director regarding insolvent trading claim.
Administration 70.9 hours \$13,858.70 ①	Correspondence	General correspondence.
	Document maintenance/file review/checklist	First month, then six-monthly administration reviews. Filing of documents. File reviews. Updating checklists.
	Insurance	Identification of potential issues requiring attention of insurance specialists. Correspondence with insurer regarding initial and ongoing insurance requirements. Reviewing insurance policies. Correspondence with previous brokers.
	Bank account administration	Preparing correspondence opening and closing accounts. Requesting bank statements. Bank account reconciliations. Correspondence with bank regarding specific transfers.
	ASIC Form 5604 and other forms	Preparing and lodging ASIC forms including 505, 5601, 5602, 5604 etc. Correspondence with ASIC regarding statutory forms.
	ATO and other statutory reporting	Notification of appointment. Preparing BAS.
	Planning / Review Books and records / storage	Discussions regarding status of administration. Dealing with records in storage.

- ① The total fees incurred for the period 14 December 2018 to 30 April 2020, being \$55,597.50, includes fees of \$30,000.00 which have already been approved by creditors. I am seeking approval of the remuneration incurred that exceeds the current approval for this period, being \$25,597.50 (i.e. \$55,597.50 less \$30,000.00).

Part 3: Remuneration (cont.)*Calculation of remuneration:*

Employee	Position	\$ /hour (excl. GST)	Total Hrs	Total \$	Task area									
					Assets		Creditors		Employees		Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
J. Low	Principal	538	8.4	4,519.20	3.2	1,721.60	2.0	1,076.00	0.2	107.60	1.4	753.60	1.6	860.80
D. Blanchett	Senior Manager	381	0.8	304.80	0.2	76.20	-	-	-	-	0.6	228.60	-	-
S. O'Connor	Manager	301	45.9	13,815.90	3.3	993.30	11.4	3,431.40	2.7	812.70	22.6	6,802.60	5.9	1,775.90
M. Ledger	Supervisor	251	56.8	14,279.80	11.6	3,019.00	14.5	3,534.50	5.5	1,437.70	5.4	1,411.20	19.8	4,877.40
S. Marsegaglia	Senior 2	214	44.9	9,631.30	36.7	7,873.10	1.5	277.50	-	-	5.5	1,215.50	1.2	265.20
J. Don	Intermediate 2	161	10.8	1,741.60	-	-	2.0	338.80	-	-	0.3	52.50	8.5	1,350.30
S. Carrington	Intermediate 2	149	45.3	6,754.30	4.0	590.80	7.7	1,131.90	5.4	855.40	25.1	3,703.70	3.1	472.50
J. Bai	Graduate	147	1.6	235.20	1.5	220.50	-	-	-	-	-	-	0.1	14.70
S. Saker	Graduate	147	4.1	602.70	0.3	44.10	0.2	29.40	-	-	-	-	3.6	529.20
A. Maitre	Secretary	137	23.2	3,178.40	-	-	-	-	-	-	-	-	23.2	3,178.40
A. Avery	Secretary	137	3.9	534.30	-	-	-	-	-	-	-	-	3.9	534.30
Sub-total			245.7	55,597.50	60.8	14,538.60	39.3	9,819.50	13.8	3,213.40	60.9	14,167.30	70.9	13,858.70
Less: fees already approved				(30,000.00)										
Total				25,597.50										
GST				2,559.75										
Total (Incl. GST)				28,157.25										
Average hourly rate				226.28		239.12		249.86		232.85		232.63		195.47

Part 3: Remuneration (cont.)

3.3 *Total remuneration reconciliation*

For the following reasons this differs to the estimate of costs provided my Report to Creditors dated 20 December 2018, which estimated a cost to completion of the liquidation of \$30,000 (excl. GST):

- Significant correspondence with debtors and work required to determine amounts payable to the company, including the engagement of solicitors.
- Correspondence with creditors regarding unfair preference claims.

3.4 *Likely impact on dividends*

A Liquidator is entitled to receive remuneration for necessary work that has been properly performed in relation to the liquidation.

A Liquidator must distribute any property realised in accordance with the prescribed order and priorities set out by Section 556 of the Corporations Act 2001. Given that a Liquidator's remuneration is generally afforded priority ahead of any distribution to creditors, any such payment of remuneration approved by creditors will reduce the funds available for distribution to creditors.

The quantum (if any) of the dividend to creditors is ultimately impacted by the Liquidator's remuneration, the asset realisations achieved by the Liquidator and the value of creditor claims admitted to participate in the dividend. As advised in my Report to Creditors dated 6 May 2020, a dividend of 100 cents in the dollar will be paid to the priority creditor.

3.5 *Remuneration recovered from external sources*

As advised in my in my Report to Creditors dated 20 December 2018, I received a contribution of \$15,000 from the director towards the estimated costs of the liquidation.

Part 4: Disbursements

Please refer to my Report to Creditors dated 20 December 2018 for details of the types of disbursements.

I have undertaken a proper assessment of disbursements claimed in the administration, in accordance with the law and applicable professional standards. I am satisfied that the disbursements claimed are necessary and proper.

The following disbursements have been paid by the administration to my firm for the period 14 December 2018 to 30 April 2020. Any amount paid to my firm for externally provided services and cost is in reimbursement of a cost previously paid by my firm either because of a lack of funds in the administration at the time the payment was due, or because my firm was directly invoiced by the supplier. All of the below transactions appear in the receipts and payments listing included in the Report to Creditors dated 6 May 2020 as liquidator's disbursements.

Part 4: Disbursements (cont.)

Disbursement	Basis	Total (excl. GST) \$
Externally provided non-professional services		
Advertisements	Cost	64.00
Searches	Cost	98.80
Stationery	Cost	9.13
Internal disbursements		
Faxes	Local:	\$2.50
	Interstate:	\$4.00
	International:	\$4.00
Printing and photocopying	Cost/20 cents per page	30.40
Postage	Local & interstate:	\$1.50
	International:	Cost
	Other:	Cost
Telephone	National (incl. mobile):	\$1.00
	International:	Cost
Total		313.33

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

Disbursement	Rate (excl. GST)
ASIC levy	Fixed annual fee per appointment: \$480.00
Faxes	Local: \$2.50
	Interstate: \$4.00
	International: \$4.00
Meeting room hire	Cost: \$150.00
Postage	Local and interstate: \$1.50
	International: cost
	Other: cost
Printing and photocopying	Per page: 20 cents
	Externally printed: cost
RP Data searches	Fixed fee per appointment: \$105.00
Storage	Cost
Telephone	National calls (inc. mobile): \$1.00
	International: cost
Staff vehicle use	Per km rate (ATO rate): 68 cents
Statutory advertising	Cost

Part 5: Summary of receipts and payments

Please refer to Section 2.0 of my Report to Creditors dated 6 May 2020.

Part 6: Queries

If you have any queries in relation to the information in this report, please contact Melissa Ledger of this office.

General information is also available on the ARITA website at 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 asic.gov.au (search for "insolvency information sheets").

Part 7: Approval of remuneration

In summary, approval of the following proposal is being sought:

That the Liquidator's unpaid remuneration incurred in excess of the current approval of \$30,000, calculated on the basis of time spent by the Liquidator and her staff, at the standard scale rates set by Sheridans for work of this nature, be approved for the period 14 December 2018 to 30 April 2020 in the sum of \$25,597.50 plus GST.

Attached is a Notice of Proposal to Creditors for the above resolution. I would be grateful if you would complete and return the form to this office by no later than 4:00pm on Wednesday, 27 May 2020.

Please note that it is in the best interests of the creditors of the estate to submit the Notices of Proposal. If my remuneration and disbursements are not approved, I will incur further remuneration in seeking the required approval, diminishing the funds available for a distribution to creditors.

If you require any assistance in completing the form, please contact Melissa Ledger of this office.

An information sheet concerning proposals without meetings can be found at the ARITA website, arita.com.au/creditors.

WA CEILINGS AND FITOUT PTY LTD
ACN 605 525 488
(In Liquidation) ("the company")

NOTICE OF PROPOSAL TO CREDITORS

Proposal for creditor approval

That the Liquidator's unpaid remuneration incurred in excess of the current approval of \$30,000, calculated on the basis of time spent by the Liquidator and her staff, at the standard scale rates set by Sheridans for work of this nature, be approved for the period 14 December 2018 to 30 April 2020 in the sum of \$25,597.50 plus GST.

Reasons for the proposal and likely impact on creditors if passed

The proposal is a request to creditors for approval of my prospective remuneration. If my remuneration is approved, I will draw these funds from current and future funds available. This will reduce the dividend payable (if any) to creditors of the company. Failure to approve remuneration via circular resolution means that I shall be required to call a meeting of creditors to seek approval of my remuneration. This action will result in additional fees and costs for which I shall seek approval.

Vote on proposal

Creditors have the option of approving, not approving or objecting to the proposal being resolved without a meeting of creditors. Please select the appropriate Yes, No or Object box referred to below:

- 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

Your claim against the company must be admitted by the Liquidator, for the purposes of voting, for your vote to count. Please select the option that applies:

- ☐ I have previously submitted a Proof of Debt and supporting documents
☐ I have enclosed a Proof of Debt and supporting documents with this form

Creditor details

Name of creditor: _____ ACN/ABN: _____

- ☐ I am not a related creditor of the company
☐ I am a related creditor of the company, relationship: _____

Address: _____

Name of creditor/authorised person: _____

Signature: _____ Date: _____

Please complete this document and return with any supporting documents by no later than 4.00pm on Wednesday, 27 May 2020 for your vote to be counted, by email to general@sheridansac.com.au or by facsimile to (08) 9221 9340. Completed forms may also be sent by post to PO Box Z5209, Perth WA 6831, although you should ensure these are sent in time to arrive by the date the vote closes.

WA CEILINGS AND FITOUT PTY LTD
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PROOF OF DEBT OR CLAIM

This is to state that the company was on 14 December 2018 and still is justly and truly indebted to _____ for:

\$ _____ and _____ cents

Date	Consideration (how the debt arose)	Amount \$	Remarks (include details of voucher substantiating payment)

To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount \$	Due date

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, remains unpaid and unsatisfied. ①

I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied. ①

① *Delete both if this proof is made by the creditor personally. Otherwise, strike out or leave, as appropriate.*

Please ensure this proof is signed for completion, before lodgement.

Date: _____

Signature: _____

Name: _____

Occupation: _____

Creditor's address: _____

☐ I nominate to receive electronic notification of notices or documents in accordance with Section 600G of the Corporations Act 2001 at the following email address:
