

26 October 2017

When replying please quote
Our ref: Q10420
Your ref:

TO CREDITORS AS ADDRESSED

Dear Sir/Madam,

RE: QUEENSLAND ONE HOMES PTY LTD (IN LIQUIDATION)
ACN 138 109 485
("the company")

As you are aware, I was appointed Liquidator of the abovenamed company by a resolution of its creditors at a duly convened meeting held on 27 July 2017 replacing the incumbent Liquidators who were previously appointed on 6 July 2017.

For your information and assistance, I attach the following:

1. Statutory Report to Creditors
2. Notice of Meeting to be held at Level 19, 10 Eagle Street, Brisbane QLD 4000 on Tuesday, 14 November 2017 at 10:30AM.
3. Remuneration Report for the company.
4. Proof of Debt form for voting purposes. Any Informal or Formal Proof of Debt Forms previously submitted will be valid for voting purposes at the meeting.
5. Instrument of Proxy.
6. ARITA Guides for Creditors.

Under current legislation which came into force on 1 September 2017, I am required to report to creditors within 3 months of my appointment on 27 July 2017. This Statutory Report as attached provides details of the following information:

- Assets and Liabilities of the company;
- Receipts and payments to date;
- Investigations and recovery actions;
- Other matters including meetings and their outcomes, matters still outstanding, expected timeframe for completion of the liquidation and any other relevant matters;
- Likelihood of a dividend;
- Cost of the liquidation; and
- What will happen next with the liquidation.

Should you have any further queries in this matter, please contact either Angela McNeish by telephone on (07) 4222 1511 and email angela@menziesadvisory.com.au or James Currie by telephone on 03 8560 3533 and email james@menziesadvisory.com.au.

Yours faithfully,



MICHAEL CASPANEY
LIQUIDATOR

**Insolvency Practice Rules (Corporations)
70-40**

STATUTORY REPORT TO CREDITORS

**QUEENSLAND ONE HOMES PTY LTD (IN LIQUIDATION)
ACN 138 109 485
FORMERLY TRADING AS Q ONE HOMES (QLD)
("COMPANY")**

I was appointed Liquidator of the above-named Company by a resolution of the creditors of the company passed at a meeting held on 27 July 2017 replacing the incumbent Liquidator who was previously appointed on 6 July 2017. I refer to the Initial Report to Creditors dated 12 July 2017 provided to creditors by the previous liquidator advising you that you may be a creditor of the Company and your rights as a creditor in the liquidation. I further refer to my Reports to Creditors dated 1 August 2017 and 11 September 2017 providing creditors with progress of the liquidation.

The purpose of this Statutory Report to Creditors is to advise you of the following:

1. Update on the Progress of the Liquidation;
 - a) The estimated amounts of Assets and Liabilities of the Company;
 - b) The progress of the Liquidation, including:
 - i. inquiries that have been undertaken to date; and
 - ii. possible further inquiries and/or recovery actions (if any).
 - c) My opinion as to what happened to the business of the Company;
 - d) Meetings Held and Outcomes of Meetings;
 - e) Matters Still Outstanding;
 - f) Expected Timeframe for Completion of the Liquidation; and
 - g) Insolvency of the Company
2. Receipts and Payments to Date;
3. Likelihood of a Dividend;
4. Cost of the Liquidation;
5. What Happens Next; and
6. Where Can You Get More Information.

1. Update of the Progress of the Liquidation

a) Estimated Amounts of Assets and Liabilities

Assets of the Company

Assets	Estimated by Director(s) on RATA	Identified by Liquidator	Variation	Realised to Date of this report
Cash on Bank / Cash at Bank	Nil	592.06	592.06	592.06
Accounts Receivable (Debtors)	300,000.00	415,015.80	115,015.80	148,301.80
Land	Nil	Nil	Nil	Nil
Stock	Nil	Nil	Nil	Nil
Plant and Equipment	60,000.00	Nil	Nil	Nil
Work in Progress	Nil	Nil	Nil	Nil
Other Assets	Nil	Nil	Nil	Nil
Assets with PPSR security claims	60,000.00	154,239.00	94,239.00	Nil
Total	420,000.00	569,846.80	149,846.86	148,893.86

Liabilities of the Company

Creditors	Value Estimated by Director(s) on RATA	Value Estimated by Liquidator	Variation
Employees (Wages, superannuation & SGC)	39,638.03	37,920.00	1,718.03
Employees (leave of absence)	Nil	21,613.07	21,613.07
Employees (Retrenchment)	Nil	Nil	Nil
Secured Creditors	180,000.00	771,988.35	591,988.35
Unsecured creditors	1,405,634.97	5,069,507.79	3,663,872.82
Total	1,625,273.00	5,901,029.21	4,275,756.21

The following have been identified as "Related Party" Creditors

Name	Nature	\$ Value
Paul Callender	Superannuation	4,185.67
Paul Callender	Loan	41,236.78
Amber Callender	Superannuation	1,479.60
Empire Constructions Pty Ltd	Loan	52,682.79

Details of the assets and liabilities are outlined below in items 2 and 3 contained in the Liquidation Progress.

b) Progress of the Liquidation to date

Liquidation Progress

Item #	Task	Observations / Comments
1	A Company Report as to Affairs ("RATA") was received from the Director on or about 6 July 2017. The RATA was provided to the previous liquidator and a copy was forwarded to my office upon my appointment.	The RATA provided information about the Company's Assets and Liabilities, and I have included in part (a) of this report a summary of the estimated Assets and Liabilities.
2	Investigations have commenced in the Company to reconcile the assets identified by the Liquidator compared with the assets reported on the RATA from the Directors	<p>The comparison has found the following observations: The revised estimated value is \$569,846.86. This difference in values is a result of the following:</p> <ol style="list-style-type: none"> 1) <u>Cash at Bank</u> The RATA stated that there was no cash at bank. However, upon my appointment, I received an amount of \$304.00 from the previous liquidator and an additional amount of \$288.06 from the company's pre-appointment bank account. 2) <u>Debtors</u> The RATA stated an amount of \$580,922.53 owing from debtors with \$300,000 being the estimated recovery amount however, from the records I have received, I estimate the amount realisable to be \$415,015.80. This amount includes debtors for unpaid invoices and unpaid related party loans. I have currently received payment from three (3) debtors for the total amount of \$148,301.80. 3) <u>Plant & Equipment</u> The director stated in his RATA, an amount of \$180,000.00 with a realisation value of \$60,000.00. This amount relates to vehicles that are subject to a finance agreement. Therefore, this is a double entry of values and as such, the actual amount for Plant and Equipment is nil. Further comments regarding the financed assets is outlined below in point 6. 4) <u>Work in Progress</u> The director stated in his RATA that the company had \$1,500,000.00 value in WIP with an estimated realisation value of nil. According to the company's financial records, the WIP as at 31 March 2017 was

		<p>\$4,600,000.00 however, at the date of appointment, the WIP was reduced to nil.</p> <p>I am of the opinion that the WIP published in the company's financial reports is grossly overstated. If it was reported correctly, the company would not have showed net profits over the last two (2) years. As well as falsely reporting the WIP in the company financials, the inflated figures were also provided to the Queensland Building and Construction Commission (QBCC). My investigations into this false reporting are continuing.</p> <p>5) <u>Assets with PPSR Security</u> As mentioned above in Plant & Equipment, the RATA stated a realisable amount of \$60,000.00. This amount relates to six (6) motor vehicles owned by the company. These vehicles were subject to finance agreements and all had a registered security on the PPSR. Pay-out amounts were obtained and the total amount for all vehicles was \$179,120.46. The total equity position based on a valuation obtained from Redbook.com.au using the low point value was \$154,200.00 with the equity position for each vehicle being little or none. Accordingly, I disclaimed any interest in these assets.</p> <p>In addition to the vehicles, the company owned a Toshiba photocopier. This was also subject to a finance agreement with a registered security interest on the PPSR. The pay-out amount was \$2,541.95. A search of the internet for the same model currently for sale revealed the price range for a used model varied from \$39.00 to \$2,700.00. Based on these amounts, it was determined that there would be no available equity and was also disclaimed.</p> <p>6) <u>Estimation of Realisable Assets</u> Given the uncertainty of the amounts held in the suspense and trust accounts, it is difficult to provide creditors with a realistic estimate of assets. However, should the outcome of the funds in question be favourable to the liquidation, I envisage the realisable assets to be at least the following:</p> <table data-bbox="730 1771 1310 1832"> <tr> <td>•Cash at Bank</td> <td>592.06</td> </tr> <tr> <td>•Debtors</td> <td>415,015.80</td> </tr> </table> <p>Therefore, it is possible that the total realisable assets could be up to the amount of \$415,607.86</p>	•Cash at Bank	592.06	•Debtors	415,015.80
•Cash at Bank	592.06					
•Debtors	415,015.80					

3	<p>Investigations have commenced to identify the actual liabilities compared with the estimated creditors disclosed in the RATA from the Directors.</p>	<p>The comparison has found the following differences: The revised estimated value of creditors is now \$5,901,029.21. The difference in values is a result of the following:</p> <ol style="list-style-type: none"> 1) <u>Wages & Superannuation</u> The RATA stated an amount of \$39,638.03 owing in relation to unpaid superannuation. Advice received from former employees indicates there are amounts outstanding for wages and superannuation. The total amount advised to date is \$37,920.00. 2) <u>Annual Leave</u> The RATA did not advise any amounts owing in relation to unused leave entitlements. However, I have been advised that there is annual leave owing to two former employees for the total amount of \$21,613.07. 3) <u>Secured Creditors</u> The director stated in his RATA an amount of \$180,000 owing in relation to the finance agreements for the abovementioned vehicles. The amount advised as owing for the vehicles was marginally less at \$179,120.46. However, I have received advice from an additional three (3) secured creditors with a combined amount owing of \$592,867.89. Therefore, the total amount owing to secured creditors to date is \$771,988.35. Nevertheless, according to a search of the PPSR, there are a total of twenty-three (23) secured creditors. Therefore, it is likely that the total amount owing could increase significantly. 4) <u>Unsecured Creditors</u> The RATA stated an amount owing to unsecured creditors of \$1,405,634.97. To date, I have received proofs of debt from thirty (30) creditors. The projected total value of unsecured creditors is \$5,069,507.79. The total number of ordinary unsecured creditors advised to date is one hundred (100)
4	<p>Further investigations into the company are as follows:</p>	<p>There were and will be investigations and complications relating to:</p> <ol style="list-style-type: none"> 1) the transfer of the company's assets (including its debtors) and records to the related entity, Empire Constructions Pty Ltd. I have noted that to date I have not received a valid sale of business or separation of asset agreement existing between the entities; 2) share transfers in 2010 and 2014;

		<ul style="list-style-type: none"> 3) alleged unauthorised transactions; 4) complicated insolvent trading claims; 5) public examinations of all stakeholders; 6) other voidable transactions against the recipients of company monies.
5	Possible following inquiries / recovery actions:	<p>I have identified the following matters on which I am making further inquiries:</p> <ul style="list-style-type: none"> 1) Further analysis is required regarding the individual project Deeds of Novation issued to the company shortly prior to the appointment of Liquidators. These Novations will need to be assessed in terms of their commerciality, which will require accounting analysis of work in progress, debtors and creditors, a legal understanding on the terms set and expert building opinions in relation to the status of the projects; and 2) There has been and will be additional correspondence with the QBCC and the Australia Securities & Investments Commission (ASIC) regarding the company's affairs. Investigations into the company's trading patterns have revealed some seeming anomalies associated with last minute accounting adjustments.

c) Liquidator's Opinion as to what happened to the business of the Company

In a report to creditors dated 12 July 2017, issued by the previous liquidator, creditors were advised that the cause of the company's failure was due to unauthorised withdrawals and transfers from the company's bank account resulting in limited cash flow available to fund ongoing operations. The company's bank has provided details to me and it appears that all alleged payments were made to creditors of the company. I have provided the details of the alleged unauthorised transactions to the director and asked him if there were authorised or not. As yet I have not received any response to this enquiry.

Prior to the company being placed into liquidation on 6 July 2017, the company entered into Deeds of Novation for most of its building contracts and transferred its rights and obligations to a related entity known as Empire Constructions Pty Ltd. Although the Deeds contemplate an amount to be paid to the company, there is no mention of any consideration that should be paid.

I have requested that Empire provide me with details of the accounting position of each of the novated contracts and to date I have not received any information that would help me to form an opinion as to whether or not these deeds are commercial. In other words, I require the accounting information so that I can calculate what each contract

was worth to the company and this would then provide a starting point for negotiations with Empire for an amount to be paid to the company for any unpaid work in progress on those jobs.

In the absence of appropriate accounting data from the company or from Empire, I have obtained information from various sources that has allowed me to come to a preliminary position that Empire could owe the company more than \$400,000 for the work in progress not charged to the company's customers for work done by the company.

I have advised Empire, through their lawyers that I would be willing to open negotiations about the value of the business transferred to Empire but their promise to get back to me over 6 weeks ago has not eventuated.

If Empire does owe the company approximately \$400,000 for the novated contracts, the transmission of those contracts for zero consideration can be labelled as phoenix activity. My investigations are continuing.

Based on investigations so far, it appears the company entered into commission arrangements with various suppliers of sales leads. The value of the commissions paid for these leads are still under investigation. However, I have formed an early opinion that these commissions may not have been sustainable at the levels being committed to by the company.

As well as this, it appears the company's work in progress, as reported in its financial reports has been grossly overstated. Put simply, this means the profits being reported in financials for 30 June 2015 and 30 June 2016 and in preliminary reports up to 31 December 2016 and 31 March 2017 were grossly overstated.

The work in progress reports provided by the company to its external accountants contained data which did not show the true value of its work in progress which should have been the value of work completed but not yet billed. In fact these work in progress reports were a summary of the value of the company's contracts less the value of claims made.

These overstated profits recorded by the company have inflated the value of the company's financial position and it was this inflated financial position that was used by the company and its financial advisors to satisfy the QBCC's minimum financial requirements.

It is my opinion that if the true financial position of the company was stated in its financial reports as far back as 2015 and 2016, the company would not have been able to maintain its QBCC licence.

My opinion about the work in progress and the commission levels that were paid by the company would be enhanced if the director elected to co-operate with my investigations. However, due to his lack of co-operation I will be endeavouring to conduct public examinations involving all relevant stakeholders in the near future.

Given the limited information, including the lack of books and records, that has been provided to my office, my opinions here will evolve once more meaningful information is collected and I am hopeful that the anticipated public examinations will shed more light on this position.

d) Meetings Held and Outcomes of Meetings

From the date of the commencement of the winding up, two (2) meetings have taken place. The first meeting was held on 27 July 2017 with the previous liquidator and at that meeting, a resolution was passed by creditors to remove the incumbent liquidator and I was appointed as the replacement Liquidator.

The second meeting was held on 26 September 2017. At that meeting a proposal was put forth, by a related party creditor, to replace the Liquidator. A resolution to replace the Liquidator was put to a poll resulting in the resolution having failed. The result of the poll is outlined below:

	FOR	AGAINST	ABSTAIN
Outcome Total \$	\$217,376.07	\$2,420,187.37	\$148,195.34
Outcome Number	18	15	2
Percentage of Value	7.80212%	86.86604%	5.31907%

It is my intention to hold a further meeting of creditors and attached as Annexure "A" is a Notice of Meeting to be held at Level 19, 10 Eagle Street, Brisbane QLD 4000 on Tuesday, 14 November 2017 at 10:30 am.

e) Matters Still Outstanding

Further to the inquiries outlined in section 1.b).5 , some of the additional tasks required to be completed include:

- Calling meetings for the creditors and/or Committee of Inspection;
- Searching for assets that may be assets of the company;
- Realising any assets identified;
- Recovery of the outstanding debtors;
- Investigating the affairs of the company and reporting the findings to the creditors;
- Filing statutory records and statements of account with the ASIC;
- Filing a statutory report, pursuant to Section 533 of the Corporations Act 2001, to the ASIC;
- Lodging Business Activity Statements with the Australian Taxation Office; and
- Distributing any surplus funds to the creditors of the company.

Creditors should note that a number of issues undergoing investigation are, at this stage considered privileged and hence I am unable to disclose the details. At the completion of these investigations, creditors will be updated accordingly.

f) Expected Timeframe for Completion of the Liquidation

The time it takes to complete a company liquidation will vary depending on how complicated the company's affairs are. The main factors that affect the time frame of the liquidation are the structure of the company, its dealings prior to being liquidated and whether it will be necessary to litigate.

Having regard to the matters raised in section 1. a). 4 and section 1. e), the liquidation cannot be finalised until the conclusion of my investigations and any subsequent litigation.

In addition, there are a number of acts and dealings that remain to be carried out in order to complete the winding up process. These include the following:

- Finalisation of unfair preference claims;
- Finalisation and settlement of potential insolvent trading claim against the director;
- Declaration and payment of any dividend to priority (employee) creditors; and
- Declaration and payment of dividends to unsecured creditors.

Notwithstanding this, based on previous experience, I would estimate the likely timeframe to be 18 to 24 months.

g) Insolvency of the Company

Financial reports of the company as published and lodge with the ATO did not show any signs of insolvency. However, if the WIP had been reported correctly, it is doubtful that the company would have satisfied the minimum financial requirements of the QBCC.

The WIP should be the value of the work that has begun but which has not yet been completed. However, the company's financial reports state the value of the WIP to be the difference of the complete contract value less amounts already billed. The recording of the WIP in this manner has led to its value being grossly overstated and is not a true reflection of the company's actual financial position. As mentioned above in B-2-5, my investigations into this false reporting are continuing.

2. Receipts and Payments to Date

Transactions from 27 July 2017 to 25 October 2017

Description	Amount
<u>Receipts:</u>	
Sundry Debtors	148,301.80
Cash at Bank	592.06
Monies held on Trust pending decisions	55,500.00
Supplier Rebates	2,655.18
<u>Total Receipts</u>	<u>207,049.04</u>
<u>Payments:</u>	
Bank Charges	58.49
Bank Overdraft	1,967.95
Bank Investigation Charges	33.00
Legal Fees	28,893.00
Liquidator's Remuneration	87,615.00
Liquidator's Expenses	2,251.97
Liquidator's Expenses GST free	62.00
<u>Total Payments:</u>	<u>120,881.41</u>
Balance in Hand	86,167.63

3. Likelihood of a Dividend

The likelihood of a dividend being paid to creditors will be affected by a number of factors including:

- the size and complexity of the administration
- the amount of assets realisable and the costs of realising those assets
- the statutory priority of certain claims and costs
- the value of various classes of claims including secured, priority and unsecured creditor claims, and
- the volume of enquiries by creditors and other stakeholders.

At this stage it is uncertain as to likelihood of a dividend being paid to creditors. Based on the funds currently available at hand, no dividend would be available to any class of creditor. However, I anticipate future recoveries as a result of my abovementioned investigations and any consequent proceedings. In the likely event that future recoveries are successful, creditors will be advised accordingly.

If a dividend is going to be paid, you will be contacted before that happens and, if you have not already done so, you will be asked to lodge a proof of debt. This formalises your claim in the liquidation and is used to determine all claims against the company.

4. Cost of the Liquidation

As previously advised in my report to creditors dated 11 September 2017, I had estimated that my total remuneration for the external administration is \$279,562.98. The amount resulted from two (2) remuneration periods. The first period from 27 July 2017 to 11 September 2017 for the amount of \$86,749.48 and the second period from 12 September 2017 to the completion of the winding up for the amount of \$192,813.50.

At the meeting held on 26 September, only the first resolution for remuneration was put forth and at the request of a creditor, the amount was reduced from \$86,749.48 to \$80,000.00. Therefore, my remuneration to date has been approved for the amount of \$80,000.00 for the period 27 July 2017 to 11 September 2017. I do not intend to seek approval for the remaining balance of \$6,749.48.

It is my intention to seek approval of the remuneration for the second period as mentioned above. However, this will be recalculated into two (2) periods. The first period being for my actual remuneration incurred from 12 September 2017 to 22 October 2017 and the second period being for my forecasted remuneration from 23 October 2017 to the finalisation of the liquidation. Accordingly, I attach as Annexure "B" a detailed report on my remuneration, called a Remuneration Approval Report. I am unable to pay my remuneration without the approval of creditors, either by a proposal without a meeting, or by a meeting or alternatively, by an application to the Court.

I propose to have my remuneration approved at a meeting of creditors. Information about the meeting is attached as Notice of Meeting.

In accordance with my attached Remuneration Approval Report, my estimated total remuneration for the winding up is \$427,608.84.

5. What Happens Next

I will proceed with the liquidation, including:

- Realising the assets
- Recovering any further available property
- Completing my investigations into the company's affairs
- Completing my reporting to the corporate insolvency regulator, the Australian Securities and Investments Commission (ASIC)

I will convene the meeting of creditors in accordance with the Notice of Meeting attached to this report. I may write to you again with further information on the progress of the liquidation.

6. Where Can You Get More Information

You can 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”).

Should you have any queries in relation to this matter, please contact Angela McNeish on 07 4222 1511 or via email to angela@menziessadvisory.com.au .

DATED this 26th day of October 2017.



MICHAEL CASPANEY
LIQUIDATOR

CORPORATIONS ACT 2001

Insolvency Practice Rules
75-15 & 75-35

NOTICE OF CREDITORS' MEETING

QUEENSLAND ONE HOMES PTY LTD (IN LIQUIDATION)
ACN 138 109 485
TRADING AS Q ONE HOMES (QLD)

NOTICE IS GIVEN that a meeting of creditors of the company will be held at the offices of Menzies Advisory, Level 19, 10 Eagle Street, Brisbane QLD 4000 on 14 November 2017 at 10:30 am.

The purpose of the meeting is:

1. To consider a report of the Liquidator
2. To fix the remuneration of the Liquidator as required.
3. To consider the appointment of a Committee of Inspection.

Attending and voting at the meeting

Creditors are invited to attend the meeting however, they are not entitled to participate and vote at a meeting unless:

- **Proof of debt:** They have lodged with the Liquidator particulars of the debt or claim and the claim has been admitted, wholly or in part, by the Liquidator. If a proof of debt has already been lodged, they do not need to do so again. Refer to Note 1 for further guidance on entitlement to vote.
- **Proxies or attendance:** They are either present in person or by electronic facilities (if being made available) or validly represented by proxy, attorney or an authorised person under s250D of the Corporations Act. If a corporate creditor or represented, a proxy form, power of attorney or evidence of appointment of a company representative pursuant to Section 250D of the Corporations Act 2001 ("the Act") must be validly completed and provided to the Liquidator at or before the meeting. A proxy is only valid for a particular meeting and will need to be resubmitted even if previously provided.

To enable sufficient time to review, proofs of debt and proxies (or document authorising the representation) should be submitted to Angela McNeish by email to angela@menziesadvisory.com.au or at Level 19, 10 Eagle Street, Brisbane QLD 4000 by no later than 4:00PM on 13 November 2017. If you choose to return these documents, please allow sufficient time for the documents to be received prior to the due date.

Telephone conference facilities will be available at the meeting. The telephone number to call is **1800 062 923 using PIN 784859517874.**

DATED this 26th day of October 2017



MICHAEL CASPANEY
LIQUIDATOR

Menzies Advisory - Liquidators & Receivers
Level 19, 10 Eagle Street
Brisbane QLD 4000
Telephone: 07 4222 1511

Note 1: Entitlement to vote and completing proofs

IPR (Corp) 75 85 Entitlement to vote at meetings of creditors

- (1) A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
- (2) Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
- (3) A person is not entitled to vote as a creditor at a meeting of creditors unless:
 - (a) his or her debt or claim has been admitted wholly or in part by the external administrator; or
 - (b) he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
 - (i) those particulars; or
 - (ii) if required—a formal proof of the debt or claim.
- (4) A creditor must not vote in respect of:
 - (a) an unliquidated debt; or
 - (b) a contingent debt; or
 - (c) an unliquidated or a contingent claim; or
 - (d) a debt the value of which is not established; unless a just estimate of its value has been made.
- (5) A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
 - (a) treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
 - (b) estimate its value;
 - (c) for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.
- (6) A person is covered by this subsection if:
 - (a) the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
 - (b) the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and
 - (c) the person is not an insolvent under administration or a person against whom a winding up order is in force.

Remuneration Approval Report

**QUEENSLAND ONE HOMES PTY LTD (IN LIQUIDATION)
ACN 138 109 485**

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Introduction

You should read this report and the other documentation that I have sent you and then attend the meeting of creditors in order to voice your opinion by casting your vote on the resolutions put to the meeting. The meeting will also give you an opportunity to ask any questions that you may have.

Alternatively, you are also able to appoint a representative to attend on your behalf by lodging a proxy form. Lodging a specific proxy form allows you to specify how your proxy must vote. Lodging a general proxy form allows your representative to choose how your vote is exercised. Information about the meeting of creditors is provided at part 8 of this report.

Part 1 Declaration

I Michael Caspany of Menzies Advisory - Liquidators & Receivers have undertaken a proper assessment of this remuneration claim for my appointment as Liquidator of Queensland One Homes Pty Ltd (In Liquidation) in accordance with the law and applicable professional standards. I am satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the Administration.

Part 2 Executive Summary

To date, remuneration totalling \$80,000.00 has been approved and paid in this administration. This remuneration report details approval sought for the following fees:

Period	Actual / Forecast	Report Reference	Amount (ex GST)
Past remuneration approved: From 27 July 2017 to 11 September 2017 (Approval Date: 26 September 2017)			\$80,000.00
Total past remuneration approved			\$80,000.00
Current remuneration approval sought:			
Liquidation Resolution No.1 for the period 12 September 2017 to 22 October 2017	Actual	3.1	\$103,498.84
Liquidation Resolution No. 2 for the period 23 October 2017 to completion.	Forecast	3.2	\$244,110.00
Total for the external administration			\$427,608.84

I draw the attention of creditors that the approval for the forecast or 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.

Please refer to report section reference detailed below for full details of the calculation and composition of the remuneration approval sought.

The total remuneration sought differs to the estimate of costs provided in my earlier circular to creditors dated 11 September 2017 where my estimated costs from 12 September 2017 to the completion of the liquidation was \$192,813.50 (exclusive of GST), with the total remuneration being estimated at \$279,562.98. The reasoning the remuneration has increased slightly, compared to my previous estimate, is due to the following reasons:

- There were and will be additional investigations and complications relating to:
 - i. the transfer of the company's assets (including its debtors) and records to the related entity, Empire Constructions Pty Ltd. I have noted that to date I have not received a valid sale of business or separation of asset agreement existing between the entities;
 - ii. share transfers in 2010 and 2014;
 - iii. alleged unauthorised transactions;
 - iv. complicated insolvent trading claims;
 - v. public examinations of all stakeholders;
 - vi. other voidable transactions against the recipients of company monies.
- In particular, further analysis is required regarding the individual project Deeds of Novation issued to the company shortly prior to the appointment of Liquidators. These Novations will need to be assessed in terms of their commerciality, which will require accounting analysis of work in progress, debtors and creditors, a legal understanding on the terms set and expert building opinions in relation to the status of the projects;
- There were additional costs incurred due to the inability to recover functioning data backups, email archives and company books which will be required for my ongoing investigations. The data backups provided by the company were corrupt and expert opinion was required for analysis of the company's computer server backup; and
- There has been and will be additional correspondence with the Queensland Building and Construction Commission (QBCC) and the Australia Securities & Investments Commission (ASIC) regarding the company's affairs. The additional time incurred and to be incurred was not initially accounted for in my estimate of future remuneration as I was not aware of the company's trading patterns and some seeming anomalies associated with last minute accounting adjustments.

Part 3.1 Description of work completed

Resolution No. 1

Company:	QUEENSLAND ONE HOMES PTY LTD (IN LIQUIDATION)	Period From: 12 September 2017 Period To: 22 October 2017
Practitioner(s):	Michael Caspaney	Firm: Menzies Advisory - Liquidators & Receivers
Administration Type:	Creditors Voluntary Administration	

Task Area	General Description	Includes
Assets Number of hours: 50.05 Actual Cost: \$13,963.00	Assets Subject to Specific Charges	All Tasks associated with realising a charged asset
	Leasing	Liaising with owners/lessors Tasks associated with disclaiming leases
	Debtors	Correspondence with debtors Phone calls with debtors Reviewing and assessing debtors' ledgers Liaising with solicitors
	Other Assets	Tasks associated with realising other assets
Creditors Number of hours: 85.78 Actual Cost: \$26,089.24	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via on-line portal, email and post
	Secured creditor reporting	Responding to secured creditor's queries
	Retention of Title Claims	Maintain retention of title file
	Creditor reports	Preparing investigation, statutory and general 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
Meeting of Creditors	Preparation meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting	
Employees Number of hours: 10.10 Actual Cost: \$2,846.00	Employees enquiry	Receive and follow up employee enquiries via telephone Maintain employee enquiry register
	FEG	Correspondence with FEG Preparing notification spreadsheet Preparing FEG quotations
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company's books and records

Task Area	General Description	Includes
Investigation Number of hours: 124.33 Actual Cost: \$46,770.52	Conducting investigation	Collection of company books and records Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements company's books & 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 Preparation of investigation file Voidable transactions including preferences
	Examinations	Preparing brief to solicitor Liaising with solicitor(s) regarding examinations Liaising with solicitor(s) regarding outcome of examinations and further actions available
	Litigation / Recoveries	Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations
Administration Number of hours: 36.81 Actual Cost: \$13,830.08	Correspondence	Preparation of correspondence Filing of correspondence Receipting of incoming correspondence Recording outgoing correspondence
	Emails	Emails with creditors Emails with debtors Emails with lawyers Emails with accountants Emails with non debtor recovery targets Emails with other stakeholders
	Phone Calls	Phone calls with creditors Phone calls with debtors Phone calls with lawyers
	Document maintenance/file review/checklist	Filing of documents File reviews Updating checklists
	Bank account administration	Requesting bank statements Bank account reconciliations
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 524 etc.
	ATO & other statutory reporting	Preparing BAS
	Planning / Review	Discussions regarding status of administration

Part 3.2 Description of work to be completed

Resolution No. 2

Company:	QUEENSLAND ONE HOMES PTY LTD (IN LIQUIDATION)	Period From: 23 October 2017 Period To: Completion
Practitioner(s):	Michael Caspaney	Firm: Menzies Advisory - Liquidators & Receivers
Administration Type:	Creditors Voluntary Administration	

Task Area	General Description	Includes
Assets Number of hours: 73.00 Estimated Cost: \$22,860.00	Plant and Equipment	Liaising with valuers, auctioneers and interested parties Reviewing asset listings
	Assets Subject to Specific Charges	All tasks associated with realising a charged asset
	Debtors	Correspondence with debtors Phone calls with debtors Meetings with debtors Reviewing and assessing debtors' ledgers Liaising with debt collectors and solicitors
	Other Assets	Tasks associated with realising other assets
Creditors Number of hours: 64.5 Estimated Cost: \$18,830.00	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via on-line portal, email and post Correspondence with committee of creditors members
	Secured creditor reporting	Preparing reports to secured creditor Responding to secured creditor's queries
	Creditor reports	Preparing investigation, statutory and general reports to creditors
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend
	Meeting of Creditors	Preparation meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
Employees Number of hours: 48.5 Estimated Cost: \$13,910.00	Employees enquiry	Receive and follow up employee enquiries via telephone Maintain employee enquiry register
	FEG	Correspondence with FEG Preparing verification spreadsheet
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company's books and records Reconciling superannuation accounts
	Employee dividend	Correspondence with employees regarding dividend Correspondence with ATO regarding SGC proof of debt Calculating dividend rate Preparing dividend file Advertising dividend notice Preparing distribution Receipting POD Adjudicating POD Ensuring PAYG is remitted to ATO
	Other employee issues	Correspondence with Child Support Correspondence with Centrelink

Task Area	General Description	Includes
<p>Investigation</p> <p>Number of hours: 406.0</p> <p>Estimated Cost: \$160,760.00</p>	<p>Conducting investigation</p>	<p>Continue with collection of company books and records</p> <p>Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements company's books & records</p> <p>Reviewing company's books and records</p> <p>Review and preparation of company nature and history</p> <p>Conducting and summarising statutory searches</p> <p>Preparation of comparative financial statements</p> <p>Preparation of deficiency statement</p> <p>Review of specific transactions and liaising with directors regarding certain transactions</p> <p>Preparation of investigation file</p> <p>Voidable transactions including preferences and related party</p> <p>Correspondence with QBCC regarding defect issues in completed buildings and previous licence issues</p> <p>Ongoing investigations into possible phoenix activity</p> <p>Ongoing investigations into novated contracts</p> <p>Conducting investigative searches</p> <p>Conducting investigations and preparing report on possible insolvent trading</p>
	<p>Examinations</p>	<p>Preparing brief to solicitor</p> <p>Liaising with solicitor(s) regarding examinations</p> <p>Attendance at examination</p> <p>Reviewing examination transcripts</p> <p>Liaising with solicitor(s) regarding outcome of examinations and further actions available</p>
	<p>Litigation / Recoveries</p>	<p>Internal meetings to discuss status of litigation</p> <p>Preparing brief to solicitors</p> <p>Liaising with solicitors regarding recovery actions</p> <p>Attending to negotiations</p> <p>Attending to settlement matters</p>
	<p>ASIC reporting</p>	<p>Preparing statutory investigation reports</p> <p>Lodgement of investigation with the ASIC</p> <p>Preparation and lodgement of supplementary report if required</p> <p>Preparing affidavits seeking non lodgements assistance</p> <p>Liaising with ASIC</p>
<p>Dividend</p> <p>Number of hours: 31.5</p> <p>Estimated Cost: \$9,150.00</p>	<p>Processing proofs of debt</p>	<p>Preparation of correspondence to potential creditors inviting lodgement of POD</p> <p>Receipt of POD</p> <p>Maintain POD register</p> <p>Adjudicating POD</p> <p>Request further information from claimants regarding POD</p> <p>Preparation of correspondence to claimant advising outcome of adjudication</p>
	<p>Dividend procedures</p>	<p>Preparation of correspondence to creditors advising of intention to declare dividend</p> <p>Advertisement of intention to declare dividend</p> <p>Obtain clearance from ATO to allow distribution of company's assets</p> <p>Preparation of dividend calculation</p> <p>Preparation of correspondence to creditors announcing declaration of dividend</p> <p>Advertise announcement of dividend</p> <p>Preparation of distribution</p> <p>Preparation of dividend file</p> <p>Preparation of payment vouchers to pay dividend</p> <p>Preparation of correspondence to creditors enclosing payment of dividend</p>

Task Area	General Description	Includes
Administration Number of hours: 64.0 Estimated Cost: \$20,560.00	Correspondence	Preparation of correspondence Filing of correspondence Receipting of incoming correspondence Recording outgoing correspondence
	Phone Calls and Emails	Phone calls and emails with director and company officers, creditors, lawyers and other stakeholders
	Document maintenance/file review/checklist	6 monthly administration reviews Filing of documents Updating checklists
	Bank account administration	Preparing correspondence closing accounts 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, 524 etc. Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Preparing BAS
	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

I have estimated the future or forecast remuneration of the Liquidator for the above period to be **\$244,110.00** plus GST.

Detailed above is a summary of the estimated future tasks to be undertaken and the estimated future costs of proposed remuneration for the period commencing on 23 October 2017 until the completion of the winding up.

This summary identifies those tasks which I have estimated will be required to be undertaken and the associated estimated costs of those tasks. This summary also provides a breakdown of the estimated hours required to be spent by each category of staff dealing with those tasks along with an estimated average hourly rate for each category.

There have been no other professional services provided (other than my capacity as Liquidator) that I am seeking fee approval for.

In preparing this remuneration approval report, I have made my best estimate at what I believe the Liquidation will cost to complete and I do not anticipate that I will have to ask creditors to approve any further remuneration. However, should the Liquidation not proceed as expected, I will advise creditors and I 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:

- Continuing hindrance regarding the collection of the company's books and records. This may result in the need to have the company's financial records reconstructed so that my investigations can be conducted;
- Additional reporting requirements to ASIC and QBCC depending on their responses to our reports.
- The need to either litigate or engage with a debt collector in order to recover outstanding debtor amounts;
- The need to obtain substantial expert builder reports and opinion due to disputes;
- The need to litigate in relation to voidable and uncommercial transactions identified; and
- Additional costs incurred if public examinations are conducted on multiple parties.

If further remuneration is sought then creditors will be provided with a detailed reconciliation as to the additional costs incurred and the reasoning.

Proposed Resolution No.1

Fee summary for the period 12 September 2017 to 22 October 2017 (Actual)

Employee	Position	\$/Hour (Exc GST)	Total Actual Hours	Total \$	TASK AREAR						
					Assets \$	Creditors \$	Employees \$	Trade On \$	Investigations \$	Dividend \$	Administration \$
Michael Caspaney	Liquidator	500.00	69.60	34,800.00	600.00	4,500.00	0.00	0.00	21,700.00	0.00	8,000.00
Michael Caspaney	Senior Manager	370.00	33.90	12,543.00	111.00	1,036.00	148.00	0.00	10,545.00	0.00	703.00
James Currie	Supervisor	280.00	22.33	6,251.84	0.00	1,143.24	0.00	0.00	3,929.52	0.00	1,179.08
Matthew Pease	Supervisor	280.00	50.05	14,014.00	6,734.00	1,008.00	0.00	0.00	5,488.00	0.00	784.00
Angela McNeish	Supervisor	280.00	103.00	28,840.00	3,668.00	17,052.00	2,548.00	0.00	3,808.00	0.00	1,764.00
Kylie Lagerroth	Senior	250.00	28.20	7,050.00	2,850.00	1,350.00	150.00	0.00	1,300.00	0.00	1,400.00
Total				103,498.84	13,963.00	26,089.24	2,846.00	0.00	46,770.52	0.00	13,830.08
Add GST				10,349.88							
Total Inc GST				<u>113,848.72</u>							
Number of Hours				307.08							
Average Hourly Rate				337.04	278.98	304.13	281.78	0.00	376.17	0.00	375.71

Proposed Resolution No.2

Fee summary for the period 23 October 2017 to the conclusion of the winding up (Forecast)

Employee	Position	\$/Hour (Exc GST)	Total Actual Hours	Total \$	TASK AREAR						
					Assets \$	Creditors \$	Employees \$	Trade On \$	Investigations \$	Dividend \$	Administration \$
Michael Caspaney	Liquidator	500.00	243.50	121,750.00	5,500.00	1,750.00	750.00	0.00	107,000.00	750.00	6,000.00
James Currie	Supervisor	280.00	109.00	30,520.00	1,960.00	1,120.00	0.00	0.00	25,480.00	280.00	3,640.00
Angela McNeish	Supervisor	280.00	328.00	91,840.00	15,400.00	15,960.00	13,160.00	0.00	28,280.00	8,120.00	10,920.00
Total				244,110.00	22,860.00	18,830.00	13,910.00	0.00	160,760.00	9,150.00	20,560.00
Add GST				24,411.00							
Total Inc GST				<u>268,521.00</u>							
Number of Hours (Estimated)				680.50	73.00	64.50	48.50	0	406.00	31.50	64.00
Average Hourly Rate (Estimated)				358.72	346.36	291.94	286.80	0.00	395.96	290.48	321.25

3.3 Likely impact on dividends

The Corporations Act sets the order for payment of claims against the company and it provides for remuneration of the Liquidator to be paid in priority to other claims. This ensures that when there are sufficient funds, the Liquidator receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve my remuneration, this does not guarantee that I will be paid, as I am only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the amount of assets that I am able to recover and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

I am unable to provide a dividend estimate of any certainty at this stage of the Liquidation. If I do declare a dividend, any creditor whose claim has not yet been admitted will be contacted and asked to submit a proof of debt.

Part 4 Calculation of Remuneration

I advise creditors that I am required, pursuant to the ARITA Code of Professional Conduct, to provide a clear summary of the forecast/future costs in respect of remuneration of the Liquidator. Although this information is already included in the immediately abovementioned Annexures, I have provided the summaries again here as part of the body of my Remuneration Report for the purposes of ensuring creditors are fully informed of both these actual costs and forecast costs in winding up the company's affairs.

Part 5 Statement of Remuneration Claim

Based on the information which I have provided in Part 3 and Part 4 of this Remuneration Report, I will therefore request that creditors consider and approve my actual costs of remuneration incurred to date along with my estimated costs of future remuneration. I therefore propose that creditors at the forthcoming meeting consider and approve the following three resolutions as follows:

Resolution No.1

"That the actual remuneration of the Liquidator, partners and staff from 12 September 2017 to 2 October 2017 are all proper costs, charges and expenses of and incidental to the winding up, and that same be capped on a time basis at rates calculated in accordance with Menzies Advisory's Schedule of Hourly Rates issued on 1 July 2016, up to a limit of \$103,498.84 plus GST as stipulated in the Liquidator's Remuneration Report dated 11 September 2017 and that the Liquidator be authorised to make periodic payments on account of such accruing remuneration. Out of pocket expenses and disbursements plus GST are additional."

Resolution No.2

"That the forecast future remuneration of the Liquidator, partners and staff from 23 October 2017 until the conclusion of the winding up are all proper costs, charges and expenses of and incidental to the winding up, and that same be capped on a time basis at rates calculated in accordance with Menzies Advisory's Schedule of Hourly Rates issued on 1 July 2016, up to a limit of \$244,110.00 plus GST as stipulated in the Liquidator's Remuneration Report dated 26 October 2017 and that the Liquidator be authorised to make periodic payments on account of such accruing remuneration. Out of pocket expenses and disbursements plus GST are additional."

Part 6 Remuneration Recoverable from External Sources

Fair Entitlements Guarantee ("FEG") (if applicable)

In the event that the company in liquidation does not have sufficient funds available from the realisation of assets in order to settle the priority claims of the company's former employees the Federal Government, via the Department of Employment (formerly Department of Education, Employment and Workplace Relations or "DEEWR"), operates a scheme to make remuneration available to an Liquidator in order for the Liquidator to adjudicate on those employees' claims and declare a distribution for those employees.

The company employed staff during its operations. At this stage, however, I am uncertain as to what extent I may need to rely on FEG for remuneration in respect of dealing with the priority claims of the company's former employees. Nevertheless, any funds received from FEG will reduce the amount being claimed in the above proposed remuneration.

Assetless Administration Fund (only if applicable)

Liquidators of insolvent companies may make application to the Australian Securities and Investments Commission ("ASIC") for funding via the Assetless Administration Fund. Broadly, such funding enables Liquidators to carry out further investigations into a company's affairs and prepare additional reports to ASIC especially in circumstances where there may be possible breaches of the Corporations Act or of misconduct, in particular, by current or former officers of a company.

- Any remuneration payments received by the Liquidator from the Department of Education in relation to the Fair Entitlements Guarantee Act 2012 or predecessor schemes, or from the Assetless Administration Fund operated by ASIC are considered separate arrangements involving a limited or partial funding agreement. Where higher fees are incurred than the amount covered by the funding agreement there is no restriction in the Administration being charged for the shortfall on the basis that all remuneration claimed is necessary and properly incurred in accordance with the ARITA Code of Professional Conduct.

Part 7 Disbursements

Disbursements are divided into three types:

- Externally provided professional costs - these are recovered at cost. Examples of externally provided professional disbursements may include legal fees, independent accountants tax adviser's expenses or auctioneers, valuers and real estate agent's expenses in respect of realising the company's assets.
- Externally provided non-professional costs - these are recovered at cost. Examples of externally provided non-professional disbursements may include travel and accommodation for staff, search fees, meeting room hire, statutory advertising, non-statutory advertising in order to realise company assets, document storage or external photocopying or printing services and courier expenses.
- Internal disbursements. Examples of internal disbursements may include photocopying, printing and postage, stationery, binding costs and staff motor vehicle reimbursements. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing and staff motor vehicle expenses 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.
- Some examples of current typical and common disbursements are listed below as follows:

Basis of disbursements claim	Amount \$ (ex GST)
Advertising	At cost
Binding	\$30.00 per bind
Courier	At cost
Faxes (sent) & Photocopying (B&W, Colour)	\$0.75 per page
Faxes (received)	No charge
Document Printing (internal)	No charge
Document Scanning	No charge
Postage	Per prevailing Australia Post rates
Stationery	
- Folders	No charge
- Filing Index	No charge
Telephone calls	
- Local	No charge
- STD, Mobile and ISD Calls	No charge
External Travel and Accommodation	At cost
Staff Motor Vehicle Expense Reimbursement	\$0.75 per km
External Record Storage & Destruction	At cost

applicable from 1 July 2016

I have undertaken a proper assessment of disbursements claimed for the winding up of **Queensland One Homes Pty Ltd (In Liquidation)**, in accordance with the law and applicable professional standards. I am satisfied that the disbursements claimed are necessary and proper.

To date I have paid the following disbursements from this Administration.

Disbursements paid 27/072017 to 25/10/2017	Basis (quantity x per unit)	Total AUD
<u>Externally provided non-professional services</u>		
Computer Services		\$1,578.82
Company and Individual Searches		\$270.43
Travel km	415 x 0.75	\$311.25
ASIC Documents (No GST)		62.00
Total (Excluding GST)		\$2,222.50
GST		\$216.05
Total (Including GST)		\$2,438.55

Future disbursements incurred by my firm will be charged to the administration as indicated above.

Part 8 Summary of Receipts and Payments

Below is a Summary of Receipts and Payments for the Liquidation period 27 July 2017 to 25 October 2017.

Description	Amount
<u>Receipts:</u>	
Sundry Debtors	148,301.80
Cash at Bank	592.06
Monies held on Trust pending decisions	55,500.00
Rebates from Suppliers	2,655.18
<u>Total Receipts</u>	<u>207,049.04</u>
<u>Payments</u>	
Bank Charges	58.49
Bank Overdraft	1,967.95
Bank Investigations Charges	33.00
Legal Fees	28,893.00
Liquidator's Remuneration	87,615.00
Liquidator's Expenses	2,251.97
Liquidator's Expenses GST Free	62.00
<u>Total Payments:</u>	<u>120,881.41</u>
Balance in Hand	86,167.63

Part 9 Queries

I advise that any creditor is entitled to request further information regarding remuneration from the Appointee. I further advise that it is each individual creditor's right to determine whether or not any request for remuneration is reasonable given the amount of work that has already been carried out during the administration or is proposed to be carried out during the administration.

The ARITA Code of Professional Practice: Remuneration, outlines the steps that appointees should take to ensure they fulfil their responsibilities to creditors when requesting creditors consider resolutions to approve fees. This also considers situations when creditors, acting in their capacity as committee members, are asked to approve remuneration of the Appointee.

This guide is available on the ARITA website at www.arita.com.au

If you require more information about the appointee's remuneration that has not been included in the report, please contact the Liquidator directly at the offices of Menzies Advisory on (07) 4222 1511 such that any additional information be made available to you.

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 10 Information Sheet

I attached copies of the ARITA Guides for Creditors (**Annexure "E"**).

Part 11 Initial Advice to the creditors

As outlined earlier, my initial advice to creditors estimated the costs of winding up the company's affairs may be approximately **\$120,000.00**. I also advised that my estimate of the costs of winding up the company's affairs may be subject to change depending on the complexities and numerous issues which may be encountered during the period of my appointment.

The variance between the remuneration sought in this report and my initial advice to creditors was addressed in my report dated 11 September 2017.

Remuneration Methods

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

- 1. 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.
- 2. 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.
- 3. Percentage**
The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.
- 4. Contingency**
The practitioner's fee is structured to be contingent on a particular outcome being achieved.

Method chosen

Given the nature of this administration we propose that our remuneration be calculated on Time Based / Hourly rates. This is because:

Remuneration paid will be calculated and then drawn up to a capped limit approved by creditors based only on time already spent in the conduct of the administration.

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

The table below represents this firm's schedule of hourly chargeable rates as at 1 July 2016.

Officer Title	Description	Rate per Hour excl GST (\$)
Liquidator	Registered or Official Liquidator, Principal	500
Consultant	Registered or Official Liquidator, Consultant	450
Director	Registered or Official Liquidator, Director	425
Senior Manager	CPA or CA, ARITA Professional Member with extensive insolvency experience including legal and compliance areas of expertise	370
Manager	CPA or CA working towards ARITA professional membership with sound knowledge or relevant insolvency issues especially in compliance	320
Supervisor	Accounting or Commerce degree qualified working towards CPA or CA status with at least 4 years insolvency experience	280
Senior Accountant	Working towards their Accounting or Commerce degree with at least 3 years insolvency experience	250
Accountant	Minimum 2 years insolvency experience with knowledge of fundamental issues and procedures	220
Intermediate	Relevant and practical experience in commerce and industry with strong compliance qualities	200
Secretary	Administrative member of staff	150
Clerical	Clerical Staff	130
Junior	Junior staff	120

Notes:

1. The abovementioned hourly rates are exclusive of GST.
2. The above staff descriptions are intended a general guide only to the experience and qualifications of staff engaged in the external administration.
3. Time is recorded and charged to the administration in six-minute increments.
4. Menzies Advisory's Schedule of Hourly Rates is subject to change annually.

DATED this 26th day of October 2017



Michael Caspaney
Liquidator

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Liquidator of Queensland One Homes Pty Ltd (In Liquidation)

1. This is to state that the company was, on 27 July 2017 ⁽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⁾ state how the debt arose	Amount \$	GST included \$	Remarks ⁽⁴⁾ include details of voucher substantiating payment

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any 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 2017

Signature of Signatory.....

NAME IN BLOCK LETTERS

Occupation

Address

Phone Number

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.

FORM 532

Regulation 5.6.29

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY
CREDITORS' MEETING**QUEENSLAND ONE HOMES PTY LTD (IN LIQUIDATION)
ACN 138 109 485
FORMERLY TRADING AS Q ONE HOMES (QLD)**

*I/*We (1)

of

a creditor of Queensland One Homes Pty Ltd, appoint (2)

or in his or her absence

as *my/our *general/special proxy to vote at the meeting of creditors to be held on 14 November 2017, or at any adjournment of that meeting.(3)

Please mark any boxes with an Proxy Type: General Special

	For	Against	Abstain
Resolution 1 <i>"That the actual remuneration of the Liquidator, partners and staff from 12 September 2017 to 2 October 2017 are all proper costs, charges and expenses of and incidental to the winding up, and that same be capped on a time basis at rates calculated in accordance with Menzies Advisory's Schedule of Hourly Rates issued on 1 July 2016, up to a limit of \$103,498.84 plus GST as stipulated in the Liquidator's Remuneration Report dated 11 September 2017 and that the Liquidator be authorised to make periodic payments on account of such accruing remuneration. Out of pocket expenses and disbursements plus GST are additional."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 <i>"That the forecast future remuneration of the Liquidator, partners and staff from 23 October 2017 until the conclusion of the winding up are all proper costs, charges and expenses of and incidental to the winding up, and that same be capped on a time basis at rates calculated in accordance with Menzies Advisory's Schedule of Hourly Rates issued on 1 July 2016, up to a limit of \$244,110.00 plus GST as stipulated in the Liquidator's Remuneration Report dated 26 October 2017 and that the Liquidator be authorised to make periodic payments on account of such accruing remuneration. Out of pocket expenses and disbursements plus GST are additional."</i>			
Resolution 3 <i>"That a Committee of Inspection be appointed with representatives from the creditors"</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DATED this day of 2017.

Signature

CERTIFICATE OF WITNESS

This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.

I, of
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

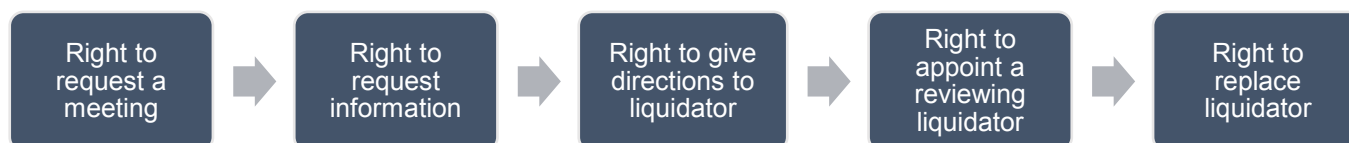
Place of Residence:

* Strike out if inapplicable

- (1) If a firm, strike out "I" and set out the full name of the firm.
- (2) Insert the name, address and description of the person appointed.
- (3) If a special proxy mark the boxes " for" / " against" or "abstain" and specify the particular resolution.

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.

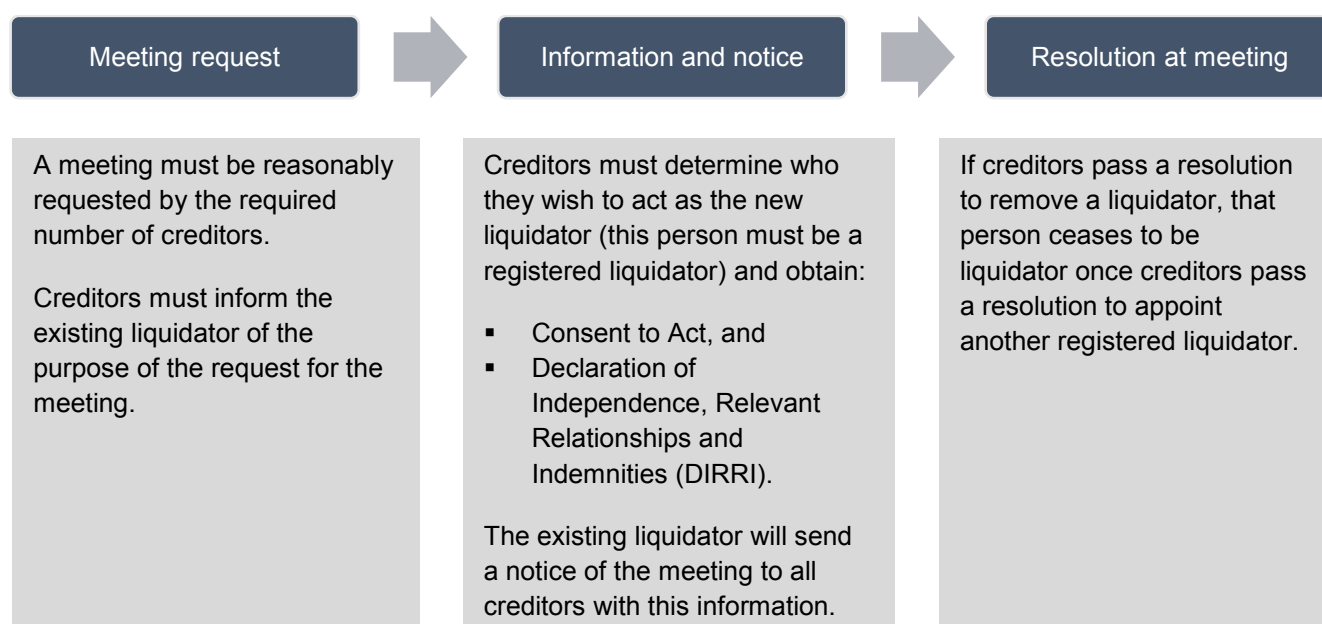
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

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

Information Sheet: Committees of Inspection

You have been elected to be, or are considering standing for the role of, a member of a Committee of Inspection (COI) in either a liquidation, voluntary administration or deed of company arrangement of a company (collectively referred to as an external administration).

This information sheet is to assist you with understanding your rights and responsibilities as a member of a COI.

What is a COI?

A COI is a small group of creditors elected to represent the interests of creditors in the external administration. The COI advises and assists the external administrator and also has the power to approve and request certain things – this is discussed in more detail below.

Membership of the COI is a voluntary, unpaid position.

Who can be elected to a COI?

To be eligible to be appointed as a member of a COI, a person must be:

- A creditor
- A person holding the power of attorney of a creditor
- A person authorised in writing by a creditor; or
- A representative of the Commonwealth where a claim for financial assistance has, or is likely to be, made in relation to unpaid employee entitlements.

If a member of the COI is a company, it can be represented by an individual authorised in writing to act on that creditor's behalf. It also allows the creditor to maintain its representation if a change in the individual is required

A COI usually has between 5 and 7 members, though it can have more, or less, depending on the size of the external administration.

A member of a COI can be appointed by:

- resolution at a meeting of creditors
- an employee or a group of employees owed at least 50% of the entitlements owed to employees of the company
- a large creditor or group of creditors that are owed at least 10% of the value of the creditors' claims,

If an employee or group of employees, or a large creditor or group of creditors, appoints a member to the COI, they cannot vote on the general resolution of creditors to appoint members to the COI. Each of these groups also have the power to remove their appointed member of the COI and appoint someone else.

If you are absent from 5 consecutive meetings of the COI without leave of the COI or you become an insolvent under administration, you are removed from the COI.

What are the roles and powers of a COI?

A COI has the following roles:

- to advise and assist the liquidator, voluntary administrator or deed administrator (collectively referred to as the external administrator)
- to give directions to the external administrator
- to monitor the conduct of the external administration.

In respect of directions, the external administrator is only required to have regard to those directions. If there is a conflict between the directions of the COI and the creditors, the directions of the creditors prevail. If the external administrator chooses not to comply with the directions of the COI, the external administrator must document why.

A COI also has the power to:

- approve remuneration of the external administrator after the external administrator has provided the COI with a Remuneration Approval Report (a detailed report setting out the remuneration for undertaking the external administration)
- approve the use of some of the external administrator's powers in a liquidation (compromise of debts over \$100,000 and entering into contracts over 3 months)
- require the external administrator to convene a meeting of the company's creditors
- request information from the external administrator
- approve the destruction of the books and records of the external administration on the conclusion of the external administration
- with the approval of the external administrator, obtain specialist advice or assistance in relation to the conduct of the external administration
- apply to the Court for the Court to enquire into the external administration.

An external administrator is not required to convene a meeting of creditors if the request by the COI is unreasonable, or provide requested information if the request is unreasonable, not relevant to the administration or would cause the external administrator to breach their duties.

A request to convene a meeting of creditors is unreasonable if:

- it would substantially prejudice the interests of a creditor or third party
- there are insufficient funds in the external administration to cover the cost of the request
- a meeting of creditors dealing with the same matters has already been held or will be held within 15 business days, or
- the request is vexatious.

If a request for a meeting is reasonable, the external administrator must hold a meeting of creditors as soon as reasonably practicable.

A request for information is unreasonable if:

- it would substantially prejudice the interests of a creditor or third party
- the information would be subject to legal professional privilege
- disclosure of the information would be a breach of confidence
- there are insufficient funds in the external administration to cover the cost of the request
- the information has already been provided or is required to be provided within 20 business days, or
- the request is vexatious.

If the request for information is not unreasonable, the external administrator must provide the requested information within 5 business days, but the law provides for further time in certain circumstances.

An external administrator must inform the COI if their meeting or information request is not reasonable and the reason why.

How does the COI exercise its powers?

A COI exercises its powers by passing resolutions at meetings of the COI. To pass a resolution, a meeting must be convened and a majority of the members of the COI must be in attendance.

A meeting is convened by the external administrator by giving notice of the meeting to the members of the COI. Meetings of the COI can be convened at short notice.

The external administrator must keep minutes of the meeting and lodge them with ASIC within one month of the end of the meeting.

ASIC is entitled to attend any meeting of a COI.

What restrictions are there on COI members?

A member of a COI must not directly or indirectly derive any profit or advantage from the external administration. This includes by purchasing assets of the company or by entering into a transaction with the company or a creditor of the company. This prohibition extends to related entities of the member of the COI and a large creditor(s) that appoints a member to the COI.

Creditors, by resolution at a meeting of creditors, can resolve to allow the transaction. The member of the COI or the large creditor(s) that appoints a member to the COI is not allowed to vote on the resolution.

Where can you 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 www.arita.com.au/creditors.

ASIC 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 "insolvency information sheets").