

Dated this 18th day of September 2018.



Geoffrey Trent Hancock
Administrator

Note:

1. If circumstances change, or new information is identified, we are required under Section 436DA(5) of the *Corporations Act 2001* and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with my next communication as well as table a copy of any replacement declaration at the next meeting of the Company's creditors.
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

ANNEXURE B

NOTICE OF MEETING

FORM 529
CORPORATIONS ACT 2001
Section 439A

Insolvency Practice Rules (Corporations)
75-10, 75-15 & 75-225

NOTICE OF MEETING OF CREDITORS

Sommer & Staff Constructions Pty Ltd

(Administrator Appointed)

ACN 010 038 758 ("the Company")

I, Geoffrey Trent Hancock, were appointed Administrator of the Company on 14 September 2018 pursuant to Section 436A of the *Corporations Act 2001*.

Notice is now given that a meeting of the creditors of the Company will be held Monday, 22 October 2018 at 11.30am local time at the at the Novotel Hotel, 200 Creek Street, Brisbane, QLD.

A G E N D A

1. To receive a Report about the Company's business, property, affairs and financial circumstances.
2. To receive a statement to creditors by one of the directors, explaining the circumstances leading up to the Administration.
3. To receive the report of the Administrator.
4. Questions from creditors.
5. For creditors to resolve:
 - a. that the Company execute a Deed of Company Arrangement; or
 - b. that the administration should end; or
 - c. that the Company be wound up.
6. To fix the remuneration of the Administrator.
7. If the Company is wound up, to consider appointing a Committee of Inspection.
8. To fix the remuneration of the Liquidator.
9. To consider the destruction of the books and records at the conclusion of the winding up.
10. Any other business that may be lawfully brought forward.

Attendance at this meeting is not compulsory. Creditors who wish to participate at the meeting need to submit a Proof of Debt and a Proxy form to the Administrator by no later than **19 October 2018**. A form of proxy is enclosed to enable you to appoint another person to act on your behalf at the meeting.

Telephone conference facilities will be available at the meeting. The relevant telephone number for the meeting is 1 800 896 323 (Account Pin: 6007097794). Please note under Insolvency Practice Rules (Corporations) ("IPR") Section 75-35 if you wish to participate, you must provide by no later than **19 October 2018**:

A written statement setting out:

- (i) the name of the person and of the proxy or attorney (if any); and
- (ii) an address to which notices to the person, proxy or attorney may be sent; and
- (iii) a method by which the person, proxy or attorney may be contacted for the purposes of the meeting.

Proxies to be used at the meeting should be given to me as Administrator to the person named a convening the meeting. A creditor can only be represented by proxy or by an attorney pursuant to IPR 75-150 & 75-155 and if a body corporate by a representative appointed pursuant to Section 250D.

Creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the company in accordance with IPR 75-85 and that claim has been admitted for voting purposes wholly or in part by the Administrator.

DATED this 12th day of October 2018.



Geoffrey Trent Hancock
Administrator

PKF
Level 8
1 O'Connell Street
SYDNEY NSW 2000

Telephone: (02) 8346 6000

ANNEXURE C

APPOINTMENT OF PROXY FORM

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY
CREDITORS MEETING

Sommer & Staff Constructions Pty Ltd
(Administrator Appointed)
ACN 010 038 758 ("the Company")

*I/*We (name) (1).....

Of (address)

a creditor of the Company, appoint (2)

or in his or her absence (alternate proxy)

to be *my/our *general/special proxy to vote at the meeting of creditors to be held on Monday, 22 October 2018 at 11.30am at the at the Novotel Hotel, 200 Creek Street, Brisbane, QLD at 11:30am local time, or at any adjournment of that meeting (3), and to vote:

Generally as he/she determines on my/our behalf

OR

Specifically in accordance with the following special instructions

- 1. That the report to creditors by the Administrator be taken as read;

In Favour / Against / Abstain

- 2. That the remuneration of the Administrator, his partners and staff, for the period from 14 September 2018 to 9 October 2018, calculated at the hours spent at the rates detailed in the Initial Remuneration Notice dated 18 September 2018, is approved for payment in the amount of \$84,799.50, exclusive of GST, to be drawn from available funds immediately or as funds become available.

In Favour / Against / Abstain

- 3. That the future remuneration of the Administrator for the period from 10 October 2018 to 22 October 2018, is determined at a sum equal to the cost of time spent by the Administrator and his partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 18 September 2018 provided to creditors, up to a capped amount of \$14,205.00 exclusive of GST, and that the Administrator can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available.

In Favour / Against / Abstain

4. That the Administration end; or

In Favour / Against / Abstain

5. That the Company be wound up;

In Favour / Against / Abstain

6. If the Company is wound up, that Geoffrey Trent Hancock PKF be appointed Liquidator of the Company.

In Favour / Against / Abstain

7. If the Company is wound up, that the future remuneration of the Liquidator for the period from 22 October 2018 to the finalisation of the Liquidation, is determined at a sum equal to the cost of time spent by the Liquidator, and his partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 18 September 2018 provided to creditors, up to a capped amount of \$73,195.00, exclusive of GST, and that the Liquidator can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available.

In Favour / Against / Abstain

8. That the internal disbursements claimed by my firm for the period 14 September 2018 to 22 October 2018 calculated at the rates detailed in the Initial Remuneration Notice dated 18 September 2018, are approved up to a capped amount of \$5,000.00, exclusive of GST, and that the Administrator can draw the disbursements from available funds as incurred or as funds become available.

In Favour / Against / Abstain

9. That the internal disbursements claimed by my firm for the period from the commencement of the liquidation to the conclusion of the liquidation, calculated at the rates detailed in the Initial Remuneration Notice dated 18 September 2018, are approved up to a capped amount of \$1,000.00, exclusive of GST, and that the Liquidator can draw the disbursements from available funds as incurred or as funds become available.

In Favour / Against / Abstain

10. If the Company is wound up, to consider the appointment of a Committee of Inspection.

In Favour / Against / Abstain

I/We authorise.....to represent me/us on the Committee of Inspection should one be elected and to accept appointment to act as a member of any Committee of Inspection if so appointed.

11. If the Company is wound up, to authorise the Liquidator to destroy at their discretion the books and records of the Company six (6) months after the dissolution of the Company, subject to obtaining prior approval from the Australian Securities and Investments Commission.

In Favour/Against/Abstain

DATED this day of October 2018.

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 add the words "to vote for" or the words "to vote against" and specify the particular resolution.

ANNEXURE D

PROOF OF DEBT FORM

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

**Sommer & Staff Constructions Pty Ltd (Administrator Appointed)
ACN 010 038 758**

Name of creditor:

Address of creditor:

.....

ABN:

Telephone number:

Amount of debt claimed: \$..... (including GST \$.....)

Consideration for debt (i.e, the nature of goods or services supplied and the period during which they were supplied):

.....

.....

.....

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

.....

.....

.....

Other information:

.....

.....

.....
Signature of Creditor
(or person authorised by creditor)

.....
Dated

Notes:

Under the Insolvency Practice Rules (Corporations) (IPR) 75-85, a creditor is not entitled to vote at a meeting unless:

- a. his or her claim has been admitted, wholly or in part, by the Administrator; or
- b. he or she has lodged with the Administrator particulars of the debt or claim, or if required, a formal proof of debt.

At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security (IPR 75-87).

Proxies must be made available to the Administrator

ANNEXURE E

REMUNERATION APPROVAL REPORT

Remuneration Approval Report
Sommer & Staff Constructions Pty Ltd
(Administrator Appointed)
ACN 010 038 758 (“the Company”)

This remuneration approval report provides you with the information you need to be able to make an informed decision regarding the approval of our remuneration for undertaking the Administration of the Company.

This report has the following information included:

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What do you need to do next?

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

If you have any questions or need any assistance, please contact Alena Khudyakova on (02) 8346 6000 or via email on alenak@pkf.com.au.

Part 1: Declaration

I, Geoffrey Trent Hancock, of PKF have undertaken a proper assessment of this remuneration claim for my appointment as Administrator 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, properly performed, or to be properly performed, in the conduct of the Administration.

Part 2: Executive Summary

The total remuneration for this Voluntary Administration is estimated to be \$99,004.50. This is higher than my previous estimated total remuneration of \$70,000.00 because of the following:

- Liaising with QBCC in respect of the contracts the Company was undertaking;
- Liaising with the interested parties in relation to potential sale of business;
- Liaising with the Department of Housing and Public Works in respect of show cause notices;
- Further review of the contracts and their profitability;
- Large number of creditors' enquiries.

The total internal disbursements for this appointment are estimated not to exceed \$6,000.00 exclusive of GST.

Remuneration currently claimed is summarised below:

Period	Report Reference	Amount (ex GST)
Current Remuneration claim:		
<i>Administration</i>		
Resolution 1: 14 September 2018 to 9 October 2018	3.2, Sch. 1	\$84,799.50
Resolution 2: 10 October 2018 to 22 October 2018	3.2, Sch. 2	\$14,205.00
Total – Administration		\$99,004.50
<i>Liquidation</i>		
Resolution 3: 22 October 2018 to the conclusion of the Liquidation*	3.2 Sch. 3	\$73,195.00
Total – Liquidation		\$73,195.00
TOTAL remuneration approval sought		\$172,199.50
* Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the administration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.		

Internal disbursements currently claimed are summarised below:

Period	Report Reference	Amount (ex GST)
Current internal disbursements claim:		
<i>Administration</i>		
Resolution 4: 14 September 2018 to 22 October 2018	4.2	\$5,000.00
Total – Administration*		\$5,000.00
<i>Liquidation</i>		
Resolution 5: 22 October 2018 to the conclusion of the Liquidation*	4.2	\$1,000.00
Total – Liquidation		\$1,000.00
* Approval for the future internal disbursements sought is based on an estimate of the internal disbursements necessary to the completion of the administration. Should additional disbursements be necessary beyond what is contemplated, further approval may be sought from creditors.		

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

Part 3. Remuneration

3.1 Remuneration claim resolutions

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

Resolution 1: for the period from 14 September 2018 to 9 October 2018

"That the remuneration of the Administrator, his partners and staff, for the period from 14 September 2018 to 9 October 2018, calculated at the hours spent at the rates detailed in the Initial Remuneration Notice dated 18 September 2018, is approved for payment in the amount of \$84,799.50, exclusive of GST, to be drawn from available funds immediately or as funds become available."

Resolution 2: for the period from 10 October 2018 to 22 October 2018

"That the future remuneration of the Administrator for the period from 10 October 2018 to 22 October 2018, is determined at a sum equal to the cost of time spent by the Administrator and his partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 18 September 2018 provided to creditors, up to a capped amount of \$14,205.00 exclusive of GST, and that the Administrator can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available."

Resolution 3: for the period from 22 October 2018 to the conclusion of the Liquidation

"If the Company is wound up, that the future remuneration of the Liquidator for the period from 22 October 2018 to the finalisation of the Liquidation, is determined at a sum equal to the cost of time spent by the Liquidator, and his partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 18 September 2018 provided to creditors, up to a capped amount of \$73,195.00, exclusive of GST, and that the Liquidator can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available."

3.2 Details of remuneration

The basis of calculating the remuneration claims are summarised below and the details of the major tasks performed and the costs associated with each of those major tasks are contained in Schedules 1 to 3.

Resolution 1: for the period from 14 September 2018 to 9 October 2018

The table 1 below sets out time charged to each major task area by the Administrator and his staff working on the Administration for the period 14 September 2018 to 9 October 2018 which is the basis of the

Resolution 1 claim. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained in Schedule 1.

Resolution 2: for the period from 10 October 2018 to 22 October 2018

The table 2 below sets out the expected costs for the major tasks likely to be performed by the Administrator and his staff for the period 10 October 2018 to 22 October 2018 which is the basis of the Resolution 2 claim. More detailed descriptions of the tasks likely to be performed within each task area, matching the amounts below, are contained in Schedule 2.

Resolution 3: for the period from 22 October 2018 to the conclusion of the Liquidation

The table 3 below sets out the expected costs for the major tasks likely to be performed by the Liquidator and his staff for the period from 22 October 2018 to the conclusion of the Liquidation which is the basis of the Resolution 3 claim. More detailed descriptions of the tasks likely to be performed within each task area, matching the amounts below, are contained in Schedule 3.

[This section was left intentionally blank]

Table 1 - Calculation of the Administrator's Remuneration for the period from 14 September 2018 to 9 October 2018

Grade	Staff	Rate	Total Hrs	Total Value	Assets		Employees		Trade On		Creditors		Administration		Investigation	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Partner	Trent Hancock	P/H	29.00	17,255.00												
Principal	Tom Lesnikowski	595	41.50	21,995.00	7.50	3,975.00			15.00	7,950.00	5.00	2,975.00	0.00	0.00	24.00	14,280.00
Supervisor	Richard Li	530	0.20	87.00							4.00	2,120.00			15.00	7,950.00
Senior	Marie Ridgway	435	2.10	714.00			0.20	68.00					0.20	87.00		
Senior	Alena Khudyakova	340	65.00	22,100.00	3.10	1,054.00	4.00	1,360.00			50.00	17,000.00	2.30	782.00	5.60	1,904.00
Senior	Casey Au	310	13.80	4,278.00			5.70	1,767.00			3.40	1,054.00			4.70	1,457.00
Intermediate	James Macreadie	220	64.40	14,168.00	0.50	110.00			11.60	2,552.00	38.80	8,536.00	12.50	2,750.00	1.00	220.00
Secretary	Danielle Sunga	180	13.30	2,394.00			1.20	216.00			12.10	2,178.00				
Secretary	Pam Braithwaite	180	8.20	1,476.00							6.20	1,116.00	1.70	306.00	0.30	54.00
Clerk	Joan Jacobs	175	1.90	332.50							1.00	175.00	0.90	157.50		
Total			239.40	84,799.50	11.10	5,139.00	11.10	3,411.00	26.60	10,502.00	120.50	35,154.00	19.50	4,728.50	50.60	25,865.00
GST				8,479.95												
Total Including GST				93,279.45												
Average Hourly Rate (GST Exclusive)					462.97		307.30		394.81		291.73		242.49		511.17	

Table 2 - Administrator's Remuneration for the period 10 October 2018 to 22 October 2018

Grade	Staff	Rate	Total Hrs	Total Value	Assets		Creditors		Administration		Investigation	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Partner	Trent Hancock	P/H	7.00	4,165.00	2.00	1,190.00	3.00	1,785.00	0.00	0.00	2.00	1,190.00
Principal	Tom Lesnikowski	530	7.00	3,710.00	1.00	530.00	3.00	1,590.00	1.00	530.00	2.00	1,060.00
Senior	Alena Khudyakova	340	11.00	3,740.00	1.00	340.00	5.00	1,700.00	2.00	680.00	3.00	1,020.00
Senior	Marie Ridgway	340	2.00	680.00	0.00	0.00	1.00	340.00	1.00	340.00	0.00	0.00
Senior	Casey Au	310	5.00	1,550.00	0.00	0.00	1.00	310.00	1.00	310.00	3.00	930.00
Secretary	Danielle Sunga	180	1.00	180.00	0.00	0.00	1.00	180.00	0.00	0.00	0.00	0.00
Secretary	Pam Braithwaite	180	1.00	180.00	0.00	0.00	1.00	180.00	0.00	0.00	0.00	0.00
Clerk	Joan Jacobs	175	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total			34.00	14,205.00	4.00	2,060.00	15.00	6,085.00	5.00	1,860.00	10.00	4,200.00
GST				1,420.50								
Total Including GST				15,625.50								
Average Hourly Rate (GST Exclusive)				417.79	515.00		405.67		372.00		420.00	

Table 3 - Liquidator's Remuneration for the period 22 October 2018 to the conclusion of the liquidation

Grade	Staff	Rate	Total Hrs	Total Value	Assets		Creditors		Administration		Investigation	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Partner	Trent Hancock	P/H 595	37.00	22,015.00	13.00	7,735.00	8.00	4,760.00	0.00	2.00	16.00	9,520.00
Principal	Tom Lesnikowski	530	38.00	20,140.00	15.00	7,950.00	5.00	2,650.00	0.00	0.00	18.00	9,540.00
Senior	Alena Khudyakova	340	67.00	22,780.00	15.00	5,100.00	25.00	8,500.00	2.00	680.00	25.00	8,500.00
Senior	Marie Ridgway	340	7.00	2,380.00	0.00	0.00	2.00	680.00	5.00	1,700.00	0.00	0.00
Senior	Casey Au	310	12.00	3,720.00	0.00	0.00	5.00	1,550.00	2.00	620.00	5.00	1,550.00
Secretary	Danielle Sunga	180	6.00	1,080.00	0.00	0.00	3.00	540.00	3.00	540.00	0.00	0.00
Secretary	Pam Braithwaite	180	6.00	1,080.00	0.00	0.00	3.00	540.00	3.00	540.00	0.00	0.00
Clerk	Joan Jacobs	175	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total			173.00	73,195.00	55.00	27,600.00	52.00	19,685.00	16.00	4,610.00	50.00	21,300.00
GST				7,319.50								
Total Including GST				80,514.50								
Average Hourly Rate (GST Exclusive)				423.09	501.82		378.56		288.13		426.00	

3.3 Total remuneration reconciliation

At this point in time I estimate that the total remuneration for this Voluntary Administration will be \$99,004.50. This includes the current approval amount being sought of \$99,004.50.

This is higher than the estimate provided in the Initial Remuneration Notice dated 18 September 2018, which estimated remuneration of \$70,000.00 (excluding GST) due to the following reasons:

- Liaising with QBCC in respect of the contracts the Company was undertaking;
- Liaising with the interested parties in relation to potential sale of business;
- Liaising with the Department of Housing and Public Works in respect of show cause notices;
- Further review of the contracts and their profitability;
- Large number of creditors' enquiries.

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

3.4 Likely impact on dividends

The Corporations Act sets the order for payment of claims against the company and it provides for remuneration of the Administrator to be paid in priority to other claims. This ensures that when there are sufficient funds, the Administrator 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 we are only paid if sufficient assets are recovered.

The likelihood of a dividend being paid to creditors is generally 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.

There are not expected to be sufficient funds to pay a dividend to unsecured creditors at this stage.

Part 4: Disbursements

Disbursements are divided into three types:

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

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

The following external disbursements have been incurred but not yet paid

Disbursement	Amount \$
Accommodation	272.58
Travel	3,971.12
Company Searches	168.79
Postage	689.39
Total	5,101.88

4.1 Internal disbursement claim

The following internal disbursements have been incurred by our firm for the period from 14 September 2018 to 22 October 2018 and not yet paid.

Internal Disbursements claimed from 14 September 2018 to 22 October 2018	Basis	Total (Excl GST)
Printing & Photocopying	\$0.10 per page	\$1,189.40
Total		\$1,189.40

Approval of these disbursements of \$1,189.40 (plus GST) from creditors is included in the amount as outlined in resolution 4 below in the amount of \$5,000.00 (plus GST), which is being sought at the creditors meeting.

4.2 Future basis of internal disbursements

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

Disbursement	Rate (Excl GST)
Externally provided professional services	At Cost
Externally provided non-professional services	At Cost
Mailing	At Cost
Public Notices Website	At Cost
External Meeting Room Hire	At Cost
Telephone Calls	At Cost
Travel (external transport)	At Cost
Internal disbursements (Not charged at cost)	
ASIC Metric Levies	\$125 per Notifiable Event in 2017/18
ASIC Metric Levies	\$138 per Notifiable Event from 1 July 2018
Printing & Photocopying	10 cents per page External copying charged at cost
Faxes	\$1.00 per page national \$2.00 per page international
Stationery (including folders & dividers)	\$50.00 per administration
Travel (use of own vehicle)	66c / km

Approval of the payment of these disbursements at the above rates to a capped amount of \$5,000.00 for the period of the voluntary administration and to a capped amount of \$1,000.00 for the period of the liquidation is being sought from creditors at the meeting of creditors.

Resolution 4 - Internal disbursements from 14 September 2018 to 22 October 2018

"That the internal disbursements claimed by my firm for the period 14 September 2018 to 22 October 2018 calculated at the rates detailed in the Initial Remuneration Notice dated 18 September 2018, are approved up to a capped amount of \$5,000.00, exclusive of GST, and that the Administrator can draw the disbursements from available funds as incurred or as funds become available."

Resolution 5 - Internal disbursements from 22 October 2018 to the conclusion of the Liquidation

“That the internal disbursements claimed by my firm for the period from the commencement of the liquidation to the conclusion of the liquidation, calculated at the rates detailed in the Initial Remuneration Notice dated 18 September 2018, are approved up to a capped amount of \$1,000.00, exclusive of GST, and that the Liquidator can draw the disbursements from available funds as incurred or as funds become available.”

Part 5: Report on Progress of the Administration

Please refer to my report to creditors, to which this Remuneration Approval Report is attached, for an update on the progress of the Administration.

Part 6: Summary of Receipts and Payments

A summary of the receipts and payments for the Administration is attached at **Annexure F** to the report.

Part 7: Queries

If you have any queries in relation to the information in this report, please contact my staff:

Contact name: Alena Khudyakova
Contact number: (02) 8346 6000
Email: alenak@pkf.com.au

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

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

Part 8: Approval of remuneration and internal disbursements

At the forthcoming meeting of creditors on Monday, 22 October 2018 at 11:30am, creditors will be asked to consider the remuneration of the Administrator. A notice of meeting is attached as **Annexure B**.

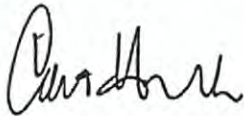
For the purposes of the meeting, creditors are required to submit a Proof of Debt form and supporting documentation if they have not already done so. Proof of Debt form is attached as **Annexure D**.

Creditors are required to submit a Proxy form if the creditor is a company or you would like somebody to represent you at the meeting. Proxy form is attached as **Annexure C**.

Teleconference facilities will be made available at the meeting. Please refer to the Notice of Meeting for further details regarding the requirements for attendance by phone.

Should any creditor have any queries in relation to the Administration, please contact Alena Khudyakova of my office on (02) 8346 6000 or email alenak@pkf.com.au.

Dated this 12th day of October 2018.

A handwritten signature in black ink, appearing to read 'Geoffrey Hancock', written in a cursive style.

Geoffrey Trent Hancock
Administrator

Schedule 1 – Resolution 1 Table of major tasks for remuneration

The below table provides a description of the work undertaken in each major task area for the period 14 September 2018 to 9 October 2018.

Task Area	General Description	Includes
Assets 11.10 hours \$5,139.00	Cash at Bank	Correspondence with ANZ regarding our appointment and requesting bank statements Correspondence with the banks regarding transfer of funds held in pre-appointment bank accounts
	Debtors	Review and assess debtor listing
	Plant & Equipment	Review asset listing Engage Slattery to collect and secure the motor vehicles and sell at the auction Liaise with Slattery regarding the auction results
	Current contracts & WIP	Liaise with the director and other staff regarding the ongoing projects and WIP Review the WIP Liaising with QBCC in respect of the contracts the Company was undertaking; Liaising with the Department of Housing and Public Works in respect of show cause notices; Liaising with the interested parties in relation to potential sale of business Assess profitability of the contracts
	Real Property	Perform searches of LPI register Liaise with the director regarding the Property sold prior to appointment Review contracts for sale and valuation reports
	Other Assets	Tasks associated with realising other assets
Creditors 120.50 hours \$35,154.00	Creditor Enquiries	Receive and respond to creditor enquiries Maintaining creditor request log Review and prepare initial correspondence to creditors and their representatives
	Secured creditor reporting	Notifying PPSR registered creditors of appointment Preparing letters to secured creditor Responding to secured creditors' queries Following up with secured creditors for information regarding their security interests
	Creditor reports	Preparing and issue of first report to creditors Preparing the Voluntary Administrators' report
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend

Task Area	General Description	Includes
	Meeting of Creditors	Preparation of 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. Attendance at first meeting of creditors Lodging minutes of meeting Preparation and lodgement of minutes of meetings with ASIC
Employees 11.10 hours \$3,411.00	Employees enquiries	Receive and follow up employee enquiries via telephone Preparation of letters to employees Prepare and issue termination letters
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company's books and records Reconciling superannuation accounts Reviewing awards Liaising with solicitors regarding entitlements
Trade On 26.60 hours \$10,502.00	Trade On Management	Determine position of assets, debtors and financial accounts Cash flow forecasting Liaising with management and staff Attendance at sites Payment of employee wages
	Processing receipts and payments	Entering receipts and payments into accounting system
	Budgeting and financial reporting	Reviewing company's budgets and financial statements
Investigation 50.60 hours \$25,865.00	Conducting investigation	Collection of company books and records Reviewing company's books and records Conducting and summarising statutory searches Review of the Company's financial statements Historical analysis of the financial statements Solvency examinations Review of bank statement and general ledgers in respect of potential transactions Preparation of investigation file
	Correspondence with Director	Preparation of correspondence with Director in requesting books and records of the Company. Assisting Director to complete the Report As To Affairs ("RATA") Meeting with director to discuss process of administration and discussion certain queries
	ASIC reporting	Investigation in respect of offences and misconduct by the Company and its officers

Task Area	General Description	Includes
Administration 19.50 hours \$4,728.50	Correspondence	General correspondence regarding administration
	Document maintenance/file review/checklist	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
	Bank account administration	Preparing correspondence opening and 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 Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment Discussion with ATO regarding Company's pre-appointment tax refund
	Planning / Review	Discussions regarding status of administration Meeting with director to discuss process of administration and discussion certain queries
	Books and records / storage	Dealing with records in storage Sending job files to storage
\$84,799.50	Total	
\$8,479.95	GST @ 10%	
\$93,279.45	Total Inc GST	

Schedule 2 – Resolution 2 Table of major tasks for remuneration

The below table provides a description of the work undertaken in each major task area for the period 10 October 2018 to 22 October 2018.

Task Area	General Description	Includes
Assets 4 hours \$2,060.00	Current contracts & WIP	Liaise with the director and other staff regarding the ongoing projects and WIP Review the WIP Liaising with QBCC in respect of the contracts the Company was undertaking; Liaising with the Department of Housing and Public Works in respect of show cause notices; Liaising with the interested parties in relation to potential sale of business Assess profitability of the contracts
	Other Assets	Tasks associated with realising other assets
Creditors 15 hours \$6,085.00	Creditor Enquiries	Receive and respond to creditor enquiries Maintaining creditor request log Review and prepare initial correspondence to creditors and their representatives
	Creditor Reporting	Finalise and issue Administrator's report to creditors
	Secured creditor reporting	Responding to secured creditor's queries
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend
	Meeting of 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. Lodging minutes of meeting Preparation and lodgement of minutes of meetings with ASIC
Investigation 10 hours \$4,200.00	Conducting investigation	Prepare investigation file Further investigation into the affairs of the Company
	ASIC reporting	Preparation and lodgement of the report to ASIC if required
Administration 5 hours \$1,860.00	Correspondence	General correspondence regarding administration
	Document maintenance/file review/checklist	Filing of documents File reviews Updating checklists
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers

Task Area	General Description	Includes
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms Correspondence with ASIC regarding statutory forms
	Planning / Review	Discussions regarding status of administration Meeting with director to discuss process of administration and discussion certain queries
	Books and records / storage	Dealing with records in storage
\$14,205.00	Total	
\$1,420.50	GST @ 10%	
\$15,625.50	Total Inc GST	

Schedule 3 – Resolution 3 Table of major tasks for remuneration

The below table provides a description of the work undertaken in each major task area for the period from 22 October 2018 to the conclusion of the Liquidation.

Task Area	General Description	Includes
Assets 43 hours \$20,785.00	Current contracts & WIP	<ul style="list-style-type: none"> Liase with he director and other staff regarding the ongoing projects and WIP Review the WIP Liaising with QBCC in respect of the contracts the Company was undertaking; Liaising with the Department of Housing and Public Works in respect of show cause notices; Assess profitability of the contracts
	Sale of Business	<ul style="list-style-type: none"> Liaising with the interested parties in relation to potential sale of business Review offers received Negotiations with interested parties Discussions with prospective purchaser to progress sale of business matters Liase with lawyers regarding sale of business contact Liaising with secured creditors regarding the sale of business Finalising sale of business transaction matters with the purchaser
	Other Assets	Tasks associated with realising other assets
Creditors 51 hours \$19,220.00	Creditor Enquiries, Requests & Directions	<ul style="list-style-type: none"> Receive and respond to creditor enquiries Maintaining creditor request log Review and prepare correspondence to creditors and their representatives Considering reasonableness of creditor requests, if required Obtaining legal advice on requests, if required Documenting reasons for complying or not complying with requests or directions, if required Compiling information requested by creditors, if required
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend
	Meeting of Creditors (if required)	<ul style="list-style-type: none"> Preparation of 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 of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting

Task Area	General Description	Includes
	Proposals to Creditors (if required)	Preparing proposal notices and voting forms Forward notice of proposal to all known creditors Reviewing votes and determining outcome of proposal Preparation and lodgement of proposal outcome with ASIC
Investigation 64.00 hours \$29,110.00	Conducting investigation	Conducting further statutory searches, if required Preparation of comparative financial statements, if required Preparation of deficiency statement, if required Review of specific transactions and liaising with directors regarding certain transactions Liaising with directors regarding certain transactions Liaising with other parties regarding certain transaction Further investigations in respect of voidable transactions Voidable transactions recoveries Further investigation in respect of insolvent trading Preparation of investigation file Lodgement of investigation with the ASIC
	ASIC reporting	Preparing statutory investigation reports Preparing affidavits seeking non-lodgement assistance, if required Liaising with ASIC Preparation and lodgement of the report pursuant to section 533 Preparation and lodgement of supplementary report if required
Administration 15 hours \$4,082.00	Correspondence	General correspondence regarding administration
	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 524 and other forms	Preparing and lodging ASIC forms Correspondence with ASIC regarding statutory forms

Task Area	General Description	Includes
	ATO and other statutory reporting	Preparing BAS Completing group certificates, if required
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage
\$73,195.00	Total	
\$7,319.50	GST @ 10%	
\$80,514.50	Total Inc GST	



**PKF Business Recovery & Insolvency Services
Guide to Hourly Rates from 1 July 2017**

Classification	Rate \$	Guide to Level of Insolvency Experience
Partner/Appointee	595.00 + 59.50 GST	Registered Liquidator/Trustee. Partner bringing his/her specialist skills to Administrations and/or Insolvency tasks.
Principal/Associate	530.00 + 53.00 GST	Qualified. 10+ years experience. Specialist industry knowledge or Registered Liquidator/trustee who assists the appointee with all facets of Administrations and/or Insolvency tasks.
Senior Manager	475.00 + 47.50 GST	Qualified. 8+ years experience. Well developed technical and commercial skills, bringing additional specialist skills to Administrations and/or Insolvency tasks.
Manager	435.00 + 43.50 GST	Typically Qualified. 6-8 years experience. Well developed technical and commercial skills. Planning and control of all Administrations and/or Insolvency tasks.
Supervisor	375.00 + 37.50 GST	Typically Qualified. 4-7 years experience. Co-ordinates planning and control of medium to larger Administrations and/or Insolvency tasks.
Senior High	340.00 + 34.00 GST	Typically Graduate/Qualified: 2-4 years experience. Required to control the fieldwork on Administrations and/or Insolvency tasks.
Senior Low	310.00 + 31.00 GST	Typically Graduate: 1-2 years experience. Required to control the fieldwork on Administrations and/or Insolvency tasks.
Intermediate High	250.00 + 25.00 GST	Typically Graduate: Up to 2 years experience. Required to control the fieldwork on small Administrations and/or Insolvency tasks and assist with fieldwork on medium to large Administrations and/or Insolvency tasks.
Intermediate Low	220.00 + 22.00 GST	Typically Under Graduate: Up to 2 years experience. Required to assist in day to day fieldwork of Administrations and/or insolvency tasks under the supervision of more senior staff.
Secretary	180.00 + 18.00 GST	Appropriate skills including machine usage.
Typist/Computer Operator	175.00 + 17.50 GST	Appropriate skills including machine usage.
Clerk	175.00 + 17.50 GST	Appropriate skills.
Junior	125.00 + 12.50 GST	Appropriate skills.

Notes:

1. The Guide to Level of Insolvency Experience is intended only to be a guide as to the qualifications and experience of the staff engaged. It should be noted that in some instances staff may be engaged under an appropriate classification principally due to their experience.
2. Time spent on matters is recorded and charged in six (6) minute intervals.
3. The firm rates are effective as at 1 July 2017.

ANNEXURE F

RECEIPTS AND PAYMENTS

**Sommer & Staff Constructions Pty Ltd
(Administrator Appointed)**

**Administrator's Summary of Receipts and Payments
To 12 October 2018**

RECEIPTS	Total (AUD)
Cash at Bank	46,126.26
Refunds Received	28,852.35
Employee Super Contributions	508.83
	<hr/>
	75,487.44
	<hr/>
PAYMENTS	
Sundry Expenses	827.67
Vehicle Running Costs	180.52
Wages & Salaries	34,891.51
Wages - Car Allowance	1,906.17
Bank Charges	4.45
Legal Fees (incl GST)	1,483.08
Professional Fees	2,068.18
GST Receivable	455.95
Withholding Tax (PAYG)	(8,146.00)
	<hr/>
Balances in Hand	33,671.53
	<hr/>
	41,815.91

ANNEXURE G

ARITA CREDITOR INFORMATION SHEET

**ASIC**

Australian Securities & Investments Commission

Approving fees: A guide for creditors

If a company is in financial difficulty, it can be put under the control of an independent external administrator.

This information sheet (INFO 85) gives general information for creditors on the approval of an external administrator's fees in a liquidation of an insolvent company, voluntary administration or deed of company arrangement (the fees of a receiver are fixed by the secured creditor that appoints the receiver and are not discussed in this information sheet). It outlines the rights that creditors have in the approval process.

It covers:

- [entitlement to fees and costs](#)
- [who may approve fees](#)
- [calculation of fees](#)
- [initial remuneration notice](#)
- [report on proposed fees](#)
- [deciding if fees are reasonable](#)
- [reimbursement of out-of-pocket costs](#)
- [queries and complaints](#)

Entitlement to fees and costs

A liquidator, voluntary administrator or deed administrator (i.e. an 'external administrator') is entitled to be:

- paid reasonable fees, or remuneration, for the necessary work they properly perform, once these fees have been approved by creditors, a committee of inspection or a court
- reimbursed for out-of-pocket costs incurred in performing their role.

External administrators are only entitled to an amount of fees that is reasonable for the necessary work that they and their staff properly perform in the external administration. What is reasonable will depend on the type of external administration and the issues that need to be resolved. Some are straightforward, while others are more complex.

External administrators must undertake some tasks that may not directly benefit creditors. These include reporting potential breaches of the law and lodging with ASIC a detailed listing of receipts and payments, known as an annual administration return, annually on the anniversary of their appointment and at the end of their administration.

The external administrator is entitled to be paid for completing these statutory tasks.

Note: If the external administration commenced prior to 1 September 2017, the external administrator will continue to lodge the six-monthly [Form 524 Presentation of accounts and statement](#) until the six-month period ending on the first anniversary of their appointment date. Thereafter, they will lodge the annual administration return.

Out-of-pocket costs that are commonly reimbursed include:

- legal fees
- valuer's, real estate agent's and auctioneer's fees

- stationery, photocopying, telephone and postage costs
- retrieval costs for recovering the company's computer records
- storage costs for the company's books and records.

Creditors have a direct interest in the level of fees and costs, as the external administrator will generally be paid from the company's available assets before any payments to creditors. If there are not enough assets, the external administrator may have arranged for a third party to pay any shortfall. As a creditor, you should receive details of such an arrangement. If there are not enough assets to pay the fees and costs, and there is no third party payment arrangement, any shortfall is not paid.

Who may approve fees

An external administrator's fees must be approved by one of the following ways:

- by resolution of creditors
- by a committee of inspection (if there is a committee of inspection) if no resolution has been passed by creditors
- by the court if neither the creditors nor a committee of inspection have passed a resolution.

Note: An external administrator in a members' voluntary winding up must have fees approved by a resolution of the company, or the court.

The external administrator must provide sufficient information to enable the relevant decision-making body to assess whether the fees are reasonable.

If fees are not approved by the relevant decision-making body, the liquidator is entitled to be paid reasonable fees up to a maximum of \$5,000 excluding GST (indexed annually).

Creditors' approval at a creditors' meeting

Creditors can approve fees by passing a resolution at a creditors' meeting. Unless creditors call for a poll, the resolution passes if a simple majority of creditors present and voting, in person or by proxy, indicates that they agree to the resolution.

If a poll is taken, rather than a vote being decided on the voices, a majority in number and value of creditors present and voting must agree. A poll requires the votes of each creditor to be recorded.

A separate resolution of creditors is required for approving fees for an administrator in a voluntary administration and an administrator of a deed of company arrangement, even if the administrator is the same person in both administrations.

A proxy is where a creditor appoints someone else to represent them at a creditors' meeting and to vote on their behalf. A proxy can be either a general proxy or a special proxy. A general proxy allows the person holding the proxy to vote as they wish on a resolution, while a special proxy directs the proxy holder to vote in a particular way.

A creditor will sometimes appoint the external administrator as a proxy to vote on the creditor's behalf. An external administrator, their partners or staff must not use a general proxy to vote on approval of their fees; they must hold a special proxy in order to do this. They must vote all special proxies as directed, even those against approval of their fees.

Creditors' approval without a creditors' meeting

Instead of convening a creditors' meeting, the external administrator can put proposals to creditors by giving notice in writing.

This notice must be given to each creditor who would be entitled to receive notice of a meeting and:

- include a statement of the reasons for the proposal and the likely impact the proposal will have on creditors
- invite the creditor to either:
 - vote 'yes' or 'no' for the proposal
 - object to the proposal being resolved without a meeting

- specify a reasonable time for creditors' replies to be received by the external administrator.

To vote on the proposal, a creditor must lodge details of your debt or claim with the external administrator and complete the voting documents provided by the external administrator.

Creditors can vote 'yes' or 'no' on the proposal or object to the proposal being resolved without a creditors' meeting. You should return your response to the external administrator within the time specified in the notice which must be at least 15 business days after the notice is given to creditors.

A resolution is passed if the majority of creditors in number and value who responded to the notice voted 'yes' and if not more than 25% in value of the creditors who responded objected to the proposal being resolved without a creditors' meeting.

The external administrator should provide creditors enough information to allow them to make an informed decision about the proposal. A creditor should contact the external administrator to obtain further information if they think it necessary for them to make a decision.

The external administrator must lodge with ASIC the outcome of the proposal. A copy of the outcome of the proposal may be obtained by searching the [ASIC registers](#) and paying the relevant fee.

Committee of inspection approval

If there is a committee of inspection, the committee of inspection can approve an external administrator's fees. In approving the fees, the members represent the interests of all creditors or employees, not just their own individual interests.

A committee of inspection makes its decision by a majority in number of its members present at a meeting, but it can only act if a majority of its members attend.

To find out more about committees of inspection and how they are formed, see [Information Sheet 45 Liquidation: A guide for creditors \(INFO 45\)](#), [Information Sheet 74 Voluntary administration: A guide for creditors \(INFO 74\)](#) and [Information Sheet 41 Insolvency: A glossary of terms \(INFO 41\)](#).

Calculation of fees

Fees may be calculated using one of a number of different methods, such as:

- on the basis of time spent by the external administrator and their staff
- a quoted fixed fee, based on an upfront estimate
- a percentage of asset realisations.

Charging on a time basis is the most common method. If an external administrator seeks approval for charging wholly or partly on a time basis, and the work is yet to be carried out, the approval sought must include a maximum limit ('cap') on the amount of remuneration the external administrator is entitled to receive. For example, future fees calculated according to time spent may be approved on the basis of the number of hours worked at the rates charged (as set out in the provided rate scale) up to a cap of \$X. If the work involved then exceeds this figure, the external administrator will have to ask the creditors/committee to approve a further amount of fees, after accounting for the fees already incurred.

The external administrator and their staff will record the time taken for the various tasks involved, and a record will be kept of the nature of the work performed.

External administrators have a scale of hourly rates, with different rates for each category of staff working on the external administration, including the external administrator. If the external administrator intends to charge on a time basis, you should receive a copy of these hourly rates soon after their appointment and before you are asked to approve the fees. It is important to note that the hourly rates do not represent an hourly wage for the external administrator and their staff. The external administrator is running a business – an insolvency practice – and the hourly rates will be based on the cost of running the business, including overheads such as rent for business premises, utilities, wages and superannuation for staff who are not charged out at an hourly rate (such as personal assistants), information technology support, office equipment and supplies, insurances, taxes, and a profit.

External administrators are professionals who are required to have qualifications and experience, be independent and maintain up-to-date skills. Many of the costs of running an insolvency practice are fixed costs that must be paid, even if there are insufficient assets available to pay the external administrator for their services. External administrators compete for work and their rates should reflect this.

These are all matters that committee members or creditors should be aware of when considering the fees presented. However, regardless of these matters, creditors have a right to question the external administrator about the fees and whether the rates are negotiable.

It is up to the external administrator to justify why the method chosen for calculating fees is an appropriate method for the particular external administration. As a creditor, you also have a right to question the external administrator about the calculation method used and how the calculation was made.

Initial remuneration notice

The external administrator must send creditors a notice setting out the following information if they propose to seek fee approval for the external administration:

- the method by which they seek to be paid
- the rate of fees
- an estimate of the expected amount of total fees
- the method how out-of-pocket costs will be calculated
- a brief explanation of the different methods to calculate fees
- an explanation why they chose the particular fee method by which they seek to be paid
- if a time-cost basis was chosen, the hourly rates of the external administrator and other staff who will work on the external administration.

This initial remuneration notice must be sent to creditors:

- in a voluntary administration – at the same time as the notice of the first meeting of creditors is sent
- in a court liquidation – within 20 business days after the liquidator's appointment
- in a voluntary liquidation – within 10 business days after the day of the meeting at which the resolution to wind up the company is passed.

Report on proposed fees

When seeking approval of fees, the external administrator must send creditors/committee members a report setting out:

- a summary description of the major tasks performed, or likely to be performed
- the costs associated with each of these tasks and the method of calculation of the costs
- the periods when funds will be drawn to pay the fees
- an estimated total amount, or range of amounts, of total fees
- an explanation of the likely impact the fees will have on any dividends to creditors
- such other information that will assist in assessing the reasonableness of the fees claimed.

Creditors/committee members may be asked to approve fees for work already performed or an estimate of work yet to be carried out. For more on the tasks involved, see [INFO 45](#) and [INFO 74](#).

Deciding if fees are reasonable

If asked to approve an amount of fees, your task is to decide if that amount of fees is reasonable, given the work carried out in the external administration and the results of that work.

In addition to the information the external administrator must provide to you before seeking approval of fees, you may find the following additional information from the external administrator useful in deciding if the fees claimed are for necessary work properly performed and reasonable:

- an explanation of why the work performed was necessary

- the size and complexity (or otherwise) of the external administration
- the value and nature of the property dealt with
- the level of risk or responsibility involved with the external administration
- whether there are any extraordinary issues that were required to be dealt with
- the amount of fees (if any) that have previously been approved
- if the fees are calculated, in whole or in part, on a time basis:
 - the period over which the work was or is likely to be performed
 - the time spent by each level of staff on each of the major tasks performed or likely to be performed
 - if the fees are for work that is yet to be carried out, whether the fees are capped.

If you need more information about fees than is provided in the external administrator's report, you should let them know before the meeting at which fees will be voted on.

What can you do if you think the fees are not reasonable?

If you do not think the fees claimed are reasonable, you should raise your concerns with the external administrator. It is your decision whether to vote in favour of, or against, a resolution to approve fees.

Generally, if creditors or a committee of inspection approves fees and you wish to challenge this decision, you may apply to the court and ask the court to review the fees.

You may wish to seek your own legal advice if you are considering applying for a court review of the fees.

As well as a court review of the external administrator's fees, creditors (by resolution of creditors) or one or more creditors (with the external administrator's consent) can appoint a registered liquidator to carry out a review of fees and/or costs incurred by the external administrator of the company.

Note: A creditor can also apply to ASIC in the approved form for it to appoint a reviewing liquidator (see Form 5605 *Application for ASIC to appoint a reviewing liquidator*).

This review is limited to:

- remuneration approved within the six months before the reviewing liquidator is appointed
- costs or expenses incurred during the 12-month period before the reviewing liquidator is appointed (unless the external administrator agrees to a longer period).

The reviewing liquidator must be a registered liquidator. A creditor who wishes to appoint a reviewing liquidator must approach a registered liquidator to get a written consent from that person that they would be prepared to act as reviewing liquidator. The person must also make a written declaration about any relationships they or their firm may have that might affect their independence to act as reviewing liquidator.

The external administrator and their staff, must cooperate with the reviewing liquidator.

If creditors pass a resolution to appoint the reviewing liquidator, the reviewing liquidator's costs form part of the expenses of the external administration of the company. If one or more of the creditors appoint the reviewing liquidator with the consent of the external administrator, the reviewing liquidator's costs are borne by the creditor(s) appointing the reviewing liquidator.

Reimbursement of out-of-pocket costs

An external administrator should be very careful incurring costs that must be paid from the external administration – as careful as if they were dealing with their own money. Their report on fees must also include information on the out-of-pocket costs of the external administration.

Out of pocket expenses (or disbursements) can be categorised into:

- external services or costs such as legal fees, valuation fees, travel, accommodation and search fees
- internal services or costs such as photocopying, printing and postage.

External costs are usually charged at cost and do not require prior approval of creditors.

Internal costs may be charged at a rate higher than actual cost in order to recover overheads and similar costs. In instances where costs are charged at a rate higher than cost, the external administrator will need to obtain creditor approval before being reimbursed.

When seeking approval of out-of-pocket expenses, the external administrator must send creditors/committee members a report setting out:

- a summary description of the out-of-pocket expenses
- how they were calculated
- the total amount the external administrator is seeking reimbursement for
- why the expenses were necessary.

Creditors/committee members may be asked to approve reimbursement of out-of-pocket expenses for expenses already incurred or an estimate of expenses to be incurred.

If the expenses are yet to be incurred, a maximum limit ('cap') should be placed on the amount that the external administrator may incur and reimbursed for.

Queries and complaints

You should first raise any queries or complaints with the external administrator. If this fails to resolve your concerns, including any concerns about their conduct, you can lodge a report of misconduct with ASIC – see [How to complain](#).

Lodging your report of misconduct online ensures the quickest response from ASIC to your concerns.

ASIC usually does not become involved in matters of an external administrator's commercial judgement.

Reports of misconduct against companies and their officers can also be made to ASIC.

If you cannot report misconduct online to ASIC, you can contact us on 1300 300 630.

Where can I get more information?

For an explanation of terms used in this information sheet, see [Information Sheet 41 *Insolvency: A glossary of terms*](#) (INFO 41). For more on external administration, see the related information sheets listed in [Information Sheet 39 *Insolvency information for directors, employees, creditors and shareholders*](#) (INFO 39).

Further information is available from the [Australian Restructuring Insolvency & Turnaround Association \(ARITA\) website](#). The ARITA website also contains the [ARITA Code of Professional Practice for Insolvency Practitioners](#).

Important notice

Please note that this information sheet is a summary giving you basic information about a particular topic. It does not cover the whole of the relevant law regarding that topic, and it is not a substitute for professional advice. You should also note that because this information sheet avoids legal language wherever possible, it might include some generalisations about the application of the law. Some provisions of the law referred to have exceptions or important qualifications. In most cases your particular circumstances must be taken into account when determining how the law applies to you.

This is **Information Sheet 85 (INFO 85)**, updated on 1 September 2017. Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.