

REPORT TO CREDITORS CULLEN GROUP AUSTRALIA PTY LTD (IN LIQUIDATION) A.C.N 131 442 843

Meeting scheduled: 5 October 2018 at 10:00AM
Christies Conference Centre, Room E, Level 1, 320 Adelaide Street, Brisbane QLD 4000

I refer to my previously issued reports dated 3 February 2017 and 16 April 2018. The following update presupposes that the readers are familiar with those reports. If you are not in possession of either of those reports, you are invited to contact my office to request copies of same.

Purpose of this Report to Creditors

The purpose of this report is to provide creditors with an update on the following:-

1. Asset Realisations;
2. Voidable Unfair Preference Claims;
3. Indemnity Funding Arrangements;
4. Dividend Position ;
5. Resolutions Sought to be Approved by the General Body of Creditors;
6. Notice of Meeting; and
7. Further Information.

Outstanding Matters

1. Assets Realisations/Dealings

The Bay Terrace Development – ‘The Palais’

As outlined in my earlier report, a settlement agreement was reached with 70-78 Bay Terrace Pty Ltd in relation to ‘The Palais’ building project located at Bay Terrace, Wynnum. and other associated entities controlled by Mr David Pearse. These entities included, Davgan Pty Ltd, Davan Developments Pty Ltd and BWD Developments Pty Ltd. The claims brought against the companies were pursued via the Corporations Act 2001 (“**the Act**”), namely as voidable transactions under sections 588FDA, 588FE, 588FF and others.

Since the date of my last report, I confirm that these settlement funds have now been received in full.

As previously outlined, due to the confidentiality clause in the agreement I am unable to disclose specific details, however I confirm that a schedule of my receipts and payments is included as an Annexure to this report.

There have also been the following salient developments since my last report to creditors:

a) Collection of Outstanding Debtors

The revised position regarding the company’s current outstanding debtors is as follows:

	Amount (\$)
Total debtors	8,712,047
Less: Debtors recovered by prior Liquidators	(19,100)
Less: Debtors written off	(683,620)
Less: Debtors recovered since my appointment	(312,708)
Remaining debtors	7,696,619

Creditors should be advised that my investigations are continuing and the majority of the remaining debtors have now been referred to my solicitors and/or construction experts for their assessment and further recovery action (if warranted). I understand that all of the projects in question have now been completed which enables us to make an undeniable assessment given that the final positions will no longer be based upon estimates and assumptions. Due to the complexities regarding partially completed large scale construction projects, the likely timing of the recovery of these debtors is presently unknown. As previously outlined, as to not impede the company's position, I will not provide further details in relation to each individual claim at this stage. However, creditors will be advised if specific debtor matters are settled or written off in the future to the extent that any confidentiality clauses allow.

I note that the reasons why debtors were written off included the following:

- Debtor claims that were settled for amounts lesser than the full amount outstanding;
- Debtor claims that were pursued and settled under other grounds such as 588FA voidable unfair preference transactions pursuant to the Act;
- Debtors that were placed into external administration with no dividend likely in the Liquidations; and/or
- Debtors provided evidence that the amounts were paid in full prior to the appointment of Liquidators.

Dawn Nominees Pty Ltd

The debtor Dawn Nominees Pty Ltd ("**Dawn**") totaling approximately \$169,868 is included in the above total debtors figure. It is a related entity as the director's spouse, Mrs Linda Cullen is a partial shareholder in the company and an associated person Mr David Pearse is the director (this association was outlined in my earlier report). Dawn operated as the holding company of United Plant Services Pty Ltd (Deregistered) ("**UPS**") which was a crane hire company, and Mr David Pearse was the director. UPS was voluntarily deregistered after the date Liquidators were appointed to the company, on 10 January 2018. The matter was then referred to my solicitors.

On 17 April 2018 I issued a creditor's statutory demand on Dawn to which no response was received. I then submitted a wind up application in the Supreme Court of Queensland which successfully wound up Dawn on 16 July 2018. Mr David Hambleton of Rodgers Reidy was appointed to investigate the affairs of Dawn and UPS further to ensure whether there are any amounts able to be distributed to the company by way of dividend.

So as not to impede Mr Hambleton's investigations in relation to Dawn, I will not provide further information at this stage, other than to confirm that their investigations are continuing.

b) Receivers & Managers

I advise that the Receivers & Managers formally resigned on 9 May 2018 from their position as appointed by the secured creditor, Westpac Banking Corporation ("**WBC**"). I have confirmed that the present amount outstanding to WBC after the realisations made by the Receivers is \$1,940,433.22. As you are aware, the WBC are a priority creditor due to their registered all present and after acquired property security interest.

2. Voidable Unfair Preference Claims

As disclosed in my previous report, forty-five unfair preference claims pursuant to section 588FA of the Act were referred to my solicitors to investigate and to undertake a 'motherhood proceeding'. Upon my solicitor's assessment there are now approximately thirty-one creditors that they deem have received unfair preferential

transactions. However my investigations are continuing therefore the total number of claims may vary slightly once proceedings are initiated.

My solicitors have now issued demands and being in correspondence with all of these parties. The quantum of the total claims is now approximately \$4,145,767. To put this in perspective, this is in comparison to a total of 686 creditors in the company's Liquidation with an estimated value of approximately \$45,351,909.

Creditors will be provided with an update in my future reports to creditors.

3. Indemnity Funding Arrangements

As outlined to creditors in my earlier report, both the Queensland Building and Construction Commission (QBCC) and the Commonwealth of Australia (acting through the Department of Jobs and Small Business) (collectively known as **'the funding agreements'**) have expressed an interest in providing funding to pursue and publicly examine a range of different parties which the company has or may potentially have claims against pursuant to the Act or on other grounds. Creditors should be made aware that the public examination process is contingent on the approval of these funding agreements.

These funding agreements are bound by confidentiality clauses, therefore I cannot disclose the full funding agreements nor can I refer to specific terms within the funding agreements. However, I can disclose to the creditors that each specific funding agreement will provide funding in relation to the following matters:

Queensland Building and Construction Commission (QBCC)

- Issuing subpoenas to produce materials to a range of parties;
- Issuing summons to a range of parties and conducting public examinations.
- Court filing costs, hearing fees, service fees, transcript fees; and
- Counsel fees, mediation costs and/or hearings all properly incurred.

Commonwealth of Australia (acting through the Department of Jobs and Small Business)

Creditors should be advised that the funding application from this department is going to be staged.

Stage 1 consists of funding granted for the following costs:

- Formalising Liquidator's brief to solicitors
- Costs related to obtaining a legal opinion relating to the prospects of success of unfair preferences.
- Pre-litigation demands for unfair preferences;
- Assessing responses to the demands; and
- Costs relating to without prejudice settling and negotiations involving the pre-litigation demands (including settlement conferences).

The further stages of this funding will be presented to creditors for their approval as and when the agreement(s) have been finalised.

I anticipate putting forward further applications for funding to this department on account of other investigations and recoveries, namely debtors. Creditors will be advised once this agreement is finalised (subject to it being approved by the department).

Please be advised for both funding agreements that pursuant to section 564 of the Act, it is possible for the Court to make orders that an indemnifying creditor receive a more favorable amount from any recoveries in the Liquidation in the event that funding is provided. This is in the view of giving those creditors an advantage over others in consideration of the risk assumed by them. Creditors will be advised should any application to Court be made by the potential indemnifying parties pursuant to the Act.

4. Dividend Position

As previously outlined as an option available to the Liquidator, the available funds as at the date of my last report were utilised to further investigate claims available to the company. The reasoning for this was to potentially increase the pool of funds available to ultimately distribute to creditors.

At this stage it is uncertain as to whether there will be a dividend paid out to any class of creditor. However, I do believe based on my future opportunities of recovery that there may be adequate recoveries made to enable a dividend on account of priority employee entitlements at the minimum.

I also note that a number of the outstanding debtors under investigation have subcontractor charges assigned to them pursuant to the Subcontractors Charges Act 1974. As creditors are aware, the subcontractors with charges registered and filed in Court on time will be paid out in priority to other claims in the Liquidation (should there be adequate recoveries from the specific debtor in which the charge relates to). Accordingly, I do believe that these subcontractors in question will have a higher probability of receiving a distribution in comparison to ordinary unsecured creditors in the future. To date subcontractors with registered charges have been paid a total of \$139,537.82 relating to debtor recoveries of specific projects.

However, my investigations are continuing and I do not anticipate to conclude the Liquidation for at least a further 2 to 3 years, therefore creditors will be updated of any material developments which may mean a dividend is likely.

5. Resolutions Sought to be Approved by the General Body of Creditors

The following resolutions are proposed to the general body of creditors to approve. The reason for each resolution being sought is set out in further detail within this report. The resolutions can be approved by way of proxy form which is attached if the creditor is a company or if you would like somebody to represent you at the meeting. Please note that all creditors must submit or have previously submitted a proof of debt form for their vote to count.

Creditors are advised their *Proof of Debt* and *Proxy* forms should be submitted to the liquidator by:

Time: 5.00pm
Date: 4 October 2018 (the day before the meeting day)

Creditors should also be advised that if a given resolution is not approved, the Liquidator reserves his right to approach the Courts for an order approving the resolution. The estimated cost of this exercise would be a cost to creditors of approximately \$12,000 to \$15,500 (exclusive of GST).

The initial two resolutions are explained in further detail in the enclosed Remuneration Report addressed to creditors:

Resolution 1

“That the actual remuneration of the Liquidator from 1 October 2017 to 17 September 2018 is determined at a sum equal to the cost of time spent by the Liquidator and the Liquidator's partners and staff, calculated at the hourly rates as detailed in the remuneration report dated 18 September 2018 such sum to be capped at the amount of \$195,449.99, exclusive of GST, and that the Liquidator may draw the remuneration on a monthly basis or as required”.

Resolution 2

“That internal disbursements incurred by the Liquidator for the period from 24 January 2017 to finalisation be capped in the amount of \$20,000.00 excluding GST”.

Resolution 3

The third and fourth resolutions are in relation to the creditors granting approval of the indemnity funding agreements for each body. The resolutions proposed are as follows:

“That pursuant to section 477(2B) Corporations Act 2001, the Liquidator be permitted to enter into a Funding Agreement with The Commonwealth of Australia (acting through the Department of Jobs and Small Business ABN 54 201 218 474), with the performance terms of that agreement likely to last longer than 3 months.”.

Resolution 4

“That pursuant to section 477(2B) Corporations Act 2001, the Liquidator be permitted to enter into a Funding Agreement with the Queensland Building and Construction Commission (ABN 88 568 500 260), with the performance terms of that agreement likely to last longer than 3 months.”

Resolution 5

Creditors should be advised that there have been recent resignations from the Committee of Inspection ('COI') that was appointed by a resolution passed by the former Liquidators to manage the interests of the general body of creditors. The Commonwealth of Australia and the QBCC have expressed an interest to fill the vacancies on the COI. Pursuant to section 80-15(2) (b) of the Insolvency Practice Schedule (Corporations), any further appointments to the COI must be made by the general body of creditors only. Accordingly, I propose the following resolutions to creditors:

"That Mr Benjamin Carmody of The Commonwealth of Australia (acting through the Department of Jobs and Small Business ABN 54 201 218 474) be appointed as a member of the existing Committee of Inspection".

Resolution 6

"That Mr David Lonton of the Queensland Building and Construction Commission (ABN 88 568 500 260) be appointed as a member of the existing Committee of Inspection".

6. Notice of Meeting

CORPORATIONS ACT 2001

Insolvency Practice Rules
(Corporations) Division 75, 75-10,
75-15, 75-25, 75-75

NOTICE OF MEETING OF CREDITORS

CULLEN GROUP AUSTRALIA PTY LTD (IN LIQUIDATION)
ACN 131 442 843
("COMPANY")

NOTICE IS GIVEN that a meeting of the Company's creditors will be held at the meeting rooms of **Christies Conference Centre, Room E, Level 1, 320 Adelaide Street, Brisbane QLD 4000 on 5 October 2018 at 10.00am.**

The purpose of the meeting is:

1. Liquidators update on the status of the winding up.
2. To fix the remuneration of the Liquidator as required.
3. To allow the Liquidator to enter into the funding arrangements with two departments.
4. To consider the appointment of new members in the Committee of Inspection.
5. To consider any other business that may be lawfully brought forward.

Attendance at this meeting is not compulsory. Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy must be made in accordance with the Appointment of Proxy Form.

Proxies to be used at the meeting should be given to me as Liquidator or to the person named as convening the meeting. A creditor can only be represented by proxy or by an attorney pursuant to Insolvency Practice Rules section 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 Insolvency Practice Rules section 75-85 and that claim has been admitted for voting purposes wholly or in part by the Liquidator.

Pursuant to Insolvency Practice Rules 75-25 and 75-150 a special proxy can be lodged showing approval or rejection of each resolution. Proxy forms or emails thereof must be lodged with our office by 5.00pm on the day prior to the meeting. Where an email copy of a proxy is sent, the original must be lodged with our office within 72 hours after receipt of the email. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairman of the meeting, prior to the commencement of the meeting.

Telephone Conference Facilities

Creditors or members wishing to attend by telephone are advised they can utilise the following conference facility:

Telephone Number: 1800 062 923
Password: 7848 5951 7874

Pursuant to Insolvency Practice Rule 75-75, creditors or members wishing to participate in the meeting by telephone must return to the convenor of the meeting not later than the second last working day before the day of the meeting, a written statement setting out the name of the person and of the proxy or attorney, (if any), an address to which notices to the person, proxy or attorney may be sent, a telephone number at which the person, proxy or attorney may be contacted and any facsimile number to which notices to the person, proxy or attorney may be sent. A person, or the proxy or attorney of a person who participates in the meeting

by telephone, must pay any costs incurred in participating and is not entitled to be reimbursed for those costs from the assets of the company.

DATED this 18th day of September 2018.

A handwritten signature in blue ink, appearing to read 'Michael Casponey', with a stylized flourish at the end.

MICHAEL CASPANEY
LIQUIDATOR

Menzies Advisory - Liquidators & Receivers
Brisbane Office
Level 54, 111 Eagle Street
Brisbane QLD 4000

Telephone: 07 4222 1511

7. Further Information/ Documentation Attached

Item #	Item	Description	Action Required by you
1	Creditors Electronic Communication Method Approval form	<p>As a creditor, you have a right to receive all communications from the Liquidator via electronic medium. If you have not already completed this form, It is recommended that creditors opt into this notification method. Please note that this form only needs to be completed once during the Liquidation process.</p> <p>Complete the form and email to james@menziesadvisory.com.au.</p>	Yes
2	Remuneration Report	<p>This report provides you with the information you need to be able to make an informed decision regarding the approval of my remuneration and internal disbursements for undertaking the Liquidation of the Company. These amounts must be approved by creditors before I am able to pay these amounts to my firm and myself.</p> <p>A copy of my receipts and payments is annexed to this report.</p>	No
3	Special Proxy Voting Form	<p>If you intend on voting at the meeting of creditors, please complete the attached form and forward same to my office or alternatively by email to james@menziesadvisory.com.au before 5:00pm 4 October 2018.</p>	Yes
4	Proof of Debt	<p>If you intend on voting at the meeting of creditors, you must also provide information about what the company owes you and evidence to support your claim. Please complete and return the form to my office or via email to james@menziesadvisory.com.au with your supporting documents before 5:00pm 4 October 2018.</p> <p>Please note that you only need to complete this form once during the Liquidation process. Therefore if you have previously completed a proof of debt then you have no requirement to do so again.</p>	Yes

Next Update

A further update will be provided to creditors in the event of any significant developments in relation to the Liquidation.

Should you have any questions in the interim, please do not hesitate to contact James Currie of my office on (03) 8560 3533 or james@menziesadvisory.com.au.

DATED this 18th day of September 2018.

A handwritten signature in blue ink, appearing to read "Michael Caspany". The signature is fluid and cursive, with a prominent initial "M" and a long, sweeping tail.

MICHAEL CASPANEY
LIQUIDATOR

**CULLEN GROUP AUSTRALIA PTY LTD
(IN LIQUIDATION)
ACN 131 442 843 (“THE COMPANY”)**

**Corporations Act 2001 Section 600G
Insolvency Practice Rules (Corporations) – 75-10**

**CREDITOR’S APPROVAL TO THE USE OF EMAIL BY THE EXTERNAL ADMINISTRATOR WHEN GIVING
OR SENDING CERTAIN NOTICES UNDER SECTION 600G
OF THE CORPORATIONS ACT 2001**

Should you wish to receive notices and documents relating to the administration of CULLEN GROUP AUSTRALIA PTY LTD (IN LIQUIDATION) by email, please complete this form and return it to at the address set out below.

I/We authorise the External Administrator on behalf of the Company and his or her employees and agents to send and give notices and documents where such notices and documents may be sent by email to me using the email address provided below.

Signature:	
Creditor name:	
Creditor address:	
Contact name:	
Position:	
Email Address:	
Contact number:	

Return to: Menzies Advisory - Liquidators & Receivers
Via Email: james@menziesadvisory.com.au
Via Post: Level 54, 111 Eagle Street, Brisbane QLD 4000

Remuneration Report

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Part 1 Declaration

I Michael Caspaney of Menzies Advisory - Liquidators & Receivers have undertaken a proper assessment of this remuneration claim for my appointment as Liquidator of CULLEN GROUP AUSTRALIA 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 \$615,869.46 (exclusive of GST) has been approved and paid in this administration to my firm. A total of \$130,000.00 (exclusive of GST) has been approved and paid to the former Liquidators, Pearce & Heers. This remuneration report details approval sought for the following fees:

Period	Actual / Forecast	Ref	Pearce & Heers Amount (ex GST)	Menzies Advisory Amount (ex GST)
Previous remuneration approved:				
Liquidation remuneration for the period of 24 January 2017 to 31 March 2017				\$204,853.00
Liquidation remuneration for the period of 22 December 2016 to 24 January 2017 (Pearce & Heers)			\$16,879.73	

Liquidation remuneration for the period of 1 April 2017 to 30 June 2017				\$201,803.84
Liquidation remuneration for the period of 22 December 2016 to 24 January 2017 (Pearce & Heers)			\$60,000.00	
Liquidation remuneration for the period of 1 July 2017 to 30 September 2017				\$209,212.62
Liquidation Resolution for the period 22 December 2016 to 24 January 2017 (Pearce & Heers)			\$53,120.27	
Total previously approved remuneration			<u>\$130,000.00</u>	<u>\$615,869.46</u>
<u>Current remuneration approvals sought:</u>				
Liquidation Resolution No.1 for the period 1 October 2017 to 17 September 2018	Actual	3(a)		\$195,449.99
Total current remuneration sought			\$0.00	\$195,449.99
Total Remuneration			<u>\$130,000.00</u>	<u>\$811,319.45</u>

This report details approval sought for the following disbursements:

Internal Disbursements	Report Reference	Amount (\$) (ex GST)
Future internal disbursements claim:		
Resolution 2: From 24 January 2017 to conclusion	<i>Part 7</i>	\$20,000.00
TOTAL internal disbursements claimed		\$20,000.00
* 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 above for full details of the calculation and composition of the remuneration approval sought.

As creditors are aware the estimated cost of the Liquidation as outlined in my initial advice to creditors dated 3 February 2017 was \$450,000.00 (excluding GST). As I have previously disclosed in my previous reports, I had earlier predicted that this estimate would be exceeded. The reasoning the current and future remuneration sought exceeds the original estimate is due to the following:

- My original estimate did not include the \$130,000 exclusive of GST sought by the previous administrators;
- The original estimate did not anticipate the extensive investigations required for a 'large number' of projects in which the company acted as the builder, project manager and/or developer. These projects are required to be investigated to determine their commerciality and whether any unfair dealings occurred with related entities which may bring claims under the Corporations Act 2001;
- My original estimate did not take into account the highly litigious nature of the parties we have identified claims against (including debtors) both to date and in the future;
- My original estimate did not include public examinations which are going to be conducted;
- My original estimate did not include the additional reporting required to the Australian Securities & Investments Commission (ASIC) due to the conduct of the company's officers; and
- My original estimate did not consider the large amount of voidable transactions identified during my investigations.

My revised cost estimate for the completion of the company's winding up factoring in the above determinations and the previous approvals sought is \$1,400,000.00 (exclusive of GST).

Part 3 Description of work completed

The tasks which Liquidators undertake are broadly divided into seven categories. The ARITA Code of Professional Conduct has categorised these as follows:

- Dealing with the company's assets;
- Dealing with the company's creditors;
- Dealing with the company's former employees;
- Dealing with matters in trading on the company's affairs;
- Investigations into the company's affairs;
- Declaring a dividend to the company's creditors; and
- Administrative matters.

Relevant information as to both the actual costs in relation to these seven categories is detailed in Part 4 of this Report and, in addition, in the below-mentioned Annexures which form part of this Report.

I advise creditors that this section of my Remuneration Report is as follows:

- a) Actual costs of remuneration of the Liquidator (calculated from 1 October 2017 to 17 September 2018) [**Proposed Resolution 1**];

a) *Actual Remuneration of the Liquidator for the Period 1 October 2017 to 17 September 2018*

I have calculated the actual remuneration in respect of work already completed for the above period to be **\$195,449.99** plus GST.

I attach a summary of the actual tasks undertaken and the actual costs to date in respect of my proposed remuneration below.

This summary is in respect of the costs of remuneration incurred to date and identifies those tasks already undertaken and also provides a breakdown of the hours spent by each category of staff dealing with those tasks along with an average hourly rate for each category.

Resolution No 1

Company:	CULLEN GROUP AUSTRALIA PTY LTD (IN LIQUIDATION)	Period From: 1 October 2017 Period To: 17 September 2018
Practitioner(s):	Michael Caspaney	Firm: Menzies Advisory - Liquidators & Receivers
Administration Type:	Creditors Voluntary Administration	

Task Area	General Description	Includes
Assets Number of hours: 37.08 Estimated Cost: \$10,833.94	Plant and Equipment	Liaising with valuers, auctioneers and interested parties
	Assets subject to specific charges	All tasks associated with realising a charged asset
	Debtors	Correspondence with debtors Reviewing and assessing debtors ledgers Liaising with debt collectors and solicitors
Creditors Number of hours: 90.94 Estimated Cost: \$27,537.04	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

Task Area	General Description	Includes
	Creditor reports	Preparing 439A, investigation, meeting 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: 8.92 Estimated Cost: \$2,497.60	Employees enquiry	Receive and follow up employee enquiries via telephone Maintain employee enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	FEG	Correspondence with FEG
	Calculation of entitlements	Reconciling superannuation accounts
	Workers compensation claims	Liaising with claimant Liaising with insurers and solicitors regarding claims Correspondence with Willis regarding initial and ongoing workers compensation insurance requirements
Trade On Number of hours: 11.14 Estimated Cost: \$3,473.62	Processing receipts and payments	Entering receipts and payments into accounting system
Investigation Number of hours: 380.98 Estimated Cost: \$131,344.87	Conducting investigation	Reviewing company's books and records Conducting and summarising statutory searches Voidable transactions including preferences Preparation and lodgement of ASIC supplementary report
	Litigation / Recoveries	Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations Attending to settlement matters
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
Dividend Number of hours: 0.55 Estimated Cost: \$154.00	Processing proofs of debt	Receipt of POD
Administration Number of hours: 59.75 Estimated Cost: \$19,608.92	Correspondence	Hard copy mail administration and general correspondence
	Document maintenance/file review/checklist	First month, then 6 monthly administration review 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
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524, 911 etc Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Preparing BAS
	Planning / Review	Discussions regarding status of administration Input of Timesheets
	Books and records / storage	Dealing with records in storage Sending job files to storage

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 actual costs to date 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.

Proposed Resolution No.1

Fee Summary for the Period 1 October 2017 to 17 September 2018 (Actual)

Employee	Position	\$/Hour (Exc GST)	Total Actual Hours	TOTAL \$	T A S K A R E A													
					Assets		Creditors		Employees		Trade On		Investigations		Dividend		Administration	
					hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$
Michael Caspaney	Appointee	500.00	109.05	54,525.00	0.25	125.00	11.55	5,775.00	-	-	1.30	650.00	84.60	42,300.00	-	-	11.35	5,675.00
Michael Caspaney	Senior Manager	370.00	108.65	40,200.50	4.05	1,498.50	0.40	148.00	-	-	0.75	277.50	98.05	36,278.50	-	-	5.40	1,998.00
James Currie	Manager	320.00	2.79	893.76	0.77	245.12	-	-	-	-	-	-	1.73	552.64	-	-	0.30	96.00
Matthew Pease	Supervisor	280.00	8.75	2,450.00	1.00	280.00	2.70	756.00	-	-	-	-	-	-	-	-	5.05	1,414.00
Angela McNeish	Supervisor	280.00	25.43	7,121.24	1.80	504.00	7.40	2,072.00	0.60	168.00	-	-	4.60	1,288.00	-	-	11.03	3,089.24
Taffy Mahembe	Supervisor	280.00	0.10	28.00	-	-	-	-	-	-	-	-	-	-	-	-	0.10	28.00
James Currie	Supervisor	280.00	291.02	81,486.69	29.22	8,181.32	62.19	17,414.04	8.32	2,329.60	9.09	2,546.12	156.57	43,838.93	0.55	154.00	25.08	7,022.68
Michael Caspaney	Accountant	220.00	1.60	352.00	-	-	1.60	352.00	-	-	-	-	-	-	-	-	-	-
Melissa Cunniffe	Intermediate	200.00	41.97	8,393.40	-	-	5.10	1,020.00	-	-	-	-	35.43	7,086.80	-	-	1.43	286.00
TOTAL			589.36	195,449.99	37.09	10,833.94	90.94	27,537.04	8.92	2,497.60	11.14	3,473.62	380.98	131,344.87	0.55	154.00	59.74	19,608.92
add GST				19,545.00														
TOTAL INC GST				214,994.99														

Average Hourly Rate (Actual) (Excluding GST) 331.63 \$ 292.14 \$ 302.79 \$ 280.00 \$ 311.72 \$ 344.76 \$ 280.00 \$ 328.24

Proposed Resolution No.2

Internal Disbursements to be claimed in the future will be capped at \$20,000.00 excluding GST as per Resolution No. 2 below.

4.2 Likely impact on dividends

A dividend estimate in the Liquidation is included in my report to creditors. 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 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 two resolutions as follows:

Resolution No.1

"That the actual remuneration of the Liquidator from 1 October 2017 to 17 September 2018 is determined at a sum equal to the cost of time spent by the Liquidator and the Liquidator's partners and staff, calculated at the hourly rates as detailed in the remuneration report dated 18 September 2018 such sum to be capped at the amount of \$195,449.99, exclusive of GST, and that the Liquidator may draw the remuneration on a monthly basis or as required".

Resolution No.2

"That internal disbursements incurred by the Liquidator for the period from 24 January 2017 to finalisation be capped in the amount of \$20,000.00 excluding GST".

Part 6 Remuneration Recoverable from External Sources

Assetless Administration Fund

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 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.

No application for Assetless Administration Funding has been submitted to ASIC by the Liquidator and I do not propose to submit one in the near future.

Part 7 Disbursements

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees - these are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.
- I am required to obtain creditor’s consent for the payment of internal disbursements where there may be a profit or advantage. Creditors will be asked to approve my internal disbursements where there is a profit or advantage prior to these disbursements being paid from the administration.
- 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

I have undertaken a proper assessment of disbursements claimed for the CULLEN GROUP AUSTRALIA PTY LTD (IN LIQUIDATION), in accordance with the law and applicable professional standards. I am satisfied that the disbursements claimed are necessary and proper.

There are currently no outstanding disbursements for the period of 1 October 2017 to 17 September 2018. All disbursements have been paid in the Liquidation.

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

Part 8 Summary of Receipts and Payments

I attached a copy of my receipts and payments from the date of my appointment to the date of this report (**Annexure A**).

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.

Part 10 Information Sheet

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

Part 11 Initial Advice to Creditors

Refer to Part 2 in the executive summary above.

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

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 18th day of September 2018

Michael Caspaney
Liquidator

ANNEXURE “A”

Summarised Receipts & Payments

CULLEN GROUP AUSTRALIA PTY LTD

(In Liquidation)

Transactions From 24 January 2017 To 18 September 2018

A/C	Account	Net	GST	Gross
26	Valuers Fees	\$475.00	\$47.50	\$522.50
72	Sundry Debtors (B)	\$312,708.30	\$0.00	\$312,708.30
74	Cash at Bank	\$19,100.00	\$0.00	\$19,100.00
79	Other Assets (GST Free)	\$9,454.55	\$0.00	\$9,454.55
83	Bank Interest	\$1,096.34	\$0.00	\$1,096.34
84	Settlement of Voidable Transactions	\$500,000.00	\$0.00	\$500,000.00
85	Settlement of Preferences	\$525,549.39	\$0.00	\$525,549.39
88	Insurance Claim proceeds	\$12,500.00	\$0.00	\$12,500.00
114 - 4	Asset - AG1N - WESTPAC BANKING CORP	\$30,306.36	\$3,030.64	\$33,337.00
142	Sundry Refunds - No GST	\$145.00	\$0.00	\$145.00
225	Refunds - Pre Appt - No GST	\$945.00	\$0.00	\$945.00
232	BAS/IAS truncation	\$1.80	\$0.00	\$1.80
233	GST Clearing Account	\$133,974.00	\$0.00	\$133,974.00
Total Receipts (inc GST)		\$1,546,255.74	\$3,078.14	\$1,549,333.88

24	Quantity Surveying Fees	\$8,260.00	\$826.00	\$9,086.00
25	Consultants Expenses	\$111,760.00	\$11,176.00	\$122,936.00
26	Valuers Fees	\$4,454.00	\$445.40	\$4,899.40
27	Computer Expenses	\$3,285.82	\$328.61	\$3,614.43
29	Bank Charges	\$199.93	\$0.00	\$199.93
30	Commissions paid	\$1,666.85	\$166.68	\$1,833.53
40	Postage	\$159.62	\$15.96	\$175.58
132	Bank Charges	\$8.90	\$0.00	\$8.90
139	Legal Fees (1)	\$462,884.28	\$46,288.42	\$509,172.70
140	Legal Fees GST Free	\$4,537.00	\$0.00	\$4,537.00
142	Sundry Refunds - No GST	\$945.00	\$0.00	\$945.00
152	Liquidators Remuneration	\$609,232.46	\$60,923.25	\$670,155.71
153	Liquidators Expenses	\$48,034.22	\$4,803.41	\$52,837.63
154	Liquidators Expenses GST Free	\$299.00	\$0.00	\$299.00
165	Computer & Technology	\$1,352.72	\$135.28	\$1,488.00
166	P & H Remuneration	\$122,072.80	\$12,207.29	\$134,280.09
167	P & H Remuneration - No GST Portion	\$902.45	\$0.00	\$902.45
233	GST Clearing Account	\$457.49	\$0.00	\$457.49
Total Payments (inc GST)		\$1,380,512.54	\$137,316.30	\$1,517,828.84

Balance in Hand - By Bank Account

212	Cheque Account			0.00
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Summarised Receipts & Payments

CULLEN GROUP AUSTRALIA PTY LTD

(In Liquidation)

Transactions From 24 January 2017 To 18 September 2018

A/C	Account	Net	GST	Gross
213	NAB Transaction Account			1,610.77
214	NAB Interest Account			29,894.27
215	Pearce & Heers Bank Account (Prior Liqui			0.00
217	Hymans Trust Account			0.00
				<hr/>
				\$31,505.04
				<hr/> <hr/>

ANNEXURE “B”

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.

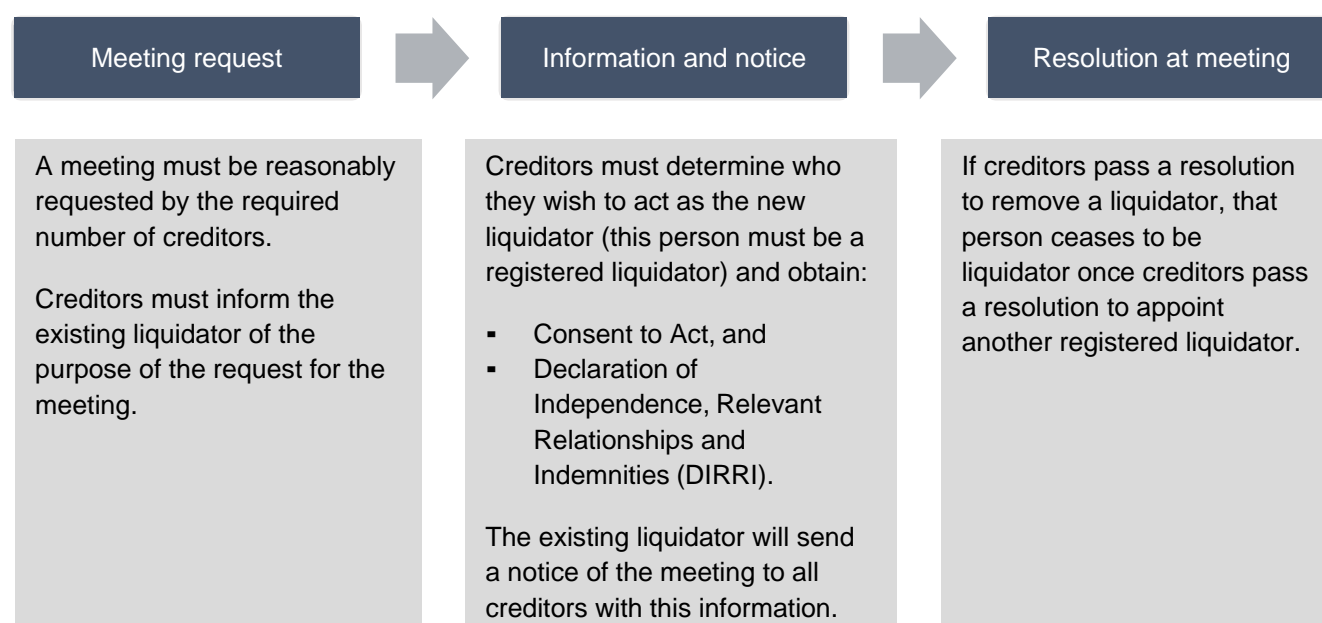
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

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
ASIC Insolvency resources got to <http://asic.gov.au/regulatory-resources/insolvency>

APPOINTMENT OF PROXY

**Cullen Group Australia Pty Ltd (In Liquidation)
ACN 131 442 843 (the "Company")**

*I/*We _____ (name of signatory) of _____ (creditor name)

a creditor of Cullen Group Australia Pty Ltd (In Liquidation) appoint _____

_____ (name of proxy)

of _____ (address of proxy)

or in his or her absence _____ (details of alternate proxy)

as *my/*our *general/*special proxy to vote at the meeting of creditors to be held on **10:00am 5th October 2018** or at any adjournment of that meeting.

If a special proxy, specify how you wish your proxy to vote for each of the resolutions.

Resolutions

	For	Against	Abstain
1. <i>"That the actual remuneration of the Liquidator from 1 October 2017 to 17 September 2018 is determined at a sum equal to the cost of time spent by the Liquidator and the Liquidator's partners and staff, calculated at the hourly rates as detailed in the remuneration report dated 18 September 2018 such sum to be capped at the amount of \$195,449.99, exclusive of GST, and that the Liquidator may draw the remuneration on a monthly basis or as required".</i>			
2. <i>"That internal disbursements incurred by the Liquidator for the period from 24 January 2017 to finalisation be capped in the amount of \$20,000.00 excluding GST".</i>			
3. <i>"That pursuant to section 477(2B) Corporations Act 2001, the Liquidator be permitted to enter into a Funding Agreement with The Commonwealth of Australia (acting through the Department of Jobs and Small Business ABN 54 201 218 474), with the performance terms of that agreement likely to last longer than 3 months.".</i>			
4. <i>"That pursuant to section 477(2B) Corporations Act 2001, the Liquidator be permitted to enter into a Funding Agreement with the Queensland Building and Construction Commission (ABN 88</i>			

568 500 260), with the performance terms of that agreement likely to last longer than 3 months.”.			
5. “That Mr Benjamin Carmody of The Commonwealth of Australia (acting through the Department of Jobs and Small Business ABN 54 201 218 474) be appointed as a member of the existing Committee of Inspection”.			
6. “That Mr David Lonton of the Queensland Building and Construction Commission (ABN 88 568 500 260) be appointed as a member of the existing Committee of Inspection”.			

*I/*We authorise *my/*our proxy to vote as a general proxy on resolutions other than those specified above

Signature: _____

Dated: _____

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Liquidator of CULLEN GROUP AUSTRALIA PTY LTD (In Liquidation)

1. This is to state that the company was, on 22 December 2016 ⁽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 2018

Signature of Signatory.....

NAME IN BLOCK LETTERS

Occupation

Address

See Directions overleaf for the completion of this form

OFFICE USE ONLY

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

Proof of Debt Form Directions

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

Annexures

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