

## Annual meeting and report to creditors 14 April 2016

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### Retail Adventures Pty Ltd (in Liquidation) ACN 135 890 845 (the Company, RAPL)

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#### 1 Key messages

This annual report to creditors sets out key actions and updates on the liquidation since our last report dated 30 April 2015 (**2015 Annual Report to Creditors**) and our circular to creditors dated 3 August 2015. This update should be read in conjunction with our previous reports and circulars to creditors, which can be found at <http://www2.deloitte.com/au/en/pages/finance/articles/retail-adventures.html>.

##### 1.1 Return to creditors

The final total return to unsecured creditors is estimated to be between 14.39 and 15.32 cents in the dollar.

It is calculated as follows:

Dividend declaration date	High Estimate c/\$	Low Estimate c/\$
5 June 2015	10.54	10.54
27 November 2015	2.25	2.25
Estimated future dividend	2.53	1.60
<b>Estimated total dividend*</b>	<b>15.32</b>	<b>14.39</b>

\* Excluding future preference recoveries

The final quantum will depend upon the outcome of current preference proceedings and possible claims by other parties to funds held in the liquidation and costs of dealing with these claims.

Please refer to sections 2 and 3 for further details.

##### 1.2 Future actions

The following matters are required to be resolved before the liquidation can end:

- Finalisation of preference proceedings
- Determination of all proofs of debt and any appeal thereof, and thereafter, a final payment of dividend to unsecured creditors.

Please refer to section 2 and 3 for further details.

##### 1.3 Meeting of creditors

An annual general meeting (AGM) has been convened at 12:30pm AEST on 3 May 2016 at the office of Deloitte at Level 9, 225 George Street, Sydney NSW.

The purpose of the AGM is to receive this report regarding the conduct of the liquidation and to approve the Liquidators' remuneration.

Please refer to section 8 for further details.

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Member of Deloitte Touche Tohmatsu Limited

## 1.4 Recoveries

We are currently holding approximately \$6.6 million in funds, with approximately \$5.0 million being held on term deposit. Since our appointment we have settled the following potential legal claims:

Claim	Recoveries (\$'000s)	Report Reference
Voidable Security Claim	3,950	Refer to 2015 Annual Report to Creditors
Insolvent Trading Claim	12,500	Refer to 2015 Annual Report to Creditors
Preference Payments	7,147	Section 2.2
<b>Total</b>	<b>23,597</b>	

As part of the settlements we negotiated that parties involved in the above claims agreed not to claim for a distribution in the liquidation. This has reduced the creditor pool by approximately \$59 million.

We are continuing to pursue creditors we have identified as potentially receiving payment in priority to other creditors (Preference Payments). Due to the ongoing litigation, an estimated recovery has not been provided at this time.

## 2 Update on the liquidation

### 2.1 Application by IMF Bentham

Since the last annual report we have finalised the application to the Supreme Court of New South Wales by creditors of the Company, who had previously entered into litigation funding agreements with IMF Bentham Limited (funded creditors) to have IMF Bentham Limited's (IMF) costs and funding fee paid in priority to any distribution to unsecured creditors.

The application was dismissed by consent of all parties on 20 July 2015 without being fully heard. This resulted in approximately \$1.6 million, held aside to pay IMF if the application had succeeded, becoming available for distribution to all creditors. In addition, IMF Bentham paid \$195,145 to settle the legal costs incurred by us and those of the creditor opposing the application.

For further information on this application, refer to section 3.4 of our 2015 Annual Report to Creditors.

### 2.2 Preference claims

#### 2.2.1 Settlement negotiations

As stated above, we are continuing to pursue creditors we have identified as potentially receiving payment in priority to other creditors (Preference Creditors).

During the Voluntary Administration our investigations identified \$50 million in payments made by RAPL to creditors as potentially preferential in nature pursuant to S588FA of the Act. The result of these payments is the creditors received more than they would have received from the Company if the payments were set aside and the creditors were to prove in the liquidation. The Act empowers liquidators to take legal action to recover these payments.

To date we have achieved settlement agreements with 17 Preference Creditors resulting in recoveries of \$7.1 million. As part of the settlements, all but one creditor agreed not to participate in any distribution to creditors resulting in a reduction of the creditor pool by approximately \$59 million (including related party claims). Effectively the impact of the reduction in the value of the creditor pool due to the settlement terms negotiated and the cash received to date is equivalent to \$13 million in recoveries being made by the liquidators.

### 2.2.2 Public examinations

In July last year we applied to court to conduct public examinations of a number of Preference Creditors. The purpose of the public examinations was to enable us to make an informed decision on whether to commence proceedings against remaining Preference Creditors having regard to:

- our prospects of success in any legal proceedings to recover the preference payments;
- the prospective cost and delay to the completion of the liquidation of RAPL if the proceedings are commenced;
- our potential liability in respect of adverse costs orders if we are unsuccessful in the proceedings and consequent reduction in pool of funds available to creditors; and
- our likely ability to recover the amount of any judgment in our favour from the creditor.

The information we sought to obtain which we did not already have primarily concerned:

- the knowledge of the creditor of the financial condition of RAPL at the time of receipt of the alleged preferential payments and the extent to which those creditors knew or suspect that RAPL was insolvent; and
- the ability of the creditor to satisfy any judgment sum which they may be ordered to pay to the Liquidators if proceedings are commenced to recover the preference payments.

We examined representatives of 14 creditors over 7 days. As part of the process, creditors were also required to produce documents regarding their business dealings with RAPL.

### 2.2.3 Preference proceedings

After having regard to considerations as detailed above and the information provided during the public examinations, we commenced legal action in the Supreme Court of New South Wales against 18 creditors last October 2015 (Preference Proceedings).

To date we have negotiated settlements with 7 of the defendants, which leaves 11 defendants remaining in the current proceedings.

It has been our intention to run one application/proceedings against all defendants, particularly in relation to determining the common issue of the insolvency of RAPL. Three of the defendants objected to the proceedings being "joined". The Court heard submissions regarding this objection and the Judge ruled in the Liquidators' favour on 12 April 2016 joining these parties to the Preference Proceedings.

The preference proceedings generally were listed for directions on 12 April 2016 to set the case management timetable. At the direction hearing Justice Robb made orders directing the Liquidators to file their evidence in chief regarding the insolvency of RAPL by 10 June 2016 and listed the matter for further directions on 20 June 2016.

The outcome of these proceedings will determine the final funds available for a further distribution to creditors. Due to the uncertainty of the amount to be recovered from the remaining defendants we have not provided an estimate of future recoveries to be made.

## **2.3 Distributions to unsecured creditors**

Two interim dividends have been paid to date totalling 12.79 cents in the dollar. A first interim dividend of 10.54 cents was paid on 5 June 2015. A second interim dividend of 2.25 cents was paid on 27 November 2015.

A final dividend is intended and estimated to be between 1.60 and 2.53 cents in the dollar, however, at this stage we cannot determine the timing and exact quantum as it is contingent on the outcome of the preference litigation mentioned above.

**2.4 Next Steps**

Future work to be undertaken by us includes:

- Resolution of Preference Proceedings. This is not expected to be completed until late 2016 or possibly 2017.
- Finalise adjudication of creditor claims.
- Finalise recoveries and payment of a final dividend.

Based on the above we anticipate the liquidation will continue for a further 12 months.

### 3 Updated Estimated Statement of Position (ESOP)

Set out below is the updated ESOP of RAPL as at 31 March 2016:

\$	Notes	Current Position	Estimated Future Recoveries & Costs		Estimated Total	
			High estimate	Low estimate	High estimate	Low estimate
<b>ESTIMATED RECOVERIES</b>						
Cash at bank		1,067,587			1,067,587	1,067,587
Proceeds from sale of business/S588FE		3,950,000	-	-	3,950,000	3,950,000
Proceedings						
Preference recoveries	a.	7,147,006	-	-	7,147,006	7,147,006
Insolvent trading		12,500,000	-	-	12,500,000	12,500,000
Legal cost recovery - 564 Application		195,145	-	-	195,145	195,145
Other realisations	b.	1,262,237	-	-	1,262,237	1,262,237
<b>Total realisations</b>		<b>26,121,975</b>	<b>-</b>	<b>-</b>	<b>26,121,975</b>	<b>26,121,975</b>
<b>ESTIMATED COSTS</b>						
Liquidators' remuneration	c.	(2,955,527)	(1,768,568)	(1,918,568)	(4,724,095)	(4,874,095)
Liquidators' disbursements		(114,015)	(64,677)	(72,177)	(178,692)	(186,192)
Other costs	d.	(872,382)	(79,989)	(443,977)	(952,370)	(1,316,359)
Legal fees and disbursements	e.	(3,105,890)	(775,000)	(1,050,000)	(3,880,890)	(4,155,890)
600A application costs		(603,687)	-	-	(603,687)	(603,687)
Recovery of legal fees		1,050,000	-	-	1,050,000	1,050,000
<b>Total costs</b>		<b>(6,601,500)</b>	<b>(2,688,234)</b>	<b>(3,484,722)</b>	<b>(9,289,734)</b>	<b>(10,086,222)</b>
<b>Distributions</b>						
Dividend to Unsecured Creditors	f.	(12,841,714)	(1,146,868)	(1,347,152)	(13,988,582)	(14,188,867)
<b>Total Distributions</b>		<b>(12,841,714)</b>	<b>(1,146,868)</b>	<b>(1,347,152)</b>	<b>(13,988,582)</b>	<b>(14,188,867)</b>
<b>Surplus available to distribute</b>		<b>6,678,761</b>			<b>2,843,659</b>	<b>1,846,887</b>
Priority creditors	g.	(20,762)	(58,932)	(58,932)	(79,694)	(79,694)
<b>Surplus available to distribute to all creditors</b>		<b>6,657,999</b>			<b>2,763,965</b>	<b>1,767,193</b>
<b>Creditor claims</b>						
Landlord/Agent					45,569,414	45,569,414
IMF Landlord/Agent					4,039,130	4,039,130
Unsecured creditors					27,510,973	27,510,973
Public Liability					406,589	406,589
IMF Creditor					22,293,323	22,293,323
Preference - claiming					41,181	41,181
Preference - Unsecured					1,325,088	1,325,088
Preference - IMF Trade					-	-
Preference - ROT					-	-
Preference - DSG					-	-
ATO Bad Debt Adjustment					3,824,805	3,901,530
Contingency on previously rejected claims					781,806	1,172,709
Contingency - IPODS					3,294,945	4,393,260
<b>Total creditor claims</b>					<b>109,087,254</b>	<b>110,653,197</b>
<b>Dividend to unsecured creditors (¢ in \$)</b>	<b>i.</b>				<b>2.53</b>	<b>1.60</b>
<b>Further Estimated Preference Recoveries</b>						
Recoveries	a.					
Less: costs to recover						
Net preference recoveries					Withheld	Withheld
<b>Dividend to unsecured creditors (¢ in \$)</b>	<b>i.</b>				<b>Not quantified</b>	<b>Not quantified</b>

#### Notes to estimated statement of position:

- Preference recoveries:** \$7.1 million has been recovered to date from negotiated preference settlements. Future estimated amounts recoverable have been withheld as discussed in Section 2.2.
- Other realisations:** During the period we secured the return of \$52,581.66 (net of bank costs) from the ANZ bank. These funds related to rental bonds held by the bank on behalf of the Company prior to the Administrators' appointment.

An additional \$63,016 was recovered in refunds from Energy Australia as a result of reconciliation of RAPL's energy accounts.

- Estimated Liquidators' remuneration:** The amount included represents the estimated cost to complete the payment of a final dividend, estimated costs associated with the preference proceedings and estimated costs to complete the ongoing statutory tasks required in the liquidation.

- d. Estimated other costs: Estimated other costs include IT costs including data room and ringtail hosting and other costs to finalise the liquidation.
- e. Estimated legal fees and disbursements: The estimated legal costs and disbursements represent the estimated cost associated with the preference proceedings.
- f. Dividend to Unsecured Creditors: The estimated future dividend to unsecured creditors (High \$1.1m; Low \$1.3m) relates to the catch up dividend that would be payable to creditors whose claims have been admitted but not yet paid a dividend (i.e. preference creditors and the ATO) and the estimated value of potential creditor claims based on informal proofs of debt received during the administration period where creditors have not yet submitted a formal proof of debt.
- g. Priority Creditors: This amount represents the actual dividend paid to a former employee of RAPL and legal fees which remain payable relating to legal action RAPL was involved in during the administration period.
- h. Creditor claims: The estimated future creditor claims consists of creditors whose claims have been adjudicated and an estimated value of potential creditor claims based on the informal proofs of debts received during the administration period where creditors have not yet submitted a formal proof of debt.

The ATO has lodged a formal proof of debt in the amount of \$3.5 million. We are required to make an adjustment to their claim based on the portion of GST in admitted formal proofs of debt. The estimate provided of \$3.8 million to \$4.0 million represents the adjustment, however, the final amount owed to the ATO will be dependent upon the final calculation of GST on admitted unsecured formal proofs of debt.

- i. Dividend to Unsecured Creditors: The final dividend is expected to be between 1.60 to 2.53 cents in the dollar of admitted claims. This amount is before any further preference payment recoveries.

This amount is in addition to the dividend already paid to unsecured creditors totalling 12.79 cents in the dollar. As such it is estimated that the total final dividend to unsecured creditors will be in the range of 14.39 to 15.32 cents in the dollar.

The final amount payable is subject to the following factors which cannot be quantified with a high degree of accuracy at this point in time:

- i. Final amount of creditor claims: A significant number of creditors who submitted informal claims during the Voluntary Administration have not submitted formal proofs of debt in the liquidation. If these creditors are to submit claims before payment of a final dividend, they would be entitled to receive 'catch-up' payments for interim dividends previously paid to other creditors.
- ii. Preference payment recoveries: As discussed above.

## 4 Receipts and Payments

Detailed below is a summary of the receipts and payments for the Company from 3 February 2014 to 31 March 2016 inclusive:

	\$
<b>Receipts</b>	
Transfer balance from Voluntary Administration	1,214,217
Bank interest	546,315
DSG Licence Fee	574
Legal settlement	17,695,145
Return of pre-appointment term deposit	52,582
Sundry income	158,474
Superannuation	1,972
Payroll tax refund	10,236
Settlement of preferences	7,147,006
Sundry refunds	91,299
GST payable	9,187
GST clearing account	735,111
<b>Total Receipts</b>	<b>27,662,118</b>
<b>Payments</b>	
Administrators' remuneration	96,537
Administrators' expenses	98,396
Liquidators' remuneration	2,955,527
Liquidators' expenses	114,015
Unsecured creditors	12,841,714
Bank charges	850
Electricity, gas & water	13,033
Hire of meeting room	1,155
IT service suppliers	208,292
Legal fees	3,309,636
Legal settlement	611,697
Postage & printing	46,844
Rent paid	11,848
Employee entitlements	20,762
Sundry expenses	307
Withholding tax (PAYG)	(6,482)
GST receivable	679,988
<b>Total Payments</b>	<b>21,004,119</b>
<b>Cash at Bank</b>	<b>6,657,999</b>

## 5 Distribution of funds to creditors

Two interim dividends of 10.54 cents in the dollar on 5 June 2015 and 2.25 cents in the dollar on 27 November 2015, for a total of 12.79 cents in the dollar, have been paid since the 2015 Annual Report to Creditors.

Whilst we intend to issue a further and final dividend, the timing and quantum cannot yet be determined as it is contingent upon the outcome of current preference claim litigation and possible claims by other parties to funds held in the liquidation.

Creditors should refer to the circular to creditors dated 24 September 2015 to determine what action they need to take in relation to their claim against the Company. Alternatively, please email [retailadventures@deloitte.com.au](mailto:retailadventures@deloitte.com.au) to request further information on the status of your claim.

## 6 Committee of Inspection

At a meeting of creditors held on 11 March 2014, a resolution was passed appointing the creditors listed in the table below to be on the Committee of Inspection (COI). Four members have subsequently resigned and two members remain.

We are seeking nominations from creditors to join the COI. Any creditors seeking to volunteer for a committee member position should contact Harry Pulver on 02 9322 3355 or [hpulver@deloitte.com.au](mailto:hpulver@deloitte.com.au).

Creditor	Representative	Status
Helenic Pty Ltd ATF Mastrantonis Family Trust	Nick Mastrantonis	Current
JFK Group Company Limited	Fiona Goh	Current
PMP Print Pty Ltd T/A PMP Distribution	Verica Pavlovska	Resigned December 2015
Bicheno Investments Pty Ltd	Wendy Jacobs (subsequently replaced by Dominic Calabria of Bridges Lawyers)	Resigned June 2014
Gummie Pty Ltd T/A Group Building	Michael Giannak	Resigned September 2014
Mr. Fothergill's Seeds Pty Ltd	Tina Shur	Resigned January 2015

COI meetings were held on 27 March 2014, 15 May 2014, 11 June 2014, 29-30 July 2014, 27 February 2015 and 24 August 2015.

## 7 Remuneration

Our remuneration as Liquidators' is based on the firm's hourly rates which are included in **Appendix D** to this report. Creditor approval for fees will be sought at the Annual General Meeting.

To date, our remuneration has been approved by the COI. The table below provides a summary of the periods and amounts previously approved.

Period	Remuneration Report Date	Date approved by COI	\$
3 February -14 March 2014	20 March 2014	27 March 2014	246,484.50
15 March – 30 April 2014	25 July 2014	30 July 2014	310,561.50
1 May – 31 May 2014	25 July 2014	30 July 2014	185,165.00
1 June 2014 – 31 January 2015	24 February 2015	27 February 2015	1,157,325.00
1 February - 30 June 2015	12 August 2015	24 August 2015	1,554,345.50
<b>Total approved remuneration</b>			<b>3,453,881.50</b>

Key tasks undertaken include:

- Investigations into insolvent trading and preparation to commence public examinations and lodge a statement of claim
- Further investigations and pursuit of creditors identified as receiving Preference Payments
- Adjudication of creditors' claims
- Payment of the first and second interim dividends.

Copies of our Remuneration Reports dated 20 March 2014, 25 July 2014, 24 February 2015 and 12 August 2015, which contain details regarding our remuneration previously approved by the COI are available from our office.

We are seeking creditor approval for \$443,542.50 plus GST in respect of the period 1 July 2015 to 31 March 2016. A summary of the time spent by us and our staff in the liquidation from 1 July 2015 to 31 March 2016 at their respective hourly rates is attached as **Appendix D**.

The estimated fees for the liquidation from 1 July 2015 to 31 December 2016 of the liquidation are as follows:

Remuneration period	\$
Current – 1 July 2015 to 31 March 2016	443,542.50
Prospective – 1 April 2016 to 31 December 2016	353,557.50
GST	79,710.00
<b>Total (including GST)</b>	<b>876,810.00</b>

At the AGM, we will propose for creditors to approve the following resolutions regarding our remuneration as Liquidators:

- “That the remuneration of the Liquidators for the period of the liquidation from 1 July 2015 to 31 March 2016 is fixed at a sum equal to the cost of time spent by the Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 14 April 2016 of fees equalling \$443,542.50 plus GST and disbursements, and that the Liquidators can draw the remuneration as required.”*
- “That the prospective remuneration of the Liquidators, calculated at the hourly rates as detailed in the Remuneration Report of 14 April 2016, for the period from 1 April 2016 to 31 December 2016, is fixed and approved to a maximum cap of \$353,557.50 plus GST and disbursements, to be drawn only when incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should a greater amount be actually incurred, further approval from either the Creditors or the Committee of Inspection will be sought.”*

If a lesser amount is incurred only the amount actually incurred will be paid. These fees will be capped and accordingly we will be unable to draw fees more than this amount without further approval by creditors.

## 8 Meeting of creditors

Pursuant to s508(1)(b)(i) of the Act, an AGM is to be held at 12:30pm AEST on 3 May 2016 at the office of Deloitte at Level 9, Grosvenor Place, 225 George Street, Sydney NSW. A notice of meeting is enclosed at **Appendix A**.

Attendance at this meeting is not compulsory and will not impact your ability to participate in any future dividends paid in the liquidation. Creditors may attend and vote in person, by proxy or by attorney. Creditors who wish for a proxy to attend the meeting in their stead must complete and submit Form 532 (enclosed as **Appendix B**).

**Teleconference facilities are available. We request that you contact this office to obtain the relevant details.**

Proxy forms must be lodged with our office prior to the commencement of the meeting. Where a copy of a proxy is sent by email or fax, the original must be lodged with our office within 72 hours after the receipt of the email/ fax. 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.

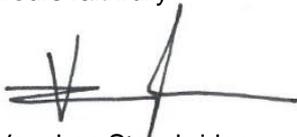
If you wish to vote at the meeting, you must be owed a debt by the Company and have submitted Form 535 Formal Proof of Debt (**Appendix C**). If you have submitted this form previously and been paid a distribution, you don't need to submit the form again. If you have not submitted this form before, you will need to do so prior to the meeting.

Creditors should provide proxies and Proofs of Debt to our office prior to the meeting by one of the following methods:

<b>Post</b>	Retail Adventures Pty Ltd (in Liquidation) c/o Deloitte Attn: Harry Pulver (Proofs and Proxies) PO Box N250, Grosvenor Place, Sydney, NSW, 1220
<b>Email</b>	<a href="mailto:hpulver@deloitte.com.au">hpulver@deloitte.com.au</a>
<b>Fax</b>	02 9322 7001

We trust that creditors find this report informative and useful. In the event that you have any queries regarding the contents of this report, or the liquidation in general, please do not hesitate to contact Harry Pulver of this office on 02 9322 3355 or [hpulver@deloitte.com.au](mailto:hpulver@deloitte.com.au).

Yours faithfully



Vaughan Strawbridge  
**Joint and Several Liquidator**

**Definitions**

<b>2015 Annual Report to Creditors</b>	Report to creditors dated 30 April 2015 (pursuant to section 508(1)(b)(ii) of the Corporations Act 2001)
<b>k / \$'000</b>	Thousands of dollars
<b>m</b>	Millions of dollars
<b>Administrators</b>	Mr Vaughan Strawbridge, Mr David John Frank Lombe and Mr John Lethbridge Greig appointed on 26 October 2012
<b>AGM</b>	Annual general meeting
<b>AEST</b>	Australian Eastern Standard Time
<b>Company / RAPL</b>	Retail Adventures Pty Ltd (in Liquidation) ACN 135 890 845
<b>Deloitte</b>	Deloitte Touche Tohmatsu
<b>ESOP</b>	Estimated Statement of Position
<b>GST</b>	Goods and Services Tax
<b>Liquidators</b>	Mr Vaughan Strawbridge, Mr David John Frank Lombe and Mr John Lethbridge Greig appointed on 3 February 2014
<b>NSW</b>	New South Wales
<b>Preference Proceedings</b>	Proceedings 2015/31 1073 commenced in the Supreme Court of New South Wales on 23 October 2015 against 11 (remaining) creditors identified as potentially receiving payments in priority to other creditors. The application was made under S588FA, S588FB, S588FC, S588FE and S588FF of the Corporations Act.
<b>the Act</b>	Corporations Act 2001 (Cth)
<b>the Court</b>	The Federal Court of Australia or any of the state Supreme Courts

**Appendices**

**Appendix A – Form 529 Notice of Meeting**

**Appendix B – Form 532 Form of Proxy**

**Appendix C – Form 535 Proof of Debt**

**Appendix D – Remuneration Report**

**Appendix A – Notice of Meeting**

FORM 529  
CORPORATIONS ACT 2001Section 508  
Subregulation 5.6.12(6)

## NOTICE OF CREDITORS' MEETING

RETAIL ADVENTURES PTY LIMITED (IN LIQUIDATION)  
ACN 135 890 845

Notice is given pursuant to section 508(1) of the Corporations Act 2001 that an annual meeting of creditors of the Company will be held at the offices of Deloitte Touche Tohmatsu, Level 9, 225 George Street, Sydney NSW 2000 on Tuesday 3 May 2016 at 12:30PM (AEST).

To receive an account of the Liquidator's acts and dealings and the conduct of the winding up for the period ending 31 March 2016.

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 Form 532. Teleconference facilities are also available, please contact our office for the relevant details.

A specific proxy can be lodged showing approval or rejection of each resolution. Proxy forms or emails or facsimiles thereof must be lodged with our office by 4.00pm on the day prior to the meeting. Where an email or fax copy of a proxy is sent, the original must be lodged with our office within 72 hours after receipt of the copy. 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.

In accordance with Regulation 5.6.23(1) of the Corporations Regulations, creditors will not be entitled to vote at this meeting unless they have lodged particulars of their claim against the company with us prior to the commencement of the meeting.

DATED this 14th day of April 2016.



**V N Strawbridge**  
Joint and Several Liquidator

Deloitte Touche Tohmatsu  
Grosvenor Place  
225 George Street  
SYDNEY NSW 2000

Telephone: (02) 9322 7000

## Appendix B – Form of Proxy

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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:

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\* 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.

## Appendix C – Proof of Debt

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FORM 535  
CORPORATIONS ACT 2001

Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

ACN 135 890 845

To the Liquidator of Retail Adventures Pty Limited (In Liquidation)

1. This is to state that the company was, on 3 February 2014 <sup>(1)</sup> and still is, justly and truly indebted to <sup>(2)</sup>  
 .....  
 ..... for  
 ..... dollars and ..... cents.

Particulars of the debt are:

Date	Consideration <sup>(3)</sup>	Amount \$	GST included \$	Remarks <sup>(4)</sup>

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: <sup>(5)</sup>
3. <sup>(6)\*</sup> 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.
3. <sup>(6)\*</sup> I am the creditor's agent authorised in writing 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                      2016

Signature of Signatory .....

NAME IN BLOCK LETTERS .....

Occupation .....

Address .....

**See Directions overleaf for the completion of this form**

**OFFICE USE ONLY**

POD No:		ADMIT - Ordinary	\$
Date Received:	/ /	ADMIT - Preferential	\$
Entered into IPS/Computer:		Reject	\$
Amount per RATA	\$	H/Over for Consideration	\$
PREP BY/AUTHORISED		<b>TOTAL PROOF</b>	\$
DATE AUTHORISED	/ /		

### 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) 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 Due	Drawer	Acceptor	Amount	Date
		\$	¢	

- 
- (6) If proof is made by the creditor personally, strike the two (2) paragraphs numbered 3.
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### 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:
 

*"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.

## Appendix D – Remuneration Report

## Remuneration Report - 14 April 2016

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### Retail Adventures Pty Ltd (In Liquidation) ACN 135 890 845 (the Company, RAPL)

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#### 1 Initial advice to creditors - remuneration

##### Remuneration Methods

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

##### *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.

##### *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.

##### *Percentage*

The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.

##### *Contingency*

The practitioner's fee is structured to be contingent on a particular outcome being achieved.

##### Method chosen

Given the nature of this liquidation we propose that our remuneration be calculated on time based/hourly rates basis. This is because:

- We will only be paid for work done, subject to sufficient realisations of the company assets.
- It ensures creditors are only charged for work that is performed. Our time is recorded and charged in six minute increments and staff are allocated to duties according to their relevant experience and qualifications.
- We are required to perform a number of tasks which do not relate to the realisation of assets, e.g. responding to creditor enquiries, reporting to the ASIC, distributing funds in accordance with the provisions of the Corporations Act 2001.
- We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this liquidation.

## Explanation of Hourly Rates

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

Title	Description	Hourly Rate (excl GST)
Appointee	Registered liquidator. Brings his or her specialist skills to the administration or insolvency task.	\$625.00
Partner	Registered liquidator. Brings his or her specialist skills to the administration or insolvency task.	\$625.00
Principal/ Consultant	Typically CA or CPA qualified with in excess of 10 years' experience on insolvency matters with a number of years at manager level. Answerable to the appointee but otherwise responsible for all aspects of an administration. Capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in his/her own right.	\$525.00
Director	Typically CA or CPA qualified with in excess of 8 years' experience on insolvency matters with a number of years at manager level. Answerable to the appointee but otherwise responsible for all aspects of an administration. Capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in his/her own right.	\$525.00
Manager	Typically CA or CPA qualified with 6 to 8 years' experience working on insolvency matters. Will have experience conducting administrations and directing a number of staff.	\$420.00
Senior Analyst	Typically completed or near completion of CA or CPA qualifications with 4 to 6 years insolvency experience. Assists in planning and control of smaller matters as well as performing some more difficult tasks on larger matters.	\$320.00
Analyst	Typically studying towards CA or CPA qualification with 2 to 4 years insolvency experience. Works under supervision of more senior staff in performing day-to-day fieldwork.	\$250.00
Graduate	Junior staff member who has completed a university degree with less than one year's experience working on insolvency matters. Works under supervision of more senior staff in performing day-to-day fieldwork.  This may include staff located in other offices of Deloitte overseas. These staff work under the supervision of Australian staff with insolvency experience.	\$195.00
Secretary	Advanced secretarial skills	\$185.00
Other Clerical	Support secretarial and administrative skills	\$185.00
Other Junior	Junior staff member who has not yet completed a university degree with less than one year's experience working on insolvency matters. Works under supervision of more senior staff in performing day-to-day fieldwork.	\$185.00

Our best estimate for the cost of the liquidation to completion is \$4.5m (excluding GST and disbursements).

## 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 liquidation, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

We are not required to seek creditor approval for disbursements, but must account to creditors. Details of the basis of recovering internal disbursements in this liquidation are provided below. Full details of any actual costs incurred will be provided with future reporting.

### ***Basis of disbursement claim***

Internal disbursements	Rate (Excl GST)
Advertising	At cost – based on commercial rates charged by ASIC and state and national newspapers
Courier	At cost – based on commercial rates charged by major external courier firms
Data room fees - Ansarada	Charge based on amount per megabyte hosted
Litigation support - Ringtail	At cost – based on gigabyte hosted
Postage	Australia Post rates
Photocopying - external	At cost – based on commercial rates as offered by commonly used external providers
Staff vehicle use	\$0.70 per km
Stationery, printing, photocopying, telephone and faxes	2.5% of incurred insolvency fees

Scale applicable for financial year ending 30 June 2016.

## 2 Remuneration Request Approval Report

### Part 1: Declaration

We, Vaughan Neil Strawbridge, David John Frank Lombe and John Lethbridge Greig of Deloitte Touche Tohmatsu, have undertaken a proper assessment of this remuneration claim for my appointment as Liquidators of the Company in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the liquidation.

### Part 2: Executive Summary

To date, remuneration totalling \$3,453,881.50 has been approved in this liquidation. This remuneration report details approval sought for the following fees:

Period	Report Reference	Amount (ex GST)
<b>Past remuneration approved:</b>		
3 February 2014 – 14 March 2014		\$246,484.50
15 March 2014 – 30 April 2014		\$310,561.50
1 May 2014 – 31 May 2014		\$185,165.00
1 June 2014 – 31 January 2015		\$1,157,325.00
1 February 2015 to 30 June 2015		\$1,554,345.50
<b>Total past remuneration approved</b>		<b>\$3,453,881.50</b>
<b>Current remuneration approval sought:</b>		
Resolution 1: 1 July 2015 to 31 March 2016	3 and 4	<b>\$443,542.50</b>
Resolution 2: 1 April 2016 to 31 December 2016*	5 and 6	<b>\$353,557.50</b>
* Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the liquidation. Should additional work 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.

This differs to the estimate of costs provided in the Administrators 439A Report dated 26 August 2013, which estimated a cost to completion of the liquidation of \$3 million (excluding GST), for the following reasons:

- The number of creditor claims for adjudication and the complexity of each of the claims, particularly in relation to the landlord claims
- The commencement of litigation to pursue the recovery of preference payments from creditors
- Liquidator involvement in the legal application by IMF Bentham Ltd (see section 2.1 of the 2016 Annual Report to Creditors).

- Actions required to successfully settle the Voidable Security Claim and Insolvent Trading Claim (see sections 3.1 and 3.2 of the 2015 Annual Report to Creditors).

## Part 3: Description of work completed

### Resolution 1: from 1 July 2015 to 31 March 2016

Task Area	General Description	Includes
<b>Assets</b> <b>10.5 hours</b> <b>\$4,278.00</b>	<b>Other</b> <i>6.2 hours</i> <i>\$2,881.50</i>	<ul style="list-style-type: none"> <li>• Discussions regarding import duty refunds.</li> <li>• Discussions and investigating additional recovery/potential tax benefit available.</li> <li>• Correspondence regarding novated lease refunds due to RAPL &amp; dealing with receipt of funds</li> </ul>
	<b>Leasing</b> <i>4.3 hours</i> <i>\$1,396.50</i>	<ul style="list-style-type: none"> <li>• Receiving, investigating and following up landlord query regarding surrender of property.</li> </ul>
<b>Creditors</b> <b>49.9 hours</b> <b>\$22,113.00</b>	<b>Creditor Enquiries</b> <i>11.6 hours</i> <i>\$3,586.00</i>	<ul style="list-style-type: none"> <li>• Receive and follow up creditor enquiries via telephone, email and facsimile.</li> <li>• Review and prepare correspondence to creditors and their representatives via facsimile, email and post.</li> </ul>
	<b>Creditor reports</b> <i>12.2 hours</i> <i>\$5,297.00</i>	<ul style="list-style-type: none"> <li>• Circular to creditors dated 3 August 2015 regarding discontinued 564 application.</li> <li>• Arranging for printing, posting and email of above circular.</li> </ul>
	<b>Committee of Inspection</b> <i>26.1 hours</i> <i>\$13,230.00</i>	<ul style="list-style-type: none"> <li>• Preparation of circular, notice and remuneration report for COI meeting held on 24 August 2015</li> <li>• Preparation of meeting file, including agenda, attendance register, and draft minutes of meeting for the meeting above.</li> <li>• Preparation of slides for meeting.</li> <li>• Attendance by Liquidator and staff at the Committee of Inspection Meeting on 24 August 2015.</li> <li>• Preparation and lodgement of minutes of the Committee meeting held on 24 August 2015.</li> <li>• Emails and telephone calls to and from Committee members regarding the meeting and updates on various matters.</li> </ul>

Task Area	General Description	Includes
<b>Employees</b> 16.1 hours \$4,580.00	Employees enquiries 2.2 hours \$754.00	<ul style="list-style-type: none"> <li>Receive and follow up employee enquiries via telephone.</li> <li>Reviewing company records to respond to information requests.</li> </ul>
	Employee dividend 13.9 hours \$3,826.00	<ul style="list-style-type: none"> <li>Correspondence with employees regarding dividend.</li> <li>Adjudicating employee claim.</li> <li>Arranging payment of net amount to employee.</li> <li>Processing PAYG &amp; remittance to ATO.</li> </ul>
<b>Trade On</b> 63.4 hours \$26,667.50	Processing receipts and payments 41.5 hours \$17,469.50	<ul style="list-style-type: none"> <li>Reviewing invoices received.</li> <li>Preparing and authorising receipt and payment vouchers.</li> <li>Entering receipts and payments into accounting system.</li> <li>Reviewing payments to ensure invoices are correct and resolving any issues.</li> </ul>
	Budgeting and financial reporting 21.9 hours \$9,198.00	<ul style="list-style-type: none"> <li>Preparing Estimated Statement of Position at various points in time.</li> <li>Calculating second dividend rate.</li> <li>Meetings to discuss ESOP and dividend rate.</li> </ul>
<b>Investigation</b> 432.30 hours \$177,238.50	ASIC Reporting/Conducting investigation 12.3 hours \$3,936.00	<ul style="list-style-type: none"> <li>Updating information for Supplementary Report to ASIC pursuant to section 533 of the Act.</li> <li>Reviewing Supplementary Report to ASIC pursuant to section 533 of the Act.</li> </ul>
	Litigation / Recoveries 420.0 hours \$173,302.50	<ul style="list-style-type: none"> <li>Preferences               <ul style="list-style-type: none"> <li>Preparation of affidavits and other supporting documents for originating process and statement of claim to commence preference proceedings.</li> <li>Attendance at Court at various directions hearings in relation to the preference proceedings.</li> <li>Conducting investigations to obtain further evidence to support preference claims including reviewing books and records, bank statements, EFT records and accounting data to confirm payments to suppliers, obtaining copies of invoices from books and records and Quiltech.</li> <li>Preparation of evidentiary file of each contacted preference creditor. Maintain documents on e-room.</li> <li>Searching for further evidence to support preference claim in physical and electronic records.</li> <li>Meeting with lawyers to discuss and assess</li> </ul> </li> </ul>

Task Area	General Description	Includes
		<ul style="list-style-type: none"> <li>– preference creditor claims.</li> <li>– Telephone conferences and emails with lawyers to discuss the status of preferences, their advice regarding certain claims, draft letters to be sent to creditors and responses received.</li> <li>– Meetings and communications with creditors and/or their lawyers.</li> <li>– Internal meetings to discuss status of recovery action.</li> <li>– Maintaining preference tracking spreadsheet.</li> <li>– Receiving and assessing settlement offers, reviewing settlement documents and attending to execution of settlement documents.</li> <li>– Attending meetings to conduct settlement negotiations.</li> </ul> <ul style="list-style-type: none"> <li>• Public Examinations               <ul style="list-style-type: none"> <li>– Liaising with lawyers regarding examinations and orders for production to various parties.</li> <li>– Review information provided under orders for production.</li> <li>– Attending public examinations.</li> </ul> </li> </ul>
<p><b>Dividend</b>  <b>415.30 hours</b>  <b>\$146,895.50</b></p>	<p>Processing proofs of debt  <i>351.0 hours</i>  <i>\$118,517.50</i></p>	<ul style="list-style-type: none"> <li>• Responding to creditor calls and emails regarding adjudications, request for formal proofs of debt circular and declaration of dividend.</li> <li>• Adjudicating PODs               <ul style="list-style-type: none"> <li>– The process included:                   <ol style="list-style-type: none"> <li>a. Matching invoices to statements</li> <li>b. Verifying goods received by reviewing proofs of delivery</li> <li>c. Verifying goods ordered by reviewing purchase orders</li> <li>d. Extracting information from Ringtail and Quiltech</li> <li>e. Ensuring supporting documents (leases/supply agreements etc. duly authorised.</li> </ol> </li> <li>– Entering adjudications into IPS.</li> <li>– Preparing correspondence to creditors regarding adjudication.</li> <li>– Ongoing review of RAPL books and records for further information as part of adjudicating on creditor claims.</li> <li>– Liaising with lawyers regarding adjudication issues.</li> </ul> </li> <li>• Communication with creditors regarding correspondence sent to them</li> </ul>

Task Area	General Description	Includes
		<ul style="list-style-type: none"> <li>– Responding to creditor calls and emails regarding adjudications, request for formal PODs circular and declaration of dividend.</li> <li>• Correspondence advising outcome of adjudication               <ul style="list-style-type: none"> <li>– Preparing letters to creditors regarding the adjudication of their claim i.e. the claims had been admitted, rejected or further information requested.</li> <li>– Mail out and email adjudication letters.</li> </ul> </li> <li>• Management and administration of adjudication process               <ul style="list-style-type: none"> <li>– Receipting, filing and organising PODs.</li> <li>– Maintaining POD tracking spreadsheets.</li> <li>– Management of adjudications to ensure timetable met.</li> </ul> </li> <li>• Planning for adjudication and dividend process               <ul style="list-style-type: none"> <li>– Discussing process of issuing notices and dividend timetable.</li> <li>– Drafting circulars to creditors to advise of intention to declare interim dividend including the preparation of four different circulars to be sent to the following categories of creditors:                   <ol style="list-style-type: none"> <li>a. Unsecured creditors – No Formal POD submitted</li> <li>b. Unsecured creditors – Formal POD already adjudicated</li> <li>c. Landlord – No Formal POD submitted</li> <li>d. Landlord – Formal POD already adjudicated</li> </ol> </li> <li>– Categorising all creditors to send dividend declaration circular.</li> <li>– Overseeing mail out of dividend declaration circular dated 24 September 2015 to various categories of creditors by external provider.</li> <li>– Status update meetings and emails on adjudications.</li> <li>– Discussing methods to be applied when adjudicating different types of claims.</li> <li>– Data extraction from Ringtail for public liability claims.</li> </ul> </li> <li>• Preparation of distribution               <ul style="list-style-type: none"> <li>– Delivery of IMF Funded Creditor cheques to CBP lawyers.</li> </ul> </li> <li>• Receipt of PODs               <ul style="list-style-type: none"> <li>– Entering new PODs into IPS and tracking spreadsheet.</li> </ul> </li> </ul>

Task Area	General Description	Includes
		<ul style="list-style-type: none"> <li>• Request further information to support PODs               <ul style="list-style-type: none"> <li>– Email, letters and telephone conversations with creditors to request further information to support POD.</li> </ul> </li> <li>• Review/cleanse creditor list for dividend process               <ul style="list-style-type: none"> <li>– Updating creditor information in IPS, including return to sender correspondence received.</li> <li>– Identifying correct/updated creditor addresses for creditors where possible.</li> </ul> </li> </ul>
	Dividend procedures <i>64.3 hours</i> <i>\$28,378.00</i>	<ul style="list-style-type: none"> <li>• Preparation of dividend calculation               <ul style="list-style-type: none"> <li>– Discussing and reviewing Estimated Statement of Position (ESOP)/Dividend Rate.</li> <li>– Updating assumptions for ESOP.</li> <li>– Calculation of ATO bad debt adjustment to be withheld.</li> <li>– Review of creditors (GST inclusive v GST exempt) to determine ATO’s entitlement.</li> <li>– Reviewing dividend calculation.</li> <li>– Agreeing final interim dividend rate.</li> </ul> </li> <li>• Preparation for Distribution               <ul style="list-style-type: none"> <li>– Signing dividend cheques.</li> <li>– Mail out of dividend cheques.</li> <li>– Cross-checking amounts and creditor details.</li> </ul> </li> <li>• IMF Application               <ul style="list-style-type: none"> <li>– Attendance at various directions hearings</li> <li>– Discussions with CBP Lawyers and IMF Bentham to reach agreement to dismiss 564 application</li> <li>– Discussion with CBP Lawyers to reach settlement on costs of 564 application</li> </ul> </li> </ul>
<b>Administration</b> <b>175.10 hours</b> <b>\$61,770.00</b>	Insurance <i>34.2 hours</i> <i>\$11,090.50</i>	<ul style="list-style-type: none"> <li>• Reviewing and resolving correspondence with public liability insurers regarding ongoing claims.</li> <li>• Searching physical and electronic books and records for information on claims.</li> <li>• Maintaining claimant tracking spreadsheet.</li> <li>• Liaising with Medicare, Centrelink and the Department of Employment regarding public liability claims and required clearances.</li> </ul>
	Bank account administration <i>32.3 hours</i> <i>\$10,728.00</i>	<ul style="list-style-type: none"> <li>• Bank account reconciliations.</li> <li>• Liaising with banks regarding obtaining rates for term deposits.</li> <li>• Arrangement and administration of funds held in term deposits.</li> </ul>

Task Area	General Description	Includes
	ASIC Form 524 and other forms 25.7 hours \$9,222.00	<ul style="list-style-type: none"> <li>Preparing and lodging ASIC forms including 505, 524, 911 etc</li> </ul>
	ATO and other statutory reporting 12.2 hours \$5,034.00	<ul style="list-style-type: none"> <li>Preparing, reviewing and lodging monthly BAS</li> <li>Sending request for information from ATO regarding RAPL's historical tax information</li> </ul>
	Planning / Review /Other 16.1 hours \$8,808.50	<ul style="list-style-type: none"> <li>Discussions between the Liquidator and his staff regarding the status of liquidation and matters to be attended to.</li> <li>Providing updates to Joint Liquidators and discussing and agreeing the ongoing strategy for the conduct of the liquidation.</li> </ul>
	Fees, Invoices and billings 33.5 hours \$10,439.50	<ul style="list-style-type: none"> <li>Preparation and review of WIP report on fees.</li> <li>Preparation of remuneration report involving the extraction of time from Deloitte's time keeping system, summarising in Excel for remuneration report and preparation of the report.</li> <li>Raising invoices and paying approved fees and disbursements.</li> </ul>
	Filing 21.1 hours \$6,447.50	<ul style="list-style-type: none"> <li>Filing of documents</li> </ul>
<b>TOTAL</b>	<b>1,162.60 hours</b> <b>\$443,542.50</b>	

#### Part 4: Resolution 1 - Calculation of Remuneration – 1 July 2015 to 31 March 2016

Please see the table at **Attachment A** for a summary of insolvency hours spent by staff on task areas. See **Attachment B** for a breakdown of insolvency hours spent by staff level on activities within each Task Area.

#### Part 5: Description of work to be completed

##### Resolution 2: from 1 April 2016 to 31 December 2016

Task Area	General Description	Includes
<b>Assets</b> 4.0 hours \$1,340.00	Other Assets	<ul style="list-style-type: none"> <li>Tasks associated with realising other assets.</li> </ul>
	Leasing	<ul style="list-style-type: none"> <li>Dealing with any pre-appointment lease queries.</li> </ul>
<b>Creditors</b> 110.0 hours \$35,825.00	Creditor Enquiries	<ul style="list-style-type: none"> <li>Receive and follow up creditor enquiries via telephone.</li> <li>Review and prepare correspondence to creditors and their representatives via facsimile, email and post.</li> </ul>
	Creditor reports	<ul style="list-style-type: none"> <li>Preparing 2016 Annual Report to Creditors and</li> </ul>

Task Area	General Description	Includes
		other meeting and general reports to creditors.
	Meeting of Creditors	<ul style="list-style-type: none"> <li>• Tasks associated with 2016 AGM and future meetings:               <ul style="list-style-type: none"> <li>– Preparation of meeting notices, proxies and advertisements.</li> <li>– Forward notice of meeting to all known creditors.</li> <li>– 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.</li> <li>– Preparation and lodgement of minutes of meetings with ASIC.</li> <li>– Responding to stakeholder queries and questions immediately following meeting.</li> </ul> </li> </ul>
Employees 4.0 hours \$1,340.00	Employees enquiries	<ul style="list-style-type: none"> <li>• Receive and follow up employee enquiries via telephone.</li> </ul>
Trade On 42.50 hours \$13,837.50	Processing receipts and payments	<ul style="list-style-type: none"> <li>• Reviewing invoices received.</li> <li>• Preparing and authorising receipt and payment vouchers.</li> <li>• Entering receipts and payments into accounting system.</li> <li>• Reviewing payments to ensure invoices are correct and resolving any issues.</li> </ul>
	Budgeting and financial reporting	<ul style="list-style-type: none"> <li>• Preparing Estimated Statement of Position as various points in time.</li> <li>• Calculating final dividend rate.</li> <li>• Meetings to discuss ESOP and dividend rate.</li> </ul>
Investigation 582.0 hours \$218,525.00	Litigation / Recoveries	<ul style="list-style-type: none"> <li>• Preference Proceedings               <ul style="list-style-type: none"> <li>– Preparation of evidence in chief on insolvency. This will include the following tasks:                   <ul style="list-style-type: none"> <li>○ Review the work undertaken previously on solvency</li> <li>○ Conduct further investigations as required into the financial position of RAPL for the six month period prior to appointment</li> <li>○ Review and analyse the indicia of insolvency present in the Company, including determining and analysing the cash flow, asset position and related party support during this period</li> <li>○ Analysis of the data forming the creditor position and the level of overdue creditors</li> <li>○ Preparing report in format required by Court</li> </ul> </li> </ul> </li> </ul>

Task Area	General Description	Includes
		<ul style="list-style-type: none"> <li>○ Uploading and managing data supporting the report into an e-room and in a format required by the Court.</li> <li>– Preparing evidence as directed by the Court on defendants knowledge of RAPL’s inability to pay its debts. This will include:               <ul style="list-style-type: none"> <li>○ Review evidence gathered to date</li> <li>○ Possible further investigations into books and records of the Company including searching through emails and other records of the company</li> <li>○ Collating and organising the information to be submitted as evidence.</li> </ul> </li> <li>– Reviewing correspondence received from defendants.</li> <li>– Attending to possible requirements by defendants to produce books and records and financial data including searching through electronic and hard copy records and uploading and managing data in e-room.</li> <li>– Liaising with solicitors and counsel regarding progress of litigation and submissions and affidavits to be submitted to Court.</li> <li>– Attending negotiations.</li> <li>– Attending settlement matters.</li> <li>– Attending Court on scheduled hearing dates.</li> </ul>
<b>Dividend</b> <b>126.0 hours</b> <b>\$41,565.00</b>	Processing proofs of debt	<ul style="list-style-type: none"> <li>● Preparation of correspondence to potential creditors inviting lodgement of POD.</li> <li>● Receipt of POD.</li> <li>● Maintain POD register.</li> <li>● Adjudicating POD.</li> <li>● Request further information from claimants regarding POD.</li> <li>● Preparation of correspondence to claimant advising outcome of adjudication.</li> </ul>
	Dividend procedures	<ul style="list-style-type: none"> <li>● Preparation of correspondence to creditors advising of intention to declare dividend.</li> <li>● Advertisement of intention to declare dividend.</li> <li>● Preparation of dividend calculation.</li> <li>● Preparation of correspondence to creditors announcing declaration of dividend.</li> <li>● Advertise announcement of dividend.</li> <li>● Preparation of distribution.</li> <li>● Preparation of dividend file.</li> <li>● Preparation of correspondence to creditors enclosing payment of dividend.</li> </ul>

Task Area	General Description	Includes
<b>Administration</b> 123.0 hours \$41,125.00	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>• Six monthly administration review.</li> <li>• Filing of documents.</li> <li>• File reviews.</li> <li>• Updating checklists.</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>• Reviewing and resolving correspondence with public liability insurers regarding ongoing claims.</li> <li>• Searching physical and electronic books and records for information on claims.</li> <li>• Maintaining claimant tracking spreadsheet.</li> <li>• Liaising with Medicare, Centrelink and the Department of Employment regarding public liability claims and required clearances.</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>• Preparing correspondence closing accounts</li> <li>• Bank account reconciliations.</li> <li>• Liaising with banks regarding obtaining rates for term deposits.</li> <li>• Arrangement and administration of funds held in term deposits.</li> </ul>
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> <li>• Preparing and lodging ASIC forms including 505, 524, 911 etc.</li> </ul>
	ATO and other statutory reporting	<ul style="list-style-type: none"> <li>• Preparing monthly BAS.</li> </ul>
	Finalisation	<ul style="list-style-type: none"> <li>• Notifying ATO of finalisation.</li> <li>• Cancelling ABN / GST / PAYG registration.</li> <li>• Completing checklists.</li> <li>• Finalising WIP.</li> </ul>
	Planning / Review	<ul style="list-style-type: none"> <li>• Discussions between the Liquidator and his staff regarding the status of liquidation and matters to be attended to.</li> <li>• Providing updates to Joint Liquidators and discussing and agreeing the ongoing strategy for the conduct of the liquidation.</li> </ul>
	Fees, Invoices and billings	<ul style="list-style-type: none"> <li>• Preparation and review of WIP report on fees.</li> <li>• Preparation of remuneration report involving the extraction of time from Deloitte's time keeping system, summarising in Excel for remuneration report and preparation of the report.</li> <li>• Raising invoices and paying approved fees and disbursements.</li> </ul>
	Books and records / storage	<ul style="list-style-type: none"> <li>• Dealing with records in storage.</li> <li>• Sending job files to storage.</li> </ul>
<b>TOTAL</b>		
<b>991.50</b>		
<b>\$353,557.50</b>		

## **Part 6: Resolution 2 – Calculation of Future Remuneration – 1 April 2016 to 31 December 2016**

Please see the table at **Attachment C** for a summary of estimated insolvency hours spent by staff on task areas for the estimated future remuneration from 1 April 2016 to 31 December 2016 of the liquidation.

## **Part 7: Statement of remuneration claim**

The following resolution in relation to the Liquidators' current remuneration will be proposed to the creditors of Retail Adventures Pty Limited (In Liquidation):

### **Current Resolution 1 from 1 July 2015 to 31 March 2016**

*"That the remuneration of the Liquidators for the period of the liquidation from 1 July 2015 to 31 March 2016 is fixed at a sum equal to the cost of time spent by the Liquidators and the Liquidators partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 14 April 2016 of fees equalling \$443,542.50 plus GST and disbursements, and that the Liquidators can draw the remuneration as required."*

The following resolution in relation to the Liquidators' prospective remuneration will be proposed to the creditors of Retail Adventures Pty Limited (In Liquidation):

### **Prospective Resolution 2 from 1 April 2016 to 31 December 2016**

*"That the prospective remuneration of the Liquidators, calculated at the hourly rates as detailed in the Remuneration Report of 14 April 2016 for the period from 1 April 2016 to 31 December 2016, is fixed and approved to a maximum cap of \$353,557.50 plus GST and disbursements, to be drawn only when incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should a greater amount be actually incurred, further approval from either the Creditors or the Committee of Inspection will be sought."*

## **Part 8: Disbursements**

Disbursements are divided into three types:

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

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

The following disbursements have been incurred or paid by the liquidation to my firm for the period from 1 July 2015 to 31 March 2016. None of the disbursements below have been paid from the Liquidators' account except for Data room and Litigation support costs. These costs are included in the Receipts & Payments at Section 4 of the Annual Report. When paid, the balance of the disbursements will appear under Liquidators' Expenses in the Receipts & Payments.

Disbursements incurred 1 July 2015 to 31 March 2016	Basis	Total (Excl GST)
<b>Externally provided non-professional services</b>		
Search and Filing Fees	At Cost	\$200.00
Travel	At Cost	\$537.90
<b>Internal disbursements</b>		
Data room	Amount per megabyte hosted	\$16,189.73
Litigation support – Ringtail	Amount per gigabyte hosted	\$55,984.80
Stationery, printing, photocopying, telephone and faxes	2.5% of incurred insolvency fees	\$11,088.56
<b>Total</b>		<b>\$84,000.99</b>

The following resolution in relation to the Liquidators' disbursements will be proposed to the creditors of Retail Adventures Pty Limited (In Liquidation):

*"That the disbursements of the Liquidators, for the period of the liquidation from 1 July 2015 to 31 March 2016, as detailed in the Remuneration Report of 14 April 2016, are approved in the sum of \$84,000.99 plus GST."*

Future disbursements provided by my firm will be charged to the liquidation in accordance with the description on page 3 of this report.

Rates applicable for financial year ending 30 June 2016.

## Part 8: Summary of Receipts and Payments

Please refer to section 4 of the annual report to creditors.

## Part 9: Queries

Should you have any queries regarding this remuneration report, please contact Harry Pulver on telephone (02) 9322 3355 or by email on [hpulver@deloitte.com.au](mailto:hpulver@deloitte.com.au).

## Part 10: Information Sheet

Refer to **Attachment D** for ASIC Information Sheet 85 *Approving fees: a guide to creditors*.

Retail Adventures Pty Limited

(In Liquidation)

ACN 135 890 845

Actual Remuneration 1 July 2015 to 31 March 2016

Summary of hours spent by staff on task areas

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area													
					Assets		Creditors		Dividend		Employees		Trade On		Investigations		Administration	
					Hours	Total (\$)	Hours	Total (\$)	Hours	Total (\$)	Hours	Total (\$)	Hours	Total (\$)	Hours	Total (\$)	Hours	Total (\$)
Strawbridge, Vaughan	Partner	625	100.30	62,687.50	1.20	750.00	11.70	7,312.50	32.60	20,375.00	-	-	1.90	1,187.50	41.10	25,687.50	11.80	7,375.00
Lombe, David	Partner	625	1.50	937.50	-	-	-	-	1.00	625.00	-	-	-	-	0.50	312.50	-	-
Evans, Kathryn	Director	525	106.80	56,070.00	0.40	210.00	6.30	3,307.50	42.70	22,417.50	-	-	-	-	43.90	23,047.50	13.50	7,087.50
Hollinshead, Phil	Director	525	2.00	1,050.00	-	-	-	-	2.00	1,050.00	-	-	-	-	-	-	-	-
Bennett, Paul	Manager	420	24.40	10,248.00	-	-	-	-	8.00	3,360.00	-	-	-	-	-	-	16.40	6,888.00
Bor, Mathew	Manager	420	0.50	210.00	0.50	210.00	-	-	-	-	-	-	-	-	-	-	-	-
George, Tanya	Manager	420	29.40	12,348.00	-	-	-	-	-	-	-	-	23.60	9,912.00	-	-	5.80	2,436.00
Hermann, Jacqueline	Manager	420	339.90	142,758.00	4.20	1,764.00	20.60	8,652.00	63.70	26,754.00	1.90	798.00	34.40	14,448.00	182.40	76,608.00	32.70	13,734.00
Carter, Matt	Senior Analyst	320	16.90	5,408.00	-	-	0.30	96.00	4.30	1,376.00	-	-	-	-	12.30	3,936.00	-	-
Chan, Teresa	Senior Analyst	320	65.60	20,992.00	3.20	1,024.00	3.20	1,024.00	46.20	14,784.00	0.30	96.00	1.00	320.00	1.20	384.00	10.50	3,360.00
Clark, Carol	Senior Analyst	320	14.00	4,480.00	-	-	-	-	-	-	-	-	-	-	-	-	14.00	4,480.00
Dobson, Gabrielle	Senior Analyst	320	4.80	1,536.00	-	-	-	-	-	-	-	-	-	-	4.80	1,536.00	-	-
Edmondson, Adam	Senior Analyst	320	140.00	44,800.00	-	-	1.10	352.00	-	-	-	-	1.50	480.00	137.40	43,968.00	-	-
Lombe, Laura	Senior Analyst	320	41.60	13,312.00	1.00	320.00	0.50	160.00	33.50	10,720.00	4.90	1,568.00	-	-	0.50	160.00	1.20	384.00
Maceri, Alana	Senior Analyst	320	32.00	10,240.00	-	-	-	-	32.00	10,240.00	-	-	-	-	-	-	-	-
Spowart, Naty	Senior Analyst	320	15.80	5,056.00	-	-	-	-	-	-	-	-	1.00	320.00	-	-	14.80	4,736.00
Henderson, Emma	Analyst	250	4.90	1,225.00	-	-	-	-	4.90	1,225.00	-	-	-	-	-	-	-	-
Libardo, Nicole	Analyst	250	80.90	20,225.00	-	-	-	-	74.30	18,575.00	6.60	1,650.00	-	-	-	-	-	-
Mcleod, Mitchell	Analyst	250	9.90	2,475.00	-	-	-	-	9.90	2,475.00	-	-	-	-	-	-	-	-
Satti, Muhammad	Analyst	250	35.30	8,825.00	-	-	-	-	22.00	5,500.00	-	-	-	-	-	-	13.30	3,325.00
Pulver, Harry	Graduate	195	83.60	16,302.00	-	-	6.20	1,209.00	35.20	6,864.00	2.40	468.00	-	-	8.20	1,599.00	31.60	6,162.00
Hanrahan, Will	Graduate	195	4.50	877.50	-	-	-	-	-	-	-	-	-	-	-	-	4.50	877.50
Chew, Shanni	Other Junior	185	6.00	1,110.00	-	-	-	-	1.00	185.00	-	-	-	-	-	-	5.00	925.00
Yao, Anthony	Other Junior	185	2.00	370.00	-	-	-	-	2.00	370.00	-	-	-	-	-	-	-	-
<b>TOTAL</b>			<b>1,162.60</b>	<b>443,542.50</b>	<b>10.50</b>	<b>4,278.00</b>	<b>49.90</b>	<b>22,113.00</b>	<b>415.30</b>	<b>146,895.50</b>	<b>16.10</b>	<b>4,580.00</b>	<b>63.40</b>	<b>26,667.50</b>	<b>432.30</b>	<b>177,238.50</b>	<b>175.10</b>	<b>61,770.00</b>
<b>GST</b>				<b>44,354.25</b>														
<b>TOTAL (including GST)</b>				<b>487,896.75</b>														
<b>Average hourly rate</b>				<b>381.51</b>		<b>407.43</b>		<b>443.15</b>		<b>353.71</b>		<b>284.47</b>		<b>420.62</b>		<b>409.99</b>		<b>352.77</b>

Retail Adventures Pty Limited  
(In Liquidation)  
ACN 135 890 845  
Actual Remuneration 1 July 2015 to 31 March 2016

Breakdown of hours spent by staff level on activities within task areas

Task Area	Partner		Director		Manager		Senior Analyst		Analyst		Graduate		Support		Other Junior		Total	
	Hours	Total (\$)	Hours	Total (\$)	Hours	Total (\$)	Hours	Total (\$)	Hours	Total (\$)	Hours	Total (\$)	Hours	Total (\$)	Hours	Total (\$)	Hours	Total (\$)
Administration	11.80	7,375.00	13.50	7,087.50	54.90	23,058.00	40.50	12,960.00	13.30	3,325.00	36.10	7,039.50	-	-	5.00	925.00	175.10	61,770.00
ASIC Form F524 and other forms	1.50	937.50	0.60	315.00	12.80	5,376.00	3.90	1,248.00	-	-	6.90	1,345.50	-	-	-	-	25.70	9,222.00
ATO and other statutory reporting	2.50	1,562.50	-	-	4.80	2,016.00	4.00	1,280.00	-	-	0.90	175.50	-	-	-	-	12.20	5,034.00
Bank account administration	0.40	250.00	-	-	2.70	1,134.00	29.20	9,344.00	-	-	-	-	-	-	-	-	32.30	10,728.00
Filing	-	-	0.60	315.00	8.60	3,612.00	2.00	640.00	-	-	4.90	955.50	-	-	5.00	925.00	21.10	6,447.50
Insurance	-	-	-	-	16.40	6,888.00	-	-	13.30	3,325.00	4.50	877.50	-	-	-	-	34.20	11,090.50
Planning/review	4.60	2,875.00	10.70	5,617.50	0.60	252.00	0.20	64.00	-	-	-	-	-	-	-	-	16.10	8,808.50
Preparation of fee reports and invoices	2.80	1,750.00	1.60	840.00	9.00	3,780.00	1.20	384.00	-	-	18.90	3,685.50	-	-	-	-	33.50	10,439.50
Assets	1.20	750.00	0.40	210.00	4.70	1,974.00	4.20	1,344.00	-	-	-	-	-	-	-	-	10.50	4,278.00
Leasing	-	-	0.10	52.50	-	-	4.20	1,344.00	-	-	-	-	-	-	-	-	4.30	1,396.50
Other	1.20	750.00	0.30	157.50	4.70	1,974.00	-	-	-	-	-	-	-	-	-	-	6.20	2,881.50
Creditors	11.70	7,312.50	6.30	3,307.50	20.60	8,652.00	5.10	1,632.00	-	-	6.20	1,209.00	-	-	-	-	49.90	22,113.00
Committee of inspection	10.60	6,625.00	3.00	1,575.00	10.30	4,326.00	2.20	704.00	-	-	-	-	-	-	-	-	26.10	13,230.00
Creditor enquiries	0.40	250.00	0.40	210.00	3.20	1,344.00	2.40	768.00	-	-	5.20	1,014.00	-	-	-	-	11.60	3,586.00
Creditor reports	0.70	437.50	2.90	1,522.50	7.10	2,982.00	0.50	160.00	-	-	1.00	195.00	-	-	-	-	12.20	5,297.00
Dividend	33.60	21,000.00	44.70	23,467.50	71.70	30,114.00	116.00	37,120.00	111.10	27,775.00	35.20	6,864.00	-	-	3.00	555.00	415.30	146,895.50
Dividend Procedures	9.80	6,125.00	0.10	52.50	51.00	21,420.00	1.10	352.00	-	-	0.30	58.50	-	-	2.00	370.00	64.30	28,378.00
IMF application	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preparation of distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preparation of dividend calculation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Processing proofs of debt	23.80	14,875.00	44.60	23,415.00	20.70	8,694.00	114.90	36,768.00	111.10	27,775.00	34.90	6,805.50	-	-	1.00	185.00	351.00	118,517.50
Adjudicating PODs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Request further info to support PODs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Communications with creditors regarding correspondence sent to them	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correspondence advising outcome of adjudication	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Management and administration of adjudication process	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning for adjudication/dividend process	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preparation of distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Review/cleanse creditor list for dividend process	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employees	-	-	-	-	1.90	798.00	5.20	1,664.00	6.60	1,650.00	2.40	468.00	-	-	-	-	16.10	4,580.00
Dividend	-	-	-	-	1.40	588.00	3.50	1,120.00	6.60	1,650.00	2.40	468.00	-	-	-	-	13.90	3,826.00
Employee enquiry	-	-	-	-	0.50	210.00	1.70	544.00	-	-	-	-	-	-	-	-	2.20	754.00
Investigations	41.60	26,000.00	43.90	23,047.50	182.40	76,608.00	156.20	49,984.00	-	-	8.20	1,599.00	-	-	-	-	432.30	177,238.50
Conducting investigations	-	-	-	-	-	-	12.30	3,936.00	-	-	-	-	-	-	-	-	12.30	3,936.00
Litigation/Recoveries	41.60	26,000.00	43.90	23,047.50	182.40	76,608.00	143.90	46,048.00	-	-	8.20	1,599.00	-	-	-	-	420.00	173,302.50
Preferences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade-on	1.90	1,187.50	-	-	58.00	24,360.00	3.50	1,120.00	-	-	-	-	-	-	-	-	63.40	26,667.50
Budgeting and financial reporting	-	-	-	-	21.90	9,198.00	-	-	-	-	-	-	-	-	-	-	21.90	9,198.00
Processing receipts and payments	1.90	1,187.50	-	-	36.10	15,162.00	3.50	1,120.00	-	-	-	-	-	-	-	-	41.50	17,469.50
<b>Grand Total</b>	<b>101.80</b>	<b>63,625.00</b>	<b>108.80</b>	<b>57,120.00</b>	<b>394.20</b>	<b>165,564.00</b>	<b>330.70</b>	<b>105,824.00</b>	<b>131.00</b>	<b>32,750.00</b>	<b>88.10</b>	<b>17,179.50</b>	<b>-</b>	<b>-</b>	<b>8.00</b>	<b>1,480.00</b>	<b>1,162.60</b>	<b>443,542.50</b>

Retail Adventures Pty Limited

(In Liquidation)

ACN 135 890 845

Prospective Remuneration from 1 April 2016 to 31 December 2016

Summary of hours spent by staff on task areas

Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area													
				Assets		Creditors		Dividend		Employees		Trade On		Investigations		Administration	
				Hours	Total (\$)	Hours	Total (\$)	Hours	Total (\$)	Hours	Total (\$)	Hours	Total (\$)	Hours	Total (\$)	Hours	Total (\$)
Partner	625	30.00	18,750.00	-	-	4.00	2,500.00	7.00	4,375.00	-	-	2.00	1,250.00	12.00	7,500.00	5.00	3,125.00
Director	525	193.50	101,587.50	-	-	10.00	5,250.00	12.00	6,300.00	-	-	3.50	1,837.50	155.00	81,375.00	13.00	6,825.00
Manager	420	226.00	94,920.00	2.00	840.00	30.00	12,600.00	32.00	13,440.00	2.00	840.00	10.00	4,200.00	115.00	48,300.00	35.00	14,700.00
Senior Analyst	320	150.00	48,000.00	-	-	5.00	1,600.00	5.00	1,600.00	-	-	5.00	1,600.00	130.00	41,600.00	5.00	1,600.00
Analyst	250	252.00	63,000.00	2.00	500.00	36.00	9,000.00	40.00	10,000.00	2.00	500.00	12.00	3,000.00	120.00	30,000.00	40.00	10,000.00
Graduate	195	140.00	27,300.00	-	-	25.00	4,875.00	30.00	5,850.00	-	-	10.00	1,950.00	50.00	9,750.00	25.00	4,875.00
<b>TOTAL</b>		<b>991.50</b>	<b>353,557.50</b>	<b>4.00</b>	<b>1,340.00</b>	<b>110.00</b>	<b>35,825.00</b>	<b>126.00</b>	<b>41,565.00</b>	<b>4.00</b>	<b>1,340.00</b>	<b>42.50</b>	<b>13,837.50</b>	<b>582.00</b>	<b>218,525.00</b>	<b>123.00</b>	<b>41,125.00</b>
<b>GST</b>			35,355.75														
<b>TOTAL (including GST)</b>			388,913.25														
<b>Average hourly rate</b>			356.59		335.00		325.68		329.88		335.00		325.59		375.47		334.35

**ASIC Information Sheet 85 *Approving fees: a guide to creditors.***



**ASIC**

Australian Securities & Investments Commission

## INFORMATION SHEET 85

### 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 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 (other forms of external administration are not discussed in this information sheet). It outlines the rights that creditors have in the approval process.

#### 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 work they perform, once these fees have been approved by a creditors' committee, creditors or a court, and
- reimbursed for out-of-pocket *costs* incurred in performing their role (these costs do not need creditors' committee, creditor or court approval).

External administrators are only entitled to an amount of fees that is reasonable for the 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 a detailed listing of receipts and payments with ASIC every six months. The external administrator is entitled to be paid for completing these statutory tasks.

For more on the tasks involved, see ASIC's information sheets INFO 45 *Liquidation: a guide for creditors* and INFO 74 *Voluntary administration: a guide for creditors*.

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

**Important note:** This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

- 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, and
- 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

Who may approve fees depends on the type of external administration: see Table 1. The external administrator must provide sufficient information to enable the relevant decision-making body to assess whether the fees are reasonable.

**Table 1: Who may approve fees**

	Creditors' committee	Creditors	Court
Administrator in a voluntary administration	✓ <sup>1</sup>	✓	✓
Administrator of a deed of company arrangement	✓ <sup>1</sup>	✓	✓
Creditors' voluntary liquidator	✓ <sup>1</sup>	✓ <sup>5</sup>	✗ <sup>3</sup>
Court-appointed liquidator	✓ <sup>1</sup>	✓ <sup>4, 5</sup>	✓ <sup>2</sup>

<sup>1</sup> If there is one.

<sup>2</sup> If there is no approval by the committee or the creditors.

<sup>3</sup> Unless an application is made for a fee review.

<sup>4</sup> If there is no creditors' committee or the committee fails to approve the fees.

<sup>5</sup> If insufficient creditors turn up to the meeting called by the liquidator to approve fees, the liquidator is entitled to be paid up to a maximum of \$5000, or more if specified in the Corporations Regulations 2001.

### Creditors' committee approval

If there is a creditors' committee, members are chosen by a vote of creditors as a whole. In approving the fees, the members represent the interests of all the creditors, not just their own individual interests.

There is not a creditors' committee in every external administration. A creditors' committee 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 creditors' committees and how they are formed, see ASIC's information sheets INFO 45 *Liquidation: a guide for creditors*, INFO 74 *Voluntary administration: a guide for creditors* and INFO 41 *Insolvency: a glossary of terms*.

### Creditors' approval

Creditors approve fees by passing a resolution at a creditors' meeting. Unless creditors call for a poll, the resolution is passed if a simple majority of creditors present and voting, in person or by proxy,

indicate that they agree to the resolution. Unlike where acting as committee members, creditors may vote according to their individual interests.

If a poll is taken, rather than a vote being decided on the voices or by a show of hands, 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.

## 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, or
- a percentage of asset realisations.

Charging on a time basis is the most common method. 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.

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.

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.

## Report on proposed fees

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

- information that will enable the committee members/creditors to make an informed assessment of whether the proposed fees are reasonable
- a summary description of the major tasks performed, or to be performed, and
- the costs associated with each of these tasks.

Committee members/creditors may be asked to approve fees for work already performed or based on an estimate of work yet to be carried out.

If the work is yet to be carried out, it is advisable to set a maximum limit ('cap') on the amount that the external administrator may 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/creditors to approve a further amount of fees, after accounting for the fees already incurred.

## Deciding if fees are reasonable

If asked to approve an amount of fees either as a committee member or by resolution at a creditors' meeting, 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.

You may find the following information from the external administrator useful in deciding if the fees claimed are reasonable:

- the method used to calculate fees
- the major tasks that have been performed, or are likely to be performed, for the fees
- the fees/estimated fees (as applicable) for each of the major tasks
- the size and complexity (or otherwise) of the external administration
- 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
  - if the fees are for work that has already been carried out, the time spent by each level of staff on each of the major tasks
  - 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 being 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 fees are approved by a creditors' committee/creditors and you wish to challenge this decision, you may apply to the court and ask the court to review the fees. Special rules apply to court liquidations.

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

## 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 should also include information on the out-of-pocket costs of the external administration.

If you have questions about any of these costs, you should ask the external administrator and, if necessary, bring it up at a creditors' committee/creditors' meeting. If you are still concerned, you have the right to ask the court to review the costs.

## 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 complaint with ASIC at [www.asic.gov.au/complain](http://www.asic.gov.au/complain), or write to:

ASIC Complaints  
PO Box 9149  
TRARALGON VIC 3844

ASIC will usually not become involved in matters of commercial judgement by an external administrator. Complaints against companies and their officers can also be made to ASIC. For other enquiries, email ASIC through [infoline@asic.gov.au](mailto:infoline@asic.gov.au), or call ASIC's Infoline on 1300 300 630 for the cost of a local call.

## To find out more

For an explanation of terms used in this information sheet, see ASIC's information sheet INFO 41 *Insolvency: a glossary of terms*. For more on external administration, see ASIC's related information sheets at [www.asic.gov.au/insolvencyinfosheets](http://www.asic.gov.au/insolvencyinfosheets):

- INFO 74 *Voluntary administration: a guide for creditors*
- INFO 75 *Voluntary administration: a guide for employees*
- INFO 45 *Liquidation: a guide for creditors*
- INFO 46 *Liquidation: a guide for employees*
- INFO 54 *Receivership: a guide for creditors*
- INFO 55 *Receivership: a guide for employees*
- INFO 43 *Insolvency: a guide for shareholders*
- INFO 42 *Insolvency: a guide for directors*
- INFO 84 *Independence of external administrators: a guide for creditors*

These are also available from the Insolvency Practitioners Association (IPA) website at [www.ipaa.com.au](http://www.ipaa.com.au). The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.