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TO THE CREDITOR AS ADDRESSED

18 July 2013

Dear Sir/Madam

R.L. Buller & Son Pty Limited (Trading as Buller Wines)
(Administrators Appointed)
ACN 004 348 207
("the Company")

As you are aware, Simon Wallace-Smith and I were appointed Joint and Several Administrators of the Company on 13 December 2012 pursuant to Section 436A of the Corporations Act 2001.

For your information and assistance, I attach the following:

1. Notice of Meeting of Creditors to be held at Deloitte Touche Tohmatsu, 550 Bourke Street, Melbourne 3000 on **Friday 26 July 2013** at **11.00am** AEST (Second Meeting).
2. Administrators' Report, including a report on the Company's business, property, affairs and financial circumstances. The report contains a statement setting out my opinion about each of the following matters and my reasons for those opinions:
 - a. Whether it would be in the creditors' interests for the company to execute a Deed of Company Arrangement.
 - b. Whether it would be in the creditors' interests for the company to be wound up.
 - c. Whether it would be in the creditors' interests for the administration to end.
3. Remuneration Report.
4. Informal Proof of Debt for voting purposes. Any Informal Proof of Debt Forms submitted for the purposes of the first meeting of creditors and accepted by the Chairperson of that meeting for voting purposes will be valid for this meeting.
5. Instrument of Proxy.

For those creditors who cannot attend the meeting in person, facilities will be made available for creditors to attend and participate by telephone. Please contact Mr David Phua on (03) 9671 7060 to obtain the call details.

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All creditors who are not individuals or partnerships will need to appoint a proxy (copy attached as Appendix G) in order to participate in the meeting. Specifically, a creditor which is a company will need to appoint a representative to attend the meeting, even if that representative is a director or officer of the company.

Please note that a creditor is required to lodge a Proof of Debt or Claim (copy attached as Appendix F) to be entitled to vote at the second meeting of creditors. A creditor will not be able to vote at the meeting unless a Proof of Debt or Claim is lodged with me prior to the commencement of the meeting.

If a creditor wishes to rely upon the Proof of Debt or Claim that they lodged with us at the first meeting of creditors, held on 21 December 2012, they must make reference to that Proof of Debt or Claim when submitting a proxy, or when attending the second meeting of creditors.

Completed Informal Proofs of Debt and Instruments of Proxy to be used at the meeting must be lodged with my office via email or by fax by 4:00pm on the day prior to the meeting.

Should you have any questions in relation to this matter, please contact Mr David Phua of my office on (03) 9671 7060 or via email at daphua@deloitte.com.au

Yours faithfully

A handwritten signature in black ink, appearing to be 'Sal Algeri', with a small dot at the end.

Sal Algeri
Joint and Several Administrator

Encl.

R. L. Buller & Son Pty Ltd
(Administrators Appointed)
ACN 004 348 207

Report to Creditors pursuant to Section 439A of the
Corporations Act 2001

18 July 2013

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Definitions

Administrators	Salvatore Algeri and Simon Wallace-Smith
ANZ	Australia & New Zealand Banking Group
ASIC	The Australian Securities & Investments Commission
ASX	Australian Stock Exchange
ATO	Australian Taxation Office
COGS	Cost of Goods Sold
CGT	Capital Gains Tax
Committee	Committee of Creditors
Company or Buller Wines	R.L. Buller & Son Pty Ltd
Deloitte	Deloitte Touche Tohmatsu
DIRRI	Declaration of Independence and Relevant Relationships and Indemnities
DOCA	Deed of Company Arrangement
ERV	Estimated Realisable Value
FBT	Fringe Benefits Tax
FY10	Financial Year Ended 30 June 2010
FY11	Financial Year Ended 30 June 2011
FY12	Financial Year Ended 30 June 2012
FEG	Fair Entitlements Guarantee
IPA	Insolvency Practitioners Association of Australia
k	Thousand
Management	Management of the Company
m	Million
RATA	Report as to Affairs
Relation back day	The date of appointment of administrators
SPFR	Special Purpose Financial Report
The Act	Corporations Act 2001
The Court	The Federal Court of Australia or any of the state Supreme Courts
The Regulations	Corporations Regulations 2001

1 Executive Summary

1.1 Appointment

On 13 December 2012 we, Salvatore Algeri and Simon Wallace-Smith, were appointed Joint and Several Administrators of R.L. Buller & Son Pty Ltd (the Company) by the director of the Company pursuant to section 436A of the Act.

Our appointment as Administrators was ratified by creditors at the first meeting of creditors held on 21 December 2012.

A Committee of Creditors was not formed at that meeting.

1.2 Conduct of Administration

Upon appointment we took immediate steps to control the Company's assets and continued to carry on the Company's business, Buller Wines.

On 18 January 2013 the Court granted our application to extend the convening period of the second creditors meeting for a period up to and including 22 July 2013. The main purpose of the extension was to allow us more time to complete an orderly sale of the business and also retain the option to recapitalise the Company by way of a deed of company arrangement (DOCA).

A two phased approach was adopted to determine whether the business could be restructured through a DOCA or whether a sale of Company assets could be achieved. To date no party has presented us with a DOCA proposal and accordingly a recapitalisation via DOCA will not be proposed to creditors.

Commencing in February this year, we have run an extensive sale process for the Buller Wines business and its associated assets which resulted in over 70 contacted parties (domestic and international), issuance of 50 confidentiality agreements and 27 Information Memoranda. As a result of this process, four indicative offers were received for the business and assets as a whole. Three bidders were selected as preferred bidders and participated in a due diligence process prior to submission of final offers. Two of the three bidders withdrew from the sale process. The Administrators have since exchanged contracts for the sale of the business and assets of the Company with the Judd Group for a purchase consideration of \$3.9m. These funds are currently held in trust pending completion the timing of which is dependent on the liquor licence transfers.

As at the date of writing this report we are still awaiting transfer of the liquor licences and therefore completion of the sale contract remains outstanding.

1.3 Investigation, Offences, Voidable Transactions

Our investigations to date have revealed possible voidable transactions which are discussed fully in section 7.

1.4 Deed of Company Arrangement

We have not received a DOCA proposal as at the date of this report.

1.5 Dividend

Based on the sale of business to the Judd Group as described above, we estimate the likely dividend from liquidation for priority employee creditors to be 100 cents in the dollar and for unsecured creditors to be around 13.7 to 30.0 cents in the dollar.

1.6 Administrators' Opinion

It is our opinion that the Company be wound up. The reasons for our opinion are discussed in section 10.

1.7 Second Meeting of Creditors

Pursuant to section 439A(3) of the Act, the second creditors meeting of creditors is to be held on 26 July 2013 at the offices of Deloitte Touche Tohmatsu, 550 Bourke Street, Melbourne, Victoria, at 11:00am.

Further details are given in section 2.3.

2 Introduction

2.1 Purpose of the appointment and report

The purpose of the appointment of Administrators is to allow for independent insolvency practitioners to take control of and investigate the affairs of the insolvent company. Creditors' claims are put on hold as at the date of the Administrators' appointment and remain so for the duration of the administration.

We are required to provide creditors with sufficient information and recommendations to assist them in making an informed decision on the Company's future. The purpose of this report is to provide that information and recommendations, including:

- Background information about the Company;
- The results of our investigations;
- The estimated returns to creditors;
- The options available to creditors and our opinion on each of these options.

2.2 First Meeting of Creditors

On 21 December 2012, a meeting of creditors of the Company was held in accordance with Section 436E of the Act. At this meeting, our appointment as Joint and Several Administrators was confirmed.

We also advised that we would undertake an investigation into the affairs of the Company whilst we pursued both restructuring strategies and a sale process. Further, we advised that we would review a DOCA proposal, if received, for creditors to consider at the second meeting of creditors.

It was resolved that no committee of creditors be formed.

2.3 Extension of Convening Period

Administrators are required by the Act to convene a second meeting of creditors within 25 business days of the date of their appointment, or as extended by the Court, and to hold this meeting within five business days either side of the end of this convening period. Given the

nature of the actions we were seeking to undertake to achieve a return for creditors, particularly the sale of the business, this period was considered to be too short a time frame.

Accordingly, we applied to the Supreme Court of Victoria on 18 January 2013 for an Order extending the length of the convening period. The Court ordered that the convening period be extended to 22 July 2013, and a notice dated 21 January 2013 was forwarded to all creditors advising that the extension had been granted.

2.4 Second Meeting of Creditors

Pursuant to Section 439A(3) of the Act a second meeting of creditors is to be held on **26 July 2013** at the offices of Deloitte Touche Tohmatsu, 550 Bourke Street, Melbourne, at **11:00am**. (See attached Form 529 at Appendix E).

At this meeting creditors will be asked to make a decision by passing a resolution in respect of options that will be available to them, being:

- that the Company execute a Deed of Company Arrangement; or
- that the administration end; or
- that the Company be wound up.

We have recommended in this report that the Company be wound up.

It is expected that the following distributions will be paid to the following classes of creditors:

- Priority creditors (i.e. employees): 100 cents in the dollar;
- Secured creditor: 100 cents in the dollar;
- Unsecured creditors: 13.7 to 30.0 cents in the dollar.

Please note unsecured creditors include the amounts due to the following creditors:

- Trade creditors;
- Australia Taxation Office;
- Director / Related party excluded entitlements (i.e. family members).

We have detailed the reasons as to why we consider this the best option for creditors in section 10 of this report.

At the meeting creditors will be asked to approve our remuneration as Administrators:

	\$
Remuneration from 13 December 2012 to 5 July 2013	600,000
Remuneration from 6 July 2013 to 26 July 2013	75,000
GST	67,500
Total (including GST)	742,500

Creditors will also be asked to approve the remuneration of the Liquidators:

	\$
Liquidators' Remuneration from 26 July 2013 to end of Liquidation	150,000
GST	15,000
Total (including GST)	165,000

In addition, we will also put forward resolutions to creditors in order to seek approval for the remuneration of:

- Deloitte Corporate Finance who were engaged by the Administrators to run the sale of business process; and
- Deloitte Corporate Tax who were engaged by the Administrators to provide advice in relation to Fringe Benefits Tax (FBT) and Capital Gains Tax (CGT) together with the preparation of income tax assessments for FY13 and FY14.

Deloitte Corporate Finance remuneration	\$
Fixed fee for preparation of information memorandum	25,000
Commission for sale of the business (3% of sale price of \$3.9m)	117,000
GST	14,200
Total (including GST)	156,200

Deloitte Tax Services remuneration	\$
Income tax return from appointment date (13 Dec 2012) to 30 June 2013	7,500
Fringe benefits tax advice including preparation of returns to 5 July 2013	4,672
Advice regarding the sale of business (CGT)	6,000
Income tax return for the period 1 July 2013 to the end of the liquidation	3,500
FBT return to the end of the liquidation	2,000
GST	2,367
Total (including GST)	26,039

Full details of the remuneration claims can be found in section 12 - Remuneration.

Details regarding the submission of proxies and Proofs of Debt can be found in section 13 – Meeting.

2.5 Administrators' independence, relationships and indemnities

In accordance with section 436DA of the Act, a Declaration of Independence, Relevant Relationships and Indemnities ("DIRRI") was provided with the first report to creditors dated 13 December 2012 and was also tabled at the first meeting of creditors.

A further copy of the DIRRI is attached as Appendix A. There have been no changes in the details recorded in the DIRRI.

3 Background Information

3.1 Incorporation and Registered Office

A search of the ASIC database disclosed the Company was incorporated in Victoria on 7 December 1955. The Company's registered office is shown as 'Calliope', Three Chain Road, Rutherglen VIC 3685.

3.2 Shareholders, Officers and Security Interests

3.2.1 Shareholders

The Company is limited by shares. The ASIC database records the shareholders as:

Shareholder	Class	Number	%
Valerie McLarty Douglas Buller	ORD2	15,566	41.5%
R.L. Buller & Son (Holdings) Pty Ltd	ORD2	21,943	58.5%

3.2.2 Officers

The ASIC database indicates that during the 12 month period prior to our appointment the Company's directors and officers were:

Name	Position	Appointed	Ceased
Valerie McLarty Douglas Buller	Director	7 December 1955	N/A
Valerie McLarty Douglas Buller	Secretary	22 July 1997	N/A

There are two entities related to the Company as detailed below:

1. R.L. Buller & Son (Holdings) Pty Ltd (Holdings)

Holdings is the majority shareholder of the Company and has a common director, officer and registered address. Details from the ASIC database are provided below:

Shareholder	Class	Number	%
R.L. Buller Nominees Pty Ltd	ORD2	183	100%
Valerie McLarty Douglas Buller	PRF	1	100%

Name	Position	Appointed	Ceased
Valerie McLarty Douglas Buller	Director	8 February 1962	N/A
Valerie McLarty Douglas Buller	Secretary	22 July 1997	N/A

2. R.L. Buller Nominees Pty Ltd (Nominees)

Nominees is the majority shareholder of Holdings and has a common director, officer and registered address with the Company. Details from the ASIC database are provided below:

Shareholder	Class	Number	%
Andrew Kenneth Buller	ORD1	1	25%
Richard Langdon Buller Jnr	ORD1	1	25%
Valerie McLarty Douglas Buller	PRF	2	50%

Name	Position	Appointed	Ceased
Richard Langdon Buller Jnr	Director	6 April 1977	N/A
Andrew Kenneth Buller	Director	6 April 1977	N/A
Valerie McLarty Douglas Buller	Director	6 April 1977	N/A
Valerie McLarty Douglas Buller	Secretary	22 July 1997	N/A

3.2.3 Security Interests

A search of the Personal Property Securities Register on 3 July 2013 revealed the following perfected Security Interests:

Secured Party	Circulating or non-circulating	PMSI Y/N	Date Perfected
ANZ	Non-Circulating	N	30/01/2012
ANZ	All present and after acquired property	N	30/01/2012
Air Liquide Australia Pty Ltd	Non-Circulating	Y	30/01/2012
Ozpak Pty Ltd	Non-Circulating	Y	17/12/2012
Air Liquide Australia Pty Ltd	Non-Circulating	Y	23/01/2013

We note that two security interests were registered after our appointment, by Ozpak Pty Ltd and Air Liquide Australia Pty Ltd in relation to packaging and stock supplied. We expect the ANZ security interests to be satisfied on completion of the sale of business.

3.2.4 Winding up Applications

There were no winding up applications outstanding as at the date of our appointment.

3.3 History of the Company

The Company operates the business trading as Buller Wines. Buller Wines is one of Australia's most historic wineries, established in 1921, and is a fourth generation family winery spanning two of the country's renowned wine growing regions of Rutherglen and Swan Hill in Victoria. Over the last 92 years the Buller family has developed a strong reputation for winemaking, producing white, red and fortified wines.

Each year Buller Wines harvests grapes from the Beverford and Rutherglen vineyards and purchases additional grapes from other suppliers to produce wine which is bottled under the Buller Wines label. In addition, contract processing is undertaken to crush grapes and produce wine for third parties.

Bottled wines are stored at and dispatched from a third party warehouse which is located adjacent to the Buller Wines head office in Huntingdale, Victoria. Sales are generated by an in house sales team covering Victoria and national suppliers as well as distributors in Victoria, Queensland, Australian Capital Territory and New South Wales. In addition, each winery includes a cellar door which is open seven days a week.

4 Historical financial performance

4.1 Financial Statements

The Company was not required to prepare audited financial statements. However, special purpose financial statements (SPFR) were compiled by an external accountant. The last SPFR prepared for the Company were for the financial year end 30 June 2012.

4.2 Profit & Loss

The profit and loss statements for the financial years FY10 to FY12 are summarised as follows:

\$'000	FY10 SPFR	FY11 SPFR	FY12 SPFR
INCOME			
Sales (packaged & bulk wine)	7,421	6,730	7,142
Other income	0	20	5
Total Income	7,421	6,750	7,147
Cost of goods sold	(3,178)	(3,621)	(3,624)
Gross profit	4,243	3,129	3,523
EXPENSES			
Employee expenses	(1,953)	(1,046)	(1,110)
Borrowing costs	(417)	(557)	(560)
Advertising & marketing	(217)	(293)	(363)
Freight & cartage	(412)	(292)	(388)
Occupancy expense	(165)	(48)	(63)
Depreciation & amortisation	(126)	(37)	(16)
Other operating expenses	(1,108)	(726)	(879)
Total Expenses	(4,399)	(2,998)	(3,380)
Profit / (Loss)	(155)	130	143

We provide the following preliminary analysis and commentary on the Company's profit and loss statements:

- The Company has made a marginal profit in FY11 and FY12 from a loss-making position in FY10 as a result of a significant reduction in its cost base.
- A cost reduction program commencing in FY11 reduced overhead expenses from \$4.4m in FY10 to \$3.4m (23% reduction) by FY12 predominantly from headcount reductions and a minimisation of discretionary expenditure including consultants' fees, travel costs and repairs and maintenance.
- Not only has income declined since FY10, the Company also experienced erosion in gross margin from 57% down to 49% across the three years as a result of selling wine at lower prices in order to move inventory and generate cash flow.
- Management advises the decline in sales revenue can be attributed to the oversupply of wine and wine grapes forcing down prices and the high Australian dollar reducing the volume of wine exported.

The profit and loss statement for the financial year ending 30 June 2012 compared to the budget for the same period is summarised as follows:

\$'000	Budget FY12	Actual FY12	Variance
INCOME			
Sales (packaged & bulk wine)	7,569	7,142	(427)
Other income	-	5	5
Total Income	7,569	7,147	(422)
Cost of goods sold	(3,952)	(3,624)	328
Gross profit	3,618	3,523	(95)
EXPENSES			

Employee expenses	(760)	(1,126)	(366)
Borrowing costs	(551)	(560)	(9)
Advertising & marketing	(154)	(363)	(209)
Freight & cartage	(300)	(373)	(73)
Occupancy expense	(54)	(63)	(9)
Depreciation & amortisation	(22)	(16)	6
Other operating expenses	(772)	(879)	(107)
Total Expenses	(2,612)	(3,380)	(768)
Profit / (Loss)	1,005	143	(862)

We provide the following commentary on the Company's performance against budget:

- The Company missed its budgeted sales target by \$427,000 in FY12, but largely maintained its gross profit margin. However FY12 profit was \$862,000 below budget as a result of increased overheads.
- Budgeted reduction in employee costs were \$366,000 higher than budgeted as further headcount reductions were not achieved.
- In addition, advertising and marketing expenses were \$209,000 more than budgeted, and other operating expenses were \$107,000 more than budgeted.

4.3 Balance Sheet

The balance sheets for FY10, FY11 and FY12 are summarised as follows:

\$'000	FY10 SPFR	FY11 SPFR	FY12 SPFR
Current Assets	10,902	10,805	10,478
Non-Current Assets	5,370	5,250	5,149
Total Assets	16,272	16,055	15,627
Current Liabilities	(4,088)	(4,256)	(4,200)
Non-Current Liabilities	(3,792)	(3,305)	(2,864)
Total Liabilities	(7,880)	(7,562)	(7,064)
Net Assets / (Deficiency)	8,392	8,493	8,563

We provide the following preliminary analysis and commentary on the Company's balance sheet statements:

- The most significant current asset of the Company is inventory, as outlined below:

Current Assets	Book Value (\$'000)	%
Cash and cash equivalents	81	0.78
Trade and other receivables	1,352	12.90
Inventory	9,045	86.32
Total	10,478	100.00

- In 2012, inventory comprised the following:

Inventory Type	Book Value (\$'000)	%
Work in progress – winery	1,851	20.46
Bulk Wine	5,621	62.15
Dry goods	120	1.33
Packaged wine	1,453	16.06
Total	9,045	100.00

- Bulk wine comprised 62.15% of total inventory in 2012 while packaged stock ready for sale comprised only 16.06%. Approximately 73.25% of the bulk wine on hand is fortified wine, some of which is more than 20 years old. Industry experts advise that Buller Wines has approximately 20% of total market holdings of fortified wines but holds only 3% market share. Based on this information it is likely that in a business as usual scenario it would take over ten years to sell down bulk wine stocks.
- The valuation methodology was a bulk value costing adopted by management. The exact value of inventory is difficult to ascertain given its age and the availability of competitive product in the market and the timeframe required to realise it. As explained later in this report, bulk wine has been difficult to sell during the Administration period. Expert advice indicates that based on Buller Wines' market share, the current over supply of wine and wine grapes and declining market for fortified wines, it could take a significant period of time of more than 5 years to sell down the current inventory of bulk wines in a business as usual scenario.
- The only other significant current asset is trade receivables the balance of which has reduced slightly over the three year period from \$1.40m in FY10 to \$1.35m in FY12.
- The most significant non-current asset is land and buildings which have been carried at a book value of \$4.67m based on a valuation performed in 2006. The Administrators have received an updated valuation which indicates the current value of the land and buildings is \$2.14m.
- Current liabilities comprise trade and other payables and borrowings. In 2012 the most significant current liabilities were:
 - Trade creditors of \$1.55m (down from \$1.89m in 2011)
 - BAS and GST payable of \$0.66m (up from \$0.42m in 2011)
 - Bank overdraft of \$0.83m (down from \$0.99m in 2011)
- The key non-current liability is borrowings, the balance of which was reduced by \$0.34m in 2012.

4.4 Working Capital Position

Working capital is a financial measure which represents operating liquidity available to a Company. Net working capital is calculated as current assets minus current liabilities. Detailed below is a comparison of the working capital position as at 30 June 2010, 2011 and 2012.

The liquidity ratio below is a measure that is used to determine the Company's ability to pay off its short-term debts obligations. The higher the value of the ratio, the more able the Company is to meet its short-term debts.

Working Capital \$'000	FY10	FY11	FY12
Total Current Assets	10,902	10,805	10,478
Total Current Liabilities	(4,088)	(4,256)	(4,200)

Working Capital Position	6,814	6,549	6,278
Liquidity Ratio	2.67	2.54	2.49

Negative working capital is an indicator of cash flow difficulties.

We provide the following comments in respect to the Company's working capital position:

- As noted in section 4.3 the current assets balance includes a number of inventory items that could not be readily converted to cash to pay down current liabilities. As such, a better indication of the true working capital position would be provided if these items were not included in the current assets balance.
- In particular, expert advice indicates that based on Buller Wines' market share, the current over supply of wine and wine grapes and declining market for fortified wines, it could take a significant period of time of more than 5 years to sell down the current inventory of bulk wines in a business as usual scenario.
- The working capital position including only assets that could be converted to cash quickly is provided below:

Working Capital \$'000	FY11	FY12
Current Assets		
Cash and cash equivalents	20	80
Trade and other receivables	1,552	1,352
Packaged wine	1,167	1,453
Consignment stock	22	-
Total Current Assets	2,760	2,886
Total Current Liabilities	(4,256)	(4,200)
Working Capital Position	(1,496)	(1,314)
Liquidity Ratio	0.65	0.69

- In light of the above it is clear that the saleability of inventory is a key factor when considering the working capital position of the Company.

5 Director's Report as to Affairs (RATA)

5.1 Summary

Section 438B of the Act requires directors to provide a RATA for the Company as at the date of our appointment within five business days of receipt of the request from the Administrators or such longer period as the Administrators allow.

The director requested an extension of time for the submission of the RATA pursuant to section 438B(2) of the Act totalling 28 days to 17 January 2013. We granted this request for an extension. The director subsequently provided the RATA on 11 January 2013.

The RATA, together with the respective accompanying schedules may be inspected by contacting Mr David Phua on (03) 9671 7060 at our office at Deloitte.

The RATA represents a snapshot of the asset and liability position of the Company on a going concern and forced asset realisation basis, **as prepared by the director**. We provide a comparison of these values to the estimated realisable amounts for the benefit of creditors.

We have also commissioned and received an independent valuation of the plant and equipment and land and buildings owned by Company which are discussed in more detail in sections 5.1.1, 5.1.5 and 5.1.7.

The book values shown in the RATA do not reflect actual returns to creditors.

The RATA is summarised below.

	Note	Book Value (\$)	Directors' ERV (\$)
Assets			
Interest In Land	5.1.1	175,000	150,000
Sundry Debtors	5.1.2	893,940	715,027
Cash on Hand and at Bank	5.1.3	66,270	66,270
Stock	5.1.4	10,019,600	6,758,000
Plant & Equipment	5.1.5	452,417	45,417
Other Assets	5.1.6	-	-
Sub Total		11,607,227	7,734,714
Assets Subject to Security Interests	5.1.7	3,570,000	2,250,000
Less Amounts owing Security Interests		(3,900,000)	(3,900,000)
Total		11,277,227	6,084,714
Liabilities			
Less: Priority Creditors		-	-
Employee entitlements	5.1.8	(165,487)	(165,487)
Less: Secured Creditors	5.1.9	-	-
Partly Secured Creditors	5.1.10	-	-
Total		11,111,740	5,919,227
Available to unsecured creditors		11,111,740	5,919,227
Unsecured creditors	5.1.11	(900,457)	(900,457)
		10,211,283	5,018,770
Contingent Assets	5.1.12	-	-
Contingent Liabilities		-	-
Surplus/(Shortfall)		10,211,283	5,018,770

We comment on the estimated realisable values included in the RATA as follows:

5.1.1 Interest in Land

The Company owns an unencumbered block of land located at 92-98 Victoria Street, Wahgunyah, Victoria, 3687. The land is currently listed for sale. The directors' ERV is in line with the external valuation for this land as at April 2013.

5.1.2 Sundry Debtors

As at the date of our appointment, the Company had receivables totalling \$893,940, stratified as follows:

	\$	%
Current	418,048	46.77
1-30 days	76,069	8.51
31-60 days	123,988	13.87
61-90 days	124,482	13.92
90 days plus	151,353	16.93
Total	893,940	100.00

We have collected \$673,127 of the debtor balance as at 5 July 2013. No further recoveries are expected. A reconciliation of the recoveries to the RATA debtor balance is provided below:

RATA debtor balance	893,940
LESS:	
Intercompany debts	(88,913)
Voluntary Administration period sales	(7,832)
Debts subject to offset	(25,929)
Rebates, discounts, adjustments and other uncollectable debts	(98,139)
Total debtors collected	673,127

5.1.3 Cash on Hand and at Bank

The RATA discloses the value of cash on hand at appointment of \$2,800. We advise that floats and unbanked takings at the date of appointment totalled \$3,439.

The RATA discloses cash at bank to be \$63,470 as at the date of our appointment. The actual bank balance at the date of our appointment was \$63,470. This amount has been transferred to the administration bank account.

5.1.4 Stock on Hand

The RATA indicates that the book value of the stock on hand at the date of appointment was \$10m. This stock was not subject to retention of title claims. The estimated realisable value of the stock was shown as \$6.75m.

Stock on hand is a combination of:

- Packaged wine with a book value of \$3.5m and an ERV of \$1.75m
- Bulk wine with a book value of \$6.5m and an ERV of \$5m

During our trading from 13 December 2012 to 5 July 2013, we have sold down packaged wine, converted bulk wine to packaged wine, purchased raw materials and realised stock in the ordinary course of trading. In addition, we have also sold quantities of bulk wine. We note however that the sale of bulk wine has been difficult as external parties are no longer requiring substantial quantities of bulk wine, in particular bulk fortifieds, to fulfil sales orders. Accordingly, we believe the bulk wine ERV of \$5m is overstated.

All remaining stock as the date of settlement which will occur when liquor licences have been transferred will be sold in one line to the purchaser of the business. We expect settlement to occur by the end of July 2013.

5.1.5 Plant & Equipment

The RATA includes a depreciation schedule detailing each item of plant and equipment owned by the Company. The main classes of plant and equipment are listed below:

- Wine processing equipment
- Wine storage tanks
- Irrigation systems
- Winery maintenance equipment (e.g. tractors, lawn mowers etc)
- Motor vehicles
- Office equipment, furniture and fittings

We commissioned a valuation of all plant and equipment which values the plant and equipment at \$1.594m (market value for existing use) and \$575,000 (auction realisation). All plant and equipment has subsequently been sold in one line as part of the sale of the assets and business of the Company. The value attributed by the director (\$45,417) is significantly understated compared with the valuation as at January 2013. It appears that the director may have included the value of plant and equipment within the ERV of the Beverford winery location, as indicated below. This has resulted in the ERV for plant and equipment to be understated when compared to the independent valuation.

5.1.6 Other Assets

The RATA does not disclose any other assets.

5.1.7 Assets Subject to Specific Charges

ANZ holds a charge over all circulating and non-circulating assets of the Company. This includes assets detailed at 5.1.1 to 5.1.5 above. The total amount owing to ANZ, secured by the charge, was \$3.959m as at the date of appointment.

In addition to the assets detailed above the ANZ charge extends to the following properties:

	RATA Value (\$)	Directors' ERV (\$)	Independent Valuation (\$)
Property			
2084 Federation Way, Rutherglen VIC 3685 (Rutherglen winery).	1,100,000	750,000	\$925,000
Murray Valley Highway, Beverford VIC 3590 (Beverford winery)	2,470,000	1,500,000	\$985,000
Total	3,570,000	2,250,000	\$1,910,000

We commissioned an independent valuation for these properties, as outlined above. This indicates that the director's ERV per the RATA is overstated by \$340,000.

The majority of assets subject to the ANZ security interest have now been realised and we expect there will be sufficient funds available to repay the ANZ in full through the sale of assets and our trading.

5.1.8 Employee Entitlements

The RATA discloses employee claims totalling \$165,487 however the director has not included the value of severance and notice entitlements or outstanding superannuation and therefore is significantly understated. The amounts disclosed are summarised below:

Type of Entitlement	\$
Wages	-
Holiday Pay (Annual Leave)	98,940
Long Service Leave	66,547
Payment in lieu of Notice	-
Redundancy	-
Total	165,487

We have completed our review of the entitlements of all employees, including those that have been terminated during the Administration period and provide a summary as follows:

Type of Entitlement	Crystallised Liability \$	Liquidation \$
Wages/Salary Sacrifice to Appointment	1,384	1,384
Superannuation to Appointment	74,493	74,493
Annual Leave – Continuing Employee	-	49,142
Annual Leave – Terminated/Resigned Employees	54,431	54,431
Long Service Leave – Continuing Employees	-	45,426
Long Service Leave – Terminated/Resigned Employees	33,778	33,778
Notice Entitlements – Continuing Employees	-	31,421
Notice Entitlements – Terminated Employees	5,550	5,550
Redundancy – Continuing Employees	-	78,282
Redundancy – Terminated Employees	8,700	8,700
Total Priority Claims	178,336	382,606
Unsecured Claim – Directors / Related Party Excluded Claim	123,636	727,710
Overall Total	301,972	1,110,316

The claims of the employees represent priority claims pursuant to section 556 of the Act. The normal adjudication process may result in changes to the above amounts.

The Act limits entitlements paid to excluded employees, as priorities over other unsecured creditors, as follows:

- Wages & superannuation - maximum priority payment is \$2,000
- Entitlements because of an industrial instrument (leave entitlements) - maximum priority payment is \$1,500
- No entitlement to priority payment of retrenchment payments (including notice in lieu).

An excluded employee is defined as an employee who is also a director of the Company, a spouse of the director or a relative (other than a spouse) of the director.

Our investigations indicate that there are six excluded employees whose unsecured claims are made up of outstanding annual leave, superannuation and long service leave.

5.1.9 Secured Creditor

As outlined above, ANZ holds a general security interest over all of the Company's assets and undertakings, securing a debt of \$3.959m.

5.1.10 Partly Secured Creditors

The RATA did not reveal any partly secured creditors.

5.1.11 Unsecured Creditors

Unsecured creditor claims are estimated to total \$900,457 per the director's RATA. However, it appears that the unsecured claim of the ATO has been understated by approximately \$686,740 in the RATA.

We have received unsecured creditor claims totalling \$2,605,447. Of this amount, \$727,711 relates to director / related party excluded entitlements, \$1,190,996 is due to trading creditors and \$686,740 is a claim from the ATO. Therefore, the amount disclosed by the director is significantly understated.

5.1.12 Contingent Assets

The RATA does not disclose any contingent assets.

5.2 Explanations for difficulties

5.2.1 Directors' explanation

The director has advised that the reasons for the Company's financial difficulties were as a result of the following:

- In recent years there has been an oversupply of wine grapes and wine which has forced down wine prices. In addition the high Australian dollar has significantly affected the competitiveness of Australian winemakers and has reduced the export sales of Buller Wines. These two factors have affected both sales volume and price which has led to significant cash flow issues being experienced by the Company.
- Lack of succession planning leading to management discord;
- Failure to achieve budgets, particularly in respect of export sales which declined significantly in the second half of 2012 and over run on budgeted costs as detailed in the budget comparison in section 4.2; and
- Poor financial advice.

5.2.2 Administrators' opinion

In our opinion, from a review of the Company's operations, correspondence and discussions with the Directors, the difficulties were also as a result of the following:

- The Company was over leveraged and the interest payable on loans placed significant cash strain on the Company;
- Inability to sell down excessive holdings of bulk wine stock. Whilst the balance sheet displays surplus assets, an inability to sell down stock to reduce debt and improve cash flow contributed to the failure of the Company;
- Poor production decisions. The company continued to produce wine in excess of the amounts capable of being sold, increasing both bottled and bulk wine inventories.
- Large product range. The Company continued to produce a large product range despite poor sales of a number of products.

5.3 Outstanding winding up applications

Our review of the ASIC records did not disclose any winding up applications filed against the Company prior to our appointment as Administrators.

5.4 Related entities

Details of the related entity creditors as per the Company's books and records are as follows:

Name	Relationship	Debt \$	Date debt incurred	How debt was incurred
Valerie Buller	Director	550	unknown	Amount due to Valerie as reimbursement of personal payment of advertising expense.
RL & SJ Buller Superannuation Fund	Superannuation fund benefiting relatives of the Director	4,337	Jan-Dec 2012	Unpaid superannuation of relatives of the Director employed by the Company.

We have been unable to verify the debt of Valerie Buller as no supporting invoices can be located. Valerie has not submitted a claim to us for this amount.

We have verified the R.L. & S.J. Buller Superannuation Fund debt to payroll records which confirm that an amount in excess of \$4,337 is owing to employees who have nominated R.L. & S.J. Buller Superannuation Fund to receive employer superannuation contributions.

In addition, the following related parties have submitted informal proof of debt claims to us:

- Estate of the late R.L. Buller in the amount of \$64,536
- R.L. Buller Nominees Pty Ltd in the amount of \$27,709
- Mrs Valerie McLarty Buller in the amount of \$90,702

The above related party claims are detailed in the FY12 financial statements and represent unsecured loans which are included in current liabilities.

6 The Administrators' Actions to Date

Following our appointment, we took control of the operations and affairs of the Company.

Immediate operational and statutory actions were taken by us for the conduct of the Voluntary Administration. These actions included, but are not limited to, the following:

Trading Matters

Set-up

- Met with senior management of the Company to discuss the nature and implications of our appointment and their ongoing support;
- Conducted site visits at Huntingdale, Beverford and Rutherglen;
- Addressed all staff to advise of the appointment, the Administrators' role and responsibilities and the impact of the appointment on their employment and entitlements. Staff were advised that the Administrators' intended to continue to trade the business with a view toward restructuring or selling the business and maintaining employment;
- Discussions with representatives of ANZ, the secured creditor, to advise them of our appointment and obtain information in relation to the security position;
- Undertook immediate trading review to stabilise the business, including the preparation of a forecast profit and loss, cash flow and balance sheet;

- Conducted a stock take of inventory at Huntingdale, Beverford and Rutherglen, with the assistance of staff, to understand existing stock levels;
- Reviewing all insurances in place and liaising with our insurance broker to ensure adequacy of insurance;
- Contacting key suppliers to ensure ongoing supply;
- Conducted preliminary Occupational Health and Safety assessment, and sought specialist asbestos advice;
- Established an understanding of the Company information systems;
- Reviewed the business' cost structure and considered any cost reduction strategies with Management;
- Developed a trading strategy based on our understanding of the nature of the business and the short-term cash flow position of the Company;
- Establishing a purchase order system to control costs.

Ongoing

- Subsequent to the initial meeting, weekly and latterly fortnightly management meetings were held to monitor trading performance and discuss trading issues;
- Conducted an assessment of the profitability and potential funding requirements for contract wine processing;
- Meetings with winemakers and management regarding the approval of contract wine processing for third parties;
- Liaising with grape growers to confirm the supply of grapes for contract wine processing;
- Monitoring the progress of contract wine processing for third parties;
- Conducted an assessment of the profitability and potential requirements regarding participation in the Winery Walkabout event in Rutherglen;
- Liaising with winemakers and management regarding the approval of the Winery Walkabout event;
- Ongoing assessment of staffing requirements;
- Liaising with relevant staff on employee and consultation matters;
- Consideration of sale strategy and liaising with distribution agents;
- Held weekly meetings with the winemakers to monitor progress;
- Monthly stocktakes to reconcile stock on hand to sales;
- Monitoring sale of bulk wine opportunities;
- Continuous monitoring of actual trading performance against budget performance;
- Comprehensive review of debtors, systems, collectability and cash flow implications;
- Establishing new bank accounts, for both trading funds and term deposit funds;
- Considering taxation issues (i.e. wine equalisation tax) and reconciliation and preparation of BAS;
- Review of employee records and reconcile appointment cut-off;
- Preparation of Group Certificates;
- Reconciliation and preparation of monthly payroll tax liabilities;
- Liaising with Deloitte Corporate Finance regarding the sale of business campaign and assistance with preparation of the Information Memorandum;
- Gather information for due diligence;

- Negotiations and meetings with interested parties;
- Liaising with our solicitors to draft Sale and Purchase Agreements;
- Meetings and discussions with the incoming purchaser once the exchange of legal contracts was finalised;
- Preparation of the transfer of Buller Wines business to the incoming purchaser;
- Recruiting a contract financial controller to assist with the financial management of the business.

Statutory matters

- Advertising the appointment of Administrators on the ASIC insolvency notices website as required;
- Circulating creditor notices;
- Replying to creditor queries via telephone, email, facsimile and letters;
- Collating and registering creditors' informal proof of debt claims;
- Notifying statutory authorities of our appointment;
- Preparing and lodging relevant notices with the ASIC;
- Convening and holding the first meeting of creditors under section 436E of the Act on 21 December 2012;
- Prepared minutes of the first meeting of creditors and completed the required statutory lodgements;
- Requesting and subsequently reviewing the RATA prepared by the Director regarding the business, property and affairs of the Company;
- Application to the Court for an extension to the convening period;
- Conducting preliminary antecedent transaction investigation;
- Preparing a preliminary assessment of the accrued employee entitlements;
- Preparing this report to creditors;
- Preparing Form 524 (Receipts and Payments account) for lodgement with ASIC;
- Convening the second meeting of creditors under section 439A(3) of the Act.

6.1 Sale of Business Process

Shortly after appointment we consulted and received quotes from agents to undertake the sale of business campaign, including Deloitte Corporate Finance.

After discussions with the director and family members, Deloitte Corporate Finance was engaged to commence the sale of the business. The advertisement for the sale was issued on the following dates:

Publication	Dates
Australian Financial Review	1 February 2013
The Age	2 February 2013
The Australian	2 February 2013
Seek Commercial	7 February – 6 March 2013

In addition, we utilised the Deloitte's international network to market the business and assets for sale.

We received expressions of interest from approximately 70 parties. We asked all interested parties to execute a Confidentiality Agreement prior to receiving an Information Memorandum.

Of these interested parties, 50 Confidentiality Agreements were sent, resulting in 27 Information Memoranda being provided. The Information Memorandum was released on 11 February 2013.

Whilst a preliminary timetable for submission of offers was communicated to interested parties with the Information Memoranda, we remained flexible to latecomers to ensure as many qualified parties were included in the process as possible.

Sale of Business Timetable	
Event	Date
Submission of a non-binding written indicative offer	2-19 March 2013
Selection of shortlist of prospective purchasers	19 March 2013
Opening on-line eRoom (data room)	2 April 2013
Submission of final unconditional offers	2-8 May 2013
Distribution of draft sale and purchase agreements	9 May – 28 June 2013
Signing of sale and purchase agreement	7 June 2013
Completion	Expected July 2013

On receipt of non-binding indicative offers from interested parties, one potential purchaser undertook a thorough due diligence process. We subsequently received two binding offers from latecomers and these parties were allowed to proceed to the negotiation phase.

Subsequent to this process, the Judd Group paid a 10% non-refundable deposit on 13 May 2013. On 7 June 2013, legal contracts for the sale of the business and assets of the Company were signed for purchase consideration of \$3.9m with completion scheduled between four to eight weeks (timing dependent on the transfer of liquor licences). The Judd Group arranged payment of the balance of purchase consideration, \$3.5m, on 7 June 2013. These funds are currently held in trust with our solicitors.

Two other bidders who had failed to demonstrate commitment to the transaction via payment of a deposit were continuing to negotiate/conduct due diligence. Therefore, we incorporated a break fee and matching rights in the Judd Group contract, should an acceptable superior offer be received prior to completion. Both parties have now indicated they will not proceed with the purchase of the business.

As at the date of writing this report an acceptable materially superior offer has not been received and we await transfer of the liquor licences and therefore completion of the sale contract.

The sale process resulted in the exchange of contracts for the sale of the business as a going concern.

6.2 Administrators' Trading Performance and Receipts and Payments

6.2.1 Business Trading

We make the following comments regarding the trading performance of the Company during the initial period of the administration, from 13 December 2012 to 5 July 2013:

- Upon appointment, we made an assessment of the Company's future cash flows to determine whether or not it was viable for us to continue to trade the business;
- To assist with this assessment, we contacted major customers and suppliers to ensure their ongoing support for the Administration. As support was obtained, it was decided that we would continue to trade the business;
- We reviewed profitability of contract processing arrangements with other wineries and worked to ensure a profitable enterprise;
- We reviewed headcount requirements;
- We entered into a distribution agreement with Boutique Beverages to distribute red, white and fortified wine throughout Victoria;
- We exceeded trading performance during our trading period due to greater than expected export orders and bulk wine sales.

6.2.2 Administrators' Receipts and Payments

The table below provides a summary of the receipts and payments during the period 13 December 2012 to 5 July 2013.

We advise that the summary below does not include accruals incurred to date.

Receipts and Payments		\$
Receipts		
Debtors – domestic		1,935,645
Debtors – export		726,578
WET rebate		192,154
Water allocation (sale of excess water rights for FY13)		33,600
Sale proceeds from Motor vehicles		13,854
Bank interest		65,184
Rent received (residential)		8,372
Pre-appointment debtors		1,400
Petty cash		673,128
Cash on hand/at bank		1,063
Total Receipts		3,650,977
Payments		
Raw Material Purchases		(258,495)
Fringe Benefits Tax Liability		(8,751)
Commissions Paid - export (GST free)		(506)
Rates		(33,074)
Advertising		(800)
Bank Charges		(2,463)
Commissions paid		(20,562)
Credit Card Merchant Fee		(4,681)
Electricity and Gas		(73,832)
Freight charges (excl GST)		(140,579)
Casual Labour (excl GST)		(650)
Insurance (incl. duties)		(91,192)
Postage, Stationery and Printing		(7,377)
Professional fees (agents, solicitors, consultant)		(155,251)
Rent Paid		(13,888)
Repairs & Maintenance		(41,697)
Sundry expenses		(25,419)
Superannuation		(32,276)
Internet, Telephone & Fax		(18,891)
Transport / Courier		(236)
Vehicle Running Costs		(16,042)
Wages & Salaries		(682,665)
Stamp Duty		(4,443)
Other Government Charges		(11,037)
Licences		(2,319)
Vehicle registration		(276)
Winemaking costs (incl chemicals, bottling, labelling)		(335,104)
Payroll Tax		(20,272)
Sundry expenses (excl. GST)		(6,715)
Agents/Valuers Fees		(5,200)
Pre-appt balance for Locke Logistics		(20,878)
Hardship Loans provided to employees made redundant at the commencement or left during the Administration		(26,344)
Total Payments		(2,061,914)
GST Receivable/(Payable)		(163,165)
Cash on hand		1,752,227

Surplus funds from the Administrator's trading period have been invested in an interest bearing term deposit account.

7 Investigations

7.1 Introduction

Section 438A(a) of the Act provides that as soon as practicable after an administration begins the Administrators must investigate the Company's business, property, affairs and financial circumstances.

Pursuant to Regulation 5.3A.02, Administrators are also required to investigate and report on any possible recovery actions that may be available to a Liquidator should creditors resolve that the Company be wound up.

An explanation of the possible offences by a Director and insolvent and voidable transactions that a Liquidator could pursue is attached at Appendix B. This information sheet has been prepared by the Insolvency Practitioners Association (IPA) and is intended to reduce the amount of generic information included as part of the body of this report. Creditors who are not familiar with the nature of offences and Liquidator actions should refer to the appendix for explanations. If further explanation is required of the material contained in Appendix B or of our investigations, creditors should contact us.

7.2 Overview of Investigation

In the time available to us, we have undertaken the following investigations to prepare this report and formulate our opinions:

- ASIC and real property searches;
- Personal Property Securities Register searches;
- Review of books and records of the Company;
- Discussions and questionnaires completed by the director
- Discussions with management and staff
- Discussions with creditors
- Review of the financial accounts of the Company;

Whilst we have no reason to doubt any information contained in this report, we reserve the right to alter our conclusions should the underlying data prove to be inaccurate or materially change from the date of this report.

7.3 Offences by the Directors

7.3.1 Overview

We are required to complete and lodge a report pursuant to section 438D of the Act with ASIC where it appears to us that a past or present officer of the Company may have been guilty of an offence in relation to the Company and in other limited circumstances. Any report lodged pursuant to Section 438D (or an investigative report lodged by a Liquidator pursuant to Section 533 of the Act) is not available to the public.

We have undertaken a preliminary investigation of the affairs of the Company in relation to suspected contraventions of Section 180 - 184 of the Act regarding the general duties of directors and officers.

From our investigations to date we have not found that the director has acted dishonestly and/or fraudulently in the exercise of her powers and discharge of her duties. To date, there has been no evidence that the director has used her powers other than in the Company's interest.

Whilst we will continue to investigate any potential breaches of director's duties, at the time of writing this report it is unlikely that there will be actions against the director for breach of statutory duties.

7.3.2 Books and records

Pursuant to Section 286 of the Act, a company must keep written financial records that correctly record and explain its transactions, financial position and performance and would enable true and fair financial statements to be prepared and presented in accordance with the accounting standards.

Failure by a Company to maintain books and records in accordance with section 286 of the Act provides a rebuttable presumption of insolvency of the Company; however, this only applies in respect of a Liquidator's application for compensation for insolvent trading and other actions for recoveries pursuant to part 5.7B of the Act from related entities.

In our opinion, it appears that the books and records have been maintained in accordance with Section 286 of the Act.

7.4 Voidable transactions

The Act requires an Administrator to specify whether there are any transactions that appear to the Administrator to be voidable transactions in respect of which money, property or other benefits may be recoverable by a Liquidator under Part 5.7B of the Act.

This issue is relevant to creditors if they are being asked to choose between a DOCA and liquidation, because voidable transactions are only able to be challenged if liquidation occurs.

Voidable transactions include:

- Unfair preferences (Section 588FA)
- Uncommercial transactions (Section 588FB)
- Unfair loans to a company (Section 588FD)
- Arrangements to avoid employee entitlements (Section 596AB)
- Unreasonable director-related transactions (Section 588FDA)
- Transactions with the purpose of defeating creditors (Section 588FE(5))
- Voidable security interests (Section 588FJ)

It is important to note that such transactions are only voidable if they are considered insolvent transactions of the Company. In order for a Liquidator to recover any amount it would first be necessary to establish that the Company was in fact insolvent at the time of the transaction.

Generally such actions are expensive and are likely to require Court applications. As such, should there be inadequate funds available, or the Liquidators consider it uncommercial or not in the creditors' best interests, such recovery actions may not be commenced by the Liquidators.

In these circumstances, creditors wishing to fund any such actions may do so. Should any funds be recovered from these actions, the creditors providing the funding may be entitled to receive their contribution in priority to other creditors.

Litigation insurance may also be available to fund these actions. However, such funding is generally only available where legal advice indicates that there is a strong potential for success.

7.4.1 Unfair Preferences Payments (Section 588FA)

We have examined the books and records of the Company. We have identified approximately \$1.709m in payments that may be unfair preferences within the six months prior to the relation back day.

In order to prove a creditor received an unfair preference payment, a Liquidator must demonstrate that the Company was insolvent at the time the creditor received the payment/benefit. The creditor has a defence to a claim by a Liquidator that a transaction is an unfair preference if, at the time the benefit was received the creditor had no reasonable grounds for suspecting that the Company was insolvent or would become insolvent through entering into the transaction and valuable consideration was given.

As detailed at 7.5 below, investigations are continuing to establish the date the Company became insolvent.

However, we comment that our investigations are only preliminary and we are seeking further information on the identified transactions.

In the event of liquidation, a Liquidator will need to prove that creditors knew or should have known that the Company was insolvent at the time the payments were made. There would need to be significant investigative work undertaken to establish whether:

- the Company was insolvent at the time the transaction occurred
- the party that received the preference was aware that the Company was insolvent or likely to become insolvent at that time
- the recipient has sufficient assets to settle any successful claims
- the cost of undertaking the action is greater than the possible return
- there are sufficient funds available (subject to the approval of creditors) to undertake any proposed preference recovery action.

Given the quantum of the potential preference payments found so far, and the costs that would be involved in recovering these funds, we have included a small potential recovery of preference payments in our estimate of expected returns to creditors in liquidation.

7.4.2 Unfair Loans (Section 588FD)

Our investigations of the Company books and records revealed that the Company has not made or received any loans from or to any parties which committed either company to extortionate terms.

7.4.3 Uncommercial Transactions (Section 588FB)

Our review of company records to expose evidence of uncommercial transactions entered into by the Company has identified transactions that could constitute uncommercial transactions. There are 20 payments to one party totalling \$223,459 that have been identified as potential uncommercial transactions that should be investigated further by a Liquidator.

7.4.4 Discharging a Debt of a Related Entity (Section 588FH)

Our review of Company records has identified four transactions, totalling \$63,678, which appear to be payment of the debt of a related entity.

7.4.5 Unreasonable Director-Related Transactions (Section 588FDA)

Our investigations have identified possible unreasonable director related transactions. There are 103 transactions totalling \$443,793 and further investigation would be required by a Liquidator to determine the validity of the identified director-related transactions.

7.4.6 Arrangements to Avoid Employee Entitlements (Section 596AB)

We have not to date identified any transactions of this nature.

7.4.7 Transactions with the Purpose of Defeating Creditors (Section 588FE(5))

We have conducted a review of the transactions of the Company for the six months prior to the relation back day to identify any transactions that may have been entered into with the purpose of defeating creditors.

Aside from the potential preference payments outlined above, we have not to date identified any transactions undertaken for the purposes of defeating creditors that would be recoverable by a Liquidator.

7.4.8 Circulating security interests created within Six Months (Section 588FJ)

A search of the Personal Property Securities Register reveals that no circulating security interests have been perfected over the Company's assets in the six months prior to the relation back day.

7.5 Insolvent Trading (section 588G)

Directors have a positive duty to prevent a company from trading whilst it is insolvent (S.588G). If a director is found to have contravened section 588G they may be ordered to pay an amount of compensation to the Company equal to the amount of loss or damage suffered by creditors as a result of the contravention.

A Liquidator would therefore investigate further the possibility of taking action against the Company director for breaches of their duties to prevent insolvent trading. If it is established that a director has breached her duties to prevent the Company from incurring debts whilst it was insolvent, a Liquidator could recover from those directors an amount equal to the loss that has been suffered by the creditors whose debts remain unpaid.

If a Liquidator chooses to pursue an insolvent trading action, creditors are prevented from taking their own action against the director(s) for compensation. If a Liquidator does not choose to take any action in this regard, a creditor may commence proceedings on its own behalf but only with the consent of the Liquidator or the Court.

Information about possible insolvent trading is relevant to creditors when making a decision about the future of the Company as directors of the Company may generally only be pursued for insolvent trading if the Company is in liquidation.

As with the voidable transaction analysis above, creditors have to assess the advantages to them of a DOCA, should one be proposed, which cannot include proceeds from insolvent trading actions, compared to the likely return in a liquidation, which could include the proceeds of any successful insolvent trading action.

Claims for insolvent trading are often difficult to prove and directors have a number of defences available to them pursuant to section 588(h) of the Act, as follows:

- That when the debt was incurred, the director had reasonable grounds to suspect that the Company was solvent and would remain solvent even if the debt was incurred.
- That when the debt was incurred, the director had reasonable grounds to believe, and did believe, that a subordinate was competent and responsible for providing adequate information about the Company's solvency and the directors expected, on the basis of the information, that the Company was solvent or would remain solvent.
- That when the debt was incurred, the director, because of illness or for some other good reason, did not take part in the management of the Company at the time.
- That the director took all reasonable steps to stop the Company from incurring the debts.

It is important to note that these defences are not defences against insolvent trading itself, but are defences the director has against personal liability for insolvent trading.

Indicators of insolvency include:

Indicator of insolvency	Comment
Continuing losses.	There is no trend of continuing losses being made by the Company.
Liquidity ratio below 1	Referring section 4.2.1, the liquidity ratio was below one for FY10, FY11 & FY12 if stock that is not readily saleable is excluded from total current assets.
Overdue taxation liabilities	The Company owes approximate \$687k to the ATO.
Inability to borrow funds / no access to further funds and/or inability to raise further equity capital	The Company did not have potential access to further funds.
Suppliers placing the Company on C.O.D. or otherwise demanding special payments before resuming supply/ creditors unpaid outside trading terms.	We are aware of a small number of suppliers entering into such arrangements with the Company.
Issuing of post-dated cheques / dishonoured cheques.	We are not aware of any post-dated cheques/dishonoured cheques.
Special payments with selected creditors/payments to creditors of rounded sums which are not reconcilable to specific invoices.	Our investigations revealed some potential special payments.
Solicitors letters, summons, judgement or warrants issued against the Company.	We are not aware of any such letters, summons, judgements or warrants being issued against the Company
Inability to produce timely and accurate financial information to display PFT trading performance and financial position, and make reliable forecasts.	Monthly management accounts were prepared.

As at the date of this report, we have not ascertained whether any of the defences to insolvent trading (if proven) including the action to appoint Voluntary Administrators on 13 December 2012 may apply to the director of the Company.

We note that our investigations are preliminary. Determining the point in time that the Company became insolvent would be subject to further investigation by a Liquidator, and be determined on the basis of available evidence presented to a Court. Consideration would also be given to the commerciality of any legal action. The directors' asset position and ability to repay any judgement made against them must also be considered.

7.6 Holding Company Liability

Section 588V of the Act states that a holding company is liable for the debts of its subsidiary where the subsidiary is insolvent, and:

- the holding company and one or more of its directors were aware it was insolvent; or
- it is reasonable to expect the holding company or its directors would have been aware that the subsidiary was insolvent.

We note that the director of the holding company is the same individual as the director of the Company. Although further investigation is required, we understand that there are limited assets in the holding company and we have not included any recoveries in our estimate of expected returns to creditors in liquidation.

7.7 Director's Personal Financial Positions

The financial position of director and her ability to compensate for any damages awarded against her in the event proceedings were taken by a Liquidator is relevant to the consideration of the commerciality of further action.

Our investigations have been limited to public information, information provided by the director, or authorised by the director to be disclosed by third parties.

Our enquiries and results are as follows:

- A property search reveals the director does not own any real property
- Prior to the sale of the business and assets of the Company the director lived on site at the Rutherglen Vineyard and her primary source of income was the director fees paid by the Company.

8 Estimated Return from a Winding Up

8.1 Introduction

We have prepared an analysis of the likely realisation under liquidation on two scenarios based on the realisation of assets to date and our current trading position. Both bases optimistic and pessimistic are outlined below. The estimated return includes:

- sale of the business as a going concern in one line, with settlement expected to occur on the transfer of the liquor licences, by end of July 2013
- a conservative estimate of costs and realisations from recovery of preferences for the benefit of all creditors
- costs involved in undertaking the sale of the Company assets including Administrators' and Liquidators' fees, Administration trading liabilities and sale expenses.

8.2 Comparative scenarios

Below is a comparison of the realisations possible should the Company proceed into liquidation based on our forecast trading position as at 5 July 2013.

We have not allocated a range for the assets under an optimistic or pessimistic scenario as the sale of business is expected to be finalised by the end of July 2013.

Optimistic scenario

The optimistic scenario includes possible recoveries from insolvent transactions. Further, we have assumed a reduction in trading liabilities as a result of bottling costs which will be met by the purchaser on completion as the sale will be made in a future period. These costs are included in the optimistic scenario at its entirety, but reduced from the pessimistic scenario as the exact amount is yet to be reconciled with the purchaser.

Additionally, this scenario assumes the transfer of four employees and their entitlements reducing the priority claims. Achieving these values is subject to a number of factors that would arise during the realisation process.

The optimistic scenario also includes a 5% provision relating to the collection of post-appointment debtors as at 5 July 2013. This provision has been increased to 10% in the pessimistic scenario.

Pessimistic scenario

The pessimistic scenario excludes possible recoveries from insolvent transactions and includes a reduced provision for transfer of trading liabilities when compared to the optimistic scenario. This scenario also excludes any provision for the transfer of employee entitlements on completion.

Below is a summary of the estimated return to creditors should the Company proceed into liquidation:

Estimated return to creditors

\$'000	Pessimistic	Optimistic
Non-circulating security interest assets		
Property, plant and equipment		
Sale of Beverford and Rutherglen wineries, vineyard, intellectual property and all stock on hand	3,900	3,900
less: Employee transfer - entitlements adjustment	-	(59)
Freehold property at Wagunyah	150	150
Motor vehicles	14	14
less: costs of realisation	(180)	(180)
Net realisation from realisation of property, plant and equipment	3,884	3,825
less: secured party debts	(4,207)	(4,207)
Shortfall to secured creditors from non-circulating security interest assets	(323)	(382)
Circulating security interest assets		
Net trading assets as at 5 July 2013:		
Cash on hand	1,575	1,575
Debtors (post-appointment)	918	1,111
Admin. trading liabilities	(567)	(461)
Balance available from net trading assets	1,926	2,225
Proceeds from insolvent transaction recoveries (net of costs)	-	100
Less: priority claims		
Administrators' remuneration and disbursements	(709)	(709)
Liquidators' remuneration and disbursements (including Deloitte Tax advice)	(183)	(183)
Balance available for priority creditors:	1,034	1,434
less: employee entitlements (priority creditors)	(383)	(298)
add back: priority creditors already paid due to hardship	29	29
Total surplus/(shortfall) to priority employee creditors	680	1,164
Shortfall to secured creditor	(323)	(382)
Total surplus/(shortfall) available for unsecured creditors	357	782
Unsecured creditor claims		
Director / Related party excluded entitlements	(728)	(728)
Unsecured creditors	(1,191)	(1,191)
Unsecured creditors - statutory	(687)	(687)
Total unsecured claims	(2,605)	(2,605)
Dividend rates (cents in the dollar)		
Secured creditor	100.0	100.0
Employee entitlements	100.0	100.0
Unsecured creditors	13.7	30.0

We note that the cash on hand includes collection of pre-appointment debtors and post-appointment trading profits. Further details of the receipts and payments are shown at 6.2.2.

Again, the realisations will be subject to costs and also fluctuations in various other factors outlined in the previous section.

8.3 Debtors

8.3.1 Pre-appointment debtors

As discussed in 5.1.2, we expect there to be no further recoveries from pre-appointment debtors. Of the \$893,940 outstanding in the receivables ledger as at the date of our appointment, we have collected \$673,127 as at 5 July 2013.

8.3.2 Post-appointment debtors

As at close of business on 5 July 2013, the post-appointment debtors receivable ledger totalled \$869,574.

We estimate future sales between now and completion of between \$150,000 and \$300,000, net of trading costs.

After applying a small provision to the post-appointment debtors, we have assumed realisations of \$917,617 for the pessimistic scenario and \$1,111,095 for the optimistic scenario.

8.4 Stock

The stock on hand will be sold as part of the sale of business.

8.5 Unencumbered Plant & Equipment

We have realised six motor vehicles on hand for \$13,854. These were owned by the Company and unencumbered by other claims of ownership.

All other plant and equipment will be sold as part of the sale of business.

8.6 Overall Realisations in Liquidation Scenarios

The estimate produces a return of approximately 13.7 to 30.0 cents in the dollar for unsecured creditors.

The return to the secured creditors involves the realisation of all the circulating and non-circulating assets of the Company over which they possess perfected security interests or real property mortgages and are first ranking against the realisations from the sale of those, except in the case of circulating assets which are available for the payment of employee entitlements pursuant to their priority under section 556 of the Act.

Prior to the payment of the secured creditor and priority creditors, all of the costs of the administration and the subsequent liquidation of the companies will be deducted.

8.7 Effect on employees

Employee Entitlements have a priority over secured creditors in relation to circulating assets.

As noted in 1.5, it is expected that there will be sufficient funds realised from the proceeds of the Administration to pay priority employee entitlements in full.

8.8 Conclusion

In conclusion, assuming the amount of all debts proved and accepted by the Liquidators correspond to the amounts disclosed in our analysis, we estimate that the return to unsecured creditors on liquidation would be between 13.7 to 30.0 cents per dollar.

This dividend could be greater than the scenario shown above dependent on insolvent transaction recoveries.

We note that further investigation is required to determine the date of the Company's insolvency. There will also be consideration given to the commerciality of any legal actions to pursue insolvent transaction recoveries.

9 Deed of Company Arrangement (DOCA)

We have not received a proposal for a DOCA as at the date of this report. We do not expect to receive a proposal prior to the second meeting, but should that change creditors will be updated at that meeting.

10 Administrators' Opinion

10.1 Introduction

The following options are available to creditors to decide:

- the Company execute a Deed of Company Arrangement; or
- the administration end; or
- the Company be wound up

10.2 Recommendation

In our opinion, creditors would be best served if the Company is wound up.

Our opinions on each option are discussed below.

10.3 The Company execute a DOCA

As we have not received a DOCA proposal, we cannot recommend that it would be in the creditors' interests for the Company to execute a DOCA.

10.4 The administration should end

Based on our analysis, the Company is presently insolvent and unable to pay its debts as and when they fall due. Ending the administration would not be in the best interests of creditors and would expose the director to the possibility of liability for insolvent trading. Accordingly, we cannot recommend that the Administration end and control be returned to the director.

10.5 The Company be wound up

As there has not been a DOCA proposed, and the Company is insolvent and unable to pay its debts as and when they fall due, we recommend that creditors place the Company into liquidation.

We reserve the right to change our recommendation to creditors should there be any change to the DOCA proposal, or if an alternate DOCA proposal is received subsequent to the date of this report.

Should we receive any new information relevant to creditors between issuing this report and the date of the creditors meeting; a summary will be made available on our website at www.deloitte.com.au under Services > Restructuring Services > Insolvency Matters.

11 Other Material Information

We are not aware of any other information that is materially relevant to creditors being able to make an informed decision on the Company's future.

12 Remuneration

Creditors are directed to the Information Sheet – Approving Fees: a guide for Creditors, a copy of which is attached as Appendix C.

12.1 Voluntary Administration

Our Administrators' remuneration 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 second meeting of

creditors where a detailed narrative will be submitted together with the fee breakdown of work performed by our staff.

The time costs incurred from 13 December 2013 to 5 July 2013 are as follows:

	\$
Voluntary Administrators' Remuneration	600,000
GST	60,000
Total (including GST)	660,000

A summary of the time spent by us and our staff in the Administration to 5 July 2013 at their respective hourly rates is attached as Appendix D. We expect that a further \$75,000 will be incurred by us in the period 6 July 2013 to 26 July 2013, the date of the second creditors meeting. These expected time costs is attributable to the preparation of this Administrator's report to creditors and the handover of the business to the Judd Group.

At the second meeting of creditors, we will propose a resolution in relation to the unpaid fees from the Company to 5 July 2013 and estimated future fees for the period 6 July 2013 to 26 July 2013, the date of the second creditors meeting. 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.

In addition, we will also put forward resolutions to creditors in order to seek approval for the remuneration of:

- Deloitte Corporate Finance who were engaged to run the sale of business process; and
- Deloitte Corporate Tax who were engaged to provide advice in relation to Fringe Benefits Tax (FBT) and Capital Gains Tax (CGT) together with the preparation of income tax assessments for FY13 and FY14.

Deloitte Corporate Finance remuneration	\$
Fixed fee for preparation of information memorandum	25,000
Commission for sale of the business (3% of sale price of \$3.9m)	117,000
GST	14,200
Total (including GST)	156,200

Deloitte Tax Services remuneration	\$
Income tax return from appointment date (13 Dec 2012) to 30 June 2013	7,500
Fringe benefits tax advice including preparation of returns to 5 July 2013	4,672
Advice regarding the sale of business (CGT)	6,000
Income tax return for the period 1 July 2013 to the end of the liquidation	3,500
FBT return to the end of the liquidation	2,000
GST	2,367
Total (including GST)	26,039

12.2 Liquidation

The estimate of Liquidators' remuneration 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 second meeting of creditors where a detailed narrative will be submitted together with the fee breakdown of work performed by the Liquidators' staff.

The estimated fees for the liquidation from 26 July 2013 to completion of the liquidation are as follows:

	\$
Liquidators' Remuneration	150,000
GST	15,000
Total (including GST)	165,000

A summary of the estimated time to be spent by the Liquidators and their staff in the Liquidation from 26 July 2013 to completion of the Liquidation at their respective hourly rates is attached as Appendix D.

At the second meeting of creditors, we will propose a resolution in relation to the estimated Liquidators fees from 26 July 2013 to completion of the Liquidation. 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.

13 Meeting

Pursuant to Section 439A(3) of the Act, we have attached a notice convening the second meeting of creditors to be held on 26 July 2013 at 11:00am at Deloitte Touche Tohmatsu, 550 Bourke Street, Melbourne, Victoria (see Form 529 enclosed as Appendix E). Facilities will also be made to attend and participate by telephone if you are unable to attend in person. Please contact Mr David Phua of this office on (03) 9671 7060 or daphua@deloitte.com.au in order to arrange participation by telephone.

At this meeting creditors will be asked to resolve whether:

- the Company execute a Deed of Company Arrangement; or
- the administration end; or
- the Company be wound up

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 (copy attached as Appendix G).

A specific proxy can be lodged showing approval or rejection of each resolution. Proxy forms or facsimiles thereof must be lodged with our office prior to the commencement of the meeting. Where a facsimile copy of a proxy is sent, the original must be lodged with our office within 72 hours after receipt of the facsimile. 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.

Please note that a creditor is required to lodge a Proof of Debt or Claim (copy attached) to be entitled to vote at the second meeting of creditors. A creditor will not be able to vote at the meeting unless a Proof of Debt or Claim is lodged with us prior to the commencement of the meeting.

If a creditor wishes to rely upon the Proof of Debt or Claim that they lodged with us at the first meeting of creditors, held on 21 December 2013, they must make reference to that Proof of Debt or Claim when submitting a proxy, or when attending the second meeting of creditors.

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 administration in general, please do not hesitate to contact Mr David Phua of this office.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Sal Algeri', with a period at the end.

Sal Algeri

Appendix A - Declaration of Independence, Relevant Relationships and Indemnities

Declaration of Independence, Relevant Relationships and Indemnities

R.L. Buller & Son Pty Limited (trading as Buller Wines) ACN 004 348 207 (the Company)

This document requires the Practitioners appointed to an insolvent entity to make declarations as to:

- A. their independence generally;
- B. relationships, including
 - (i) the circumstances of the appointment;
 - (ii) any relationships with the Insolvent and others within the previous 24 months;
 - (iii) any prior professional services for the Insolvent within the previous 24 months;
 - (iv) that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of ourselves, our partners and Deloitte Touche Tohmatsu (Deloitte).

A. Independence

We, Simon Wallace-Smith and Salvatore Algeri of Deloitte have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as administrators of the Company in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. Declaration of Relationships

i. Circumstances of appointment

We were introduced to the Company's management by its legal advisor (Greg Thomas of Armstrong Lawyers) in order to provide advice to the Company in relation to its current financial situation.

On 25 October 2012, Simon Wallace-Smith and Salvatore Algeri and Robert Scott Woods of Deloitte met with Gary Bell (General Manager), Richard D. Buller (Operations Manager) and Greg Thomas to discuss how Deloitte may be able to assist the Company.

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Member of Deloitte Touche Tohmatsu Limited

On 29 October 2012, a draft scope of works was sent via email to Gary Bell in order to commence an Investigating Accountants review. Following this email, a teleconference meeting was held with Salvatore Algeri and Gary Bell on 30 October 2012 to further refine the scope of works.

The scope of the engagement included a review of the following areas:

- Overview of management and corporate structure
- Financial situation of the Company
- The solvency of the Company
- Consideration of options available to the Company.

Following the execution of the engagement letter on 31 October 2012 (Engagement Letter), we had four meetings with the Company and its advisers during a period of less than six weeks which are listed as follows:

Event	Date
Meeting at the Company's premises in Huntingdale, Victoria, with Gary Bell, Richard D. Buller, Salvatore Algeri and the Company's external accountant, Carmelo Montalto of Penn Business Solutions, to commence the review and request the provision of information including forecast position for 1 November 2012 to 30 June 2013.	2 November 2012
Meeting at Company premises in Huntingdale, Victoria, with Gary Bell, Richard D. Buller, Susan Buller, Salvatore Algeri and Carmelo Montalto at which Salvatore Algeri presented a paper that outlined the Company's current financial forecast for the period ended June 2013 (Paper). Consequences of insolvency and alternative courses of action were discussed.	26 November 2012
Meeting at Company premises at Huntingdale, Victoria, with Gary Bell, Valerie Buller, Richard Buller Snr., Richard D. Buller, Andrew Buller, Carmelo Montalto and Salvatore Algeri to discuss the consequences of insolvency and alternative courses of action.	29 November 2012
Meeting at Deloitte's offices with Richard Buller Snr., Richard D. Buller and Susan Buller to answer queries in relation to the voluntary administration process and to clarify and explain the nature and consequences of an administration on the Company and to provide our consent to act.	4 December 2012
Meeting at Company's premises at Huntingdale, Victoria with Richard Buller Snr., Richard D. Buller, Gary Bell, and Jacqueline Kwok of Deloitte to discuss the Company's forecast cash flow and, the process and consequences of voluntary administration.	6 December 2012
Meeting at Deloitte's offices with Richard Buller Snr., Richard D. Buller, Salvatore Algeri and Simon Wallace-Smith to answer queries in relation to the voluntary administration process.	11 December 2012

We note that very little progress was made following the execution of the Engagement Letter as the requested financial information, including the year to date financial position and the forecast trading performance, was not finalised by the Company until 19 November 2012.

With respect to the financial information we did receive, a high level review was performed only to understand the Company's forecast cash flow position. We did not complete the scope of works as agreed by the Engagement Letter and no report was produced. An invoice for \$10,350 plus disbursements and GST was raised on 23 November 2012. The invoice was subsequently reversed on 29 November 2012 and any work-in-progress has been written off. We have received no remuneration in consideration for the advice.

These meetings do not affect our independence for the following reasons:

- These meetings were in the nature of pre-appointment discussions and were limited to the financial position of the Company. During the meetings advice was limited to verbal discussions of the potential options available. It is our opinion that these meetings do not present a conflict or impediment as we do not consider ourselves to be bound to provide services to the Company in relation to this matter or in any way obligated to deliver a favourable outcome to any party, nor will the advice provided be subject to review and challenged during the course of the voluntary administration. The Courts and the IPA's Code of Professional Practice specifically recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment.
- The scope of work contemplated in the Engagement Letter was never completed and we have not received any remuneration under the Engagement Letter.
- The review of the Company's current financial position has assisted me in developing an understanding of the Company and its activities.
- Much of the work performed following the execution of the Engagement Letter is work that would have been carried out in the ordinary course of any appointment of external administrators and commented on in any report to creditors following the appointment of external administrators
- The nature of the Paper provided to the Company is such that it would not be subject to review and challenge during the course of the voluntary administration. The preparation of the paper will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the voluntary administration of the Company in an objective and impartial manner.

ii. Relevant Relationships (excluding Professional Services to the Company)

We, or a member of our firm, have, or have had within the preceding 24 months, a relationship with:

Name	Nature of relationship	Reasons why not an impediment or conflict
Armstrong Lawyers	Referral from law firm	<p>To date, we have not undertaken any appointments which have been referred to us by Armstrong Lawyers in the usual course of business.</p> <p>We are not paid any commissions, inducements or benefits by Armstrong Lawyers to undertake any appointments. There is no arrangement between us and Armstrong Lawyers that we will give any work arising out of the administration to Armstrong Lawyers.</p> <p>There is no relationship with Armstrong Lawyers which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment.</p>
Australia and New Zealand Banking Group Limited (ANZ)	<p>ANZ hold circulating and non-circulating security interests over the whole or substantially the whole of the property of the Company.</p> <p>We have undertaken a number of formal insolvency and advisory engagements for ANZ in the usual course of business.</p> <p>Deloitte has provided and continues to provide Accounting, Advisory, Assurance, Consulting, Forensic, Risk Services and Tax services to ANZ.</p>	<p>We have not undertaken any work for ANZ in respect of the Company.</p> <p>We do not consider previous formal insolvency and advisory engagements accepted for ANZ to present a conflict as there is no connection between these engagements and the Company.</p> <p>The provision of Accounting, Advisory, Assurance, Consulting, Forensic, Risk Services and Tax services to ANZ brings about a commercial relationship that in our opinion does not present a conflict or impediment as it does not impact upon the position of the Company.</p> <p>We are not paid any commissions, inducements or benefits to undertake any engagements with ANZ and do not consider ourselves to be bound or in any way obligated to deliver a favourable outcome to any party.</p> <p>Therefore there is no relationship with ANZ which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment.</p>

iii. Prior Professional services to the Insolvent

Except for already disclosed in part I, neither we, nor our firm, have provided any professional services to the Company in the previous 24 months.

iv. No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has a charge on the whole or substantially whole of the Company's property that should be disclosed.

C. Indemnities and up-front payments

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute and we have not received any up-front payments in respect of our remuneration or disbursements.

Dated: 13 December 2012



Simon Wallace-Smith



Salvatore Algeri

Note:

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

Appendix B - Information Sheet – Offences, Recoverable Transactions, etc

Creditor Information Sheet

Offences, Recoverable transactions and Insolvent Trading



Offences

A summary of offences that may be identified by the administrator:

180	Failure by officer to exercise a reasonable degree of care and diligence in the exercise of his powers and the discharge of his duties.
181	Failure to act in good faith.
182	Making improper use of position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of his position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for proper purpose. Use of position or information dishonestly to gain advantage or cause detriment.
206A	Contravening an order against taking part in management of a corporation.
206A, B	Taking part in management of corporation while being an insolvent under an administration.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of auditor.
314-7	Failure to comply with requirements for financial statement preparation.
437C	Performing or exercising a function or power as officer while a company is under administration.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to administrator.
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.

Voidable Transactions

Preferences

A preference is a transaction such as a payment between the company and one or more of its creditors, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant time period is six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Where a creditor receives a preferred payment, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under either the Corporations Act.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and,
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the time period is four years and if the intention of the transaction is to defeat creditors, the time period is ten years.



The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only have to have been entered into any time on or before the day when the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

Liquidators have the power to reclaim "unreasonable payments" made to directors by companies prior to liquidation. The provision relates to transactions made to, on behalf of, or for the benefit of, a director or close associate of a director. To fall within the scope of the section, the transaction **must** have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges are voidable by a liquidator:

- Floating charge created with six months of the liquidation unless it secures a subsequent advance;
- Unregistered charges; and
- Charges in favour of related parties who attempt to enforce the charge within 6 months of its creation.

Insolvent Trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they actually did so expect;
- they did not take part in management for illness or some other good reason; or,
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

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.



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	✓ ¹	✓	✓
Administrator of a deed of company arrangement	✓ ¹	✓	✓
Creditors' voluntary liquidator	✓ ¹	✓ ⁵	✗ ³
Court-appointed liquidator	✓ ¹	✓ ^{4, 5}	✓ ²

¹ If there is one.

² If there is no approval by the committee or the creditors.

³ Unless an application is made for a fee review.

⁴ If there is no creditors' committee or the committee fails to approve the fees.

⁵ 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, 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, 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:

- 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. The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.

Appendix D - Remuneration Report

Deloitte Hourly Rates

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

Title	Description	Hourly Rate (excl GST)
Partner	Registered Liquidator. Brings his or her specialist skills to the administration or insolvency task.	\$ 625
Director/ Consultant	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
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
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
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
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.	\$ 195
Support	Secretarial skills	\$ 185

Administrators' Remuneration

At the meeting, we shall be asking that an interim level for our remuneration as Administrators be approved. Those fees are based on our Rates as shown above.

The amount of further interim fees that we shall be requesting are based upon the budgeted range of fees as set out below. Our estimate of remuneration for the period 6 July 2013 to the end of the Administration is \$75,000.

Please note, should our remuneration not reach this estimate, we will only be remunerated for the amount of work completed, not that capped amount.

We shall be asking that these fees be set at an interim limit at the top of this range with further remuneration being approved by creditors at a later date if appropriate.

	\$
Voluntary Administrators' Remuneration from 13 December 2012 to 5 July 2013	600,000
Voluntary Administrators' Remuneration from 6 July 2013 to the end of the Administration	75,000
GST	67,500
TOTAL (including GST)	742,500

In addition, we will also put forward resolutions to creditors in order to seek approval for the remuneration of:

- Deloitte Corporate Finance who were engaged by the Administrators to run the sale of business process; and
- Deloitte Corporate Tax who were engaged by the Administrators to provide advice in relation to Fringe Benefits Tax (FBT) and Capital Gains Tax (CGT) together with the preparation of income tax assessments for FY13 and FY14.

Details of the work to be performed by Administrators are set out in the summary below

Declaration

We, Salvatore Algeri and Simon Wallace-Smith, have undertaken a proper assessment of this remuneration claim for our appointment as administrators of R.L. Buller & Son Pty Ltd in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed in the conduct of the Administration.

Description of Work Completed – 13 December 2012 to 5 July 2013

Task Area	General Description	Includes
Assets 208.2 hours \$89,275.95	Sale of Business as a Going Concern	Engaging Deloitte Corporate Finance to run the sale process including providing information for preparation of an information memorandum Liaising with purchasers Internal meetings to discuss/review offers received Consideration of marketing proposals for the sale of business and assets
	Plant and Equipment	Liaising with valuers, auctioneers and interested parties Reviewing asset listings
	Sale of Real Property	Liaising with valuers and agents
	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
	Stock	Conducting stock takes Reviewing stock values Liaising with purchasers
	Other Assets	Tasks associated with realising other assets
	Leasing	Reviewing leasing documents Liaising with owners/lessors Tasks associated with disclaiming leases
	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register

Task Area	General Description	Includes
Creditors 126.0 hours \$43,622.22		Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of creditors members
	Retention of Title Claims	Receive initial notification of creditor's intention to claim Provision of retention of title claim form to creditor Receive completed retention of title claim form Maintain retention of title file Meeting claimant on site to identify goods Adjudicate retention of title claim Forward correspondence to claimant notifying outcome of adjudication Preparation of payment vouchers to satisfy valid claim Preparation of correspondence to claimant to accompany payment of claim (if valid)
	Secured creditor reporting	Preparing reports to secured creditor Responding to secured creditor's queries
	Creditor reports	Preparing 439A, investigation, meeting and general reports to creditors
	Dealing with proofs of debt	Receipting and filing POD's when not related to a dividend Corresponding with OSR and ATO regarding POD's 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
	Shareholder enquires	Initial day one letters ITAA Section 104-145(1) declarations
Employees 97.0 hours \$33,185.41	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 Preparation of letters to employees advising of their entitlements and options available Receive and prepare correspondence in response to employees objections to leave entitlements
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company's books and records

Task Area	General Description	Includes
		<ul style="list-style-type: none"> Reconciling superannuation accounts Reviewing awards Liaising with solicitors regarding entitlements
	Other employee issues	Correspondence with Centrelink
Trade On 889.7 hours \$319,094.17	Trade On Management	<ul style="list-style-type: none"> Liaising with suppliers Liaising with management and staff Attendance on site Authorising purchase orders Maintaining purchase order registry Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Liaising with superannuation funds regarding contributions, termination of employees employment Liaising with OSR regarding payroll tax issues Liaising with Boutique Beverages (Vic) Pty Ltd to implement a wine distribution network in Victoria Authorising the completion of contract processing of wine juice for third parties Reviewing and authorising additional bottling requirements for domestic and export sales Weekly discussions with the National Sales Manager to discuss sales avenues
	Processing receipts and payments	Entering receipts and payments into accounting system
	Budgeting & financial reporting	<ul style="list-style-type: none"> Reviewing company's budgets and financial statements Preparing budgets Preparing weekly financial reports Finalising trading profit or loss Regular meetings with employees to discuss trading position
Investigation 27.7 hours \$8,614.87	Conducting investigation	<ul style="list-style-type: none"> Collection of company books and records Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements company's books & records and Report as to Affairs Reviewing company's books and records Review and preparation of company nature and history Conducting and summarising statutory searches Preparation of comparative financial statements

Task Area	General Description	Includes
		<ul style="list-style-type: none"> Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Liaising with directors regarding certain transactions Preparation of investigation file Lodgement of investigation with the ASIC Preparation and lodgement of supplementary report if required
Administration 306.5 hours \$106,208.00	Correspondence	
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> First month, then 6 monthly administration review Filing of documents File reviews Updating checklists
	Insurance	<ul style="list-style-type: none"> Identification of potential issues requiring attention of insurance specialists Correspondence with Willis regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Bank account administration	<ul style="list-style-type: none"> Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> Preparing and lodging ASIC forms including 505, 524, 911 etc Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	<ul style="list-style-type: none"> Notification of appointment Preparing BAS Completing group certificates
	Application for extension	<ul style="list-style-type: none"> Engage solicitors Applying to Supreme Court of Victoria to seek extension to the convening period to maximise prospects of a sale of business of the Company on a going concern basis
	Planning / Review	<ul style="list-style-type: none"> Discussions regarding status of administration
	Books and records / storage	<ul style="list-style-type: none"> Dealing with records in storage Sending job files to storage

Calculation of Remuneration

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area						
					Assets \$	Creditors \$	Employees \$	Trade on \$	Investigation \$	Dividend \$	Administration \$
Algeri, Sal	Partner	625	71.87	44,926.15	16,307.64	-	-	22,300.25	-	-	6,318.26
Wallace-Smith, Simon	Partner	625	19.48	12,173.74	1,840.31	625.00	-	8,322.41	-	-	1,386.02
Employee A	Principal	525	27.60	14,490.00	-	-	13,807.50	-	-	-	682.50
Employee B	Account Director	525	249.94	131,217.08	28,260.53	4,924.80	815.28	72,509.54	-	-	24,706.93
Employee C	Account Director	525	154.20	80,955.00	18,690.00	7,192.50	1,732.50	43,050.00	-	-	10,290.00
Employee D	Client Manager	420	23.50	9,870.00	-	420.00	-	2,730.00	-	-	6,720.00
Employee E	Client Manager	420	17.92	7,526.36	-	6,056.36	-	1,470.00	-	-	-
Employee F	Client Manager	420	10.00	4,200.00	4,200.00	-	-	-	-	-	-
Employee G	Client Manager	420	15.00	6,300.00	-	-	-	-	-	-	6,300.00
Employee H	Senior Analyst	320	333.58	106,744.44	3,625.11	14,240.00	1,984.00	74,560.00	7,584.00	-	4,751.33
Employee I	Analyst	250	649.22	162,303.98	13,719.86	9,028.96	14,651.13	93,314.95	1,030.87	-	30,558.21
Employee J	Analyst	250	57.43	14,358.25	-	-	-	-	-	-	14,358.25
Employee K	Graduate	195	24.36	4,750.62	2,632.50	949.60	195.00	837.02	-	-	136.50
Employee L	Support	185	1.00	185.00	-	185.00	-	-	-	-	-
TOTAL			1,655.10	600,000.62	89,275.95	43,622.22	33,185.41	319,094.17	8,614.87	-	106,208.00
GST				60,000.06							
TOTAL (including GST)				660,000.68							
Average hourly rate				\$362.52	428.80	346.21	342.12	358.65	311.01	-	346.52

Statement of Remuneration Claim

The following resolution will be proposed at the forthcoming meeting of R.L. Buller & Son Pty Ltd:

“That the remuneration of the joint and several Administrators, their partners and staff for the period 13 December 2012 to 5 July 2013 be paid on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu and be approved in the amount of \$600,000 plus disbursements and GST.”

Future fees

Our estimate of remuneration for the period 6 July 2013 to the end of the Administration is \$75,001.

Therefore we propose to cap our remuneration at \$75,000

Please note, should our remuneration not reach this estimate, we will only be remunerated for the amount of work completed, not that capped amount.

Description of Work to be Completed – 6 July 2013 to the end of the Administration

Task Area	General Description	Includes
Assets 46.5 hours \$22,675.00	Assets subject to specific charges	Liaising with secured creditors regarding assets subject to specific charges
	Sale of Business as a Going Concern	Working to finalise sale of business as a going concern Liaising with purchasers Liaising with solicitors for completion Attendance at stock takes in Huntingdale, Beverford and Rutherglen prior to completion of the sale of business Consultation with staff and key stakeholders of the sale of business
	Debtors	Correspondence with debtors Reviewing and assessing debtors ledgers Following up on post-appointment debtor collections
Creditors 122.8 hours \$39,291.00	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Secured creditor reporting	Liaising with secured creditor regarding Administration and reporting requirements to their representative
	Creditor reports	Preparing 439A, investigation, meeting and general reports to creditors
	Dealing with proofs of debt	Receipting, recording and filing PODs when not related to a dividend Corresponding with OSR and ATO regarding PODs 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

Task Area	General Description	Includes
Trade On 16.4 hours \$4,925.00	Trade On Management	Liaising with suppliers Liaising with management and staff Attendance on site Authorising purchase orders Maintaining purchase order registry Preparing and authorising receipt vouchers Preparing and authorising payment vouchers
	Processing receipts and payments	Entering receipt and payments into accounting system
	Budgeting & financial reporting	Reviewing company's budgets and financial statements Preparing budgets Preparing weekly financial reports Finalising trading profit or loss Meetings to discuss trading position
Administration 25.4 hours \$8,110.00	Correspondence	General correspondence to stakeholders of Administration
	Document maintenance/file review/checklist	Filing of documents File reviews Updating checklists
	Insurance	Correspondence with Marsh regarding ongoing insurance requirements Reviewing insurance policies
	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
	Finalisation	Finalising WIP
	Planning / Review	Discussions regarding status of administration

Calculation of Estimated Remuneration – 6 July 2013 to the end of the Administration

Employee	Position	\$/hour (ex GST)	Total estimated hours	Total (\$)	Task Area						
					Assets \$	Creditors \$	Employees\$	Trade on \$	Investigation \$	Dividend \$	Administration \$
Sal Algeri	Partner	625	10.0	6,250.00	3,750.00	2,500.00	-	-	-	-	-
Director	Director	525	45.0	23,625.00	16,800.00	4,200.00	-	1,575.00	-	-	1,050.00
Manager	Manager	420	37.5	15,750.00	-	12,600.00	-	-	-	-	3,150.00
Analyst	Analyst	250	113.8	28,450.00	2,125.00	19,250.00	-	3,350.00	-	-	3,725.00
Graduate	Graduate	195	3.8	741.00	-	741.00	-	-	-	-	-
Support	Support	185	1.0	185.00	-	-	-	-	-	-	185.00
TOTAL			211.10	75,001.00	22,675.00	39,291.00	-	4,925.00	-	-	8,110.00
GST				7,500.10							
TOTAL (including GST)				82,501.10							
Average hourly rate				\$355.29	487.63	319.96	-	300.30	-	-	319.29

Statement of Remuneration Claim

The following resolution will be proposed at the forthcoming meeting of R.L. Buller & Son Pty Ltd:

“That the remuneration of the joint and several Administrators, their partners and staff for the period 6 July 2013 to the end of the Administration be paid on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu and be approved in the amount of \$75,000 plus disbursements and GST. If a lesser amount is incurred, only the amount actually incurred will be paid.”

Future fees

In the event that creditors resolve the Company be wound up, creditors will be asked to approve the remuneration of the Liquidators.

Our estimate of the Liquidators' remuneration for the period 26 July 2013 to the end of the liquidation is \$150,152.

Therefore we propose to cap our remuneration at \$150,000.

Please note, should our remuneration not reach this estimate, we will only be remunerated for the amount of work completed, not that capped amount.

Description of Work to be Completed – 26 July 2013 to the end of the liquidation

Task Area	General Description	Includes
Assets 59.5 hours \$20,400.00	Debtors	Correspondence with debtors Reviewing and assessing debtors ledgers Liaising with debt collectors and solicitors
	Other Assets	Tasks associated with realising other assets, including finalisation of property sale and if not yet completed, sale of business as a going concern. Finalising Administration trading liabilities
Creditors 35.0 hours \$12,350.00	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of creditors members
	Secured creditor reporting	Preparing reports to secured creditor Responding to secured creditor's queries
	Creditor reports	Meeting and general reports to creditors
	Dealing with proofs of debt	Receipting and filing PODs when not related to a dividend Corresponding with OSR and ATO regarding PODs 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 enquiry	Receive and follow up employee enquiries via telephone

Task Area	General Description	Includes
Employees 34.0 hours \$9,600.00		Maintain employee enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Preparation of letters to employees advising of their entitlements and options available Receive and prepare correspondence in response to employees objections to leave entitlements
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company's books and records Reconciling superannuation accounts Reviewing awards Liaising with solicitors regarding entitlements
	Employee dividend	Correspondence with employees regarding dividend Correspondence with ATO regarding SGC proof of debt Calculating dividend rate Preparing dividend file Advertising dividend notice Preparing distribution Receipting PODs Adjudicating PODs Ensuring PAYG is remitted to ATO
	Other employee issues	Correspondence with Child Support Correspondence with Centrelink
Investigation 100.0 hours \$30,825.00	Conducting investigation	Collection of company books and records Reviewing company's books and records Review and preparation of company nature and history Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Liaising with directors regarding certain transactions Preparation of investigation file Lodgement of investigation with the ASIC Preparation and lodgement of supplementary report if required
	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 Preparing affidavits seeking non lodgements assistance

Task Area	General Description	Includes
		Liaising with ASIC
Dividend 179.5 hours \$47,652.50	Processing proofs of debt	Preparation of correspondence to potential creditors inviting lodgement of POD Receipt of PODs Maintain POD register Adjudicating PODs Request further information from claimants regarding POD Preparation of correspondence to claimant advising outcome of adjudication
	Dividend procedures	Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Obtain clearance from ATO to allow distribution of company's assets Preparation of dividend calculation Preparation of correspondence to creditors announcing declaration of dividend Advertise announcement of dividend Preparation of distribution Preparation of dividend file Preparation of payment vouchers to pay dividend Preparation of correspondence to creditors enclosing payment of dividend
Administration 100.0 hours \$29,325.00	Correspondence	Reviewing correspondence
	Document maintenance/file review/checklist	First month, then 6 monthly administration review Filing of documents File reviews Updating checklists
	Insurance	Identification of potential issues requiring attention of insurance specialists Reviewing insurance policies for liquidation if required Correspondence with previous brokers
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524, 911 etc Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Notification of appointment Preparing BAS' Completing group certificates

Task Area	General Description	Includes
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

Calculation of Estimated Remuneration – 26 July 2013 to the end of the liquidation

Employee	Position	\$/hour (ex GST)	Total estimated hours	Total (\$)	Task Area						
					Assets \$	Creditors \$	Employees\$	Trade on \$	Investigation \$	Dividend \$	Administration \$
Sal Algeri	Partner	625	37.50	23,437.50	3,125.00	3,125.00	-	-	6,250.00	7,812.50	3,125.00
Director	Director	525	41.00	21,525.00	6,300.00	2,625.00	2,100.00	-	2,625.00	2,625.00	5,250.00
Manager	Manager	420	0.00	-	-	-	-	-	-	-	-
Senior Analyst	Senior Analyst	320	37.00	11,840.00	1,600.00	1,600.00	-	-	3,200.00	3,840.00	1,600.00
Analyst	Analyst	250	307.50	76,875.00	9,375.00	5,000.00	7,500.00	-	18,750.00	18,750.00	17,500.00
Graduate	Graduate	195	75.00	14,625.00	-	-	-	-	-	14,625.00	-
Support	Support	185	10.00	1,850.00	-	-	-	-	-	-	1,850.00
TOTAL			508.00	150,152.50	20,400.00	12,350.00	9,600.00	-	30,825.00	47,652.50	29,325.00
GST				15,015.25							
TOTAL (including GST)				165,167.75							
Average hourly rate				\$295.58	342.86	352.86	282.35	-	308.25	265.47	293.25

Statement of Remuneration Claim

The following resolution will be proposed at the forthcoming meeting of R.L. Buller & Son Pty Ltd:

“That the remuneration of the joint and several Liquidators, their partners and staff for the period 26 July 2013 to the end of the liquidation be paid on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu and be approved in the amount of \$150,000 plus disbursements and GST. If a lesser amount is incurred, only the amount actually incurred will be paid.”

Additional resolutions

In addition, we will also put forward resolutions to creditors in order to seek approval for the remuneration of:

- Deloitte Corporate Finance who were engaged by the Administrators to run the sale of business process; and
- Deloitte Corporate Tax who were engaged by the Administrators to provide advice in relation to Fringe Benefits Tax (FBT) and Capital Gains Tax (CGT) together with the preparation of income tax assessments for FY13 and FY14.

Deloitte Corporate Finance remuneration	\$
Fixed fee for preparation of information memorandum	25,000
Commission for sale of the business (3% of sale price of \$3.9m)	117,000
GST	14,200
Total (including GST)	156,200

Statement of Remuneration Claim

The following resolution will be proposed at the forthcoming meeting of R.L. Buller & Son Pty Ltd:

“That the remuneration of Deloitte Touche Tohmatsu Limited, their partners and staff for the period 13 December 2012 to the end of the liquidation be paid on a fixed fee and commission basis in accordance with the Administrators’ agreement and be approved in the amount of \$142,000 plus disbursements and GST.”

Deloitte Tax Services remuneration	\$
Income tax return from appointment date (13 Dec 2012) to 30 June 2013	7,500
Fringe benefits tax advice including preparation of returns to 5 July 2013	4,672
Advice regarding the sale of business (CGT)	6,000
Income tax return for the period 1 July 2013 to the end of the liquidation	3,500
FBT return to the end of the liquidation	2,000
GST	2,367
Total (including GST)	26,039

Statement of Remuneration Claim

The following resolution will be proposed at the forthcoming meeting of R.L. Buller & Son Pty Ltd:

“That the remuneration of Deloitte Tax Services Pty Ltd, their partners and staff for the period 13 December 2012 to the end of the liquidation be paid on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu and be approved in the amount of \$23,672 plus disbursements and GST. If a lesser amount is incurred, only the amount actually incurred will be paid.”

Disbursements

Disbursements are divided into three types: **A**, **B1**, **B2**.

- A** disbursements are all externally provided professional services. These are recovered at cost. An example of an A disbursement is legal fees.
- B1** disbursements are externally provided non-professional costs such as travel, accommodation and search fees. B1 disbursements are recovered at cost.
- B2** disbursements are internally provided non-professional costs such as photocopying, printing and postage. B2 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 disbursements were necessary and proper.

Appendix E - Notice of Meeting

CORPORATIONS ACT 2001
Section 436E

NOTICE OF SECOND MEETING OF
CREDITORS OF COMPANY UNDER ADMINISTRATION

R.L. BULLER & SON PTY LIMITED (TRADING AS BULLER WINES)
(ADMINISTRATORS APPOINTED)
ACN 004 348 207
("the Company")

NOTICE is given that a meeting of the creditors of the Company will be held at Deloitte Touche Tohmatsu, 550 Bourke Street, Melbourne Vic 3000 on 26 July 2013 at 11.00 am. Creditors are asked to arrive at least 15 minutes prior to the meeting for registration.

A G E N D A

1. To receive a Statement about the Company's business, property, affairs and financial circumstances.
2. To receive the report from the Administrators.
3. Questions from creditors.
4. For creditors to resolve:
 - a. that the Company execute a Deed of Company Arrangement; or
 - b. that the Administration should end; or
 - c. that the Company be wound up.
5. To fix the remuneration of the Administrators, for the period 13 December 2012 to 5 July 2013 and the period 6 July 2013 to the end of the Administration.
6. If the Company is wound up to fix the remuneration of the Liquidators.
7. To fix the remuneration of Deloitte Touche Tohmatsu Limited and Deloitte Tax Services Pty Ltd for the period 13 December 2012 to the end of the Liquidation in relation to the sale of the Company and for tax advice received for the Administration period.
8. If the Company is wound up, to consider appointing a Committee of Inspection.
9. If no Committee is appointed, to consider the destruction of the books and records at the conclusion of the winding up.
10. Any other business that may be lawfully brought forward.

Telephone conference facilities will be available at the meeting. Please email daphua@deloitte.com.au to obtain the call details.

Please note under Corporations Regulations 5.16.13A:

- (a) A person, or the proxy or attorney of a person, who wishes to participate in the meeting by telephone must give to the Administrator, not later than the second-last working day before the day on which the meeting is to be held, written statement setting out:
 - (i) the name of the person and of the proxy or attorney (if any); and
 - (ii) an address to which notices to the person, proxy or attorney may be sent; and
 - (iii) a telephone number at which the person, proxy or attorney may be contacted; and

- (iv) any facsimile transmission number to which notices to the person, proxy or attorney may be sent.
- (b) A person, or the proxy or attorney of a person, who participates in the meeting by telephone must pay any costs incurred by the person, proxy or attorney in participating and is not entitled to be reimbursed for those costs from the assets of the company.

Proxies to be used at the meeting should be lodged at the office of the Administrators by 4.00pm on the day prior to the meeting. A creditor can only be represented by proxy or by an attorney pursuant to Corporations Regulations 5.6.28 and 5.6.32 (inclusive) and if a body corporate by a representative appointed pursuant to Section 250D.

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 previously lodged particulars of their claim against the Company in accordance with the Corporations Regulations and that claim has been admitted for voting purposes wholly or in part by the Administrator.

DATED this 18th day of July 2013.



Sal Algeri
Joint and Several Administrator

Deloitte Touche Tohmatsu
550 Bourke Street
MELBOURNE VIC 3000

Telephone: (03) 9671 7000

Appendix F - Proof of Debt

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

R.L. BULLER & SON PTY LIMITED (TRADING AS BULLER WINES)
(ADMINISTRATORS APPOINTED)
ACN 004 348 207

Name of creditor:

Address of creditor:

ABN:

Telephone number:

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

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

.....
.....
.....

Is the debt secured? YES/NO

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

.....
.....
.....

Other information:

.....
.....

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

Notes:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

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

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

Proxies must be made available to the Administrator.



Appendix G - Form of Proxy

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY
CREDITORS MEETING

R.L. BULLER & SON PTY LIMITED (TRADING AS BULLER WINES)
(ADMINISTRATORS APPOINTED)
ACN 004 348 207

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

a creditor of R.L. Buller & Son Pty Ltd, appoint (2)

.....or in his or her absence

as *my/*our *general/*special proxy to vote at the meeting of creditors to be held at 550 Bourke Street, Melbourne VIC 3000 on **26 July 2013 at 11.00 am**, or at any adjournment of that meeting (3).

1. (i) to vote on all matters arising at the meeting (IF GENERAL PROXY)
OR
(ii) to vote for or against the following resolutions (IF SPECIAL PROXY)

ONLY COMPLETE THE FOLLOWING IF YOU HAVE APPOINTED A SPECIAL PROXY ABOVE.

Please mark the box of your preferred voting option for each of the resolutions below:

RESOLUTION	FOR	AGAINST	ABSTAIN
<p>1. To consider and if thought fit, pass one of the following resolutions (choose <u>ONE</u> of a, b or c):</p> <p>a) <i>“The Company execute a Deed of Company Arrangement in accordance with the proposal and that Salvatore Algeri and Simon Wallace-Smith be appointed as Joint and Several Deed Administrators.”</i> OR</p> <p>b) <i>“That the Administration end”</i> OR</p> <p>c) <i>“That the Company be wound up and Salvatore Algeri and Simon Wallace-Smith be appointed Joint and Several Liquidators”</i></p>			
<p>2. To consider and if thought fit, approve the Joint and Several Administrators’ current remuneration:</p> <p><i>“That the remuneration of the joint and several Administrators, their partners and staff for the period 13 December 2012 to 5 July 2013 be paid on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu and be approved in the amount of \$600,000 plus disbursements and GST.”</i></p>			

RESOLUTION	FOR	AGAINST	ABSTAIN
<p>To consider and if thought fit, approve the Joint and Several Administrators' future remuneration:</p> <p><i>“That the remuneration of the joint and several Administrators, their partners and staff for the period 6 July 2013 to the end of the Administration be paid on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu and be approved in the amount of \$75,000 plus disbursements and GST. If a lesser amount is incurred, only the amount actually incurred will be paid.”</i></p>			
<p>3. In the event that the creditors vote to wind up the Company, to consider and if thought fit, approve the Joint and Several Liquidators future remuneration:</p> <p><i>“That the remuneration of the joint and several Liquidators, their partners and staff for the period 26 July 2013 to the end of the liquidation be paid on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu and be approved in the amount of \$150,000 plus disbursements and GST. If a lesser amount is incurred, only the amount actually incurred will be paid.”</i></p>			
<p>4. To consider and if thought fit, approve the remuneration for Deloitte Touche Tohmatsu Limited:</p> <p><i>“That the remuneration of Deloitte Touche Tohmatsu Limited, their partners and staff for the period 13 December 2012 to the end of the liquidation be paid on a fixed fee and commission basis in accordance with the Administrators' agreement and be approved in the amount of \$142,000 plus disbursements and GST.”</i></p>			
<p>5. To consider and if thought fit, approve the remuneration for Deloitte Tax Services Pty Ltd :</p> <p><i>“That the remuneration of Deloitte Tax Services Pty Ltd, their partners and staff for the period 13 December 2012 to the end of the liquidation be paid on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu and be approved in the amount of \$23,672 plus disbursements and GST. If a lesser amount is incurred, only the amount actually incurred will be paid.”</i></p>			
<p>6. In the event that the creditors vote to wind up the Company, to consider and if thought fit, approve destruction of the books and records of the Company at the conclusion of the winding up:</p> <p><i>“That the books and records of the Company be destroyed at the conclusion of the winding up.”</i></p>			

DATED this

day of July 2013

Signature

CERTIFICATE OF WITNESS

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

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

Dated:

Signature of Witness:

Description:

Place of Residence:

* Strike out if inapplicable

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