

J R Contracting (WA) Pty Ltd ACN 116 741 505  
Fusion Contracting (WA) Pty Ltd ACN 141 810 853  
(All In Liquidation)  
(Together “the Companies”)



*Statutory Report to Creditors*



30 July 2019



# Table of Contents

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<b>1.</b>	<b>Introduction</b>	<b>3</b>
<b>2.</b>	<b>Key Findings</b>	<b>6</b>
<b>3.</b>	<b>Background and Update on the Liquidation</b>	<b>8</b>
<b>4.</b>	<b>Financial Performance and Position</b>	<b>12</b>
<b>5.</b>	<b>Investigations and Recovery Actions</b>	<b>20</b>
<b>6.</b>	<b>Likelihood of a Dividend and Estimated Return to Creditors</b>	<b>27</b>
<b>7.</b>	<b>Liquidators' Remuneration</b>	<b>31</b>
<b>8.</b>	<b>Meeting of Creditors</b>	<b>33</b>
<b>9.</b>	<b>Way Forward</b>	<b>35</b>
<b>10.</b>	<b>Appendices</b>	<b>37</b>

# 1. Introduction

# 1. Introduction

Company Details	
Name:	J R Contracting (WA) Pty Ltd
ACN:	116 741 505
Date of Incorporation:	18 October 2005
Date of Liquidation:	30 April 2019
Director Name:	Jonathan Edwards
Shareholder(s):	Cindy Edwards (100%)
Registered Office:	GFA Accountants & Business Advisers Suite 10, 1-3 The Esplanade Mount Pleasant WA 6153
Principal Place of Business:	24 Farnborough Parkway The Vines WA 6069
Nature of Business:	Civil contracting and wet/dry plant hire
Liquidators' Details	
Liquidators' Name:	Daniel Woodhouse and Ian Francis
Contact Name:	Robert Beaumont
Contact Phone Number:	(08) 6430 1331
Contact Email:	robert.beaumont@fticonsulting.com
Meeting Details	
Date and Time:	12:00PM WST, Wednesday, 14 August 2019
Place of Meeting:	Seminar Room, Central Park Business Centre, 152-158 St Georges Terrace, Perth WA 6000

Company Details	
Name:	Fusion Contracting (WA) Pty Ltd
ACN:	141 810 853
Date of Incorporation:	3 February 2010
Date of Liquidation:	30 April 2019
Director Name:	Jonathan Edwards
Shareholder(s):	Cindy Edwards (50%) and Jonathan Edwards (50%)
Registered Office:	GFA Accountants & Business Advisers Suite 10, 1-3 The Esplanade Mount Pleasant WA 6153
Principal Place of Business:	24 Farnborough Parkway The Vines WA 6069
Nature of Business:	Civil contracting and wet/dry plant hire
Liquidators' Details	
Liquidators' Name:	Daniel Woodhouse and Ian Francis
Contact Name:	Robert Beaumont
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Meeting Details	
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Place of Meeting:	Seminar Room, Central Park Business Centre, 152-158 St Georges Terrace, Perth WA 6000



# 1. Introduction

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- I refer to the appointment of Ian Francis and I, Daniel Woodhouse, as Joint and Several Liquidators of the Companies on 30 April 2019.
- This report has been prepared in accordance with the IPR 70-40 and will provide creditors with, amongst other things, the following information:
  - what happened to the Business;
  - the estimated amount of assets and liabilities of the Companies;
  - the work undertaken to date and further work required to complete the Liquidation; and
  - the likelihood of creditors receiving a dividend.
- We will also be seeking approval from creditors for our remuneration. In this regard, I will be holding a meeting of creditors at 12:00PM WST, Wednesday, 14 August 2019 at the Seminar Room, Central Park Business Centre, 152-158 St Georges Terrace, Perth WA 6000.

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## 2. Key Findings

## 2. Key Findings

- Set out below is a summary of the key messages and recommendations that are detailed in this report. Please read this summary in conjunction of the remainder of the report including the terms of reference contained in Appendix 1 and any other attachments.

Key areas	Commentary	Analysis
<b>Explanations for the Companies' difficulties</b>	<ul style="list-style-type: none"> <li>■ Based on our investigations thus far, the Business faced a number of challenges that created additional financial stress, most notably the loss of the Companies' primary key contract during FY18, which contributed to the Business's deteriorating financial performance in the 18 months prior to the date of liquidation.</li> <li>■ The Business's deteriorating financial performance made it difficult to obtain additional external funding to support its operations. A number of bad debts have also placed additional cash flow pressures on the Company.</li> </ul>	Section 3
<b>Estimated return to creditors</b>	<ul style="list-style-type: none"> <li>■ The first ranking secured creditor is likely to be paid in full. However, a number of specifically secured creditors are likely to suffer a shortfall.</li> <li>■ A distribution to priority unsecured creditors will be dependent on the sale proceeds received from the recovery of the Companies' assets and antecedent transactions.</li> </ul>	Section 6
<b>Liquidators' actions and strategy</b>	<ul style="list-style-type: none"> <li>■ Our strategy for the liquidation has been to undertake a comprehensive EOI campaign to realise the plant and equipment of the Companies for the benefit of all creditors.</li> <li>■ Further commentary on the realisation process is provided throughout this report.</li> </ul>	Section 3
<b>Estimated date of insolvency</b>	<ul style="list-style-type: none"> <li>■ Our preliminary view is that the Business was likely insolvent as at 30 June 2018 and remained so up until the time of our appointment on 30 April 2019.</li> </ul>	Section 5
<b>Voidable transactions and offences</b>	<ul style="list-style-type: none"> <li>■ Based on our investigations to date, we have identified a number of transactions that may comprise of potentially unfair preference payments, pursuant to section 588FA of the Act.</li> <li>■ Our investigations are continuing and we may obtain legal advice before initiating the recovery of these potential preferences.</li> </ul>	Section 5
<b>Offences by directors</b>	<ul style="list-style-type: none"> <li>■ Based on our investigations to date, it does not appear that offences have been committed by the Director.</li> </ul>	Section 5
<b>Liability for insolvent trading</b>	<ul style="list-style-type: none"> <li>■ As stated above, in our opinion, the Business was insolvent, at least, from 30 June 2018.</li> <li>■ However, there are indications that the Companies had been experiencing financial stress for a period of time, which appears may date back to as early as 30 June 2017.</li> </ul>	Section 5

### 3. Background and Update on the Liquidation

### 3. Background and Update on the Liquidation

#### Background and History of the Companies and the Business

- The Business was established in 2010 and operated for approximately 9 years prior to being placed into liquidation.
- It provided civil contracting to customers on a wet / dry hire basis as well as distribution / haulage services primarily operating in the Port Hedland region in northern Western Australia.
- The Companies have historically purchased specialised plant and equipment under finance, which primarily consisted of prime movers, dolly trailers and side tippers, in order to undertake the scope of work.
- In FY18, the contract was terminated and had an immediate effect on the Companies' revenue. Accordingly, the Companies were unable to continue to service their financial obligations.
- The Director subsequently sought expressions of interest for the Companies' plant and equipment.
- There were some items of plant and equipment realised in FY18 that were sold, with the funds used to pay down the secured debt. However, discussions failed to materialise into formal offers and acceptance for the remaining plant and equipment.
- On 30 April 2019, Daniel Woodhouse and Ian Francis were appointed Joint and Several Liquidators of the Companies in accordance with a resolution passed at a meeting, under Section 532(9) of the Act.
- At the time of the Liquidators' appointment, the Companies had ceased to trade. Following appointment, Grays identified 129 items of plant and equipment that were owned by the Companies. Fusion was also the registered owner of the Property which was leased to an independent third party.

#### Liquidators' Investigations into the Reasons for Failure of the Companies

- The Liquidators have identified the following key reasons that contributed to the failure of the Companies:
  - The loss of the Companies' major contract which resulted in decreasing revenue and margins as well as losses; and
  - The level of debt maintained by the Companies, which it could not service with the decline in revenues.

#### Director's Reasons for Failure of the Companies

- The Director agrees with our reasons for failure.
- However, in addition he also believes that a number of bad debts have also contributed to the Business's failure.

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# 3. Background and Update on the Liquidation

## Summary of Actions and Strategy

- Since our appointment we have:
  - Attended the Companies' premises in Port Hedland to inspect the plant and equipment;
  - Engaged Grays to inspect the Companies' plant and equipment and undertake a valuation of same;
  - Conducted a comprehensive EOI campaign for the Companies' Business and / or its assets which included placing an advertisement in the West Australian newspaper and providing information to interested parties;
  - Liaised with the Purchaser in relation to its offer and executed a sale contract;
  - Liaised with secured creditors in relation to the validity of their security interests and the sale of the plant and equipment;
  - Discussed the Companies' affairs with the Director and the Companies' advisors and obtained books and records;
  - Conducted a preliminary review of the pre-appointment employee entitlement position;
  - Reviewed and assessed the Companies' historical financial position and performance as well as conducted preliminary investigations into the failure of the Business and whether there are any voidable transactions or other circumstances where money or other property may be recovered for the benefit of creditors;
  - Inspected the Property and liaised with the former and current Managing Agents in relation to the lease of the Property; and

- Invited:
  - local property valuers to submit a tender to assess the current market value of the Property in its current condition and subsequently engaged a valuer to undertake same; and
  - local sales agents to submit submissions to market and realise the Property and subsequently appointed Richard Hamlin of RBH Real Estate as selling agent.

## Other Actions Taken to Date

- Since our appointment, we have also:
  - Notified all creditors and applicable statutory and Government bodies of our appointment.
  - Placed insurance cover over the Companies' assets.
  - Written to all creditors and employees to advise them of our appointment as Liquidators.
  - Further details of specific tasks undertaken are included in our Remuneration Approval Report at **Appendix 7**.

# 3. Background and Update on the Liquidation

## Sale of Plant and Equipment

- On 6 May 2019, the Liquidators commenced an EOI process for the sale of the assets of the Companies. Key details of the process included:
  - Advertisements were placed in the West Australian on 11 and 15 May 2019, inviting urgent EOIs to be submitted to the Liquidators by 5pm, 31 May 2019.
  - 15 interested parties contacted the Liquidators seeking further information.
  - 13 signed confidentiality deeds were received, allowing interested parties access to the asset listing prepared from the inspection of plant and equipment by Grays.
  - 7 interested parties submitted an indicative bid. However, of these 7 parties, only 2 offers were received for the entire plant and equipment base.
  - A summary of the EOI Campaign is shown below:

### EOI Campaign Summary

Milestone	Number
Enquiries Received	15
NDA's Sent	14
NDA's Executed	13
Asset Listing Provided	13
Indicative Offers Received	7
Offers Accepted	1

- The Liquidators accepted the offer put forward by the Purchaser, as it provided the best return.
- We are in the process of negotiating the final sale contract and will provide a further update to creditors once the Transaction has been finalised.
- Certain PPSR creditors decided not to accept the offer and wanted to collect their assets. Accordingly, we have disclaimed these assets.

## Sale of the Property

- Fusion is the sole registered owner of the Property, which is currently leased to an independent third party tenant for a term of 18 months.
- NAB, the first ranking secured creditor, have a mortgage over the Property.
- Following my appointment as Liquidator, I invited local property valuers to assess the current market value of the Property. I have subsequently engaged a valuer who currently preparing the valuation report.
- I also invited sales submissions from local sales agents to market and realise the Property. Following my review of those submissions, I engaged Richard Hamlin of RBH Real Estate as selling agent.
- The Property is currently being advertised by way of a set date sale in the form of a tender process, which we expect to commence marketing for sale and inviting expressions of interest within the next 1-2 weeks.

## 4. Financial Performance and Position

## 4. Financial Performance and Position

### JR - Assets and Liabilities

- I advise that I have received a completed ROCAP for JR from the Director which has now been lodged with ASIC.
- I set out below the assets and liabilities as detailed in JR's books and records and supporting documentation, as well as details of the amounts expected to be realised by me following my investigations into JR's affairs.

Statement of Assets and Liabilities				
	Note	Director's ROCAP ERV (\$)	Liquidator's ERV (\$)	Realised to Date (\$)
<b>Assets</b>				
Cash at Bank		-	-	-
Debtors	1	162,914	Commercially Sensitive	-
Plant & Equipment	2	-	Commercially sensitive	-
<b>Total Assets</b>		<b>162,914</b>	<b>Commercially sensitive</b>	-
<b>Liabilities</b>				
Secured Creditor	3	-	(1,437,542)	-
Secured PMSI Financiers	4	-	(2,701,815)	-
Employee Entitlements	5	-	-	-
Unsecured Creditors	6	(35,443)	(5,159)	-
<b>Total Liabilities</b>		<b>(35,443)</b>	<b>(4,144,517)</b>	-
<b>Net Surplus/ (Deficiency) subject to costs of the liquidation</b>		<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

### Notes:

- The notes set out below should be read in conjunction with the adjacent table:
  1. The books and records disclose that the debtor balance for JR was \$162k of which approximately 80% were incurred prior to February 2019. Upon further inspection of JR's books and records and discussions with the Director and his wife, it appears that a number of debtors have been erroneously entered or are in dispute. We will continue to recover debts, where commercial to pursue.
  2. A binding offer for the Business's plant and equipment was received from the Purchaser. The terms of the Transaction will be provided to creditors in due course once it has been finalised. At this stage, it remains commercially sensitive.
  3. The Director did not disclose an amount owing to NAB, the first ranking secured creditor, in his ROCAP. I have since been advised by NAB that the amount as at the date of appointment was \$1.4m.
  4. The Director has not disclosed amounts owing to secured PMSI financiers in his ROCAP. A search of the PPSR at the date of appointment disclosed that 24 secured financiers held registered security interests over certain assets of JR. I have since been advised that the total payout owing to PPSR creditors is \$2.7m.
  5. I am not aware of any employee entitlements owed by JR.
  6. To date, I have received 2 proofs of debt from unsecured creditors of JR totalling \$5.2k. I am yet to adjudicate on these claims.

## 4. Financial Performance and Position

### Fusion - Assets and Liabilities

- I have received a completed ROCAP for Fusion from the Director, which has now been lodged with ASIC.
- I set out below the assets and liabilities as detailed in Fusion's books and records and supporting documentation, as well as details of the amounts expected to be realised by me following my investigations into Fusion's affairs.

Statement of Assets and Liabilities				
	Note	Director's ROCAP ERV (\$)	Liquidator's ERV (\$)	Realised to Date (\$)
<b>Assets</b>				
Cash at Bank	1	-	54,240	54,240
Debtors	2	319,641	Commercially Sensitive	6,117
Plant & Equipment	3	-	Commercially Sensitive	Commercially Sensitive
Property	4	-	Commercially Sensitive	Commercially Sensitive
<b>Total Assets</b>		<b>319,641</b>	<b>Commercially Sensitive</b>	<b>Commercially Sensitive</b>
<b>Liabilities</b>				
Secured Creditor	5	-	(1,283,117)	-
Secured PMSI Financiers	6	-	(243,338)	-
Employee Entitlements	7	(11,174)	(11,174)	-
Unsecured Creditors	8	(6,033,369)	(6,135,134)	-
<b>Total Liabilities</b>		<b>(6,044,543)</b>	<b>(7,672,764)</b>	-
<b>Net Surplus/ (Deficiency) subject to costs of the liquidation</b>		<b>(5,724,902)</b>	Unknown	Unknown

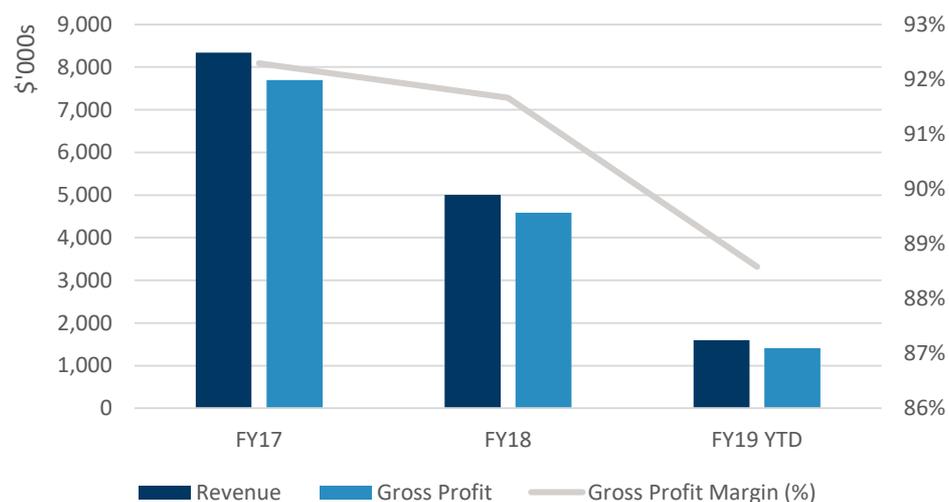
### Notes:

- The notes set out below should be read in conjunction with the adjacent table:
  1. The Liquidators have recovered the sum of \$54k from the pre-appointment bank accounts of Fusion.
  2. The books and records disclose that the debtor balance for Fusion was \$319k of which three debtors totalling \$108k were aged for more than 12 months. Upon further inspection of Fusion's books and records and discussions with the Director and his wife, it appears that a number of debtors have been erroneously entered or are in dispute (\$200k). I will continue to recover debts, where commercial to pursue.
  3. A binding offer for the Business's plant and equipment was received from the Purchaser. The terms of the Transaction will be provided to creditors in due course once it has been finalised. At this stage, it remains commercially sensitive.
  4. As a current sale campaign is being undertaken, this amount has been withheld as the value of the Property is commercially sensitive. Further information will be provided to creditors in due course.
  5. The Director did not disclose an amount owing to NAB, the first ranking secured creditor, in his ROCAP. I have since been advised by NAB that the amount as at the date of appointment was \$1.3m.
  6. The Director has not disclosed amounts owing to secured PMSI financiers in his ROCAP. A search of the PPSR at the date of appointment disclosed that 34 secured financiers held registered security interests over certain assets of Fusion. I have since been advised that the total payout owing to PPSR creditors is \$243k.
  7. The books and records of Fusion indicate that there are three claims owing to employees for unpaid leave totalling \$11k. Based on our conversations with employees, we understand there may be additional claims. We are investigating these claims. I note that in accordance with Section 556(1) of the Act, employee claims take priority to unsecured creditors.
  8. To date, I have received 61 proofs of debt in the liquidation totalling \$6.1m. I am yet to adjudicate on these claims.

## 4. Financial Performance and Position

### JR – Historical Financial Performance

Profit and Loss Statement				
A\$'000	Note	FY17	FY18	FY19 YTD
Revenue	1	8,336	5,003	1,592
Cost of Sales	2	(642)	(417)	(182)
Gross Profit	3	<b>7,694</b>	<b>4,586</b>	<b>1,410</b>
Gross Profit Margin (%)	3	92%	92%	89%
<b>Expenses</b>				
Depreciation and Amortisation	4	(3,339)	(1,695)	(169)
Hire of Equipment	5	(665)	(762)	(232)
Interest Expense		(502)	(353)	(108)
Other Operating Expenses		(465)	(385)	(149)
<b>Total Operating Expenses</b>		<b>(4,971)</b>	<b>(3,196)</b>	<b>(659)</b>
<b>Operating Profit / (Loss)</b>	6	<b>2,723</b>	<b>1,390</b>	<b>751</b>



■ The table adjacent details JR's historical financial performance. The Liquidators note that:

1. JR's revenue declined in FY18 and FY19 YTD. The deteriorating financial performance of JR in these years has been attributed to the loss of the Companies' major contract.
2. The Cost of Sales balance primarily relates to costs associated with operating the plant and equipment of the Business, such as registration, temporary vehicle hire where required and third party insurance associated with operating the fleet.
3. Gross profit, and therefore gross margin, has been adversely affected from the steep decline in revenues over the last three financial years. Year on year decreases in sales and margins are illustrated in the adjacent chart.
4. Depreciation and amortisation for JR experienced a significant decline of 49% in FY18 and 90% in FY19 YTD. The Director proceeded to sell a number of items of plant and equipment through FY18 and into FY19, and accordingly, depreciation expenses dropped significantly. Despite this, operating profits continued to deteriorate into FY19.
5. Equipment hire expenses also decreased by 58% between FY17 and annualised FY19. The requirement to spend additional funds on hiring equipment essential to operating the Business was reduced following the loss of the Companies' major contract.
6. Operating profit has deteriorated since FY17, attributed to the loss of the Companies' major contract. JR still recorded an operating profit of \$751k in FY19 YTD. However, we note that the sale of the plant and equipment was recorded as revenue, which has resulted in revenue being inflated.

## 4. Financial Performance and Position

### JR – Historical Financial Position

<b>Balance Sheet</b>				
<b>A\$'000</b>	<b>Note</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19 YTD</b>
<b>Current Assets</b>				
Receivables		51	45	180
Other Current Assets		67	58	277
<b>Total Current Assets</b>	<b>1</b>	<b>117</b>	<b>104</b>	<b>458</b>
<b>Non-Current Assets</b>				
Plant and Equipment	2	3,877	2,075	1,548
Other Non-Current Assets		10	6	6
<b>Total Non-Current Assets</b>		<b>3,887</b>	<b>2,081</b>	<b>1,554</b>
<b>Total Assets</b>		<b>4,004</b>	<b>2,184</b>	<b>2,012</b>
<b>Current Liabilities</b>				
Payables		72	(4)	2
Other Current Liabilities		(184)	(267)	144
<b>Total Current Liabilities</b>	<b>3</b>	<b>(111)</b>	<b>(271)</b>	<b>145</b>
<b>Non-Current Liabilities</b>				
Financing Loans Payable	4	6,795	5,030	3,120
Related Party Loans	5	856	830	742
Loan – Fusion	6	(3,535)	(4,787)	(4,129)
<b>Total Non-Current Liabilities</b>		<b>4,116</b>	<b>1,073</b>	<b>(267)</b>
<b>Total Liabilities</b>		<b>4,004</b>	<b>802</b>	<b>(122)</b>
<b>Net Assets</b>		<b>0</b>	<b>1,382</b>	<b>2,134</b>

■ The table adjacent details JR's historical financial position. The Liquidators note that:

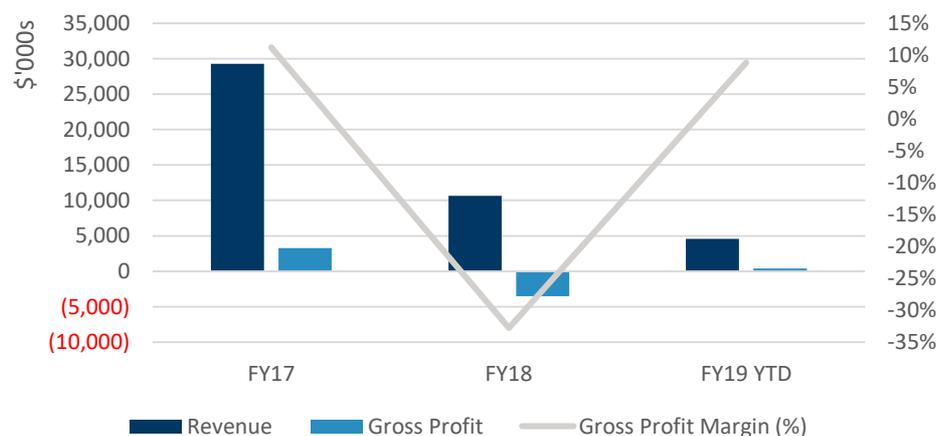
1. The current asset balance consists of cash at bank (\$89k), accounts receivable (\$180k) and prepaid insurance (\$188k). These have historically comprised a minor amount proportional to the total asset balance on the basis that JR has been utilised by the Business as the entity that holds the plant and equipment.
2. Plant and equipment have historically consisted of light motor vehicles, trucks and trailers. The Director proceeded to sell some items of plant and equipment following the loss of the Companies' major contract in FY18 to provide a cash injection that would offset the revenue forgone from losing same.
3. JR's current liability balance has remained minimal in proportion to the total liabilities. Current liabilities as at FY19 YTD primarily consist of insurance premium funding (\$133k) and fuel tax credits payable (\$72k), which are offset by a negative suspense account liability balance of \$68k.
4. Financing loans for JR have decreased relative to the number of assets owned and operated by the Business.
5. These are related party loans which we discuss further on page 19.
6. JR owned the majority of assets, which it allowed Fusion to use. We understand this loan relates to internal charges for equipment use. However, we are continuing to investigate this.

## 4. Financial Performance and Position

### Fusion – Historical Financial Performance

#### Profit and Loss Statement

A\$'000	Note	FY17	FY18	FY19 YTD
Revenue	1	29,247	10,658	4,562
Cost of Sales	2	(25,968)	(14,152)	(4,160)
Gross Profit		<b>3,279</b>	<b>(3,494)</b>	<b>402</b>
Gross Profit Margin (%)	3	11%	-33%	9%
<b>Other Income</b>		<b>26</b>	<b>23</b>	<b>(1)</b>
<b>Expenses</b>				
Contractors	4	(1,246)	(412)	-
Depreciation	5	(372)	(285)	(0)
Hire of Plant and Equipment	6	(1,620)	(58)	(59)
Other Operating Expenses	7	(2,062)	(1,509)	(710)
<b>Total Operating Expenses</b>		<b>(5,301)</b>	<b>(2,264)</b>	<b>(769)</b>
<b>Operating Profit / (Loss)</b>	<b>8</b>	<b>(1,996)</b>	<b>(5,735)</b>	<b>(368)</b>



The table adjacent details Fusion's historical financial performance. The Liquidators note that:

1. Fusion's revenue decreased materially between FY17 and FY19 YTD. The loss of the Companies' major contract is the primary reason for the decline in revenue since FY17.
2. Fusion incurred significant costs pertaining to diesel fuel and equipment hire in FY18 proportional to revenue. As a result, this contributed to an excessive operating loss in this period.
3. Revenue deteriorated as the Companies' work deteriorated, with the Director ceasing operations in FY19. The year on year fluctuations in margins, affected by the steep decreases in revenue, are illustrated in the adjacent chart.
4. The requirement to engage contractors has been reduced entirely in FY19, a \$1.2m difference from FY17. The reduced fleet size required to be operated following the loss of the Companies' major contract and the wind down of the Business are the reasons behind this movement.
5. The Director proceeded to sell a number of items of plant and equipment through FY18 and into FY19, and accordingly, depreciation expenses dropped significantly.
6. Plant and equipment hire expenses also materially decreased between FY17 and FY19 as there was no longer a requirement to service the Companies' major contract.
7. Other operating expenses in FY19 YTD consist of workshop supplies (\$128k), rent (\$113k), interest expense (\$75k) and other miscellaneous expense items.
8. Fusion has consistently operated at a loss since FY17, exacerbated by the loss of the Companies' major contract in FY18.

## 4. Financial Performance and Position

### Fusion – Historical Financial Position

<b>Balance Sheet</b>				
<b>A\$'000</b>	<b>Note</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19 YTD</b>
<b>Current Assets</b>				
Receivables		2,788	1,022	723
Other Current Assets		939	129	4
<b>Total Current Assets</b>	<b>1</b>	<b>3,726</b>	<b>1,151</b>	<b>727</b>
<b>Non-Current Assets</b>				
Plant and Equipment	2	921	513	512
Property	3	2,424	2,424	2,424
Other Non-Current Assets		338	303	303
<b>Total Non-Current Assets</b>		<b>3,684</b>	<b>3,240</b>	<b>3,239</b>
<b>Total Assets</b>		<b>7,410</b>	<b>4,391</b>	<b>3,966</b>
<b>Current Liabilities</b>				
Payables		3,595	5,399	6,136
Other Current Liabilities		223	193	281
<b>Total Current Liabilities</b>	<b>4</b>	<b>3,818</b>	<b>5,593</b>	<b>6,418</b>
<b>Non-Current Liabilities</b>				
Financing Loans Payable	5	670	563	477
Loan - C & J Family Trust	6	3,535	4,787	4,129
NAB Business Market Loan		1,444	1,240	1,103
<b>Total Non-Current Liabilities</b>		<b>5,649</b>	<b>6,591</b>	<b>5,709</b>
<b>Total Liabilities</b>		<b>9,467</b>	<b>12,183</b>	<b>12,127</b>
<b>Net Assets</b>		<b>(2,057)</b>	<b>(7,792)</b>	<b>(8,161)</b>

■ The table adjacent details Fusion's historical financial position. The Liquidators note that:

1. Fusion's current assets have steadily decreased since FY17, primarily resulting from the declining turnover, with debtors historically accounting for 83-93% of total current assets.
2. Plant and equipment have historically consisted of light motor vehicles, trucks and trailers. The Director proceeded to sell some items of plant and equipment following the loss of the Companies' major contract in FY18 to provide a cash injection that would offset the revenue forgone and meet the Companies' debt obligations.
3. The value of the Property has remained constant since FY17. The Liquidators have not been provided with a historical valuation report of the Property and understand this has not been performed in some time. The Property was purchased in 2011; however market conditions were more favourable at that time. We are currently in the process of obtaining an updated valuation report.
4. Accounts payable have historically comprised between 94% and 97% of the total current liabilities balance since FY17. Accounts payable increased by 14% as at FY19 YTD as Fusion struggled to meet creditor repayments as a result of a downturn in revenue.
5. Financing loans for JR have decreased relative to the number of assets owned and operated by the Business.
6. JR owned the majority of assets, which it allowed Fusion to use. We understand this loan relates to internal charges for equipment use. However, we are continuing to investigate this.

## 4. Financial Performance and Position

### Related Parties – Drawings

- We provide the following summary of the year end balances for the related party loan accounts:

Related Party Drawings Ledger			
A\$'000	FY17	FY18	FY19 YTD
AR Edwards	(20)	(20)	(20)
C Edwards	440	429	360
H Edwards	56	56	47
JJ Edwards	(19)	(19)	(19)
JR Edwards	400	384	374
<b>Total Related Party Drawings</b>	<b>856</b>	<b>830</b>	<b>742</b>

- These drawings have been recognised as a non-current liability in the balance sheet of JR and we understand these relate to the Director, his spouse and three children.
- The notable year on year net movements above indicate that:
  - the Director has paid down his drawings accounts by \$26k since FY17; and
  - The Director's spouse has paid down her drawings account by \$80k since FY17.
- The balances for the Director's children, being AR Edwards, H Edwards and JJ Edwards, have remained relatively static in the years examined.
- Our investigations have revealed that the Director and his spouse were not included in the weekly payroll runs and have historically made drawings from JR as their primary source of income. Accordingly, the Director has not taken any drawings in the last three years.

### Related Entities

- JR owned the majority of assets, which it allowed Fusion to use. We understand that the existing loan accounts recorded as a non-current liability of JR and Fusion relate to internal charges incurred between the Companies for equipment use. However, we are continuing to investigate this.
- We are aware that the Director's spouse holds a current directorship with Re-Gen, which was incorporated in February 2019.
- I understand that:
  - all employees previously employed by Fusion were transitioned to Re-Gen prior to the date the Companies were placed into liquidation.
  - the Director also assists with the day-to-day operations of Re-Gen.
- There does not appear to be any transfer of assets from the Companies to Re-Gen. However, we are continuing to investigate this and will provide a further update in our next report.

## 5. Investigations and Recovery Actions

# 5. Investigations and Recovery Actions

## Summary of Findings

- We provide a summary of my key findings from my investigations into the Companies’ solvency as follows:
  - According to the management accounts of JR and Fusion, the aggregated operating performance of the Business is as follows:

Profit and Loss Statement - Aggregated			
A\$'000	FY17	FY18	FY19 YTD
Revenue	37,584	15,661	6,154
Cost of Sales	(26,610)	(14,569)	(4,342)
Gross Profit	<b>10,973</b>	<b>1,092</b>	<b>1,812</b>
<b>Total Operating Expenses</b>	<b>(10,272)</b>	<b>(5,460)</b>	<b>(1,428)</b>
<b>Operating Profit / (Loss)</b>	<b>701</b>	<b>(4,368)</b>	<b>384</b>

- The loss of the Companies’ major contract in FY18 placed significant cash flow strain on the Business, which resulted in a significant loss of \$4.4m in FY18, despite recording operating profits of \$701k and \$384k in FY17 and FY19 YTD respectively.
- More than 93% of the aggregated creditor ledger is aged by more than 90 days, which suggests that the Business has had insufficient cash to pay its creditors, as and when they fell due.
- The sale of the plant and equipment is the only reason for the profit in FY19 YTD. Otherwise, an operating loss for FY19 YTD was likely.
- Based on the Liquidators’ investigations, our preliminary view is that there are indicators the Business was likely insolvent from at least 30 June 2018 and possibly earlier.

- As Liquidators, we are required to investigate and specify whether there may be any voidable transactions in respect of which money, property or other benefits may be recoverable by us in our capacity as liquidators of the Companies.
- We set out below details of our investigations to date and my findings in relation to same.

## Investigations undertaken

- We advise that, to date, the following investigations have been undertaken into the Companies’ affairs:
  - Met with the Director of the Companies and it’s advisors and discussed the Companies’ affairs and reasons for the Companies’ failure;
  - Reviewed the Companies’ books and records including the Companies’ financial accounts of the Companies;
  - Reviewed the Companies’ bank statements for any preferences or unusual and/or material transactions;
  - Conducted independent searches including, but not limited to, google searches, property searches, Department of Transport, company and director searches;
  - Reviewed pre-appointment contracts relating to the sale of the Companies’ business or its assets;
  - Liaised with the Director and the Director’s spouse to obtain access to the Companies’ books and records and ROCAP.

## 5. Investigations and Recovery Actions

### Duty to Investigate

- The law requires us to investigate and specify whether there appear to be any voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act.
- We have sought to ascertain whether the Companies were insolvent at any particular point in time prior to our appointment as Liquidators, in order to determine a point in time from which these provisions may apply.

### Relevance of Insolvency and Liquidation

- The ability to challenge voidable transactions and recover money/property for creditors is contingent on a liquidator being able to establish that the Companies were insolvent at the time it entered into any particular transaction, or that the Companies became insolvent as a consequence of that transaction.

### Work Performed

- We have made enquiries into the financial affairs of the Companies. In this section, we set out our preliminary views and findings about:
  - offences that may have been committed;
  - the solvency position of the Companies;
  - existence of voidable transactions – including unfair preferences/loans, uncommercial transactions, arrangements to avoid employee entitlements, and unreasonable director related transactions;
  - charges that may be voidable; and
  - whether there is the prospect of a claim for insolvent trading.

### Obligations to Maintain Books and Records

- Section 286(1) of the Act requires a company to keep written financial records that correctly record and explain its transactions and financial position and performance, and would enable true and fair financial statements to be prepared and audited.

### Opinion about Books and Records

- The Liquidators have reviewed the Companies' books and records, including, but not limited to:
  - internally maintained management accounts for FY17, FY18 and FY19 YTD; and
  - physical records at its principal place of business.
- We were also provided with access to the Companies' online management accounting software to ascertain the historical financial position and performance.
- In our view, the Companies' records are maintained in accordance with Section 286 of the Act.

### Date of Insolvency

- Our key workings and other analysis are contained overleaf. However, it appears the Business was insolvent from at least 30 June 2018. However, there are indicia to suggest that the Companies might have been insolvent prior to that date.
- **Appendix 2** provides some general comments and information about recoveries via voidable transactions, insolvent trading and common factors that indicate insolvency.

### Creditors' Information Sheet and Other Explanations

- Provided at **Appendix 3** is an information sheet to assist creditors in understanding potential offences under the Act, recoverable transactions and insolvent trading.
- Creditors should read this information in conjunction with our comments in this section of the report.

## 5. Investigations and Recovery Actions

### Solvency Review – Balance Sheet Test

- We have reviewed the Companies' management accounts to assess the aggregated working capital position of the Business since FY17.

#### Working Capital Summary - Aggregated

A\$'000	FY17	FY18	FY19 YTD
Current Assets	3,844	1,254	1,185
Current Liabilities	3,706	5,322	6,563
<b>Aggregated Net Surplus / (Shortfall)</b>	<b>137</b>	<b>(4,067)</b>	<b>(5,378)</b>
Aggregated Working Capital Ratio	1.04	0.24	0.18

- When aggregated, the working capital position of the Business experiences a steep decline in FY18, primarily as a result of the loss of the Companies' major contract to service creditor repayments, which continues into FY19.
- The current ratio is an assessment of a company's liquidity and its ability to pay its debts as and when they fall due. If the ratio is less than 1, a company's current liabilities exceed its current assets. The current ratio in FY18 and throughout FY19 indicates that the Business experienced difficulty in paying its debts as and when they fell due and payable.

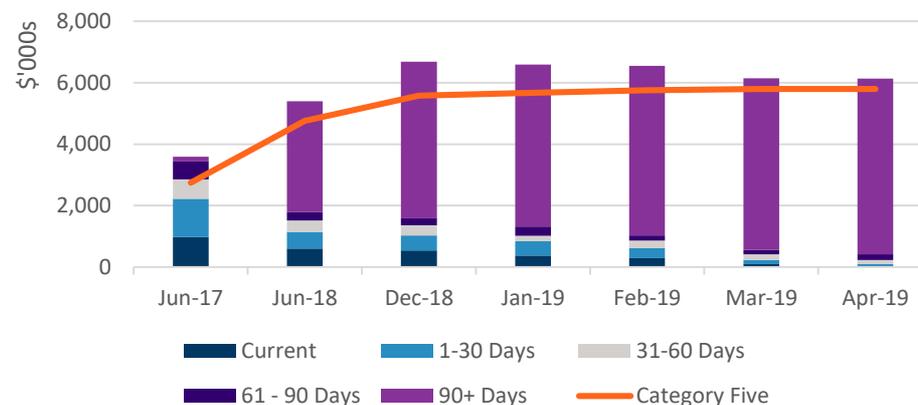
### Trade Creditor Analysis

- A review of the Companies' accounts payables ledgers indicate that Fusion was the primary entity responsible for the payment of trade creditor liabilities. A summary of the ledgers are as follows:

#### Accounts Payable Summary

A\$'000	FY17	FY18	FY19 YTD
Accounts Payable - Fusion	3,595	5,399	6,136
Accounts Payable - JR	72	(4)	2
<b>Aggregated Accounts Payable</b>	<b>3,667</b>	<b>5,396</b>	<b>6,138</b>

- For the purposes of this analysis, we have only considered Fusion's aged payables ledger. The following chart provides a summary of the Business's trade creditor position as at FY17, FY18 and end of month December 2018 to April 2019:



- As at April 2019, 93% of the total creditor ledger is aged by more than 90 days, which reflects the Business's difficulties to pay its short term debts.
- Category Five is the largest creditor on the Fusion accounts payable ledger, accounting for 94% of the total balance as at the date of appointment. We understand that Category Five provided labour hire services to the Companies. It is evident in the above chart that Fusion has fallen behind on payments to suppliers, particularly Category Five, which has significantly contributed to the inflated trade payables balance in FY18 and FY19.

## 5. Investigations and Recovery Actions

### Net Asset Position

- The following table provides a summary of the net asset position on a standalone and aggregated basis, according to the management accounts:

Net Asset Summary – JR			
A\$'000	FY17	FY18	FY19 YTD
Total Assets	4,004	2,184	2,012
Total Liabilities	4,004	802	(122)
<b>Net Assets</b>	<b>0</b>	<b>1,382</b>	<b>2,134</b>

Net Asset Summary - Fusion			
A\$'000	FY17	FY18	FY19 YTD
Total Assets	7,410	4,391	3,966
Total Liabilities	9,467	12,183	12,127
<b>Net Assets</b>	<b>(2,057)</b>	<b>(7,792)</b>	<b>(8,161)</b>

<b>Aggregated Net Assets (incl. Related Parties)</b>	<b>(2,057)</b>	<b>(6,410)</b>	<b>(6,027)</b>
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Net Asset Summary - JR			
A\$'000	FY17	FY18	FY19 YTD
Total Assets	4,004	2,184	2,012
Total Liabilities	(387)	(4,815)	(4,993)
<b>Net Assets</b>	<b>4,392</b>	<b>6,999</b>	<b>7,005</b>

Net Asset Summary - Fusion			
A\$'000	FY17	FY18	FY19 YTD
Total Assets	7,410	4,391	3,966
Total Liabilities	5,932	7,396	7,997
<b>Net Assets</b>	<b>1,478</b>	<b>(3,005)</b>	<b>(4,031)</b>

<b>Aggregated Net Assets (excl. Related Parties)</b>	<b>5,870</b>	<b>3,994</b>	<b>2,974</b>
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### Net Asset Position cont.

- The Business has maintained a net asset deficiency since FY17, primarily because of the historical related party loans and the diminishing carrying value of plant and equipment, within which the Business has historically relied on to operate.
- It is apparent that the Business maintains a positive net asset position throughout the periods examined when the uncalled related party loans are excluded from the aggregated calculation.

### Solvency Review – Cash Flow Test

- The cash flow test involves assessing a company's ability to meet its obligations as and when they fall due. There are many elements to consider and only a court can determine the date of insolvency. We have considered the following information to estimate the date of insolvency:
  - trade creditor ledgers and information (including ageing profile) – i.e. to assess whether the Company had been meeting its payments on time;
  - statutory liability position – i.e. whether the Company had been meeting its statutory liabilities;
  - liquidity ratios and levels or working capital to assess – i.e. whether the Company had sufficient liquidity to meet its liabilities in the short term;
  - EBITDA and profit and loss position – i.e. to assess the Company's ability to generate sufficient cash to meet its obligations;
  - sources of funding and support by financiers or related entities – i.e. to assess whether the Company had any alternative sources of funding; and
  - the existence of other indicia of insolvency.

## 5. Investigations and Recovery Actions

### Preliminary Opinion on Insolvency

- There are indicators that the Business was suffering from financial distress from as early as 30 June 2018. However, the Companies were able to continue to trade due to:
  - the realisations from plant and equipment which provided short term funding for the Business; and
  - the related party loan accounts with Fusion, the Director and his spouse, which remained uncalled.
- In our opinion, the Companies were likely insolvent from 30 June 2018, but possibly earlier.

### Preliminary View on Liability for Insolvent Trading

- We are continuing to investigate whether any other assets are owned by the Director to support a claim, if commercial to pursue.
- Creditors should refer to **Appendix 2** for additional information on Insolvency and pursuing insolvent trading claims generally.

### Pursuing an Insolvent Trading Claim

- Insolvent trading claims are expensive to pursue, often involving litigation running over multiple years. Given the current funds held in the liquidation, a Liquidator would likely require additional funding in order to pursue such a claim.

### Further inquiries to be undertaken

- In addition to potential unfair preference payments referred to on the following page, we will investigate whether any offences may have been committed by the Director, in accordance with section 533 of the Act. These offences, if any, will be reported to ASIC.
- If creditors are aware of any other matters which require further investigation, please contact my office as soon as possible.

## 5. Investigations and Recovery Actions

- We set out our preliminary findings in relation to potential recoveries from voidable transactions in a liquidation scenario, including our view on the likelihood of there being substantiated and supportable claims. Where applicable, we have included our estimate of possible recoveries along with any other pertinent information. For general information explaining these matters, including a list of applicable offences, please refer to Appendix 2.

Area	Our view	Comments
<b>Unfair preferences</b>	Possible claim	<ul style="list-style-type: none"> <li>■ <b>Fusion</b> – we have reviewed the payments made by Fusion in the 6 months prior to the date of appointment. Based on our investigations to date, we have identified a number of transactions that may comprise of potentially unfair preference payments, pursuant to section 588FA of the Act. However, further investigations will need to be undertaken in this regard.</li> <li>■ <b>JR</b> – we have not identified any preferential payments recoverable for creditors.</li> <li>■ Our investigations are continuing and we may obtain legal advice before initiating the recovery of these potential preferences.</li> </ul>
<b>Insolvent Trading</b>	Possible claim	<ul style="list-style-type: none"> <li>■ We are continuing to investigate whether any other assets are owned by the Director to support a claim, pursuant to section 588G of the Act, if commercial to pursue. However, the Director is likely to have a number of defences.</li> <li>■ Given the current funds held in the liquidation, the defences available to the Director and the costs to undertake an insolvent trading claim, it is unlikely to be commercial to pursue.</li> </ul>
<b>Uncommercial transactions</b>	Possible claim	<ul style="list-style-type: none"> <li>■ We have identified that one motor vehicle previously owned by Fusion was sold to the Director’s spouse on 10 December 2018. Our preliminary investigations into this transaction indicate that JR may have partly or wholly funded the outstanding amount owing under the finance agreement. We will continue to investigate the nature of this transaction.</li> </ul>
<b>Unfair loans</b>	Unlikely claim	<ul style="list-style-type: none"> <li>■ We are not aware of any potential unfair loans that would likely result in property being recovered for the benefit of creditors.</li> </ul>
<b>Unreasonable payments to directors</b>	Unlikely claim	<ul style="list-style-type: none"> <li>■ Our investigations have revealed that the Director and his spouse were not included in the weekly payroll runs and have historically made drawings from JR as their primary source of income.</li> <li>■ However, further investigations will need to be undertaken to confirm this position.</li> </ul>
<b>Related entity benefit</b>	Possible claim	<ul style="list-style-type: none"> <li>■ Other than already discussed and due to their historic nature, we are not aware of any related party transactions that would be recoverable for the benefit of creditors.</li> </ul>
<b>Arrangements to avoid employee entitlements</b>	Unlikely claim	<ul style="list-style-type: none"> <li>■ Our investigations to date have not revealed the existence of any such arrangements. However, further investigations will need to be conducted to determine if the transition of employees from Fusion to Re-Gen gave rise to the non-payment of any outstanding employee entitlements.</li> </ul>
<b>Voidable charges</b>	Unlikely claim	<ul style="list-style-type: none"> <li>■ Our investigations have not revealed any voidable charges.</li> </ul>

## 6. Likelihood of a Dividend and Estimated Return to Creditors

## 6. Likelihood of Dividend and Estimated Return to Creditors

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- I advise that the likelihood of a dividend being paid to creditors will be affected by a number of factors including:
  - the size and complexity of the administration;
  - the amount of assets realisable and the costs of realising those assets;
  - the statutory priority of certain claims and costs;
  - the value of various classes of claims including secured, priority and unsecured creditor claims; and
  - the volume of enquiries by creditors and other stakeholders.
- Based on the information presently available, the extent of the assets realised and the investigations undertaken to date, I am unable to provide a dividend estimate of any certainty at this stage of the liquidation. If I do declare a dividend, any creditor whose claim has not yet been admitted will be contacted and asked to submit a proof of debt.
- Once the Liquidators are in a position to advise on whether a dividend will be paid, any creditor whose claim has not yet been admitted will be contacted and asked to submit a proof of debt. This formalises your claim in the liquidation and is used to determine all claims against the Company.

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## 6. Likelihood of Dividend and Estimated Return to Creditors

### Receipts and Payments to Date – JR

- The receipts and payments for the Liquidation to date are nil.

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### Estimated Return to Unsecured Creditors – JR

- The table below sets out the estimated return to unsecured creditors and should be read in conjunction with the underlying notes:

Estimated Return to Unsecured Creditors		
	Low (\$)	High (\$)
<b>Assets</b>		
Cash at Bank	-	-
Debtors	Commercially sensitive	Commercially sensitive
Plant & Equipment	Commercially sensitive	Commercially sensitive
Less: Finance outstanding	(2,701,815)	(2,701,815)
<b>Total Assets</b>	<b>Commercially sensitive</b>	<b>Commercially sensitive</b>
<b>Less: Liquidators' Remuneration &amp; Expenses</b>		
Estimated Liquidators Remuneration	(160,000)	(140,000)
External Disbursements	(30,000)	(20,000)
<b>Total Liquidator's Remuneration &amp; Expenses</b>	<b>(190,000)</b>	<b>(160,000)</b>
<b>Surplus/ (Deficit) Available for Unsecured Creditors</b>	<b>Unknown</b>	<b>Unknown</b>
<b>Less: Unsecured Creditors</b>		
Trade Creditors	(5,159)	(5,159)
<b>Total Surplus/(Deficit)</b>	<b>Unknown</b>	<b>Unknown</b>
<b>Potential Dividend to Unsecured Creditors (c/\$)</b>	<b>Unknown</b>	<b>Unknown</b>

## 6. Likelihood of Dividend and Estimated Return to Creditors

### Receipts and Payments to Date – Fusion

■ The receipts and payments for the Liquidation to date are as follows:

Statement of Receipts and Payments for the period 30 April 2019 to 24 July 2019	Amount (\$)
<b>Receipts</b>	
Cash at Bank	54,240
Accounts Receivable (Pre-Appointment)	6,117
Rental income from the Company's property	2,183
Credit refund from Telstra	463
<b>Total Receipts</b>	<b>63,004</b>
<b>Payments</b>	
Advertisement for Sale of Plant and Equipment	7,262
IT Expenses	3,464
<b>Total Payments</b>	<b>10,726</b>
<b>Cash at bank held by Liquidators</b>	<b>52,278</b>

### Estimated Return to Unsecured Creditors – Fusion

■ The table below sets out the estimated return to unsecured creditors and should be read in conjunction with the underlying notes:

Estimated Return to Unsecured Creditors	ERV Low (\$)	ERV High (\$)
<b>Assets</b>		
Cash at Bank	54,240	54,240
Debtors	Commercially Sensitive	Commercially Sensitive
Plant & Equipment	Commercially Sensitive	Commercially Sensitive
Less: Finance outstanding	(350,000)	(243,338)
<b>Total Assets</b>	<b>Commercially Sensitive</b>	<b>Commercially Sensitive</b>
<b>Less: Liquidators' Remuneration &amp; Expenses</b>		
Estimated Liquidators Remuneration	(130,000)	(90,000)
External Disbursements	(30,000)	(20,000)
<b>Total Liquidator's Remuneration &amp; Expenses</b>	<b>(160,000)</b>	<b>(110,000)</b>
<b>Surplus/(Deficit) Available for Priority Creditors</b>	<b>Unknown</b>	<b>Unknown</b>
<b>Potential Dividend to Priority Creditors (c/\$)</b>	<b>Unknown</b>	<b>Unknown</b>
<b>Less: Priority Creditors (Employees)</b>		
Accrued Leave	(11,174)	-
<b>Total Priority Creditors</b>	<b>(11,174)</b>	<b>-</b>
<b>Total Surplus/(Deficit)</b>	<b>Unknown</b>	<b>Unknown</b>
<b>Less: Unsecured Creditors</b>		
Statutory Creditors	(48,648)	(48,648)
Trade Creditors	(6,135,134)	(6,135,134)
<b>Total Surplus/(Deficit)</b>	<b>Unknown</b>	<b>Unknown</b>
<b>Potential Dividend to Unsecured Creditors (c/\$)</b>	<b>Unknown</b>	<b>Unknown</b>

## 7. Liquidators' Remuneration

## 7. Liquidators' Remuneration

- I advise that FTI Consulting charges professional fees based on time spent by the Liquidators and their staff at rates reflecting their level of experience.
- Attached at **Appendix 7** is detailed reports on our remuneration. At the meeting of creditors on 14 August 2019, I will ask creditors to consider, and if thought fit, approve the following remuneration:

J R Contracting (WA) Pty Ltd	
Period	Amount (excl. GST)
Resolution 1: 30 April 2019 to 21 July 2019	105,218.50
Resolution 2: 22 July 2019 to conclusion of the Liquidation	55,000.00
<b>Total</b>	<b>160,218.50</b>

Fusion Contracting (WA) Pty Ltd	
Period	Amount (excl. GST)
Resolution 1: 30 April 2019 to 21 July 2019	98,471.50
Resolution 2: 22 July 2019 to conclusion of the Liquidation	32,000.00
<b>Total</b>	<b>130,471.50</b>

- The resolutions will be put to creditors in accordance with the attached notice of meeting.

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## 8. Meeting of Creditors



## 8. Meeting of Creditors

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- A meeting of creditors will be held on **Wednesday, 14 August 2019** at the 'Seminar Room', Central Park Centre, 152-158 St Georges Terrace, PERTH WA 6000, commencing at 12:00PM (WST):
  - Discuss the conduct of the liquidation to date;
  - Resolve to approve the Liquidators' fees (as disclosed in the Remuneration Request Approval Report); and
  - Discuss any general business which may arise.
- To participate in the meeting, please complete and return the following by no later than 4:00PM on Tuesday, 13 August 2019:
  - Appointment of Proxy form;
  - Form 535 – Formal Proof of Debt or Claim form along with supporting documents for your claim (only if you have not previously provided it).
- These documents can be scanned and emailed back to Robert Beaumont or returned via post to my offices. If you choose to return these documents via post, please ensure that you allow enough time for me to receive them by the due date.

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## 9. Way Forward

## 9. Way Forward

- We are required to undertake the following actions, to finalise the liquidation:
  - Conduct the meeting of creditors on Wednesday, 14 August 2019;
  - Complete on the Transaction;
  - Realise the Property and distribute the sale proceeds to the NAB;
  - Recover any further available property or assets;
  - Pursue the recovery of identified potential preferential payments and related party debts;
  - Complete the Liquidators' investigations into the Companies' affairs;
  - If applicable, attend to a dividend to creditors;
  - Complete my reporting to ASIC; and
  - Any other business that arises, including the finalisation of the liquidation.
- We may write to you again with further information on the progress of the Liquidation.
- We expect to have completed this liquidation within the next 12 months.
- We enclose at **Appendix 3** an information sheet regarding your rights as a creditor in the Liquidation called "Creditors Rights in a Liquidation".
- You can access the additional information which may assist you on the following websites:
  - ARITA at [www.arita.com.au/creditors](http://www.arita.com.au/creditors)
  - ASIC at [www.asic.gov.au](http://www.asic.gov.au) (search for insolvency information sheets")

If you have any queries, please contact Robert Beaumont on (08) 6430 1331 or by email at [robert.beaumont@fticonsulting.com](mailto:robert.beaumont@fticonsulting.com).

Dated this 30th day of July 2019.



**Daniel Woodhouse**  
**Joint and Several Liquidator**

# Appendix 1 – Glossary and Terms of Reference

# Glossary

Item	Definition
<b>Companies</b>	J R Contracting (WA) Pty Ltd in its own rights and as trustee of the C & J Family Trust formerly trading as Caspers Earthmoving and Fusion Contracting (WA) Pty Ltd formerly trading as Fusion Contracting
<b>Act</b>	Corporations Act 2001 (Cth)
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ATO</b>	Australian Taxation Office (incorporating the Deputy Commissioner of Taxation, as applicable)
<b>Director</b>	Mr Jonathan Roland Edwards
<b>The Business</b>	The day to day civil contracting, wet / dry plant hire operations conducted by JR and Fusion
<b>DIRRI</b>	Declaration of independence, relevant relationships and indemnities
<b>DOCA</b>	Deed of company arrangement
<b>EBIT / EBITDA</b>	Earnings before interest and tax / Earnings before interest, tax, depreciation and amortisation
<b>EOI</b>	Expressions of Interest
<b>ERV</b>	Estimated realisable value
<b>Fusion</b>	Fusion Contracting (WA) Pty Ltd formerly trading as Fusion Contracting
<b>FY</b>	Financial Year

Item	Definition
<b>Grays</b>	Grays eCommerce Group Limited
<b>GST</b>	Goods and Services Tax, as applicable in Australia
<b>JR</b>	J R Contracting (WA) Pty Ltd in its own rights and as trustee of the C & J Family Trust formerly trading as Caspers Earthmoving
<b>Liquidators</b>	Ian Francis and Daniel Woodhouse
<b>Managing Agent</b>	RBH Real Estate
<b>NAB</b>	National Australia Bank Limited
<b>NDA</b>	Non-Disclosure Agreement
<b>NPAT</b>	Net profit after tax
<b>PPSR</b>	Personal Property Securities Register
<b>Property</b>	14 Yanana Street, Wedgefield WA 6721
<b>Purchaser</b>	Gordon Brothers Pty Limited
<b>Re-Gen</b>	Re-Gen Mechanical Pty Limited
<b>ROCAP</b>	Report On Company Activities and Property
<b>The Transaction</b>	The sale of the plant and equipment owned by the Companies to the Purchaser
<b>YTD</b>	Year to date



# Terms of Reference

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## Terms of Reference

- This report has been prepared for the creditors of Companies to assist them in evaluating their position as creditors and in deciding on the Companies' future. None of the Liquidators, FTI Consulting and its staff shall assume any responsibility to any third party to which this report is disclosed or otherwise made available.
- This report is based on information obtained from the Companies' records, the directors and management of the Companies and from our own enquiries. While we have no reason to doubt the veracity of information contained in this report, unless otherwise stated we have proceeded on the basis that the information provided and representations made to us are materially accurate, complete and reliable. We have not carried out anything in the nature of an audit, review or compilation.
- This report may contain prospective financial information, including estimated outcomes for creditors, and other forward looking information. As events and circumstances frequently do not occur as expected, there may be material differences between estimated and actual results. We take no responsibility for the achievement of any projected outcomes or events.
- We reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to us between the date of this report and the forthcoming meeting of creditors.
- Creditors should seek their own advice if they are unsure how any matter in this report affects them.

*<This space has been left blank intentionally>*

## Appendix 2 – Investigations – Analysis and Information



# General Information and Considerations

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## Date of Insolvency

- In order to ascertain if there were any insolvent transactions entered into by a company, it is first necessary to determine the date a company became insolvent.
- Proving the date on which a company became insolvent is an essential element of recovery actions with respect to unfair preferences, uncommercial transactions and insolvent trading.
- Recovery actions require the liquidator to prove that the particular company was insolvent at the time of the transaction, or in the case of an insolvent trading action, when the debt was incurred.

## What is Insolvency?

- Solvency is defined in s 95A of the Act as when a company is able to pay all its debts as and when they become due and payable. A company that is not solvent is insolvent.
- Whether a company is able to meet its debts as they become due is essentially a “cash flow” test rather than a “balance sheet” test (although the company’s balance sheet position is still relevant).
- Consideration of the entire financial position of a company is required to establish if it is insolvent at a particular date. This includes factors such as the value of the company’s assets relative to its liabilities and the nature of these assets and liabilities. Also, the extent to which cash is expected to be generated from future trading activities, or available from alternative sources is relevant to considering a company’s solvency position.

## General and Commercial Considerations

- Proving insolvency is often a complex exercise and usually involves considerable time and expense in thoroughly investigating all aspects of claims. Legal advice on the merits of claims is generally required.
- Typically, insolvent trading claims are defended and directors may seek to rely on the statutory defences available to them.
- Legal proceedings are often necessary for liquidators to pursue claims. This adds to the time and costs involved in pursuing claims. There is also inherent uncertainty involved with any litigation. As a result, commercial considerations are relevant, including whether the amount of the claim is large enough to pursue on a cost and risk/benefit basis.
- The capacity of a party to pay any successful claim to a liquidator is also a relevant consideration in determining whether or not pursuing an action is likely to be in the interest of creditors.
- Liquidators may not have funds to pursue actions. At other times, the liquidator may view the risks/benefits of pursuing an action not to be in the interest of creditors (for example, in cases where pursuing an action would use up the available cash/assets when otherwise a small dividend to creditors could be paid). In these circumstances, it is possible that a creditor or a litigation funder may wish to fund an action to pursue a claim. This typically occurs only when there is a very strong case and high prospect of success.

# Indicators of Potential Insolvency

## Factors to take into account

- The company has a history of continuing trading losses.
- The company is experiencing cash flow difficulties.
- The company is experiencing difficulties selling its stock, or collecting debts owed to it.
- Creditors are not being paid on agreed trading terms and/or are either placing the company on cash-on-delivery terms or requiring special payments on existing debts before they will supply further goods and services.
- The company is not paying its Commonwealth and state taxes when due (e.g. pay-as-you-go instalments are outstanding, goods and services tax (GST) is payable, or superannuation guarantee contributions are payable).
- Cheques are being returned dishonoured.
- Legal action is being threatened or has commenced against the company, or judgements are entered against the company, in relation to outstanding debts.
- The company has reached the limits of its funding facilities and is unable to obtain appropriate further finance to fund operations—for example, through:
  - negotiating a new limit with its current financier; or
  - refinancing or raising money from another party.
- The company is unable to produce accurate financial information on a timely basis that shows the company's trading performance and financial position or that can be used to prepare reliable financial forecasts.
- Company directors have resigned, citing concerns about the financial position of the company or its ability to produce accurate financial information on the company's affairs.
- The company auditor has qualified their audit opinion on the grounds there is uncertainty that the company can continue as a going concern.
- The company has defaulted, or is likely to default, on its agreements with its financier.
- Employees, or the company's bookkeeper, accountant or financial controller, have raised concerns about the company's ability to meet, and continue to meet, its financial obligations.
- It is not certain that there are assets that can be sold in a relatively short period of time to provide funds to help meet debts owed, without affecting the company's ongoing ability to continue to trade profitably.
- The company is holding back cheques for payment or issuing post-dated cheques.

Source: ASIC Regulatory Guide 217 - Duty to prevent insolvent trading: Guide for directors

ASIC's view is that these are some of the factors that a reasonable person would take into account when determining whether a company is insolvent. The list of factors is not intended to be exhaustive. There may be other factors that would indicate to a reasonable person that a company may be insolvent.

## Appendix 3 – Creditor Information Sheet

# Creditor Rights in Liquidations

As a creditor, you have rights to request meetings and information or take certain actions:



## Right to request a meeting

In liquidations, no meetings of creditors are held automatically. However, creditors with claims of a certain value can request in writing that the liquidator hold a meeting of creditors.

A meeting may be requested in the first 20 business days in a creditors' voluntary liquidation by  $\geq 5\%$  of the value of the debts held by known creditors who are not a related entity of the company.

Otherwise, meetings can be requested at any other time or in a court liquidation by:

- $> 10\%$  but  $< 25\%$  of the known value of creditors on the condition that those creditors provide security for the cost of holding the meeting
- $\geq 25\%$  of the known value of creditors
- creditors by resolution, or
- a Committee of Inspection (this is a smaller group of creditors elected by, and to represent, all the creditors).

If a request complies with these requirements and is 'reasonable', the liquidator must hold a meeting of creditors as soon as reasonably practicable.

## Right to request information

Liquidators will communicate important information with creditors as required in a liquidation. In addition to the initial notice, you should receive, at a minimum, a report within the first three months on the likelihood of a dividend being paid.

Additionally, creditors have the right to request information at any time. A liquidator must provide a creditor with the requested information if their request is 'reasonable', the information is relevant to the liquidation, and the provision of the information would not cause the liquidator to breach their duties.

A liquidator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the liquidator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

## Requests must be reasonable.

### They are not reasonable if:

Both meetings and information:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) there is not sufficient available property to comply with the request
- (c) the request is vexatious

Meeting requests only:

- (d) a meeting of creditors dealing with the same matters has been held, or will be held within 15 business days

Information requests only:

- (e) the information requested would be privileged from production in legal proceedings
- (f) disclosure would found an action for breach of confidence
- (g) the information has already been provided
- (h) the information is required to be provided under law within 20 business days of the request

If a request is not reasonable due to (b), (d), (g) or (h) above, the liquidator must comply with the request if the creditor meets the cost of complying with the request.

Otherwise, a liquidator must inform a creditor if their meeting or information request is not reasonable and the reason why.

## Right to give directions to liquidator

Creditors, by resolution, may give a liquidator directions in relation to a liquidation. A liquidator must have regard to these directions, but is not required to comply with the directions.

If a liquidator chooses not to comply with a direction given by a resolution of the creditors, they must document their reasons.

An individual creditor cannot provide a direction to a liquidator.

## Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a liquidator's remuneration or a cost or expense incurred in a liquidation. The review is limited to:

- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

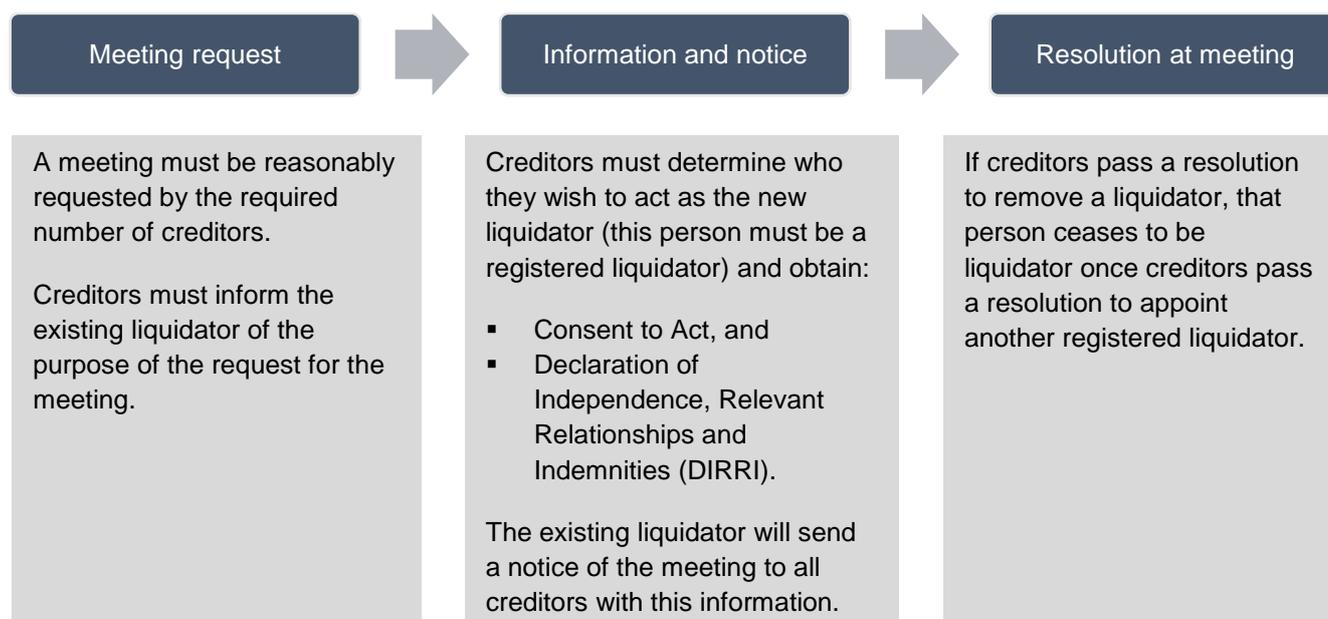
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

An individual creditor can appoint a reviewing liquidator with the liquidator's consent, however the cost of this reviewing liquidator must be met personally by the creditor making the appointment.

## Right to replace liquidator

Creditors, by resolution, have the right to remove a liquidator and appoint another registered liquidator.

For this to happen, there are certain requirements that must be complied with:



**For more information, go to [www.arita.com.au/creditors](http://www.arita.com.au/creditors)**

## Appendix 4 – Appointment of Proxy Form

**J R CONTRACTING (WA) PTY LTD ACN 116 741 505 IN ITS OWN RIGHT AND  
AS TRUSTEE FOR THE C & J FAMILY TRUST FORMERLY TRADING AS CASPERS EARTHMOVING  
("THE COMPANY")**

**APPOINTMENT OF PROXY**

I/We (name)

.....

of (address)

.....

a creditor of the Company appoint (add name and address of proxy) .....

.....

or in his/her absence (add alternate proxy) .....

as my / our proxy, to vote at the second meeting of creditors to be held at 12.00 pm AWST on Wednesday, 14 August 2019 at the Seminar Room, Central Park Business Centre, 152-158 St Georges Terrace, Perth WA 6000.

**Option 1:** If appointed as a general proxy, as he/she determines on my/our behalf.

**AND/OR Option 2:**

If appointed as a special proxy for some or all resolutions, specifically in the manner set out below (**please tick**).

	<b>Resolution</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
1	The remuneration of the liquidators of J R Contracting (WA) Pty Ltd (In Liquidation) ACN 116 741 505 from 30 April 2019 to 21 July 2019 (inclusive) be calculated on a time basis at the hourly rates set out in the Schedule of FTI Consulting Standard Rates effective 1 May 2019, and is determined and approved for payment in the amount of \$105,218.50 plus GST and the liquidators can draw the remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	The future remuneration of the liquidators of J R Contracting (WA) Pty Ltd (In Liquidation) ACN 116 741 505 from 22 July 2019 to the finalisation of the liquidation (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the liquidators and staff of FTI Consulting, calculated at the hourly rates set out in the schedule of FTI Consulting Standard Rates effective 1 May 2019, up to an initial capped amount of \$55,000.00 plus GST, and the liquidators can draw the remuneration as required.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Dated: .....

.....  
Name and signature of authorised person

.....  
Name and signature of authorised person

**CERTIFICATE OF WITNESS** – only complete if the person given the proxy is blind or incapable of writing.

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 before he attached his signature or mark to the instrument.

Dated: ..... Signature of witness: .....

Description: ..... Place of residence: .....

## Appendix 5 – Form 535 Formal Proof of Debt

**FORM 535 - FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)**

Subregulation 5.6.49(2)  
Corporations Act 2001

**J R CONTRACTING (WA) PTY LTD (IN LIQUIDATION) ACN 116 741 505 IN ITS OWN RIGHT AND  
AS TRUSTEE OF THE C & J FAMILY TRUST FORMERLY TRADING AS CASPERS EARTHMOVING (ABN 54 351 32 544) ("THE COMPANY")**

To the Liquidators of J R Contracting (WA) Pty Ltd (In Liquidation)

1. This is to state that the Company was on 30 April 2019, and still is, justly and truly indebted to:

Name of Creditor: \_\_\_\_\_

Address of Creditor: \_\_\_\_\_

Debt Owed: \$ \_\_\_\_\_ and \_\_\_\_\_ cents

Particulars of the debt are:

Date	Consideration <i>(state how the debt arose)</i>	Amount <i>(incl. GST)</i> \$ c	GST \$ c	Remarks <i>(include details of voucher substantiating payment)</i>
------	----------------------------------------------------	--------------------------------------	-------------	-----------------------------------------------------------------------

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form.)*

Date	Drawer	Acceptor	Amount	Due Date
------	--------	----------	--------	----------

- 3. \* I am the creditor personally OR
  - 3. \* I am employed by the creditor and authorised in writing by the creditor to make this statement OR
  - 3. \* I am the creditor's agent authorised in writing to make this statement in writing.
- \* Omit if inapplicable*

I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Name of authorised Person

\_\_\_\_\_  
Signature of Authorised person

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
Address

\_\_\_\_\_  
Email

\_\_\_\_\_  
Telephone

I/we nominate to receive electronic notification of notices or documents by email at the following address:

Email address: \_\_\_\_\_

## Appendix 6 – DIRRI

**J R CONTRACTING (WA) PTY LTD (IN LIQUIDATION) ACN 116 741 505  
IN ITS OWN RIGHTS AND AS TRUSTEE OF THE C & J FAMILY TRUST FORMERLY TRADING AS  
CASPER'S EARTHMOVING (ABN 54 351 382 544)  
("THE COMPANY")**

**DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS, AND INDEMNITIES**

This document requires the Practitioner(s) 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 Company and others within the previous 24 months;
  - iii. Any prior professional services for the Company 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 us, Daniel Hillston Woodhouse and Ian Charles Francis, our fellow Senior Managing Directors and Managing Directors, and FTI Consulting (Australia) Pty Ltd ("**FTI Consulting**" or "**Firm**") and associated entities.

**A. INDEPENDENCE**

We, Daniel Hillston Woodhouse and Ian Charles Francis of FTI Consulting, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Joint and Several Liquidators 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**

This appointment was referred to FTI Consulting by JBC Corporate, who was advising the Company. We believe that this referral does not result in us having a conflict of interest or duty because of the following reasons:

- (a) Neither us, nor FTI Consulting have any formal or informal referral arrangements with JBC Corporate and, to our knowledge, they do not exclusively refer such work to us or FTI Consulting;
- (b) FTI Consulting is not reliant upon referrals from JBC Corporate, who are part of a considerable number of firms, organisations and persons who refer work to, or seek advice from, FTI Consulting. This engagement is not financially significant to FTI Consulting and the receiving or otherwise of other referrals from JBC Corporate are not material to

FTI Consulting;

- (c) Work referrals arising from networks of business professionals, advisors and other persons are normal and accepted arrangements, and do not inherently impact on us discharging our statutory duties and obligations with independence and impartiality; and
- (d) There are no conditions on the conduct or outcome of this administration arising from the referral, including no fees/commissions, agreements for work in the administration, or other benefits.

We attended two meetings with JBC Corporate, prior to our appointment. The purpose of the meetings was as follows:

#### **Meeting One**

On 10 January 2019, Daniel Woodhouse and Jacque Sinclair met with JBC Corporate to discuss the Company and Fusion Contracting (WA) Pty Ltd, a related entity ("Companies"). The purpose of the meeting was to:

- (a) discuss the financial position of the Companies; and
- (b) obtain sufficient information about the Companies to consider the options available, and the consequences of an insolvency appointment.

#### **Meeting Two**

On 24 April 2019, Mr Woodhouse and Min Park met with JBC Corporate and John Edwards and Cindy Edwards. Mr Edwards being the Companies' sole director and a shareholder and Mrs Edwards being the Companies' other shareholder. The purpose of the meeting was to:

- (a) discuss the Companies' financial position;
- (b) obtain sufficient understanding of the assets, including their location and the current financial position;
- (c) explain the various forms of insolvency appointments, the options available, and the consequences of an insolvency appointment;
- (d) outline the process following an insolvency appointment; and
- (e) to provide a Consent to Act.

Between Meeting 1 and Meeting 2, Mr Woodhouse held several telephone conversations with JBC Corporate about the likely timing of the appointment and meeting with Mr and Mrs Edwards.

We received no remuneration for any pre-insolvency advice provided to the Companies, or any other pre-appointment discussions.

In our opinion, these meetings and telephone conversations do not affect our independence for the following reasons:

- (a) The Courts and relevant professional bodies 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;
- (b) The nature of the advice provided to JBC Corporate and the Companies is such that it would not be subject to review and challenge during the course of our appointment;
  - (c) The conversations with the Director were of a general nature and no specific advice, other than to seek his own independent advice, was given;
  - (d) No advice has been given to the Director in his capacity as director of the Companies, or in relation to his personal circumstances; and
  - (e) The pre-appointment advice will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the appointment as Joint & Several Liquidators of the Company in an objective and impartial manner.

We have provided no other information or advice to the Company, its director and advisors prior to our appointment beyond that outlined in this DIRRI.

**ii. Relevant Relationships (excluding Professional Services to the Insolvent)**

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

Name	Nature of relationship	Reasons
National Australia Bank (" <b>NAB</b> ")	<p>NAB, has a registered security interest over some or all of the assets of the Company.</p> <p>FTI undertakes work from time to time on behalf of the NAB in both a formal and an informal capacity.</p>	<p>We believe that this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> <li>• FTI Consulting has never undertaken any work for the NAB in relation to the Company; and</li> <li>• the work that FTI undertakes for the NAB will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with liquidation of the Company in an objective and impartial manner.</li> </ul>
Australia & New Zealand Banking Group Limited (" <b>ANZ</b> ")	<p>ANZ, has a registered security interest over some of the assets of the Company.</p>	<p>We believe that this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> <li>• FTI Consulting has never undertaken any work for the ANZ in relation to the</li> </ul>

Name	Nature of relationship	Reasons
	FTI undertakes work from time to time on behalf of the ANZ in both a formal and an informal capacity.	<p>Company; and</p> <ul style="list-style-type: none"> <li>the work that FTI undertakes for the ANZ will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with liquidation of the Company in an objective and impartial manner.</li> </ul>
Westpac Banking Corporation Limited (“ <b>Westpac</b> ”)	<p>Westpac, has a registered security interest over some of the assets of the Company.</p> <p>FTI undertakes work from time to time on behalf of the Westpac in both a formal and an informal capacity.</p>	<p>We believe that this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> <li>FTI Consulting has never undertaken any work for Westpac in relation to the Company; and</li> <li>the work that FTI undertakes for the Westpac will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with liquidation of the Company in an objective and impartial manner.</li> </ul>
Fusion Contracting Pty Ltd (“ <b>Fusion</b> ”)	Fusion and the Company have a Common Director and Shareholders	<p>We believe that this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> <li>Notwithstanding that the Company had common activities with Fusion, our appointment over the Company will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the appointment as the Company’s Liquidator;</li> </ul>

Name	Nature of relationship	Reasons
		<ul style="list-style-type: none"><li>• It is common for liquidators to be appointed to multiple/groups of companies with related directors and shareholders at the same time in the event of insolvency; and</li><li>• We are not aware of any conflicts of interest between the Companies. If a conflict arises, we will update creditors and take appropriate action to resolve the conflict.</li></ul>

**iii. Prior Professional Services to the Company**

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 security over the whole or substantially whole of the Company's property that should be disclosed.

**C. Indemnities and up-front payments**

We have not been provided with an indemnity to undertake this administration.



.....  
**Ian Charles Francis**



.....  
**Daniel Hillston Woodhouse**

Date: 13 May 2019

**NOTE:**

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

# Appendix 7 – Remuneration Approval Report

30 JULY 2019

# REMUNERATION APPROVAL REPORT

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J R CONTRACTING (WA) PTY LTD

(IN LIQUIDATION)

ACN 116 741 505

IN ITS OWN RIGHT AND AS TRUSTEE FOR THE C & J FAMILY TRUST

FORMERLY TRADING AS CASPERS EARTHMOVING

## Introduction

### Information included in report

This remuneration approval report provides you with the information that you need to make an informed decision regarding the approval of our remuneration for undertaking the liquidation of J R Contracting (WA) Pty Ltd (In Liquidation) ACN 116 741 505.

This report has the following information included:

Introduction.....	1
Part 1: Declaration.....	1
Part 2: Executive Summary.....	1
Part 3: Remuneration.....	2
Part 4: Disbursements.....	6
Part 5: Summary of Receipts and Payments.....	7
Part 6: Queries.....	8
Schedule 1: Table of major tasks for Resolution 1 remuneration approval.....	9
Schedule 2: Table of major tasks for Resolution 2 remuneration approval.....	11
Schedule 3: FTI Consulting Schedule of Rates.....	13

## Part 1: Declaration

I, Daniel Woodhouse of FTI Consulting have undertaken a proper assessment of the claims for remuneration and payment of our internal disbursements for the appointment as liquidators of J R Contracting (WA) Pty Ltd (In Liquidation) ACN 116 741 505 in accordance with the law and applicable professional standards. I am satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of this appointment and further, that the disbursements that have been incurred in the conduct of the external administration are necessary and proper.

## Part 2: Executive Summary

The total remuneration for this appointment for the period to the finalisation of the winding up is estimated to be \$160,218.50 plus GST. This has increased compared to my previous estimate because of:

- Liaising with creditors in relation to their enquiries;
- Negotiating with a number of interested parties for the sale of the Company’s assets;
- Considerable time spent in reconciling the Company’s asset register; and
- Negotiating with a number of secured charge holders for the release of their security.

Remuneration currently claimed is summarised below in Table 1.

**Table 1: Remuneration currently claimed**

Period	Report Reference	Amount (excl GST) \$
<b>Liquidation</b>		
Resolution 1: Remuneration from 30 April 2019 to 21 July 2019 (inclusive)	Schedule 1	105,218.50
Resolution 2: Remuneration from 22 July 2019 to the finalisation of the liquidation (inclusive)*	Schedule 2	55,000.00
<b>TOTAL remuneration claimed</b>		<b>160,218.50</b>

- Approval for the future remuneration sought is based on an estimate of the work necessary to complete the administration. Should additional work beyond what is contemplated be necessary, further approval may be sought from creditors. If a lesser amount is incurred, we will limit our remuneration to that lesser amount.

Please refer to report section references detailed in Table 1 for full details of the calculation and composition of the remuneration approval sought.

## Part 3: Remuneration

### Remuneration claim resolutions

We will be seeking approval of the following resolutions to approve our remuneration. Details to support these resolutions are shown immediately below the resolutions and in the schedules to this report.

#### **Resolution 1: Remuneration from 30 April 2019 to 21 July 2019 (inclusive)**

The remuneration of the liquidators of J R Contracting (WA) Pty Ltd (In Liquidation) ACN 116 741 505 from 30 April 2019 to 21 July 2019 (inclusive) be calculated on a time basis at the hourly rates set out in the Schedules of FTI Consulting Standard Rates effective 1 May 2019, and is determined and approved for payment in the amount of \$105,218.50 plus GST and the liquidators can draw the remuneration.

#### **Resolution 2: Remuneration from 22 July 2019 to the finalisation of the liquidation (inclusive)**

The future remuneration of the liquidators of J R Contracting (WA) Pty Ltd (In Liquidation) ACN 116 741 505 from 22 July 2019 to the finalisation of the liquidation (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the liquidators and staff of FTI Consulting, calculated at the hourly rates set out in the schedule of FTI Consulting Standard Rates effective 1 May 2019, up to an initial capped amount of \$55,000.00 plus GST, and the liquidators can draw the remuneration as required.

Remuneration is calculated in accordance with the hourly rates applicable to the grades or classifications set out in the FTI Consulting Schedule of Standard Rates which appear at Schedule 3 to this report. FTI Consulting's standard charge rates have increased since the commencement of the external administration. Future remuneration claims will be sought based upon the rates effective 1 May 2019.

At this stage, based on the information presently available to us, we consider that it may not be necessary to convene a further meeting of creditors to seek further approval from creditors. However, the position may change depending on the progress of the external administration and the issues that may arise.

## Details to support resolutions

The basis of calculating the remuneration claims are summarised below and the details of the major tasks performed and the costs associated with each of those major tasks are contained in Schedule 1 to Schedule 2 to this report.

### **Resolution 1: Remuneration from 30 April 2019 to 21 July 2019 (inclusive)**

Table 2 below sets out time charged to each major task area by staff members working on the Liquidation for the period 30 April 2019 to 21 July 2019 (inclusive) which is the basis of the Resolution 1 claim. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained in Schedule 1.

This section has left blank intentionally

**Table 2: Time charged to each major task area**

Employee	Position	Rate/hour excl GST \$	Total actual hours	Total (excl GST) \$	Task Area			
					Assets \$	Creditors \$	Investigation \$	Administration \$
Daniel Woodhouse	Managing Director	625.00	48.10	30,062.50	21,875.00	4,062.50	0.00	4,125.00
Jacqueline Sinclair	Senior Director	575.00	10.60	6,095.00	575.00	747.50	2,702.50	2,070.00
Robert Beaumont	Senior Consultant I	400.00	125.80	50,320.00	24,360.00	15,720.00	1,800.00	8,440.00
Marco Bozzetto	Consultant II	375.00	18.70	7,012.50	0.00	1,012.50	0.00	6,000.00
Min Park	Associate II	320.00	33.90	10,880.00	1,184.00	3,648.00	1,216.00	4,800.00
Claire Rees	Administration II	205.00	3.60	738.00	0.00	0.00	0.00	738.00
Mary Smith	Administration I	165.00	0.30	49.50	0.00	0.00	0.00	49.50
Abbie Kozlowska	Junior Accountant	155.00	0.60	93.00	0.00	0.00	0.00	93.00
<b>Total</b>			<b>241.60</b>	<b>105,218.50</b>	<b>47,994.00</b>	<b>25,190.50</b>	<b>5,718.50</b>	<b>26,315.00</b>
GST				10,521.85				
<b>Total (including GST)</b>				<b>117,736.30</b>				
<b>Average hourly rate (excluding GST)</b>				<b>435.51</b>	<b>477.08</b>	<b>411.61</b>	<b>439.88</b>	<b>393.94</b>

**Resolution 2: Remuneration from 22 July 2019 to the finalisation of the liquidation (inclusive)**

The below Table 3 sets out the expected costs for the major tasks likely to be performed by the liquidators and their staff from 22 July 2019 to the finalisation of the liquidation (inclusive) which is the basis of the Resolution 2 claim. More detailed descriptions of the tasks likely to be performed within each task area, matching the amounts below, are contained in Schedule 2.

**Table 3: Expected costs for the major tasks from 22 July 2019 to the finalisation of the liquidation (inclusive)**

	Total	Task Area			
		Assets	Creditors	Investigation	Administration
Total (est)	\$55,000.00	\$22,000.00	\$16,000.00	\$6,000.00	\$11,000.00
GST	\$5,500.00	\$2,200.00	\$1,600.00	\$600.00	\$1,100.00
<b>Total (incl GST)</b>	<b>\$60,500.00</b>	<b>\$24,200.00</b>	<b>\$17,600.00</b>	<b>\$6,600.00</b>	<b>\$12,100.00</b>

**Total remuneration reconciliation**

At this point in time, I estimate that the total remuneration for this liquidation will be \$160,218.50 plus GST which is the current approval amount. This is subject to the following variables which may have a significant effect on this estimate and that I am as yet unable to determine:

- Number of creditor enquiries that may be received; and
- Tasks associated with asset realisations, including the sale of assets (plant and equipment) and recovering debtors.

This estimate differs to the estimate of costs provided in the Initial Remuneration Notice dated 13 May 2019, which estimated a cost of the administration of \$150,000.00 plus GST, for the following reasons:

- Complexities and difficulties in reconciling the Company’s assets;
- Negotiating with a number of interested parties for the sale of the Company’s assets; and
- Negotiating with a number of secured charge holders for the release of their security.

**Likely impact on dividends**

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

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

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

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

## Part 4: Disbursements

### Explanatory note on disbursements

Disbursements are divided into three types:

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

Internal disbursements not charged at cost must be approved by creditors before we can draw the cost of those disbursements from this external administration.

Creditor approval is not required in relation to externally provided professional and non-professional costs or disbursements charged at cost. Where payments to third parties have been made from the bank account of the external administration, those payments are disclosed in the summary of receipts and payments. Creditors have the right to question the incurring of the disbursements and can challenge disbursements in Court.

Creditor approval is not required for payment of internal disbursements which have been charged at cost. Internal disbursements not charged at cost, however, must be approved by creditors before we can draw the cost of those disbursements from this external administration. As we have chosen not to charge the external administration for internally-generated FTI disbursements where they have not been charged at cost (such as internal photocopying and printing charges for the use of FTI's photocopiers, printers etc), this approval is not required.

### Basis on which future disbursements will be charged

Future disbursements will be charged to the administration on the basis of the Schedule of FTI Consulting Internal Disbursement Rates as shown in Table 4 below.

**Table 4: Schedule of FTI Consulting Disbursement Rates**

Disbursement type	Charge Type	Charge Rate (excl GST)
Advertising	External, non-professional	At cost
ASIC Industry Funding Levy – registered liquidator metric events*	External, non-professional	At cost (at prescribed ASIC rates)
Couriers and deliveries	External, non-professional	At cost
Data Room Charges	External, professional	At cost
Facsimile	Internal (FTI)	Not charged
Legal Fees	External, professional	At cost
Postage	External, non-professional	At cost
Photocopying – internal	Internal (FTI)	Not charged

Disbursement type	Charge Type	Charge Rate (excl GST)
Photocopying – outsourced	External, non-professional	At cost
Printing – internal	Internal (FTI)	Not charged
Printing – outsourced	External, non-professional	At cost
Records costs – storage, destruction, boxes	External, non-professional	At cost
Search fees	External, non-professional	At cost
Staff motor vehicle use - mileage	Cents per km	At prescribed ATO rates
Staff travel – accommodation, meals etc	External, non-professional	At cost
Stationery and other incidental disbursements	External, non-professional	At cost
Telephone	Internal (FTI)	Not charged
Valuation Fees	External, professional	At cost
Other externally provided professional services		At cost
Other externally provided non-professional services		At cost

## Part 5: Summary of Receipts and Payments

A summary of receipts and payments to and from the bank account for the liquidation for 30 April 2019 to 21 July 2019 appears at Section 6 of the Statutory Report to Creditors which accompanies this report.

If any large or exceptional receipts and payments are received or made after this report is prepared but before the meeting at which this claim for remuneration will be considered, additional information will be provided at the meeting.

## Part 6: Queries

If you have any queries or require any further information concerning our claim for remuneration please contact Robert Beaumont on +61 8 9321 8533 or via email on robert.beaumont@fticonsulting.com.

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

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

Yours faithfully  
**J R Contracting (WA) Pty Ltd**  
**(In Liquidation)**



**Daniel Woodhouse**  
**Joint & Several Liquidator**



Robert Beaumont  
+61 8 9321 8533  
Robert.Beaumont@fticonsulting.com

*Liability limited by a scheme approved under Professional Standards Legislation*

EXPERTS WITH IMPACT™

### About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organisations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring. More information can be found at [www.fticonsulting.com](http://www.fticonsulting.com).

## Schedule 1: Table of major tasks for Resolution 1 remuneration approval

Table 5 below provides a description of the work undertaken in each major task area from 30 April 2019 to 21 July 2019 (inclusive).

**Table 5: Work undertaken from 30 April 2019 to 21 July 2019 (inclusive)**

Task Area	General Description	Includes
<b>Assets</b> <b>100.6 hours</b> <b>\$47,994.00</b>	Plant and equipment	<ul style="list-style-type: none"> <li>▪ Conducting onsite inspection of plant and equipment</li> <li>▪ Assessing security of Company’s premises and plant and equipment</li> <li>▪ Engaged Grays Online to value the Company’s plant and equipment</li> <li>▪ Conducting a sale campaign and seeking expressions of interest</li> <li>▪ Liaising with interested parties and arranging for confidentiality agreements to be signed</li> <li>▪ Discussions with interested parties and providing due diligence information</li> <li>▪ Internal meetings to discuss/review offers received</li> <li>▪ Comparing value of offers received</li> <li>▪ Obtaining legal advice from solicitors regarding the sale agreement</li> <li>▪ Search Department of Transport</li> </ul>
	Assets subject to specific charges	<ul style="list-style-type: none"> <li>▪ Determining assets subject to valid security creditors and discussions with PPSR charge holders in relation to sale of assets</li> </ul>
	Debtors	<ul style="list-style-type: none"> <li>▪ Correspondence with debtors</li> <li>▪ Reviewing and assessing debtors’ ledgers</li> <li>▪ Discussions with the Director regarding collectability of debtors</li> </ul>
	Other assets	<ul style="list-style-type: none"> <li>▪ Reviewing asset listings provided by the Company and its advisors</li> </ul>
	Bank accounts	<ul style="list-style-type: none"> <li>▪ Reconciliation and realisation of cash on hand</li> </ul>
<b>Creditors</b> <b>61.2 hours</b> <b>\$25,190.50</b>	Creditors enquiries	<ul style="list-style-type: none"> <li>▪ Receiving and following up creditors’ enquiries by telephone and email</li> <li>▪ Compiling information requested by creditors</li> <li>▪ Considering reasonableness of creditor requests</li> </ul>
	Secured creditor reporting	<ul style="list-style-type: none"> <li>▪ Notifying PPSR registered creditors of appointment</li> <li>▪ Determining validity of security interests registered on PPSR</li> </ul>

Task Area	General Description	Includes
		<ul style="list-style-type: none"> <li>▪ Meetings and correspondence with secured creditors in relation to the status of sale campaign and offers received</li> </ul>
	Creditor reports/ circulars	<ul style="list-style-type: none"> <li>▪ Initial circular to creditors</li> </ul>
	Processing proofs of debt (PODs) not relating to a dividend	<ul style="list-style-type: none"> <li>▪ Issuing, receiving and filing PODs</li> <li>▪ Maintaining POD register</li> </ul>
<b>Investigation</b> <b>13.0 hours</b> <b>\$5,718.50</b>	Conducting investigations	<ul style="list-style-type: none"> <li>▪ Collection of Company’s books and records</li> <li>▪ Reviewing Company’s books and records</li> <li>▪ Reviewing and preparation of company nature and history</li> <li>▪ Conducting and summarising statutory searches</li> <li>▪ Reviewing Director’s ROCAP</li> <li>▪ Reviewing specific transactions and liaising with the director regarding certain transactions</li> </ul>
<b>Administration</b> <b>66.8 hours</b> <b>\$26,315.50</b>	Appointment	<ul style="list-style-type: none"> <li>▪ Receiving appointment documents</li> <li>▪ Securing and backing up computer and accounting data</li> <li>▪ Communications with Company officers (including ROCAP packs)</li> <li>▪ Advising third parties of appointment</li> </ul>
	ASIC lodgements	<ul style="list-style-type: none"> <li>▪ Preparation and lodgment of appointment documents</li> </ul>
	ATO lodgements	<ul style="list-style-type: none"> <li>▪ Notification of appointment</li> <li>▪ Requests for information from the ATO</li> </ul>
	Document maintenance / file review/ checklist	<ul style="list-style-type: none"> <li>▪ Word processing including correspondence and file notes</li> <li>▪ Care and maintenance of the file</li> <li>▪ Updating checklists</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>▪ Identification of potential issues requiring attention of insurance brokers</li> <li>▪ Reviewing insurance policies</li> <li>▪ Correspondence with previous brokers</li> </ul>
	Planning and review	<ul style="list-style-type: none"> <li>▪ Discussions regarding status of administration</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>▪ Preparing correspondence opening accounts</li> <li>▪ Requesting bank statements</li> <li>▪ Correspondence with bank regarding specific transfers</li> </ul>

## Schedule 2: Table of major tasks for Resolution 2 remuneration approval

Table 6 below provides a description of the work to be undertaken in each major task area from 22 July 2019 to the finalisation of the liquidation (inclusive).

**Table 6: Work to be undertaken from 22 July 2019 to the finalisation of the liquidation (inclusive)**

Task Area	General Description	Includes
<b>Assets</b> <b>46.0 hours</b> <b>\$22,000.00</b>	Sale of assets	<ul style="list-style-type: none"> <li>Finalisation of the sale of assets</li> </ul>
	Assets subject to specific charges	<ul style="list-style-type: none"> <li>All tasks associated with realising charged assets and distribution of proceeds to secured creditors</li> </ul>
	Debtors	<ul style="list-style-type: none"> <li>Correspondence with debtors</li> <li>Reviewing and assessing collectability of debtors' ledger</li> <li>Liaising with solicitors if required</li> </ul>
<b>Creditors</b> <b>38.0 hours</b> <b>\$16,000.00</b>	Creditors enquiries	<ul style="list-style-type: none"> <li>Receiving and responding to creditors enquiries</li> <li>Reviewing and preparing correspondence to creditors and their representatives</li> </ul>
	Creditor meeting	<ul style="list-style-type: none"> <li>Preparing meeting notices, proxies and advertisements</li> <li>Distributing meeting notices &amp; proxies</li> <li>Preparing of agenda, minutes of meeting, attendance registers, proxy forms and other documents for meeting</li> <li>Attending and conducting a meeting of creditors</li> </ul>
	Creditor reports	<ul style="list-style-type: none"> <li>Preparing and issuing Statutory Report to creditors</li> </ul>
<b>Investigations</b> <b>14.0 hours</b> <b>\$6,000.00</b>	ASIC reporting	<ul style="list-style-type: none"> <li>Further investigating the Company's affairs and preparing and lodging statutory investigation report pursuant to Section 533 of the Act with ASIC</li> <li>Preparing supplementary statutory investigation report to ASIC (if required)</li> <li>Requesting funding from ASIC (if required)</li> <li>Communications with ASIC concerning investigations</li> </ul>
<b>Administration</b> <b>28.0 hours</b> <b>\$11,000.00</b>	Document maintenance / file review/ checklist	<ul style="list-style-type: none"> <li>First month, then six monthly administration review</li> <li>Care and maintenance of the file</li> <li>File review</li> <li>Updating checklists</li> </ul>
	ASIC Forms	<ul style="list-style-type: none"> <li>Preparing and lodging ASIC forms</li> </ul>
	ATO and other statutory reporting	<ul style="list-style-type: none"> <li>Preparing BAS</li> </ul>
	Finalisation	<ul style="list-style-type: none"> <li>Notifying ATO of finalisation</li> </ul>

Task Area	General Description	Includes
		<ul style="list-style-type: none"> <li>▪ Cancelling ABN / GST / PAYG registration</li> <li>▪ Completing checklists</li> <li>▪ Finalising WIP</li> </ul>
	Planning and review	<ul style="list-style-type: none"> <li>▪ Discussions regarding status of administration</li> </ul>

## Schedule 3: FTI Consulting Schedule of Rates

FTI Consulting CF&R Standard Rates effective 1 May 2019 (excluding GST)		
Typical classification	All Offices \$/hour	General guide to classifications
Senior Managing Director	695	Registered Liquidator and/or Trustee, with specialist skills and extensive experience in all forms of insolvency administrations. Alternatively, has proven leadership experience in business or industry, bringing specialist expertise and knowledge to the administration.
Managing Director	625	Specialist skills brought to the administration. Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee. May also be a Registered Liquidator and/or Trustee. Alternatively, has extensive leadership/senior management experience in business or industry.
Senior Director	575	Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee, where required. May also be a Registered Liquidator and/or Trustee or have experience sufficient to support an application to become registered. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Director	515	Significant experience across all types of administrations. Strong technical and commercial skills. Has primary conduct of small to large administrations, controlling a team of professionals. Answerable to the appointee, but otherwise responsible for all aspects of the administration. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Senior Consultant 2	465	Typically an Australian Restructuring Insolvency & Turnaround Association professional member. Well developed technical and commercial skills. Has experience in complex matters and has conduct of small to medium administrations, supervising a small team of professionals. Assists planning and control of medium to larger administrations.
Senior Consultant 1	400	Assists with the planning and control of small to medium-sized administrations. May have the conduct of simpler administrations. Can supervise staff. Has experience performing more difficult tasks on larger administrations.
Consultant 2	375	Typically Institute of Chartered Accountants in Australia qualified chartered accountant (or similar). Required to control the tasks on small administrations and is responsible for assisting with tasks on medium to large-sized administrations.
Consultant 1	335	Qualified accountant with several years' experience. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 2	320	Typically a qualified accountant. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 1	300	Typically a university graduate. Required to assist with day-to-day tasks under the supervision of senior staff.
Junior Associate	195	Undergraduate in the latter stage of their university degree.
Administration 2	205	Well developed administrative skills with significant experience supporting professional staff, including superior knowledge of software packages, personal assistance work and/or office management. May also have appropriate bookkeeping, accounting support services or similar skills.
Junior Accountant	155	Undergraduate in the early stage of their university degree.
Administration 1	165	Has appropriate skills and experience to support professional staff in an administrative capacity. May also have appropriate bookkeeping, accounting support services or similar skills.

The FTI Consulting Standard Rates above apply to the Corporate Finance & Restructuring practice and are subject to periodical review.

## Appendix 8 – Notice of Meeting

**NOTICE OF MEETING OF CREDITORS OF COMPANIES**

**J R CONTRACTING (WA) PTY LTD ACN 116 741 505 IN ITS OWN RIGHT AND  
AS TRUSTEE FOR THE C & J FAMILY TRUST FORMERLY TRADING AS CASPERS EARTHMOVING  
AND  
FUSION CONTRACTING (WA) PTY LTD ACN 141 810 853  
FORMERLY TRADING AS FUSION CONTRACTING  
(ALL IN LIQUIDATION) ("THE COMPANIES")**

Notice is given that a meeting of the creditors of the Companies will be held at the 'Seminar Room', Central Park Business Centre, 152-158 St Georges Terrace, Perth WA 6000 on Wednesday, 14 August 2019 at 12.00 PM (AWST).

**AGENDA**

1. To receive a report by the Liquidators about the business, property, affairs and financial circumstances of the Companies.
2. To consider and if thought fit approve the Liquidators' remuneration and internal disbursements.
3. Any other business that may lawfully arise.

Dated this 30<sup>th</sup> day of July 2019



**Daniel Woodhouse**  
**Joint and Several Liquidator**  
C/- FTI Consulting  
Level 47, Central Park  
152-158 St Georges Terrace  
PERTH WA 6000

## DETAILS AND NOTICES FOR THE MEETING OF CREDITORS

- **Notice of the meeting of creditors**

The agenda for the meeting is set out in the notice. Please arrive at the meeting venue at least 15 minutes before the scheduled commencement time in order to sign-in.

- **Appointment of Proxy**

This form should be completed if you intend to appoint another person to act on your behalf at the meeting, or if you are a corporate creditor.

- **Formal Proof of Debt or Claim (General Form)**

This form allows you to tell us what you are owed by the Company. You must send us a completed form to us if you wish to vote for the value of your debt at the meeting.

Please note you do not need to complete another Formal proof of debt or claim form if you have previously completed and sent this form to us.

- **Guidance notes on completing the above forms**

These are included to help you complete the forms correctly. To enable you to speak and vote at the meeting, creditors must complete and submit their proof of debt or claim and (if applicable) proxy forms on or before 4:00 pm on Tuesday, 13 August 2019. These forms may be sent to us as follows:

Return to: J R Contracting (WA) Pty Ltd (In Liquidation) OR  
Fusion Contracting (WA) Pty Ltd (In Liquidation)  
C/- FTI Consulting  
Level 47, Central Park, 152-158 St Georges Terrace, PERTH WA 6000

OR  
PO Box Z5486, St Georges Terrace, PERTH WA 6831

OR  
Fax: (08) 9321 8544

OR  
Email: Robert.Beaumont@fticonsulting.com