

23 July 2021



Watch Works Australia Pty Ltd ACN 054 620 889  
Cobbler Plus Services Pty Ltd ACN 009 393 686  
(Both In Liquidation) (“Companies”)

FINAL REPORT TO CREDITORS

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## PURPOSE OF THIS REPORT

Daniel Woodhouse, Ian Francis and Kathryn Warwick of FTI Consulting were appointed Administrators of the Companies on 27 June 2018 and subsequent Liquidators on 1 August 2018.

On 20 January 2020, the Court ordered the Companies be pooled, with Watch Works Australia Pty Ltd (Watch Works) and Cobbler Plus Services Pty Ltd (Cobbler Plus) being treated as a single entity and jointly and severally liable for each debt payable by the Companies.

This is the third report issued by the Liquidators, which provides creditors with an update on the conduct of the liquidation prior to finalisation of this matter.

The liquidation is now well advanced and the Liquidators are seeking to finalise this matter, including paying a distribution to priority creditors and obtaining approval of their final remuneration.

## DETAILS AND FORMS FOR THE REOLUTION VIA PROPOSAL

The Liquidators remuneration approval report is provided in **Appendix A**. The Liquidators are seeking approval for the remuneration from creditors by way or proposal without a meeting, in the amount of \$21,398.70 (excluding GST). An information sheet for creditors together with the proposal forms are enclosed as **Appendix B and C** respectively.

## QUESTIONS AND HELP

Please contact Lo Taderera, if you have any queries about matters raised in this report.

## 1 LIQUIDATORS REPORT

I refer to the following reports issued by the Liquidators:

- Liquidators' report pursuant to 70-40(2) of the Insolvency Practice Rules (Corporations) 2016 ("IPR"), dated 30 October 2018; and
- Liquidators' Update Report to creditors dated 12 August 2020.

This report should be read in conjunction with the above reports.

## 2 REALISATIONS OF ASSETS

The Companies have no remaining assets.

The Liquidators engaged in extensive negotiations in securing and settling a sale for 40 of the Companies' remaining trading stores, which provided a net financial benefit of over \$970,000. Please refer to the Liquidators' previous reports to creditors for further information.

## 3 LIABILITIES

### 3.1 Secured Creditor

The secured creditor, Australian New Zealand Banking Group Ltd, has a remaining debt of \$357,713.97. As there are no further assets, which the security would otherwise attach, this claim is unsecured.

### 3.2 Employees (Priority Creditors)

We have identified the following priority creditor claims:

Type	Notes	(\$)
Superannuation	1	290,378.06
Wages	2	99,021.24
Leave of Absence	3	623,148.08
Retrenchment	3	775,132.61
<b>Total</b>		<b>1,787,679.99</b>

#### Notes:

1. Outstanding Superannuation Guarantee Charges are payable to the Australian Taxation Office (ATO). The amount includes an estimate of final administrative and interest charges calculated up to the estimated date of payment of a dividend.

2. The Liquidators referred employees to the Fair Entitlements Guarantee Scheme (FEG), administered by the Federal Government, to lodge a claim for their outstanding entitlements. FEG has advanced funds to employees totalling \$94,881.77 in respect of wages. Pursuant to Section 560 of the Corporations Act 2001 (Act), the Federal Government has a subrogated right to claim on behalf of employees for the funds they have advanced. Additionally, amounts for wages are outstanding to three employees (totalling \$4,139.47), who were either not eligible for a FEG advance, or did not provide the appropriate evidence to FEG in support of their claim. These claims will be assessed in the event of a dividend.
3. Amounts for leave of absence and retrenchment relate to subrogated claims of FEG, plus, three employee claims deemed either ineligible or having insufficient supporting information for a FEG advance. These claims will be assessed in the event of a dividend.

### 3.3 Unsecured Creditors

The Companies' records show that there are 64 unsecured creditors for the pooled group, with claims totalling ~\$8.92 million. No formal proofs of debt have been called for in the liquidation, and; therefore, the claims are estimates only. We expect unsecured claims to be above this estimate, once landlords' liquidated damages for closed stores are calculated.

## 4 INVESTIGATIONS AND RECOVERY

The Liquidators are required to investigate and specify whether there may be any voidable transactions with respect to which money, property or other benefits may be recoverable by the Liquidators.

### 4.1 Unfair Preference Payments

As previously reported, the Liquidators identified payments to the ATO totalling \$1.2m that were considered unfair preferential payments pursuant to Section 588FA of the Act. Following the issuance of demands, the ATO provided a comprehensive response to both claims, asserting a number of defences to the claims, resulting in an initial settlement offer of \$150,000.

The Liquidators reviewed the ATO's assertions and prepared a response incorporating further evidence in support of the Liquidators' claim. Additionally, the Liquidators obtained further legal advice as to the claim and any additional relevant case law in support of the Liquidators' position. After further correspondence and negotiation, including multiple telephone discussions, the ATO increased their offer to \$385,000 in full and final settlement. The increased offer was received 17 months following the Liquidators' initial demand issued in December 2019.

The settlement was considered acceptable to the Liquidators, in light of:

- **Litigation Risk:** While we were advised that the Companies' claims were strong, there are risks and uncertainties with any litigation.
- **Litigation Funding:** We had insufficient funding to commence proceedings. Accordingly, we approached FEG, who provides litigation funding where certain criteria are met. FEG declined to provide funding on the basis that those criteria were not met. In our experience, the quantum of the claim was too low for a commercial litigation funder. Our legal advisor confirmed this position.
- **Return to Priority Creditors:**

- The revised settlement offer provided a return to priority creditors, including superannuation for employees (which is an entitlement not covered by FEG).

In light of the foregoing, the Liquidators accepted the ATO's amended offer and considered it a good result.

## 4.2 Insolvent Trading

As previously reported, the Liquidators' investigations revealed the Companies were likely insolvent from at least 1 October 2017. Therefore, the Companies traded whilst insolvent for at least 9 months. The majority of unsecured creditor claims were landlord debts, with leases, generally entered into before 1 October 2017. Therefore, in accordance with Section 588G(1)(b) of the Act, almost all landlord debts were excluded from the quantum of an insolvent trading claim. This reduce any potential claim to ~\$611k, which, based on our investigations, the Director appeared to have limited financial capacity to pay. That is, any claim appeared to be uncommercial to pursue.

We engaged with a number of creditors at the time of our previous report to determine creditors appetite to pursue an insolvent trading claim. However, there was no interest from creditors to fund a claim.

Given the foregoing, the Liquidators have not commenced an insolvent trading action against the Director. We note, Section 588R of the Act entitles a creditor to commence proceedings for an insolvent trading claim, subject to the consent of the Liquidators. Should creditors wish to discuss either acquiring the claim, or funding an action by the Liquidators, please contact my office.

## 4.3 Report pursuant to Section 533 of the Act

The Liquidators lodged an initial report with the Australian Securities and Investments Commission (ASIC), in accordance with Section 533(1) of the Act. Our report identified a breach of Section 181 of the Act, Failure to Act in Good Faith. This breach, in our view, resulted from a transfer of \$496,600 made to a related entity, Soderberg Group Pty Ltd (In Liquidation) (Soderberg), immediately prior to the appointment of Voluntary Administrators, with funds totalling \$95,500 ultimately not returned to the Companies. Please refer to the Liquidators' previous report for further details.

ASIC requested a supplementary report be lodged with respect to a potential director banning order, given the Director had been involved with three failed companies in a 2-year period. Following the supplementary report, ASIC advised they did not intend on investigating the matter further and has approved clearance to finalise the liquidation.

## 5 ESTIMATED RETURN TO CREDITORS

We estimate that a dividend of 61 cents in the dollar will be paid for wages and superannuation only, in accordance with Section 556(1)(e) of the Act. There will be no dividend payable to any other class of creditor, as follows:

	Notes	Low (incl GST)
Cash at Bank - as at 6 June 2021		216,671
<i>Less: Final Costs</i>		
WW & CP Remuneration Approval Sought		(23,539)
GST (future refunds)		21,285
<b>Amount available for Priority Creditors</b>		<b>235,702</b>
<b>Priority Creditor Claims (Section 556(e)(i))</b>		
Wages & Superannuation	1	(389,399)
<b>Dividend – Section 556(e)(i)</b>		<b>61%</b>
<b>Remaining Funds for other Priority Creditor Claims</b>		<b>Nil</b>
<b>Remaining Funds for Unsecured Creditors</b>		<b>Nil</b>

**Note 1:** Includes an estimate of:

- Final administrative and interest charges in relation to unpaid superannuation;
- FEG’s subrogated claim for unpaid wages advanced to employees; and
- Adjudication of three employees’ claims who did not receive an advance from FEG.

## 5.1 Priority Creditors

Pursuant to Section 556(e)(i) of the Act, a dividend for unpaid wages and superannuation is estimated at ~61 cents in the dollar.

No dividend in respect of other priority claims is anticipated.

## 5.2 Unsecured Creditors

No dividend to unsecured creditors is anticipated.

## 6 RECEIPTS AND PAYMENTS

A summary of the Liquidators' receipts and payments since appointment to 15 June 2021 is shown below:

Account	(\$) Incl GST
<b>Receipts</b>	
Sales (Trading)	2,600,550
Unfair Preference Claim Receipt	385,000
Transfer from Administrator	210,826
Business Activity Statement Refunds / (Payments)	111,390
Sale of Business Proceeds	82,500
Unidentified Deposit	229
Refunds	215
<b>Payments</b>	
Landlord Payments (Trading)	(1,036,084)
Liquidators' Remuneration	(719,670)
Administrators' Remuneration	(254,519)
Wages & Salaries (Trading)	(435,907)
Business Activity Statement Refunds / (Payments)	(391,562)
Payroll Expense (Trading)	(125,976)
Legal Fees	(124,391)
Trading Expenses	(44,667)
Insurance	(18,089)
Bookkeeping Fees	(12,877)
Liquidators' Disbursements	(4,825)
Administrators' Disbursements	(3,748)
Employee Reimbursement	(899)
Valuation Expenses	(825)
<b>Net Receipts and Payments</b>	<b>216,671</b>

## 7 LIQUIDATORS' REMUNERATION

To date, the Liquidators have been approved and drawn remuneration capped at \$719,670, including GST. The Liquidators are now ready to finalise the liquidation and are estimated to incur a further \$21,398.870, excluding GST, in finalising this matter. The additional fees primarily relates to:

- Additional work surrounding the recovery of the ATO preference claim, including assessing the ATO's defences, compiling additional evidence in support of the Liquidators' claim and extended correspondence and discussions regarding settlement of the claim. The extent of these protracted negotiations could not have been estimated at the time of our previous remuneration approval request; and
- Completing a supplementary report pursuant to Section 533(2) of the Act, which we did not envisage would be required at the time of our previous remuneration request.

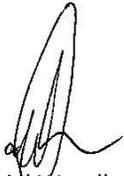
Enclosed in **Appendix A** is a remuneration approval request in the amount of \$21,398.70 (plus GST and disbursements). Approval for the Liquidators' remuneration is sought by way of resolution via proposal without a meeting. The proposal forms are enclosed as **Appendix B**.

## 8 WAY FORWARD

The following actions are required prior to finalisation:

- Attend to a distribution to priority creditors; and
- All matters associated with finalising the Liquidation.

Following completion of the above tasks, the Liquidators intend to finalise this matter, estimated to be completed in the next 3 months.



Daniel Woodhouse

Joint and Several Liquidator



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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.

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## Annexure A

23 July 2021



# Remuneration Approval Report

Watch Works Australia Pty Ltd ACN 054 620 889  
Cobbler Plus Services Pty Ltd ACN 009 393 686  
(Both In Liquidation) (“Companies” or “Pooled Group”)

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## Summary

This remuneration approval report provides you with the information that the Corporations Act 2001 (“Act”) and the Code of Professional Practice published by the Australian Restructuring Insolvency and Turnaround Association (“ARITA”) requires creditors to receive to make an informed decision regarding the approval of our remuneration for undertaking the liquidations of Watch Works Australia Pty Ltd (“Watch Works”) ACN 054 620 889 and Cobbler Plus Services Pty Ltd (“Cobbler Plus”) ACN 009 393 686 (In Liquidation) (“Pooled Group”).

We are asking creditors to approve the following remuneration:

Liquidation	Remuneration (excl GST)
Actual remuneration for the period 19 April 2021 to 31 May 2021	\$6,398.70
Estimated remuneration from 1 June 2021 to completion of the Liquidation	\$15,000.00
<b>TOTAL</b>	<b>\$21,398.70</b>

Creditors have previously approved our remuneration and disbursements as follows:

Appointment Type/Period	Remuneration (excl GST)	Internal Disbursements (excl GST)
<b>Voluntary Administration</b>		
<b>Watch Works</b>		
Remuneration for the period 27 June 2018 to 22 July 2018 (inclusive)	113,021.50	2,500.00
Remuneration for the period 23 July 2018 to 31 July 2018 (inclusive)	15,000.00	0
<b>Cobbler Plus</b>		
Remuneration for the period 8 November 2019 to 30 November 2019 (inclusive)	90,205.50	2,500.00
Remuneration for the period 23 July 2018 to 31 July 2018 (inclusive)	15,000.00	0
<b>Liquidation</b>		
<b>Watch Works</b>		
Remuneration for the period 1 August 2018 to 17 October 2018 (inclusive)	166,336.75	0
Remuneration for the period 18 October 2018 to 13 November 2018 (inclusive)	40,000.00	0
<b>Cobbler Plus</b>		
Remuneration for the period 1 August 2018 to 17 October 2018 (inclusive)	119,598.00	0

Appointment Type/Period	Remuneration (excl GST)	Internal Disbursements (excl GST)
Remuneration for the period 18 October 2018 to 13 November 2018 (inclusive)	40,000.00	0
<b>Pooled Group: Watch Works and Cobbler Plus</b>		
Remuneration for the period 14 November 2018 to 31 July 2020 (inclusive)	228,310.60	0
Remuneration for the period 1 August 2020 to 19 April 2021	60,000	0

We estimate that the total cost of this liquidation will be \$675,644.05 for the Pooled Group.

We acknowledge that our remuneration has increased from our previous estimate due to the following factors:

- Additional work surrounding the recovery of the ATO preference claim including, assessing defences raised by the ATO, compiling additional evidence in support of the Liquidators' claim and further correspondence and negotiations with the ATO regarding settlement of the claim; and
- Completing a supplementary report pursuant to Section 533(2) of the Act issued to ASIC, which we did not envisage at the time of our last remuneration report.

We expect this to be our final remuneration approval request, as we anticipate finalising the matter shortly after payment of a dividend to priority creditors.

## Declaration

We, Ian Francis, Kathryn Warwick and Daniel Woodhouse, of FTI Consulting, have undertaken a proper assessment of the claims for remuneration for the appointment as Liquidators of the Companies in accordance with the law and applicable professional standards. We are satisfied that the remuneration and disbursements 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.

## Remuneration sought

The remuneration we are asking creditors to approve is summarised as follows:

For	Period	Amount \$ (excl GST)	Applicable rates	Timing of payment
Work already completed	19 April 2021 to 31 May 2021	\$6,398.70	As per the attached hourly rates	At the end of the liquidation
Future work	1 June 2021 to completion of the liquidation	\$15,000.00	As per the attached hourly rates	At the end of the liquidation
<b>Total</b>		<b>\$21,398.70</b>		

Details of the work already done and future work that we intend to do are enclosed at **Schedule A**.

**Schedule B** includes a breakdown of time spent by staff members on each major task for work we have already done.

Actual resolutions to be put to the meeting are included at **Schedule C** for your information. These resolutions also appear in the proposal form provided to you.

## Disbursements

We are not required to seek creditor approval for costs paid to third parties or where we are recovering a cost incurred on behalf of the administration, but we must provide details to creditors. Details of these amounts are included in the attached Receipts and Payments.

We are not currently seeking approval for internal disbursements.

## Previous remuneration approvals

The following remuneration approvals have previously been provided by creditors:

Period	Company	Appointment	For	Approving body	Approved amount \$	Amount paid \$
27 June 2018 to 22 July 2018	Watch Works	Voluntary Administration	work already completed	Creditors	113,021.50	113,021.50
23 July 2018 to 31 July 2018	Watch Works	Voluntary Administration	work already completed	Creditors	15,000.00	13,728.75
27 June 2018 to 22 July 2018	Cobbler Plus	Voluntary Administration	work already completed	Creditors	90,205.50	90,205.50

Period	Company	Appointment	For	Approving body	Approved amount \$	Amount paid \$
23 July 2018 to 31 July 2018	Cobbler Plus	Voluntary Administration	work already completed	Creditors	15,000.00	14,425.00
<b>Total Voluntary Administration previously approved and paid</b>					<b>233,227.00</b>	<b>231,380.75</b>
1 August 2018 to 17 October 2018	Watch Works	Liquidation	work already completed	Creditors	166,336.75	166,336.75
17 October 2018 to 13 November 2018	Watch Works	Liquidation	work already completed	Creditors	40,000.00	40,000.00
1 August 2018 to 17 October 2018	Cobbler Plus	Liquidation	work already completed	Creditors	119,598.00	119,598.00
17 October 2018 to 13 November 2018	Cobbler Plus	Liquidation	work already completed	Creditors	40,000.00	40,000.00
14 November 2018 to 31 July 2020	Pooled Group	Liquidation	work already completed	Creditors	228,310.60	228,310.60
1 August 2020 to 19 April 2020	Pooled Group	Liquidation	work already completed	Creditors	60,000.00	60,000.00
<b>Total Liquidation previously approved and paid</b>					<b>654,245.35</b>	<b>654,245.35</b>
<b>Total remuneration previously approved for both Voluntary administration and Liquidation</b>					<b>887,472.35</b>	<b>885,626.10</b>

We are now seeking approval of a further \$21,398.70 in remuneration which will bring total remuneration claimed in this liquidation to \$675,644.05 (\$908,871.05 for both Voluntary Administration) for the Pooled Group.

## Likely impact on dividends

The Act sets the order for payment of claims against the Pooled Group and it provides for remuneration of the liquidation 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 affairs, report to creditors and ASIC and distribute any available funds.

Based on:

- realisations to date
- estimated future realisations

- estimated remuneration to complete the liquidation
- the estimated total of creditor claims based on the Companies' records and claims lodged

We estimate that a dividend of 61 cents in the dollar will be paid for wages and superannuation in the liquidation. Please refer to the Liquidators' Final Report to Creditors, of even date, for further details on the estimated return to creditors.

## Summary of receipts and payments

A summary of the receipts and payments for the liquidation prepared to 15 June 2021 is provided in **Schedule F**.

Additionally, an annual administration return was lodged with ASIC on 30 October 2020 which also provides information on the conduct of the external administration.

## Queries

Further supporting documentation for our remuneration claim can be provided to creditors on request.

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 INFO 85).

If you have any queries in relation to the information in this report, please contact Lo Taderera of this office on (08) 9321 8533 or by email at [lo.taderera@fticonsulting.com](mailto:lo.taderera@fticonsulting.com).



Daniel Woodhouse

Joint and Several Liquidator

## **Attachments:**

Schedule A – Details of work

Schedule B – Time spent by staff on each major task (work already done)

Schedule C – Resolutions

Schedule D – Disbursements

Schedule E – Explanation where remuneration previously approved

Schedule F – Summary of receipts and payments

Schedule G – FTI Consulting schedule of rates effective 1 March 2017

## Schedule A – Details of work

Task area/General description	Work already done	Future work
Period	1 August 2020 to 31 May 2021	1 June 2021 to completion of the liquidation
Amount \$ (excl GST)	\$66,398.70 (including \$60,000 already approved and drawn)	\$15,000.00
<b>Creditors</b>	<b>46.10 hours</b> <b>\$17,846.00</b>	<b>\$4,000.00</b>
Meeting of Creditors	<ul style="list-style-type: none"> <li>■ Preparation for meeting of creditors, review of meeting forms, and meeting file.</li> <li>■ Attend meeting of creditors and respond to queries prior to, during and post meeting.</li> <li>■ Preparation and lodgement of minutes of meeting</li> </ul>	
Correspondence	<ul style="list-style-type: none"> <li>■ Providing ad-hoc updates to creditors as and when required.</li> <li>■ Liaising with creditors regarding their appetite to pursue an insolvent trading claim and any other matters raised in the update report to creditors.</li> <li>■ Correspondence to creditors regarding outcome of final material matters in the liquidation and preparations to finalise the file.</li> </ul>	<ul style="list-style-type: none"> <li>■ Providing ad-hoc updates to creditors as and when required.</li> <li>■ Liaising with creditors regarding any intentions to pursue an insolvent trading claim.</li> <li>■ Correspondence to creditors regarding outcome of final material matters in the liquidation and preparations to finalise the file</li> </ul>
Creditor Reports	<ul style="list-style-type: none"> <li>■ Preparing general reports to creditors</li> </ul>	<ul style="list-style-type: none"> <li>■ Preparing Final Report to creditors (including this remuneration report)</li> </ul>
Proposals to Creditors	<ul style="list-style-type: none"> <li>■ Preparing proposal notices and voting forms</li> <li>■ Forward notice of proposal to all known creditors</li> <li>■ Reviewing votes and determining outcome of proposal</li> <li>■ Preparation and lodgement of proposal outcome with ASIC</li> </ul>	<ul style="list-style-type: none"> <li>■ Preparing proposal notices and voting forms</li> <li>■ Forward notice of proposal to all known creditors</li> <li>■ Reviewing votes and determining outcome of proposal</li> <li>■ Preparation and lodgement of proposal outcome with ASIC</li> </ul>
<b>Employees</b>	<b>1.20 hours</b> <b>\$380.00</b>	<b>\$2,000.00</b>

## Remuneration Approval Report

Task area/General description	Work already done	Future work
Employees entitlements (not eligible for FEG advance)	<ul style="list-style-type: none"> <li>■ Review claims by employees not eligible for FEG assistance.</li> <li>■ Adjudicate claims in preparation for a dividend.</li> <li>■ Correspondence with ATO regarding statutory interest and administrative charges on outstanding superannuation amounts.</li> </ul>	
<b>Investigations</b>	<b>61.00 hours</b> <b>\$30,782.00</b>	<b>\$0</b>
Conducting investigation	<ul style="list-style-type: none"> <li>■ Consider ATO’s number of defences raised to the unfair preference claim.</li> <li>■ Prepare response and any additional information relevant to supporting the Liquidators’ claim.</li> <li>■ Consider any settlement offer presented versus costs to prepare further evidence in support of claim.</li> </ul>	
Insolvent Trading Claim	<ul style="list-style-type: none"> <li>■ Correspondence with creditors pertaining to prospects and funding of an insolvent trading claim.</li> <li>■ Additional work as required with respect to any revised date of insolvency and quantum of insolvent trading claim.</li> </ul>	
Conducting investigation	<ul style="list-style-type: none"> <li>■ Correspondence with the Liquidators’ of Soderberg regarding potential recoveries against the Director.</li> </ul>	
<b>Dividend</b>	<b>0 hours</b> <b>\$0</b>	<b>\$7,000.00</b>
Processing proofs of debt (POD)		<ul style="list-style-type: none"> <li>■ Correspondence with employees and FEG regarding a dividend.</li> <li>■ Preparation of correspondence to potential creditors inviting lodgement of POD, including employees who were ineligible for a FEG advance.</li> <li>■ Receipt of POD, maintain POD register, adjudicating POD, request further information from claimants regarding POD.</li> <li>■ Preparation of correspondence to claimant advising outcome of adjudication</li> </ul>

## Remuneration Approval Report

Task area/General description	Work already done	Future work
Dividend procedures (Priority Creditors)		<ul style="list-style-type: none"> <li>■ Correspondence with ATO, FEG and employees who were ineligible for a FEG advance, regarding a dividend.</li> <li>■ Calculating dividend rate in accordance with Section 556 of the Act.</li> <li>■ Preparing dividend file.</li> <li>■ Obtain clearance from ATO to allow distribution of company's assets.</li> <li>■ Advertising dividend notice and request for formal proofs of debt.</li> <li>■ Preparation of payment vouchers to pay dividend.</li> <li>■ Preparation of correspondence to creditors enclosing payment of dividend.</li> </ul>
<b>Administration</b>	<b>50.89 hours</b> <b>\$17,314.70</b>	<b>\$2,000.00</b>
Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>■ Maintenance of Companies' physical records and case files.</li> <li>■ Oversight of the file strategy and controls to ensure completeness of all matters arising in the liquidation.</li> <li>■ Completing matter checklist and filing of internal file notes.</li> <li>■ Maintaining monthly bank transactions and reconciliations.</li> </ul>	<ul style="list-style-type: none"> <li>■ Maintenance of Companies' physical records and case files.</li> <li>■ Oversight of the file strategy and controls to ensure completeness of all matters arising in the liquidation.</li> <li>■ Completing matter checklist and filing of internal file notes.</li> <li>■ Maintaining monthly bank transactions and reconciliations.</li> </ul>
Bank account administration		<ul style="list-style-type: none"> <li>■ Preparing correspondence closing accounts.</li> </ul>
ASIC Form 5602 and other forms	<ul style="list-style-type: none"> <li>■ Preparing and lodging ASIC forms including 505, 5602, 911 etc.</li> <li>■ Correspondence with ASIC regarding statutory forms.</li> </ul>	<ul style="list-style-type: none"> <li>■ Preparing and lodging ASIC forms including 505, 5602, 911 etc.</li> <li>■ Correspondence with ASIC regarding statutory forms.</li> </ul>
ATO	<ul style="list-style-type: none"> <li>■ Preparing lodgement of BAS' on a pooled basis.</li> </ul>	<ul style="list-style-type: none"> <li>■ Preparing lodgement of BAS' on a pooled basis.</li> </ul>
Finalisation		<ul style="list-style-type: none"> <li>■ Notifying ATO of finalisation.</li> <li>■ Cancelling ABN / GST / PAYG registration.</li> <li>■ Completing checklists.</li> <li>■ Finalising WIP.</li> </ul>

## Schedule B – Time spent by staff on each major task (work already done)

The below table sets out work performed by Liquidators, their partners and staff for professional services rendered for the period 1 August 2020 to 31 May 2021. The figure in the table below contains the \$60,000 which was previously approved and the balance which forms part of Resolution 1.

Employee	Position	\$ /hour (excl GST)	Total actual hours	Total \$ (excl GST)	TASK AREA							
					Creditors		Employees		Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Ian Francis	Senior Managing Director	625.00	<b>0.40</b>	250.00	-	-	-	-	0.40	250.00	-	-
Daniel Woodhouse	Senior Managing Director	625.00	<b>1.70</b>	1,062.50	-	-	-	-	1.00	625.00	0.70	437.50
Daniel Woodhouse	Managing Director	580.00	<b>22.73</b>	13,184.00	5.70	3,306.00	0.10	58.00	10.50	6,090.00	6.43	3,730.00
Renaë Stirling	Senior Director	570.00	<b>0.70</b>	399.00	-	-	-	-	0.50	285.00	0.20	114.00
Jacqueline Sinclair	Senior Director	570.00	<b>0.60</b>	342.00	-	-	0.20	114.00	0.40	228.00	-	-
Andrew Clowes	Director	510.00	<b>58.80</b>	29,990.20	11.90	6,069.00	-	-	41.60	21,216.00	5.30	2,705.20
Jiin Heng Choong	Senior Consultant II	440.00	<b>5.00</b>	2,200.00	4.00	1,760.00	0.20	88.00	0.80	352.00	-	-
Loice Taderera	Consultant I	315.00	<b>1.40</b>	441.00	-	-	-	-	-	-	1.40	441.00
Andrew Vacca	Consultant I	315.00	<b>4.50</b>	1,417.50	4.00	1,260.00	-	-	-	-	0.50	157.50
Minyoung Park	Consultant I	315.00	<b>0.70</b>	220.50	0.70	220.50	-	-	-	-	-	-
Loice Taderera	Associate II	280.00	<b>50.80</b>	14,224.00	14.20	3,976.00	0.70	196.00	6.20	1,736.00	29.70	8,316.00
Tiffany Hatton	Associate II	280.00	<b>0.40</b>	112.00	-	-	-	-	-	-	0.40	112.00
Asha Miles	Associate II	280.00	<b>1.10</b>	308.00	-	-	-	-	-	-	1.10	308.00
Georgina Wright	Associate II	280.00	<b>0.80</b>	224.00	0.80	224.00	-	-	-	-	-	-
Zin Thaya Khin	Associate II	280.00	<b>0.82</b>	229.00	-	-	-	-	-	-	0.82	229.00
Jaie Lilburne	Associate II	280.00	<b>0.44</b>	123.00	-	-	-	-	-	-	0.44	123.00

Remuneration Approval Report

Employee	Position	\$ /hour (excl GST)	Total actual hours	Total \$ (excl GST)	TASK AREA							
					Creditors		Employees		Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Michael OSullivan	Associate I	260.00	1.20	312.00	1.20	312.00	-	-	-	-	-	-
Christian Bien	Associate I	260.00	0.70	182.00	0.70	182.00	-	-	-	-	-	-
Claire Rees	Administration II	185.00	2.90	536.50	2.90	536.50	-	-	-	-	-	-
Ho Lam Trinh	Administration II	185.00	0.20	37.00	-	-	-	-	-	-	0.20	37.00
Alyse Kent	Administration I	155.00	0.60	93.00	-	-	-	-	-	-	0.60	93.00
Selina Naylor	Administration I	155.00	2.80	434.00	-	-	-	-	-	-	2.80	434.00
Mary Smith	Administration I	155.00	0.50	77.50	-	-	-	-	-	-	0.50	77.50
<b>Total (ex GST)</b>			<b>159.79</b>	<b>66,398.70</b>	<b>46.10</b>	<b>17,846.00</b>	<b>1.20</b>	<b>456.00</b>	<b>61.40</b>	<b>30,782.00</b>	<b>51.09</b>	<b>17,314.70</b>
<b>Previously approved and drawn</b>				<b>(60,000.00)</b>								
<b>Approval being sought for work performed</b>				<b>6,398.70</b>								
<i>Avg hourly rate (ex GST)</i>				<i>415.53</i>		<i>387.11</i>		<i>380.00</i>		<i>504.62</i>		<i>340.22</i>

## Schedule C – Resolutions

### Resolution 1 – Remuneration from 19 April 2021 to 31 May 2021

*“That the remuneration of the Liquidators of Watch Works Australia Pty Ltd ACN 054 620 889 & Cobbler Plus Services Pty Ltd ACN 009 393 686 (Both In Liquidation) from 19 April 2021 to 31 May 2021 (inclusive) be calculated on a time basis at the hourly rates set out in the Schedules of FTI Consulting Standard Rates effective 1 March 2017, and is determined and approved for payment in the amount of \$6,398.70 plus GST and the Liquidators can draw the remuneration.”*

### Resolution 2 – Remuneration from 1 June 2021 to finalisation of the liquidation

*“That the future remuneration of the Liquidators of Watch Works Australia Pty Ltd ACN 054 620 889 & Cobbler Plus Services Pty Ltd ACN 009 393 686 (Both In Liquidation) from 1 June 2021 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 March 2017, up to an initial capped amount of \$15,000 plus GST, and the Liquidators can draw the remuneration as required.”*

## Schedule E - Explanation where remuneration previously approved

At the creditors meeting of 20 August 2020, creditors approved our prospective remuneration of \$60,000. To date, we have drawn \$60,000 and applied it in payment of our remuneration. Our remuneration has exceeded this cap by \$6,398.70 to 31 May 2021 and we are seeking approval of a further capped amount of \$15,000 to enable us to complete the liquidation.

Task	Fees already approved and drawn \$60,000	Approval sought for work already done \$6,398.70	Approval sought for future work \$15,000	Total fees sought per task \$21,398.70
Assets	\$ -	\$ -	\$ -	\$ -
Creditors	\$ 17,846.00	\$ -	\$ 4,000.00	\$ 21,846.00
Employees	\$ 456.00	\$ -	\$ 2,000.00	\$ 2,456.00
Trade on	\$ -	\$ -	\$ -	\$ -
Investigation	\$ 24,383.30	\$ 6,398.70	\$ -	\$ 30,782.00
Dividend	\$ -	\$ -	\$ 7,000.00	\$ 7,000.00
Administration	\$ 17,314.70	\$ -	\$ 2,000.00	\$ 19,314.70
<b>Total (ex GST)</b>	<b>\$ 60,000.00</b>	<b>\$ 6,398.70</b>	<b>\$ 15,000.00</b>	<b>\$ 81,398.70</b>
<b>Total Remuneration previously approved</b>				<b>\$ 60,000.00</b>
<b>Difference (see below table for further breakdown)</b>				<b>\$ 21,398.70</b>

### Payment reconciliation

Total remuneration claimed	\$ 81,398.70
Amount paid to date	\$ 60,000.00
<b>Amount Outstanding</b>	<b>\$ 21,398.70</b>

In the below table we compare, on a task basis, the difference between our previous remuneration report and this report, together with explanations for the difference.

## Remuneration Approval Report

Task	Fees already approved as at 20 August 2020 \$60,000	Total per task (from previous table) \$81,398.70	Difference	Reasons for difference
Creditors	17,846.00	21,846.00	4,000.00	<ul style="list-style-type: none"> <li>We received additional enquiries in relation to the likelihood of a dividend.</li> <li>We have attended to a further update to creditors not originally envisaged.</li> </ul>
Employees	456.00	2,456.00	2,000.00	<ul style="list-style-type: none"> <li>We anticipate receiving a number of enquiries from priority creditors following the notice of intention to declare a dividend. Specifically, the three employees deemed ineligible for a FEG advance and the payment of a partial dividend.</li> </ul>
Investigation	24,383.30	30,782.00	6,398.70	<ul style="list-style-type: none"> <li>Additional work was performed with respect to settlement of the ATO preference claim.</li> <li>Prepared extensive analysis and provided additional evidence to quantify the preference claim which was requested by the ATO.</li> <li>Following lodgement of the Liquidators' report pursuant to Section 533 of the Act, ASIC requested a supplementary report be issued, including copies of all documentary evidence on the Liquidators' conclusions.</li> </ul>
Dividend	0	7,000.00	7,000.00	<ul style="list-style-type: none"> <li>We were unable to commence any dividend related tasks as no funds were available.</li> <li>Following settlement of the unfair preference claim, we are now in a position to declare a dividend to priority creditors and have estimated \$7,000 to complete all tasks associated with advertising, assessing and paying a dividend.</li> </ul>
Administration	17,314.70	19,314.70	2,000.00	<ul style="list-style-type: none"> <li>Additional statutory lodgement including the supplementary report requested by ASIC.</li> <li>Internal file notes regarding additional work performed.</li> </ul>
<b>Total (ex GST)</b>	<b>60,000.00</b>	<b>81,398.70</b>	<b>21,398.70</b>	

We have provided an explanation of tasks remaining to be completed, including our estimated costs to complete those tasks, to support our current remuneration approval request, in this report and in Schedule A.

## Schedule F – Summary of receipts and payments

Receipts and Payments for the period 1 August 2018 to 15 June 2021.

Account	(\$) Incl GST
<b>Receipts</b>	
Sales (Trading)	2,600,550
Unfair Preference Claim Receipt	385,000
Transfer from Administrator	210,826
Business Activity Statement Refunds / (Payments)	111,390
Sale of Business Proceeds	82,500
Unidentified Deposit	229
Refunds	215
<b>Payments</b>	
Landlord Payments (Trading)	(1,036,084)
Liquidators' Remuneration	(719,670)
Administrators' Remuneration	(254,519)
Wages & Salaries (Trading)	(435,907)
Business Activity Statement Refunds / (Payments)	(391,562)
Payroll Expense (Trading)	(125,976)
Legal Fees	(124,391)
Trading Expenses	(44,667)
Insurance	(18,089)
Bookkeeping Fees	(12,877)
Liquidators' Disbursements	(4,825)
Administrators' Disbursements	(3,748)
Employee Reimbursement	(899)
Valuation Expenses	(825)
<b>Net Receipts and Payments</b>	<b>216,671</b>

## Schedule G – FTI Consulting schedule of rates effective 1 March 2017

Typical classification	Standard Rates \$/hour	General guide to classifications
Senior Managing Director	625	Registered/Official 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	580	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/Official Liquidator and/or Trustee. Alternatively, has extensive leadership/senior management experience in business or industry.
Senior Director	570	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/Official 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	510	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	440	Typically an ARITA 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	380	Assists with the planning and control of small to medium administrations. May have the conduct of minor administrations. Can supervise staff. Has experience performing more difficult tasks on larger administrations.
Consultant 2	360	Typically ICAA qualified (or similar). Required to control the tasks on small administrations and is responsible for assisting with tasks on medium to large administrations.
Consultant 1	315	Qualified accountant with several years' experience. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 2	280	Typically a qualified accountant. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 1	260	Typically a university undergraduate or graduate. Required to assist with day-to-day tasks under the supervision of senior staff.
Junior Associate	185	Undergraduate in the latter stage of their university degree.
Administration 2	185	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 or similar skills.
Junior Accountant	155	Undergraduate in the early stage of their university degree.
Administration 1	155	Has appropriate skills and experience to support professional staff in an administrative capacity.

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

## **Annexure B**

23 July 2021

**NOTICE OF PROPOSAL TO CREDITORS #1**

**WATCH WORKS AUSTRALIA PTY LTD ACN 054 620 889**

**COBBLER PLUS SERVICES PTY LTD ACN 009 393 686**

**(BOTH IN LIQUIDATION) (“COMPANIES” OR “POOLED GROUP”)**

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Please complete this document and return with any supporting documents by no later than **4:00 PM (AWST) on Monday, 16 August 2021** for your vote to be counted, by email to Lo Taderera at lo.taderera@fticonsulting.com. If you have any questions, please call Lo Taderera of this office on (08) 9321 8533.

Completed forms may also be sent by post attention to Lo Taderera at FTI Consulting, PO Box Z5486, St Georges Terrace, PERTH WA 6831. You should ensure this is sent with sufficient time to arrive by the date the vote closes.

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**Proposal for creditor approval**

*“That the remuneration of the Liquidators of Watch Works Australia Pty Ltd ACN 054 620 889 & Cobbler Plus Services Pty Ltd ACN 009 393 686 (Both In Liquidation) from 19 April 2021 to 31 May 2021 (inclusive) be calculated on a time basis at the hourly rates set out in the Schedules of FTI Consulting Standard Rates effective 1 March 2017, and is determined and approved for payment in the amount of \$6,398.70 plus GST and the Liquidators can draw the remuneration.”*

**Reasons for the proposal and the likely impact it will have on creditors if it is passed**

The proposal is being put to creditors to approve remuneration as allowed under law.

The proposal if passed will minimise the cost of approving remuneration to the Liquidation which would otherwise require a meeting of creditors or court application to be approved – which can be costly.

Remuneration of the Liquidator is to be paid in priority to other claims under the Corporations Act. This ensures that when there are sufficient funds, the Liquidator receives payment for the work done to recover assets, investigate the company’s affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve my remuneration, this does not guarantee that I will be paid, as I am only paid if sufficient assets are recovered.

If sufficient assets are recovered, there may be funds available to pay a dividend to creditors, however this is affected by many variables including the value of assets and complexity of realising those assets, the level of creditor enquiries, the priority of claims (including employee claims) and the total value of creditor claims to be admitted to participate in a dividend.

At this stage in the Liquidation I am unable to provide a dividend estimate of any certainty as the Company assets have not been fully realised. 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

My remuneration approval report, which has been provided with this notice provides more detailed information on the remuneration I am seeking to be approved.

### Vote on proposal

Creditors have the option of approving, not approving or objecting to the proposal being resolved without a meeting of creditors. Please select the appropriate Yes, No or Object box referred to below:

- Yes  I approve the proposal  
No  I do not approve the proposal  
Object  I object to the proposal being resolved without a meeting of creditors

Your claim against the Company must be admitted for the purposes of voting by the Liquidator for your vote to count. Please select the option that applies:

- I have previously submitted a proof of debt form and supporting documents  
 I have enclosed a proof of debt form and supporting documents with this proposal form

### Creditor details

Name of creditor: \_\_\_\_\_ ACN / ABN (if applicable): \_\_\_\_\_

- I am not a related creditor of the Company.  
 I am a related creditor of the Company, relationship: \_\_\_\_\_

Address: \_\_\_\_\_

Name of creditor / authorised person: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

23 July 2021

## NOTICE OF PROPOSAL TO CREDITORS #2

**WATCH WORKS AUSTRALIA PTY LTD ACN 054 620 889**

**COBBLER PLUS SERVICES PTY LTD ACN 009 393 686**

**(BOTH IN LIQUIDATION) (“COMPANIES” OR “POOLED GROUP”)**

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Please complete this document and return with any supporting documents by no later than **4:00 PM (AWST) on Monday, 16 August 2021** for your vote to be counted, by email to Lo Taderera at lo.taderera@fticonsulting.com. If you have any questions, please call Lo Taderera of this office on (08) 9321 8533.

Completed forms may also be sent by post attention to Lo Taderera at FTI Consulting, PO Box Z5486, St Georges Terrace, PERTH WA 6831. You should ensure this is sent with sufficient time to arrive by the date the vote closes.

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### **Proposal for creditor approval**

*“That the future remuneration of the Liquidators of Watch Works Australia Pty Ltd ACN 054 620 889 & Cobbler Plus Services Pty Ltd ACN 009 393 686 (Both In Liquidation) from 1 June 2021 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 March 2017, up to an initial capped amount of \$15,000 plus GST, and the Liquidators can draw the remuneration as required.”*

### **Reasons for the proposal and the likely impact it will have on creditors if it is passed**

The proposal is being put to creditors to approve remuneration as allowed under law.

The proposal if passed will minimise the cost of approving remuneration to the Liquidation which would otherwise require a meeting of creditors or court application to be approved – which can be costly.

Remuneration of the Liquidator is to be paid in priority to other claims under the Corporations Act. This ensures that when there are sufficient funds, the Liquidator receives payment for the work done to recover assets, investigate the company’s affairs, report to creditors and ASIC and distribute any available

funds. Even if creditors approve my remuneration, this does not guarantee that I will be paid, as I am only paid if sufficient assets are recovered.

If sufficient assets are recovered, there may be funds available to pay a dividend to creditors, however this is affected by many variables including the value of assets and complexity of realising those assets, the level of creditor enquiries, the priority of claims (including employee claims) and the total value of creditor claims to be admitted to participate in a dividend.

At this stage in the Liquidation I am unable to provide a dividend estimate of any certainty as the Company assets have not been fully realised. 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.

My remuneration approval report, which has been provided with this notice provides more detailed information on the remuneration I am seeking to be approved.

### Vote on proposal

Creditors have the option of approving, not approving or objecting to the proposal being resolved without a meeting of creditors. Please select the appropriate Yes, No or Object box referred to below:

- Yes  I approve the proposal  
No  I do not approve the proposal  
Object  I object to the proposal being resolved without a meeting of creditors

Your claim against the Company must be admitted for the purposes of voting by the Liquidator for your vote to count. Please select the option that applies:

- I have previously submitted a proof of debt form and supporting documents  
 I have enclosed a proof of debt form and supporting documents with this proposal form

### Creditor details

Name of creditor: \_\_\_\_\_ ACN / ABN (if applicable): \_\_\_\_\_

- I am not a related creditor of the Company.  
 I am a related creditor of the Company, relationship: \_\_\_\_\_

Address: \_\_\_\_\_

Name of creditor / authorised person: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**WATCH WORKS AUSTRALIA PTY LTD ACN 054 620 889 AND  
COBBLER PLUS SERVICES PTY LTD ACN 009 393 686 (BOTH IN LIQUIDATION)**

To the Liquidators of Watch Works Australia Pty Ltd and Cobbler Plus Services Pty Ltd (Both in Liquidation) (the “Companies”)

1. This is to state that the Companies were on 27 June 2018 and still is, justly and truly indebted to:

\_\_\_\_\_ dollars and \_\_\_\_\_ cents  
(full name, ABN and address of the creditor and, if applicable, the creditor's partners)

Particulars of the debt are:

Date	Consideration (state how the debt arose)	Amount (\$/c)	Remarks (include details of voucher substantiating payment)
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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 (\$/c)	Due Date
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3. Signed by (select correct option):

- I am the creditor personally.
- I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.
- I am the creditor's agent authorised in writing to make this statement in writing. I know the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

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

Name: \_\_\_\_\_ Occupation\*: \_\_\_\_\_

Address: \_\_\_\_\_

\* If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor

<b>RECEIVE REPORTS BY EMAIL</b>	Yes	No
Do you wish to receive all future reports and correspondence from our office via email?	<input type="checkbox"/>	<input type="checkbox"/>
Email:.....		

**If being used for the purpose of voting at a meeting:**

a) Is the debt you are claiming assigned to you?	<input type="checkbox"/> No	<input type="checkbox"/> Yes
b) If yes, attach written evidence of the debt, the assignment and consideration given.	<input type="checkbox"/> Attached	
c) If yes, what value of consideration did you give for the assignment (eg, what amount did you pay for the debt?)	\$ _____	
d) If yes, are you a related party creditor of the Company? (if you are unsure contact the Liquidators)	<input type="checkbox"/> No	<input type="checkbox"/> Yes

## **GUIDANCE NOTES FOR COMPLETING PROXY AND PROOF OF DEBT OR CLAIM FORMS**

### **APPOINTMENT OF PROXY FORM**

A person can appoint another person to attend the meeting on their behalf by completing the Form of proxy.

If the creditor is a company or a firm, a person needs to be appointed to represent the company.

This representative needs to be appointed by completing the Form of Proxy in accordance with section 127 of the Corporations Act 2001 ("**the Act**"). Alternatively, the appointed person must be authorised to act as a representative for the company per section 250D of the Act.

The Form of proxy is valid only for the meeting indicated (or any adjournment).

You may appoint either a general proxy (a person who may vote at their discretion on motions at the meeting) or a special proxy (who must vote according to your directions). If you appoint a special proxy, you should indicate on the form what directions you have given. In many instances, there will be a box or section on the proxy form where you can mark how you want your proxy to vote for you.

If you are unable to attend the meeting and you do not have a representative who can attend on your behalf, you may if you wish appoint the Chairperson of the Meeting as your proxy. The Chairperson can be appointed as a general proxy or a special proxy. This is entirely your choice.

### **INFORMAL PROOF OF DEBT OR CLAIM FORM**

The proof of debt submitted is informal in that it does not mean that the Liquidators have agreed with your proof for the purpose of making a dividend distribution.

It is used for voting purposes at any meetings of creditors and also to help establish the overall level of creditor claims in the liquidation. In the event that there are monies to be distributed to creditors in the future, you will need to submit a Formal Proof of Debt or Claim form.

You should include a description of how your debt/claim arose, whether you are claiming a security interest in property and if you have any guarantees and indemnities for the debt. If you need more space, you can attach any additional details you wish to include – just make sure that you mention this on the Form so we know what you've attached and how many pages.

You should provide supporting documents that substantiate what you are owed by the Companies. This may include things like account statements, unpaid invoices and their corresponding purchase orders, PPSR registration, agreements/terms of trade, contracts, lease or hire agreements, court order or judgment, guarantee or loan document, emails/other correspondence with the Companies.

*If you need help in completing the forms or if you are uncertain what information you should attach, please email or telephone the nominated FTI Consulting contact person.*

## Annexure C

## Information sheet: Proposals without meetings

You may be a creditor in a liquidation, voluntary administration or deed of company arrangement (collectively referred to as an external administration).

You have been asked by the liquidator, voluntary administrator or deed administrator (collectively referred to as an external administrator) to consider passing a proposal without a meeting.

This information sheet is to assist you with understanding what a proposal without a meeting is and what your rights as a creditor are.

### What is a proposal without a meeting?

Meetings of creditors were previously the only way that external administrators could obtain the views of the body of creditors. However, meetings can be very expensive to hold.

A proposal without a meeting is a cost effective way for the external administrator to obtain the consent of creditors to a particular course of action.

### What types of proposals can be put to creditors?

The external administrator is able to put a range of proposals to creditors by giving notice in writing to the creditors. There is a restriction under the law that each notice can only contain a single proposal. However, the external administrator can send more than one notice at any single time.

### What information must the notice contain?

The notice must:

- include a statement of the reasons for the proposal and the likely impact it will have on creditors if it is passed
- invite the creditor to either:
  - vote yes or no to the proposal, or
  - object to the proposal being resolved without a meeting, and
- specify a period of at least 15 business days for replies to be received by the external administrator.

If you wish to vote or object, you will also need to lodge a Proof of Debt (POD) to substantiate your claim in the external administration. The external administrator will provide you with a POD to complete. You should ensure that you also provide documentation to support your claim.

If you have already lodged a POD in this external administration, you do not need to lodge another one.

The external administrator must also provide you with enough information for you to be able to make an informed decision on how to cast your vote on the proposal. With some types of proposals, the law or ARITA's Code of Professional Practice sets requirements for the information that you must be provided.

For example, if the external administrator is asking you to approve remuneration, you will be provided with a Remuneration Approval Report, which will provide you with detailed information about how the external administrator's remuneration for undertaking the external administration has been calculated.

### What are your options if you are asked to vote on a proposal without a meeting?

You can choose to vote yes, no or object to the proposal being resolved without a meeting. If the administration is a simplified creditors' voluntary liquidation (SCVL), you cannot object to the proposal being resolved without a meeting as meetings cannot be held in a SCVL.

### How is a resolution passed?

A resolution will be passed if more than 50% in number and 50% in value (of those creditors who did vote) voted in favour of the proposal, but only so long as not more than 25% in value objected to the proposal being resolved without a meeting.

### What happens if the proposal doesn't pass?

If the proposal doesn't pass and an objection is not received, the external administrator can choose to amend the proposal and ask creditors to consider it again or the external administrator can choose to hold a meeting of creditors to consider the proposal.

The external administrator may also be able to go to Court to seek approval.

### What happens if I object to the proposal being resolved without a meeting?

If more than 25% in value of creditors responding to the proposal object to the proposal being resolved without a meeting, the proposal will not pass even if the required majority vote yes. The external administrator will also be unable to put the proposal to creditors again without a meeting. You should be aware that if you choose to object, there will be additional costs associated with convening a meeting of creditors or the external administrator seeking the approval of the Court. This cost will normally be paid from the available assets in the external administration.

This is an important power and you should ensure that it is used appropriately.

### Where can I get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding external administrations and insolvency.

This information is available from ARITA's website at [arita.com.au/creditors](http://arita.com.au/creditors).

ASIC also provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at [asic.gov.au](http://asic.gov.au) (search for "insolvency information sheets").

**For more information, go to [www.arita.com.au/creditors](http://www.arita.com.au/creditors).  
Specific queries should be directed to the external administrator's office.**

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> [Insolvency information for directors, employees, creditors and shareholders](#)

## Insolvency information for directors, employees, creditors and shareholders

This information sheet (INFO 39) lists ASIC's information sheets for directors, employees, creditors and shareholders affected by a company's insolvency.

We have produced these with endorsement from the Australian Restructuring Insolvency & Turnaround Association (ARITA).

The information sheets give a basic understanding of the three most common company insolvency procedures – liquidation, voluntary administration and receivership – as well as the independence requirements for external administrators and approving external administrator remuneration. There is also a glossary of commonly used insolvency terms.

### List of information sheets

- [INFO 41](#) Insolvency: A glossary of terms
- [INFO 42](#) Insolvency: A guide for directors
- [INFO 43](#) Insolvency: A guide for shareholders
- [INFO 45](#) Liquidation: A guide for creditors
- [INFO 46](#) Liquidation: A guide for employees
- [INFO 54](#) Receivership: A guide for creditors
- [INFO 55](#) Receivership: A guide for employees
- [INFO 74](#) Voluntary administration: A guide for creditors
- [INFO 75](#) Voluntary administration: A guide for employees
- [INFO 84](#) Independence of external administrators: A guide for creditors
- [INFO 85](#) Approving fees: A guide for creditors

### Where can I get more information?

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

This is **Information Sheet 39 (INFO 39)** updated on 1 September 2017. Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.