

The Western Australian Club (Inc)  
(Administrators Appointed)  
ABN 52 785 072 589 (“Club”)

*Report to creditors – Section 75-225 of the Insolvency Practice Rules  
(Corporations) 2016*



24 August 2018



# About This Report: A Guide For Creditors

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## Purpose of this report

- The Administrators are required to prepare this report pursuant to the *Corporations Act 2001* (the Act). We are required to provide creditors with information about the Club's business, property, affairs and financial circumstances.
- This report and its attachments contain details about the forthcoming second meeting of creditors to be held on 31 August 2018, our opinion and recommendation about the future of the Club and what is considered to be in the creditors' interests. Creditors are required to decide whether the:
  - Club should execute a DOCA, or
  - administration of the Club should end, or
  - Club should be wound up.Alternatively, creditors can vote to adjourn the meeting for up to 45 business days to allow more time to make their decision.

## Information included

- This report contains the information we are required by law to include, plus other information considered materially relevant to creditors to enable them to make an informed decision about the Club's future.
- The *Table of Contents* on the following page lists the sections of this report. A glossary and certain other information, including details about our claim for remuneration, is included in the appendices.

## Key messages and recommendations

- Pages 4 to 6 summarises the items considered most important for creditors, and includes our recommendation to creditors.

## Details and forms for the forthcoming creditors' meeting

- All details, forms and instructions relating to the meeting have been included with the covering letter and other documents attached to this report.

## Questions and help

- Please contact us, if you are unsure about any of the matters raised in this report and the impact that any decision about the Club's future may have on you.



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*Appendix 1 – Glossary and Terms of Reference*

*Appendix 2 – Creditor Information Sheet*

*Appendix 3 – DIRRI*

*Appendix 4 - Remuneration Report*

# I. Key Messages and Recommendations

■ Set out below is a summary of the key messages and recommendations that are detailed in this report. Please read this summary in conjunction with 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 Club's difficulties</b>	<p>The Club's failure is attributed to a:</p> <ul style="list-style-type: none"> <li>• history of substantial trading losses: particularly between 2009 to 2016, where losses totalled \$4.1m;</li> <li>• declining membership base from 2011 to 2018; and</li> <li>• declining membership fee revenue.</li> </ul> <p>The ultimate catalyst for the appointment was the Club's inability to meet its lease payments as and when they fell due. With no immediate alternative to satisfy the landlord's outstanding debt, the Executive Committee were left with no alternative than to appointment Voluntary Administrators.</p>	Section III
<b>Administrators' actions and strategy</b>	<ul style="list-style-type: none"> <li>• The Administrators undertook an urgent review of the Club's operations with a view to determine if the Club could continue to trade whilst a restructure plan was explored.</li> <li>• The Administrators continued to trade the Club, despite extremely limited funds. With the support of the Executive Committee, the Club's membership base were approached inviting their financial support to assist with trading during the administration and funds to recapitalise the Club's affairs.</li> <li>• As at the date of this report, we understand insufficient funds have been provided by members to support a proposal to restructure the Club's affairs.</li> <li>• As at the date of this report, the Administrators have continued to trade the Club.</li> </ul>	Section IV
<b>Estimated date of insolvency</b>	<ul style="list-style-type: none"> <li>• Based on preliminary investigations, the Club may have been insolvent from 1 July 2017, being the date the rent free period with the landlord expired and the Club was unable to meet ongoing lease payments.</li> </ul>	Section VI
<b>Liability for Insolvent trading</b>	<ul style="list-style-type: none"> <li>• The preliminary assessment of the quantum of an insolvent trading claim is approximately \$185,000.</li> </ul> <p><b>Defences</b></p> <ul style="list-style-type: none"> <li>• The Administrators are aware the Club's largest creditor, the Landlord, provided ongoing support to the Club from December 2014. More specifically, from 1 July 2017, the Administrators are advised that the Landlord continued to provide an informal forbearance until approximately 21 June 2018, when a notice to remedy breach of lease was issued to the Club for lease arrears in the amount of \$463,409.31.</li> <li>• The ongoing support of the landlord was critical to the Club being able to meet its debts as and when they fell due. Accordingly, the forbearance of the landlord is likely to raise a defence to insolvent trading.</li> </ul>	Section VI

# I. Key Messages and Recommendations

Key areas	Commentary	Analysis						
Voidable transactions and offences	<ul style="list-style-type: none"><li>We have identified approximately \$36,125 of payments during the 6 months that are potentially preferential.</li></ul>	Section VI						
Offences by Executive Committees	It appears the Club may have traded whilst insolvent under Section 588G of the Act. However, as stated above, given the ongoing support of the Landlord, there is a likely defence to an insolvent trading claim.	Section VI						
Proposal for a deed of Club arrangement	<p>The Executive Committee have engaged with various parties to discuss formulating a DOCA proposal, to address:</p> <ul style="list-style-type: none"><li>Payment of a percentage of the Club’s historical debt; and</li><li>A new operating structure to ensure the ongoing viability of the Club’s trading.</li></ul> <p>As at the date of this report, a proposal for a DOCA has not been submitted. Should a DOCA be received prior to the second meeting of creditors, the Administrators will consider that proposal.</p>							
Estimated outcome for creditors	<p>The estimates shown are based on the information presently available, our view of the Club’s estimated realisable value of assets and estimated claims of creditors:</p> <p style="text-align: center;"><u>Liquidation</u></p> <table><tr><td>■ Secured creditors</td><td>Not Applicable</td></tr><tr><td>■ Priority employee claims</td><td>0 to 44 cents in the dollar</td></tr><tr><td>■ Unsecured creditors</td><td>Nil</td></tr></table> <p>The return to Secured Creditors excludes any potential return in respect of valid Purchase Money Security Interests registered against the Club, which are currently being assessed.</p>	■ Secured creditors	Not Applicable	■ Priority employee claims	0 to 44 cents in the dollar	■ Unsecured creditors	Nil	Section VIII
■ Secured creditors	Not Applicable							
■ Priority employee claims	0 to 44 cents in the dollar							
■ Unsecured creditors	Nil							
Remuneration	<ul style="list-style-type: none"><li>Under Section 449E of the Act, the remuneration of the Administrators and Liquidators, if appointed, can be fixed at the second meeting of creditors. Details of our proposed remuneration and resolutions are included in our Remuneration Approval Report.</li></ul>	Section X Appendix 4						

# I. Key Messages and Recommendations

## Our recommendation to creditors

In our opinion it is in the creditors' interests that the Club be wound up and a liquidator appointed.

Options available to creditors	Option 1: Execute a DOCA	Option 2: Administration end	Option 3: Liquidation
<b>Description</b>	<ul style="list-style-type: none"> <li>Whether it would be in the creditors' interests for the Club to execute a DOCA</li> </ul>	<ul style="list-style-type: none"> <li>Whether it would be in the creditors' interests for the administration to end</li> </ul>	<ul style="list-style-type: none"> <li>Whether it would be in the creditors' interests for the Club to be wound up</li> </ul>
<b>Key factors to consider</b>	<ul style="list-style-type: none"> <li>As no DOCA has been proposed, creditors cannot resolve to accept a DOCA at this time</li> </ul>	<ul style="list-style-type: none"> <li>The Club is insolvent with no cash to pay all due debts and no confirmed prospects of obtaining external funding</li> </ul>	<ul style="list-style-type: none"> <li>We have not been provided with a proposal for a DOCA for consideration and it is not appropriate that the administration ends as the Club is insolvent</li> </ul>
<b>Our opinion</b>	<ul style="list-style-type: none"> <li><b>Not</b> in the creditors' interests that the Club execute a DOCA</li> </ul>	<ul style="list-style-type: none"> <li><b>Not</b> in the creditors' interests that the administration should end</li> </ul>	<ul style="list-style-type: none"> <li><b>Is</b> in the creditors' interests that the Club be wound up</li> </ul>
<b>Recommended option</b>	Not recommended	Not recommended	<b>Recommended</b>
<b>Potential to adjourn the meeting to a future date</b>	<ul style="list-style-type: none"> <li>Creditors may wish to adjourn the second meeting for up to 45 business days. A consideration for adjourning the meeting is if a DOCA is submitted and requires further time for creditors to consider the proposal.</li> <li>It is a matter for creditors to decide if they wish to adjourn the meeting</li> </ul>		



## II. Administrators' Statutory Milestones

### Appointment of Administrators

- On 27 July 2018, Ian Francis and I, Daniel Woodhouse were appointed joint and several Administrators of The Western Australian Club (Inc). The resolution appointing the Administrators was passed in accordance with section 436A of the Corporations Act 2001 ("**Act**").
- In a voluntary administration, the Administrators take control of a Club and its affairs, superseding the powers of the Executive Committee to make decisions and perform management functions.
- We also have a duty to investigate the Club's business, property, affairs and financial circumstances.
- In the circumstances of a voluntary administration, the Act governs how an Association is to be formally dealt with, pursuant to Section 120 of the Associations Incorporation Act 2015.

### Outcome of the First Meeting of Creditors

- The first meeting of creditors was held on 8 August 2018 to consider the formation of a committee of creditors and whether or not to appoint different persons to be the Administrators of the Club.
- No committee was formed and there were no nominations to replace us as Administrators.

### Administrators' Prior Involvement and Independence

- In accordance with section 436DA of the Act, we provided a DIRRI with our first communication to creditors. This DIRRI included the circumstances that led to our appointment as Administrators.
- Since the our first communication, the Administrators have received a non-recourse loan in respect to member donations to fund the Administrators' trading of the Club whilst a restructure proposal was explored.
- In this regard, an updated DIRRI is provided at **Appendix 3**.

### Upcoming Second Meeting of Creditors

- Under section 439A of the Act, the Administrators are required to convene a second meeting of creditors, during which creditors will be given the opportunity to vote on the future of the Club.
- At the second meeting, creditors will be asked to decide whether the:
  - Club should execute a DOCA; or
  - administration of the Club should end; or
  - Club should be wound up.
- Alternatively, creditors may adjourn the second meeting for a period not exceeding 45 business days.
- The details of the second meeting of creditors are set out below:

Second Meeting	Details
Date	31 August 2018
Registration	10:30 am WST
Meeting Time	11:00 am WST
Location	Meeting Room One, Conference Centre Central Park Tower, 152-158 St Georges Terrace Perth WA 6000

### Opinion About Books and Records

- Section 286(1) of the Act requires that the Club keep written financial records that correctly record and explain the transactions and financial position and performance, and enable true and fair financial statements to be prepared and audited.
- The Administrators' have reviewed the Club's physical records and its Xero accounting file.
- It is the Administrators preliminary view that the Club's records were maintained in accordance with Section 286 of the Act.

# III. Background on the Club

## Structure

- The Club is an Incorporated Association which is governed by the Incorporated Associations Act 2015.
- The Club is run by a Committee, who is elected by the Club's members.
- The Committee is split between Executive and General positions as detailed below. The Committee roles are voluntary: that is, they are not paid for their time. Committee members, generally, hold alternative forms of employment outside of the Club.
- The Club operated from the leased premises at Level 11, 12 St Georges Terrace Perth WA 6000.

## Committee

- The Committee members are as follows:

Name	Position
<b>Executive Committee</b>	
Shelley Crowley	President
Bronwyn Grant	Vice President
Frank Alderton	Treasurer
Rob Von Perch	Secretary
<b>General Committee</b>	
Karen Sutton	Committee Member
Elaine Robinson	Committee Member
Steve Griffiths	Committee Member
Helmut Vordermeir	Committee Member

## Club's History

- The Club is in its 125<sup>th</sup> year, being established as the 'Exchange Club' in 1893 by some of Western Australia's leading citizens. It was formed to create a meeting place for men working for the growth and betterment of the Swan River Colony.
- The Club has developed into a modern and progressive group of business leaders, which is open to men and women for the primary purpose of providing exclusive interaction, enjoyment and comfort of members and their guests.
- The Club operates a full bar and restaurant from the leased premises, Level 11, 12 St Georges Terrace, WA 6000. At appointment, it employed seven (7) casual staff and four (4) full time staff.
- The Club has an extensive list of reciprocal club benefits, both interstate and international, being one of its primary value propositions. Additionally, it also provides an idyllic setting for members to bring guests for either networking or personal enjoyment.

## Details of Security Interests and Charges

- Details of the security interests registered against the Club, as identified by a

PPSR Creditor	No. Reg	Nature
Samuel Smith & Son Pty Ltd	1	PMSI
Metcash Trading Ltd & Ors	3	PMSI
Moet Hennessy Australia Pty Ltd	1	PMSI
Air Liquide Australia Ltd & Ors	1	PMSI
Suncorp Metway Advances Corporation Pty Ltd	1	PMSI
The Trustee for Cookers Trust	1	PMSI
Liquid Mix (WA) Pty Ltd	1	PMSI



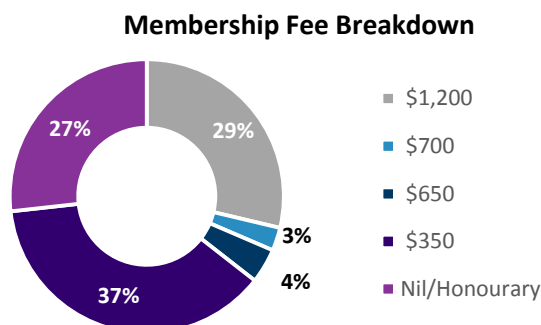
# III. Background on the Club

## Membership Structure

- The Club has approximately 475 members.

## Membership Fees

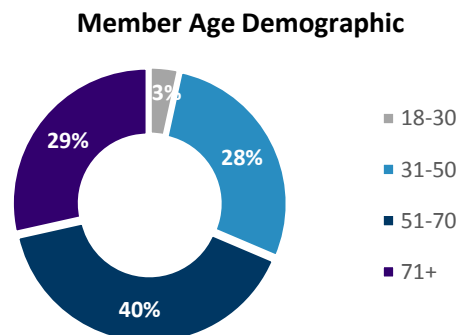
- There are three tiers of membership: Bronze, Gold and Corporate Gold. The current revenue structure is set out as follows:



- As shown above, 27% of the membership base are non-paying, honorary members, and 37% pay the base level of membership of \$350. That is, 64% of the membership base either pays the lowest, or no membership fees.

## Age Demographic

- The Club's members are predominantly an older demographic, with 69% of members over 51 years' of age (29% over 71 years' of age), as follows:



## Historical Financial Performance

- The below and overleaf tables provide an overview of the Club's historical financial performance and position.
- The financials for FY16 and FY17 are based on the Club's issued Annual Report, whilst FY18 was obtained from the Club's management accounts maintained in Xero.

		(Audited) FY16	(Audited) (Management) FY17	(Management) FY18
	Notes			
Total Income	1	1,473,039	1,508,582	1,267,252
Cost of Sales	2	(642,949)	(678,074)	(625,114)
Gross Margin		830,091	830,508	642,139
Operating Expenses	3	(1,019,868)	(783,136)	(723,008)
<b>Net Profit (Loss)</b>		<b>(189,777)</b>	<b>47,372</b>	<b>(80,869)</b>
<i>Rent Expense Forebearance</i>				<i>(313,875)</i>
<b>Adjusted Net Profit (Loss)</b>	<b>4</b>	<b>(189,777)</b>	<b>47,372</b>	<b>(394,744)</b>

### Notes:

- Consists of dining revenue, membership fees and a line item of "rent expense forgiven" of \$313,875 to offset the accrued rental expenses. We note that;
  - Excluding rent expense forgiven, total income would have been \$953,377; and
  - Strictly speaking, rent relief should reduce the rent expense, rather than being recorded as revenue.
- Consists of food and beverage costs, private event costs and direct employee costs relating to private events;
- Major items are general employment costs, rent, the upkeep of the property and general operating costs such as utilities and services;
- The adjusted Net Loss for FY18 captures the lease premises arrears due and payable for FY18. The Administrators understand that the landlord provided an informal forbearance on the lease costs for FY18. However, the lease payments were not forgiven and; therefore, remained due and payable. Accordingly, the adjusted net loss for FY18 is considered a more accurate reflection of the Club's performance. The historical landlord dealings is discussed further overleaf.

# III. Background on the Club

## Historical Financial Position

		(Audited)	(Audited) (Management)	
	Notes	FY16	FY17	FY18
Current Assets	1	222,235	174,996	137,508
Non-Current Assets	2	615,890	548,639	548,639
Total Assets		838,125	723,635	686,147
Current Liabilities	3	(646,250)	(509,003)	(560,243)
Non-Current Liabilities	4	(67,113)	(42,500)	(34,640)
Total Liabilities		(713,363)	(551,503)	(594,883)
<b>Net Assets</b>		<b>124,762</b>	<b>172,132</b>	<b>91,264</b>
<i>Current Asset Ratio</i>		<i>0.34</i>	<i>0.34</i>	<i>0.25</i>

### Notes:

1. Major items relate to cash and accounts receivable (relating to membership fees and invoices due for restaurant and bar spend).
  2. Consists of property, plant and equipment and leasehold improvements.
  3. Consists of trading accounts payable, debts to the ATO, accrued employee entitlements, deposits for events and membership payments received in advance.
  4. Consist of a Suncorp loan and a loan from the landlord of \$125k in respect to the premises fit-out, discussed adjacent.
- As detailed above, the Club had a current asset ratio of below 1, demonstrating the Club had insufficient current assets to meet current liabilities.

## Sale of the Club's Property

- The Club formerly owned the premises, 101 St Georges Terrace, Perth WA 6000 ("Property").
- The Club sold the Property, with settlement occurring in December 2007. In FY08, the Club reported a net profit on the sale of the Property of approximately \$4.1m and reported Net Assets of \$4.23m.
- The Club continued to operate from the Property until it moved to its current premises.

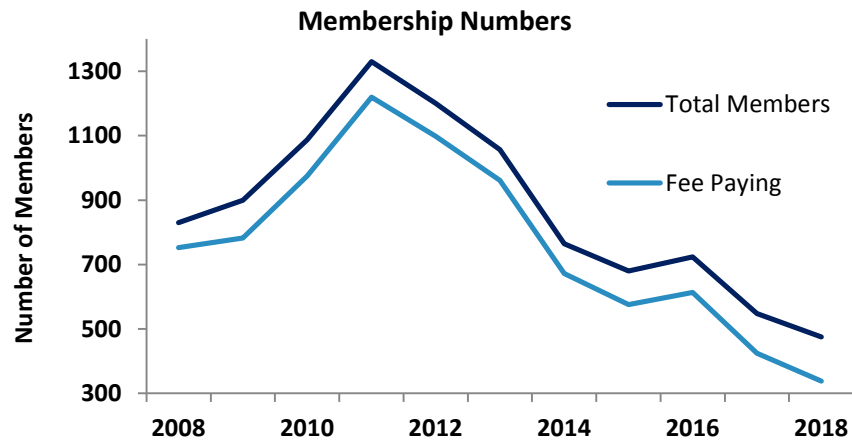
## Leased Premises

- On 22 December 2014, the Club entered into a lease for the premises located at Level 11, 12 St Georges Terrace, Perth WA 6000 ("Lease").
- The Lease was signed at the top of the market, at a rate of approximately \$400 (excluding GST) per square meter. This appears higher than the current market rates.
- The landlord has provided significant support to the Club, as follows:
  - Provided an initial rent free period of 9 months at the commencement of the Lease, expiring in September 2015;
  - Provided a loan for the fit-out of the Club in the amount of \$125,000;
  - Provided additional rent relief and concessions to the Club during September 2015 to 30 June 2017; and
  - Provided a forbearance to the Club for outstanding lease payments during FY18 whilst the Club explored avenues to turn around its financial position.
- After considerable support, ultimately, the landlord withdrew its support for the Club and served a notice to remedy breaches of the lease on 21 June 2018. This precipitated the appointment of the Voluntary Administrators.

## IV. Reasons for Failure

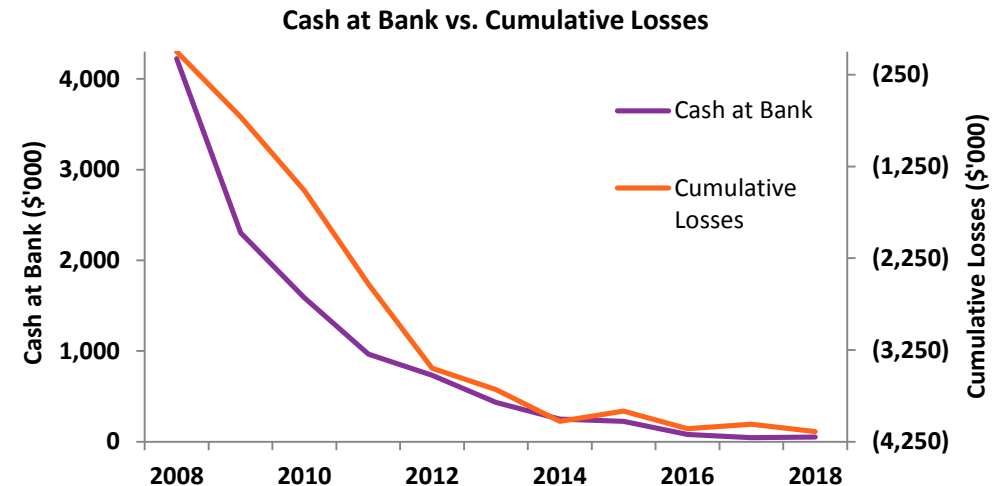
### Historical Membership Numbers

- The Club's membership numbers have declined substantially in the past 10 years: both total members and fee paying members, as shown below:



### Cash Position & Historical Trading Losses

- After the sale of the Club's property in December 2007, the Club recorded consecutive net losses accumulating to \$4.1m between the period FY09 to FY16. This exhausted the majority of the Club's cash reserves from the sale of the Property.



### Timeline of Events

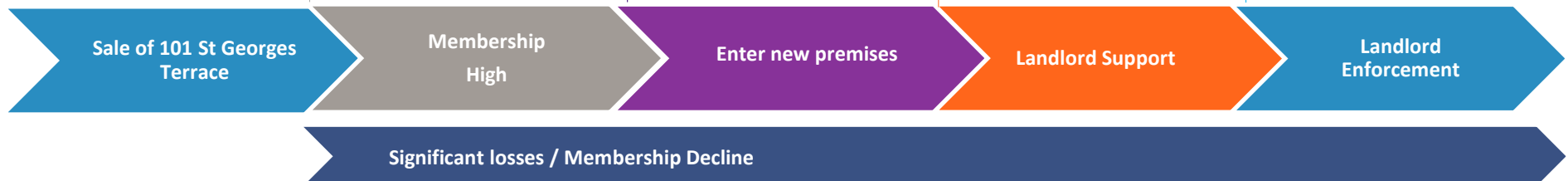
December 2007: Sale of the Club's Property generated a profit on sale of approximately \$4.1m.

2011: Membership hit its highest peak, with approximately 1,330 members.

22 December 2014: The Club entered into a lease for the premises, Level 11, 12 St Georges Terrace.

2014 to June 2018: The Club was afforded various rent free periods, concessions and forbearances.

21 June 2018: Landlord issued a notice to remedy breach of lease to the Club, which was unable to be rectified.



2009 – 2016: The Club reported combined losses of \$4.1m.

2012 – 2018: Membership declined by 60% from its 2011 high, to approximately 475 today.

## V. Administrators' Strategy and Trading

### Administrators' Actions on Appointment

- Upon appointment, the Administrators immediately:
  - Took control of the Club's operations and assets;
  - Met with members of the Executive Committee to discuss the voluntary administration process and options available for the Club;
  - Undertook an urgent review of the Club's operations and conducted an assessment as to the Club being able to trade during the administration, including under what terms;
  - Addressed a meeting of members, called by the Executive Committee, to explain the voluntary administration process and the need for immediate funding;
  - Requested and received rent forbearance from the Landlord. This forbearance was essential for us to continue to trade.

### Decision to Continue Trading

- As previously foreshadowed, the Club had a history of trading losses. There were a number of issues faced by the Administrators' in determining whether the Club could viably trade during the administration, namely:
  - Limited funds of approximately \$57k at appointment;
  - Outstanding net wages of approximately \$28k due on the date of appointment;
  - The historical trading losses generated by the Club;
  - The Club's revenue structure was complicated, with members historically benefiting from a 'minimum monthly spend' ("MMS") providing a form of credit to members. This made it difficult to estimate the potential net receipts from continuing to trade;
  - The ability to draw ongoing membership fees in advance was not possible, given the trading uncertainties.
- Despite the issues faced above, the Administrators continued to trade the Club on a day by day basis, whilst exploring all restructuring options available for the Club.

### Controls Implemented

- The Administrators implemented the following controls and procedures, necessary to trade the Club.

#### Restaurant and Bar

- The restaurant and bar was turned into 'cash only' and; therefore, MMS have been unavailable for members to utilise during the administration.
- The ability for members to utilise any remaining MMS entitlement would be assessed with any potential restructure proposal.

#### Pre-Booked Functions

- Administrators reviewed the upcoming functions booked prior to their appointment.
- Whilst no guarantee's were able to be provided about ongoing trading, the Administrators worked together with staff and members to hold a number of functions during the administration, minimising any disruption to patrons.

#### Membership Fees

- The Administrators withheld from drawing any prospective membership fees due to the uncertainties surrounding the Club's ongoing trading.
- The Administrators intend drawing membership fees accrued during their trading period.

### Members' Contributions

- The Administrators, together with the Executive Committee, sought members financial support to fund a restructure of the Club. We understand that approximately \$15,000 has been raised from member donations.

### Conclusion

- As at the date of writing this report, the Administrators continue to trade the Club's operations.

## VI. Financial Position

### Estimated Financial Position

- The Administrators have prepared the following estimated position of the Club at the date of appointment, based on the management accounts, shown adjacent.

#### Notes to Estimated Position

1. The Club runs a float of \$500 for its cash till.
2. On appointment, there was approximately \$57,000 cash at bank split in two accounts with Westpac and Suncorp.
3. The book value of Debtors as at 31 July 2018 includes a mix of membership fees and MMS, as well as outstanding invoices for functions and event bookings. Debtor amounts older than 30 days are mainly historical memberships fees which have never been paid. There may be difficulties collecting these fees, if the Club's operations cease.
4. A stocktake on beverages was last completed in June. There was approximately \$11,295 of stock on hand at cost value.
5. The management accounts state that the Club's plant and equipment was valued at \$142,016 after depreciation. Based on a valuation we commissioned the plant and equipment is estimated to have a fair market value of approximately \$39,000. It is likely a large majority of the equipment is subject to a chattel mortgage discussed in note 7.
6. The Administrators are not aware of any other assets held by the Club.
7. Suncorp Metway Advances Corporation Pty Ltd has a chattel mortgage over the Club's kitchen equipment. There is unlikely to be any equity in this equipment.
8. Outstanding employee entitlements encompasses \$27,856 owed in wages, \$27,007 in leave entitlements and \$19,147 in unpaid superannuation.
9. The major unsecured creditors identified to date are the landlord, trade suppliers and the ATO.

### Estimated Position

	Notes	Book Value (\$)	ERV (\$)
<b>Assets not subject to specific security interests</b>			
Cash on hand	1	500	500
Cash at bank	2	57,000	57,000
Debtors	3	93,925	20,000
Stock	4	11,295	unknown
Plant and equipment	5	142,016	39,000
Other Assets	6	Unknown	Unknown
<b>Totals assets not specifically charged</b>		<b>304,736</b>	<b>116,500</b>
Assets subject to specific security interests	7	Unknown	Unknown
Less amounts owing	7	(37,021)	(37,021)
Net assets subject to specific charges		(37,021)	(37,021)
<b>Total Estimated Realisable Values</b>		<b>267,715</b>	<b>79,479</b>
Payable in advance of secured creditor (employees)	8	(74,010)	(74,010)
Owed to Secured - debenture or floating charge		0	0
<b>Total claims</b>		<b>(74,010)</b>	<b>(74,010)</b>
Unsecured creditors	9	(882,552)	(882,552)
<b>Surplus / (Deficiency)</b>		<b>(688,847)</b>	<b>(877,083)</b>



## VI. Financial Position

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### Effect on employees - liquidation

#### Position as priority creditors

- Employees are afforded a priority in the winding up of the Club compared to ordinary unsecured creditors. The order of priority for typical employee claims is as follows:
  - Amounts due in respect of wages, superannuation and superannuation guarantee charge outstanding as at the date of the appointment of Administrators, followed by
  - Amounts due in respect of leave of absence and other amounts due under the terms of an industrial instrument, followed by
  - Retrenchment payments.

#### Return to employees if the Club is wound up

- Section IX. includes details about the estimated return to creditors, if the Club is wound up and a liquidator appointed.

#### Government assistance available if the Companies are wound up

- If there is insufficient funds available to employees from the Club's property, eligible employees are entitled to lodge a claim for their unpaid entitlements under the Federal Government's FEG Scheme.
- Details about FEG can be found at: <https://www.employment.gov.au/fair-entitlements-guarantee-feg>.
- The Government will have a subrogated claim for any amounts advanced to employees through the FEG scheme. Accordingly, the payment of employee entitlements through the FEG scheme does not discharge the priority claim against the Club.

### Effect on employees – DOCA

At the date of this report, no DOCA has been proposed.





## VII. Investigations, Offences, Voidable Transactions and Insolvency

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### Duty to Investigate

- The law requires us to investigate and specify whether there appears 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 Club was insolvent at any particular point in time prior to our appointment as Administrators, 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 two elements:
  - The Club being placed into liquidation, and
  - A liquidator being able to establish that the Club was insolvent at the time it entered into any particular transaction, or that the Club became insolvent as a consequence of that transaction.

### Work Performed

- We have made enquiries into the financial affairs of the Club. In this section, we set out our preliminary views and findings about:
  - Offences that may have been committed.
  - The solvency position of the Club.
  - Existence of voidable transactions – including unfair preferences/loans, uncommercial transactions, arrangements to avoid employee entitlements, and unreasonable Executive Committee related transactions.
  - Charges that may be voidable.
  - Whether there is the prospect of a claim for insolvent trading.
- Please note the investigations we have undertaken are only indicative of the actions that may be possible in the event of liquidation.

### Relevance of Liquidation versus DOCA

- Voidable transactions and other actions that a liquidator can make are not available if the Club executes a DOCA.
- As a result, creditors have to assess the advantages to them of a DOCA (and any benefits that may be available to them in this scenario), compared to the likely return in a liquidation (and any recoveries that may be available where a liquidator is appointed).
- We are aware that the Executive Committee is working with a party on a DOCA to recapitalise the Club and develop a sound operating model. However, to date a DOCA has not been proposed. Therefore, at this time, there are no alternatives to a liquidation for creditors to consider.

## VII. Investigations, Offences, Voidable Transactions and Insolvency

### Insolvency - Summary of Findings

- The Administrators have identified the following key indicators of insolvency prior to appointment:

Indicator	Details
Trading Losses	The Club recorded an adjusted trading loss of \$394k for FY18, and cumulative losses dating back for prior periods.
Current Ratio	The Club's current ratio averaged 0.31 for the three years prior to appointment, demonstrating the Club had insufficient current assets to meet current liabilities.
Statutory Debt	The Club had an ATO debt totalling \$131,971 and remained in arrears dating back to October 2015.
Landlord Debt	The Club benefited from a rent free period up to June 2017, which was essential to the Club's ongoing viability. It appears the Club was unable to operate at a break-even level during its entire occupation of its current premises, commencing in December 2014.

### Insolvency - Conclusion

- On 30 June 2017, the rent free period granted to the Club expired and the lease payments became due and payable.
- The Administrators' preliminary investigations reveal the Club was at all times, unable to meet ongoing lease payments from its cashflow from 1 July 2017 onwards.
- The Administrators are of the understanding the Landlord provided an informal forbearance for this period, whilst reserving its rights to enforce in respect to the arrears.
- On the basis the Club could not meet its ongoing lease payments, and the ongoing lease payments remained due and payable, the Club was likely insolvent at 1 July 2017.

### Preliminary View on Liability for Insolvent Trading

- Based on our estimated date of insolvency, the maximum quantum of an insolvent trading claim is likely to be in the vicinity of \$185,000.

### Defences to Insolvent Trading

- It appears that the Executive Committee reasonably held the view that the Club was solvent in the lead up to the Administrators' appointment, on the basis it had obtained ongoing support from its creditors.
- A key factor in assessing insolvency, is the Club's ability to meet its debts as and when they fell due. In this regard, the Administrators note:

Factor	Details
ATO Arrangement	The Club entered into a payment arrangement with the ATO and were up to date with the instalment payments.
Landlord Forbearance	The landlord granted a verbal forbearance for lease costs to around June 2018, on the basis outgoings were satisfied by the Club, which were met.
Creditor Demands	With the exception of the landlord, shortly prior to appointment, the Administrators are not aware of any creditor demands being received, or creditors pressing the Club for payment.

### Pursuing an Insolvent Trading Claim

- A liquidator, if appointed, would be required to assess the potential defence prior to assessing whether an insolvent trading claim would provide a commercial benefit. However, our preliminary view is that an insolvent trading claim is unlikely to succeed, given the likely defences available.

## VII. Investigations, Offences, Voidable Transactions and Insolvency

- We set out below 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.

Area	Our view	Comments
<b>Unfair preferences</b>	Possible claims	<p>■ We have reviewed the payments made by the Club during the period leading up to appointment, taking into account the potential date of insolvency.</p> <p>■ We have identified \$36,125 of payments during the 6 months prior to appointment, which may be preferential.</p>
<b>Uncommercial transactions</b>	No claims	<p>■ We are not aware of any uncommercial transactions that would likely result in property being recovered for the benefit of creditors.</p>
<b>Unfair loans</b>	No claims	<p>■ We are not aware of any unfair loans that would likely result in property being recovered for the benefit of creditors.</p>
<b>Unreasonable payments to Executive Committees</b>	No claims	<p>■ The Executive Committee members did not receive any compensation for their role.</p> <p>■ Our investigations have not found any evidence of unreasonable payments to the Executive Committee members.</p>
<b>Related entity benefit</b>	No claims	<p>■ Our investigations have not revealed any transactions with related entities that would likely result in property being recovered for the benefit of creditors.</p>
<b>Arrangements to avoid employee entitlements</b>	No claims	<p>■ Our investigations have not revealed the existence of any such arrangements.</p>
<b>Voidable charges</b>	None	<p>■ Our investigations have not revealed any charges or registered security interests that would be void against a liquidator.</p>
<b>Offences by Executive Committees</b>	None	<p>■ Based on our investigations to date, it appears the Club may have traded whilst insolvent from 1 July 2017. However, the Administrators note that there are a number of potential defences available.</p>



## VIII. Deed of Company Arrangement

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### What is a DOCA?

- A DOCA is a formal agreement between a company, its creditors and the proponents of the DOCA.
- The proponents are interested parties who wish the creditors to consider their proposal – usually involving a compromise of creditors' claims as opposed to either winding up the Club (liquidation) or returning the Club to the Executive Committees.
- A DOCA may involve:
  - Maximising the chance of the company continuing in existence; and/or
  - Result in a better return for the company's creditors than an immediate liquidation.

### Proposal for a DOCA

- The Executive Committee has explored the options available for restructuring the Club's operations via a DOCA proposal. In summary, the DOCA is required to address the following two factors:
  1. A proposal to deal with the pre-appointment debts of the Club.

We understand that the Executive Committee has approached members for donations in order to provide a return to creditors above a liquidation scenario; and
  2. Details of a new operating structure to ensure the Club's ongoing viability.

We have advised the Executive Committee that any proposal would need to prove the ongoing viability of the Club. In this regard, the Executive Committee has been in talks with a third party to take over the operations of the restaurant and bar and to commercialise the operations.
- Ultimately, the members support for any DOCA proposal is pivotal, both from a funding perspective and for ongoing support to ensure the Club's viability.

### Proposal for a DOCA (cont...)

- As at the date of this report, the Administrators have not received details of a DOCA proposal.
- Should a proposal be received prior to the second meeting of creditors, the Administrators will need to assess this proposal and will provide information to creditors of, amongst other things:
  - Details of the Proposal;
  - A revised estimated outcome statement comparing DOCA versus liquidation; and
  - An updated Administrators' recommendation on what they consider is in creditors best interests.
- Should a DOCA be received prior to the second meeting, the Administrators will consider whether the second meeting should be adjourned should creditors require additional time to consider the proposal.

## IX. Estimated Return to Creditors

- Detailed adjacent is the estimated return to creditors:

### Estimated Return to Creditors

#### Priority Creditors

- Priority creditors may receive a dividend in the liquidation of between nil and 44 cents in the dollar. However, the return is dependent upon the successful recovery of the unfair preference payments and the costs incurred to pursue that claim.
- Should the Club enter liquidation, employees will be entitled to lodge a claim for their unpaid entitlements under the Fair Entitlements Guarantee (“FEG”) Scheme administered by the Federal Government.
- The Federal Government will have a subrogated claim for any amounts advanced to employees through the FEG scheme. Accordingly, the payment of employee entitlements through the FEG scheme does not discharge the priority claim against the Club.

#### Unsecured Creditors

- No dividend to unsecured creditors is envisaged at this stage.

#### Notes to Estimated Return to Creditors

1. Cash at bank incorporates the pre-appointment bank balance and net trading receipts. Operationally, the Club has traded at breakeven during the Voluntary Administration
2. Net of costs incurred to realise.
3. Collectability of membership fees due is currently unknown at this point and therefore, a large variance in outcome.
4. Based on GST payable on food and beverage sold during trading, settled invoices and potential asset realisations.

Estimated Return to Creditors			
		Liquidation (Incl GST)	
	Notes	Low (\$)	High (\$)
<b>Realisations</b>			
Cash at Bank - 22 August 2018		75,201	75,201
<i>Less: Outstanding trading liabilities</i>	1	(23,000)	(31,000)
Equipment	2	10,000	25,000
Stock	2	1,000	2,500
Accounts Receivable	3	2,000	10,000
Membership Fees Due	3	-	10,000
<i>Less: GST Payable (estimate)</i>	4	(5,000)	(6,500)
<b>Total Realisations</b>		<b>60,201</b>	<b>85,201</b>
<b>Voidable Transactions</b>			
Unfair Preference Payment		-	36,125
<b>Total Recoveries</b>		<b>-</b>	<b>36,125</b>
<b>Professional Fees and Disbursements</b>			
Voluntary Administrators Fees		(55,000)	(55,000)
Liquidators Fees		(22,000)	(22,000)
Other Costs (valuation, insurance)		(6,000)	(5,000)
Legal Fees		(8,800)	(6,600)
<b>Total Professional Fees and Costs</b>		<b>(91,800)</b>	<b>(88,600)</b>
<b>Net Funds Available for Priority Creditors</b>		<b>(31,599)</b>	<b>32,726</b>
<b>Priority Creditor Balance</b>			
		74,010	74,010
<b>Estimated Cents in the \$ Return to Priority</b>		<b>Nil</b>	<b>44.22</b>
<b>Estimated return to Unsecured Creditors</b>		<b>Nil</b>	<b>Nil</b>

## X. Administrators' Remuneration

### Administrators' Remuneration

- A significant amount of time in undertaking this engagement has not been charged.
- The Administrators' have incurred fees in the amount of \$48,061 (excluding GST) for the period 27 July 2018 to 19 August 2018 and are estimated to incur fees totaling approximately \$65,000 (excluding GST) to the end of the voluntary administration period (estimated to be 31 August 2018).
- Despite the costs to be incurred, in accordance with the Administrators' first circular to creditors, the Administrators have agreed to cap the amount of remuneration at \$50,000 (excluding GST) for the voluntary administration period, on the basis the voluntary administration concludes at the second meeting of creditors to be held on 31 August 2018.
- Pursuant to Section 449E of the Act, the Administrators' remuneration can be fixed at the Second Meeting of Creditors.
- The Administrators will only draw remuneration based on actual time incurred to the capped amount. Based on forecasted fees, the Administrators will be required to write-off a significant portion of their professional fees.

### Total Remuneration

- **Appendix 4** provides the Administrators' Remuneration Report seeking approval from creditors for the periods, as detailed in the adjacent table.
- The amount listed for Liquidators' remuneration is an interim estimate only.

### Administrators receipts and payments

- The receipts and payments from 27 July 2018 to 20 August 2018 are included in the Administrators Remuneration Report enclosed as **Appendix 4**.

Period	Amount (\$) excluding GST and Disbursements
<u>Administrators</u>	
27 July 2018 to 19 August 2018	48,061
20 August 2018 to 30 August 2018	1,939
<u>Liquidators (If Appointed)</u>	
31 August 2018 to completion	20,000
<u>Internal Disbursements</u>	
27 July 2018 to completion of the liquidation	250



# XI. Opinion and Recommendation to Creditors

## What Creditors can Decide at the Meeting

- At the second meeting of creditors, creditors are required to decide whether the:
  - Club should execute a DOCA
  - Administration of the Club should end, or
  - Club should be wound up.
- In accordance with the requirements of Section 75-225 of the *Insolvency Practice Rules (Corporations) 2016*, the Administrators must provide an opinion on each of the above options, and whether the option is in the creditors' interests.

## Administrators' Opinions on the Options Available to Creditors

### 1. Execution of a deed of Club arrangement

- As no DOCA has been proposed, creditors cannot resolve to accept a DOCA at this time. Therefore, ***we do not consider it would be in the creditors' interests for the Club to execute a DOCA.***
- It remains an option for creditors to consider whether they may wish to adjourn the forthcoming meeting of creditors to allow time for a DOCA proposal to be submitted.

### 2. The Administration comes to an end

- If the creditors vote for this alternative, control of the Club would revert to the Executive Committees following the second meeting to be held on 10 August 2018.
- The Club is insolvent with no assets to pay all of the Club's debts and no confirmed prospects of obtaining external funding. In that regard, we do not consider that it is in the creditors' interests for the administration to end.

### 3. The Club is wound up

- Absent of any other options available, we consider that it would be in the creditors' interests for the Club to be wound up.

Dated this 24th day of August 2018



**Daniel Woodhouse**  
**Joint and Several Administrator**

# Annexure 1 - Glossary and Terms of Reference

Item	Definition
<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>Club</b>	The Western Australian Club (Inc)
<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>ERV</b>	Estimated realisable value
<b>FEG</b>	Fair Entitlements Guarantee Scheme
<b>FY</b>	Financial Year
<b>GST</b>	Goods and Services Tax, as applicable in Australia
<b>NPAT</b>	Net profit after tax
<b>PPSR</b>	Personal Property Securities Register
<b>RATA</b>	Report as to affairs
<b>YTD</b>	Year to date

## Terms of Reference

- This report has been prepared for the creditors of Club to assist them in evaluating their position as creditors and in deciding on the Club's future. None of the Administrators, 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 Club's records, the Executive Committees and management of the Club 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.



## Annexure 2 – Creditor Information Sheet

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Source: ASIC and Club records



**ASIC**  
Australian Securities &  
Investments Commission

## Liquidation: A guide for creditors

If a company is in financial difficulty, its shareholders, creditors or the court can put the company into liquidation.

This information sheet (INFO 45) provides general information for unsecured creditors of companies in liquidation. It covers:

- [who creditors are](#)
- [the purpose of liquidation](#)
- [the liquidator's role](#)
- [reporting to creditors](#)
- [recoveries from creditors](#)
- [creditors' meetings](#)
- [voting at creditors' meetings](#)
- [proposals to creditors without a meeting](#)
- [committee of inspection](#)
- [approval of liquidator's fees](#)
- [payment of dividends](#)
- [other creditor rights](#)
- [secured creditor rights](#)
- [directors and liquidation](#)
- [conclusion of liquidation](#)
- [queries and complaints](#)

### Who is a creditor?

You are a creditor of a company if the company owes you money. Usually, a creditor is owed money because they have provided goods or services, or made loans to the company.

A retail customer of a company in liquidation may also be a creditor if they have partly or fully paid for goods and services that they have not received.

An employee owed money for unpaid wages and other entitlements is a creditor.

A person who may be owed money by the company if a certain event occurs (e.g. if they succeed in a legal claim against the company) is also a creditor, and is sometimes referred to as a 'contingent' creditor.

There are generally two categories of creditor – secured and unsecured:

- A secured creditor is someone who holds a security interest, such as a mortgage, in some or all of the company's assets, to secure a debt owed by the company. Lenders usually require a security interest in company assets when they provide a loan. Security interests over personal property other than land are registered on the Personal Property Securities Register (PPSR) if the creditor wants to ensure their security interest is enforceable and accorded priority in an insolvency. You can search the PPSR to find out if anyone holds a security interest (other than a mortgage over land) in the company's assets.
- An unsecured creditor is a creditor who does not hold a security interest in the company's assets.

Employees are a special class of unsecured creditors. In a liquidation, their outstanding entitlements are paid in priority to the claims of other unsecured creditors. If you are an employee, see [Information Sheet 46 \*Liquidation: A guide for employees\*](#) (INFO 46).

All references in this information sheet to 'creditors' relate to unsecured creditors unless otherwise stated.

## The purpose of liquidation

The purpose of liquidation of an insolvent company is to have an independent and suitably qualified person (the liquidator) take control of the company so that its affairs can be wound up in an orderly and fair way for the benefit of all creditors.

There are two types of insolvent liquidation:

- creditors' voluntary liquidation
- court liquidation.

The most common type is a creditors' voluntary liquidation, which usually begins in one of two ways:

- creditors vote for liquidation following a voluntary administration or a terminated deed of company arrangement
- an insolvent company's shareholders resolve to liquidate the company and appoint a liquidator.

In a court liquidation, a liquidator is appointed by the court to wind up a company following an application (usually by a creditor). Others, including a director, a shareholder and ASIC, can also make a winding-up application to the court.

After a company goes into liquidation, unsecured creditors cannot commence or continue legal action against the company, unless the court permits.

It is possible for a company in liquidation to also be in receivership: see [Information Sheet 54 \*Receivership: A guide for creditors\*](#) (INFO 54).

## The liquidator's role

When a company is being liquidated because it is insolvent, the liquidator has a duty to all the company's creditors. The liquidator's role is to:

- collect, protect and realise the company's assets
- investigate and report to creditors about the company's affairs, including any unfair preferences that may be recoverable, any uncommercial transactions that may be set aside, and any possible claims against the company's officers
- inquire into the failure of the company and possible offences by people involved with the company and report to ASIC
- after payment of the costs of the liquidation, and subject to the rights of any secured creditor, distribute the proceeds of realisation – first to priority creditors, including employees, and then to unsecured creditors.

Except for lodging documents and reports required under the *Corporations Act 2001* (Corporations Act), a liquidator is not required to incur an expense in relation to the winding up unless there are enough assets to pay their costs.

If the company is without sufficient assets, one or more creditors may agree to reimburse a liquidator's costs and expenses of undertaking investigations and taking action to recover further assets for the benefit of creditors.

In this case, if additional assets are recovered, the liquidator or particular creditor can apply to the court for the creditor to be compensated for the risk involved in funding the liquidator's recovery action.

If a liquidator suspects that people involved with the company may have committed offences and the liquidator reports this to ASIC, the liquidator may also be able to apply to ASIC for funding to carry out a further investigation into the allegations.

## Reporting to creditors

The liquidator will send the following to creditors:

- initial information about creditors' rights in the liquidation
- a statutory report within three months after their appointment
- such other reports as the liquidator decides or that are reasonably requested by creditors.

### Initial information

Within 10 business days after their appointment as liquidator in a creditors' voluntary liquidation (or 20 business days for a court liquidator), the liquidator must give creditors notice of their appointment and information advising creditors of the following:

- their right to request information, reports and documents
- their right to direct that a meeting of creditors be held
- their right to give directions to the liquidator
- their right to appoint a reviewing liquidator
- their right to remove and replace the liquidator
- in a creditors' voluntary liquidation, a summary of the company's affairs and a listing of the names, addresses and estimated amounts owed to the company's creditors (and identifying if any of the creditors are related entities of the company).

The liquidator must also send with this information an initial remuneration notice if they propose to seek fee approval during the liquidation: see [Information Sheet 85 Approving fees: A guide for creditors](#) (INFO 85).

### Statutory report

The liquidator must provide a report to creditors within three months after their appointment containing information about:

- the estimated amount of assets and liabilities of the company
- inquiries undertaken and further inquiries that may need to be undertaken relating to the winding up of the company
- what happened to the business of the company
- the likelihood of creditors receiving a dividend before the affairs of the company are fully wound up
- possible recovery actions.

The report may provide additional information relevant to the liquidation or notify creditors about whether the liquidator proposes to convene a meeting of creditors. The liquidator might also attach details of a proposal to creditors to consider and vote on without the need to hold a meeting. Information about meetings of creditors and voting on proposals without a meeting is included below.

A copy of the report must be lodged with ASIC. A copy of this report may be obtained by searching the [ASIC registers](#) and paying the relevant fee.

### Other reports

There is no statutory requirement for the liquidator to provide further reports to creditors. However, a liquidator will often provide further reports to creditors updating them on the conduct of the liquidation.

Creditors can request that the liquidator provide a report. The liquidator must comply with a reasonable request. See the information at 'Other creditor rights' below.

## Recoveries from creditors

A liquidator has the ability to recover, for the benefit of all creditors, certain payments (known as unfair preferences) made by the company to individual creditors in the six months before the start of the liquidation.



Broadly, a creditor receives an unfair preference if, during the six months prior to liquidation, the company is insolvent, and the creditor suspects the company is insolvent and receives payment of their debt (or part of it) ahead of other creditors. To be an unfair preference, the payment must put the creditor receiving it in a more favourable position than other unsecured creditors.

Not all payments from the company to a creditor in the six months before liquidation are unfair preferences. The Corporations Act provides various defences to an unfair preference claim.

If a liquidator seeks to recover a payment that has been made to you, you may wish to obtain independent legal advice on the merits of the liquidator's claim before repaying any money.

## Creditors' meetings

A liquidator may call a creditors' meeting from time to time to inform creditors of the progress of the liquidation, to find out their wishes on a particular matter or seek approval of the liquidator's fees.

You may also use a creditors' meeting to ask questions about the liquidation and inform the liquidator about your knowledge of the company's affairs.

### Meetings during a court liquidation

In a court liquidation, the liquidator is not required to call a creditors' meeting unless a matter requires creditor approval.

The liquidator can call a creditors' meeting at any time and must also call a meeting if:

- a committee of inspection directs it (where there is a committee of inspection)
- creditors pass a resolution requiring the liquidator call a meeting
- at least 25% in value of creditors direct the liquidator to do so in writing
- less than 25% but more than 10% in value of creditors direct the liquidator to do so in writing and they provide security for the costs of calling and holding the meeting.

The liquidator is not required to comply with a direction to call a meeting given by a committee of inspection or creditors if that direction is not reasonable. There are rules governing when a direction is not reasonable, including if the liquidator, acting in good faith, thinks that:

- complying with the direction would cause substantial prejudice to the interests of creditors or a third party and the prejudice outweighs the benefits of complying with the direction
- there is insufficient available property to comply with the direction.

If the direction is not reasonable, the liquidator must notify the person or body that gave the direction and set out reasons why it is not reasonable. Even if the liquidator decides not to comply with a direction and convene a meeting because it is not reasonable, if the person or body who gave the direction agrees to pay the costs of calling and holding the meeting, and security for those costs is provided if the liquidator requires it, the liquidator must convene the meeting.

**Note:** See the Insolvency Practice Rules (Corporations) 2016 – s75-250.

### Meetings during a creditors' voluntary liquidation

In a creditors' voluntary liquidation, the liquidator is not required to call a creditors' meeting unless a matter requires creditor approval.

The liquidator can call a creditors' meeting at any time and if directed to do so by one of the ways outlined above for court liquidation.

In addition, the liquidator in a creditors' voluntary liquidation must call a meeting if:

- less than 25% but more than 5% in value of creditors direct the liquidator to do so in writing
- none of the creditors who give the direction is a related entity in relation to the company
- the direction is given no more than 20 business days after the resolution for the voluntary winding up of the company is passed.

Creditors might direct a meeting be held to ask questions about the liquidation, inform the liquidator about their knowledge of the company's affairs or to consider replacing the liquidator if they have a concern about the independence of the liquidator appointed by the company's shareholders.

As with a court liquidation, the liquidator is not required to comply with a direction by the committee of inspection or creditors to call a meeting if that direction is not reasonable, but they must notify the person or body that gave the direction and set out reasons why it is not reasonable.

## Minutes of meetings

The chairperson of a creditors' meeting (usually the liquidator or one of their senior staff) must prepare minutes of the meeting and a record of those who were present at the meeting and lodge them with ASIC within one month. A copy of the minutes of meeting may be obtained by searching the [ASIC registers](#) and paying the relevant fee.

## Voting at a creditors' meeting

To vote at a creditors' meeting you must lodge details of your debt or claim with the liquidator. Often, the liquidator will provide you with a form called a 'proof of debt' to be completed and returned before the meeting.

The chairperson of the meeting decides whether or not to accept the debt or claim for voting purposes. The chairperson may decide that a creditor does not have a valid claim. In this case, they may not allow the creditor to vote at all. If the chairperson is in doubt whether to accept the debt or claim, they must mark the vote as objected to and allow the creditor to vote subject to the vote being declared invalid if the objection is sustained. This decision is only for voting purposes. It is not relevant to whether a creditor will receive a dividend.

An appeal against a decision by the chairperson to accept or reject a proof of debt or claim for voting purposes may be made to the court within 10 business days after the decision.

## Voting by proxy

You may appoint an individual as proxy to attend and vote at a meeting on your behalf. Creditors who are companies will have to nominate a person as proxy so that they can participate in the meeting. This is done using a form sent out with the notice of meeting. The completed proxy form must be provided to the liquidator before the meeting.

An electronic form of proxy may be used if the liquidator allows electronic lodgement, provided there is a way to authenticate the appointment of the proxy (e.g. by scanning and emailing a signature or using a digital signature).

You can specify on the proxy form how the proxy is to vote on a particular resolution and the proxy must vote in accordance with that instruction. This is called a 'special proxy'. Alternatively, you can leave it to the proxy to decide how to vote on each of the resolutions put before the meeting. This is called a 'general proxy'.

You can appoint the chairperson to represent you either through a special or general proxy. The liquidator or one of their partners or employees must not use a general proxy to vote in favour of a resolution approving payment of the liquidator's fees.

## Manner of voting

A vote on any resolution put to a creditors' meeting may be taken by creditors stating aloud their agreement or disagreement, or by a more formal voting procedure called a 'poll'.

If voting is by verbally signalling agreement, the resolution is passed if a majority of those present indicate agreement. It is up to the chairperson to decide if this majority has been reached.

After the vote, the chairperson must tell those present whether the resolution has been passed or lost. If the chairperson is unable to determine the outcome of a resolution on verbal agreement, they may decide to conduct a poll.

Alternatively, a poll can be demanded by a person participating and entitled to vote at the meeting. If a poll is demanded, it must be taken immediately.

The chairperson will determine how this poll is taken.

If you intend to demand that a poll be taken, you must do so before, or as soon as, the chairperson has declared the result of a vote taken by voices.

When a poll is conducted, a resolution is passed if both:

- more than half the number of creditors who are voting (in person or by proxy) vote in favour of the resolution
- those creditors who are owed more than half of the total debt owed to creditors at the meeting vote in favour of the resolution.

This is referred to as a 'majority in number and value'. If a majority in both number and value is not reached under a poll (often referred to as a deadlock), the chairperson has a casting vote.

### Chairperson's casting vote

When a poll is taken and there is a deadlock, the chairperson may use their casting vote (except for resolutions to approve their remuneration) either in favour of or against the resolution. Where the resolution relates to their removal as liquidator, the chairperson may only exercise the casting vote in favour of their removal. The chairperson may also decide not to use their casting vote, in which case the deadlocked resolution is not passed.

The chairperson must inform the meeting, and include in the written minutes of meeting that are lodged with ASIC, of the reasons why they exercised their casting vote in a particular way or why they chose not to use their casting vote.

If you are dissatisfied with how the chairperson exercised their casting vote or failed to use their casting vote, you may, in specified circumstances, apply to court for a review of the chairperson's decision. The court may vary or set aside the resolution or order that the resolution is taken to have been passed.

### Votes of related creditors

If directors and shareholders, their spouses and relatives and other entities controlled by them are creditors of the company, they are entitled to attend and vote at creditors' meetings.

If a resolution is passed or defeated based on the votes of these related creditors and you are dissatisfied with the outcome, you may, in specified circumstances, apply to court for the resolution to be set aside and/or for a fresh resolution to be voted on without related creditors being entitled to vote. Certain criteria must be met before the court will make such an order (e.g. the original result of the vote being against the interests of all or a class of creditors).

## Proposals to creditors without a meeting

Instead of convening a creditors' meeting, the liquidator can put proposals to creditors by giving notice in writing.

This notice must be given to each creditor who would be entitled to receive notice of a meeting and:

- include a statement of the reasons for the proposal and the likely impact the proposal will have on creditors
- invite the creditor to either:
  - vote 'yes' or 'no' for the proposal
  - object to the proposal being resolved without a meeting
- specify a reasonable time for creditors' replies to be received by the liquidator.

To vote on the proposal, a creditor must lodge details of their debt or claim with the liquidator and complete the voting documents provided by the liquidator.

Creditors can vote 'yes' or 'no' on the proposal or object to the proposal being resolved without a creditors' meeting. You should return your response to the liquidator within the time specified in the notice, which must be at least 15 business days after the notice is given to creditors.

A resolution is passed if the majority of creditors in number and value who responded to the notice voted 'yes' and if not more than 25% in value of the creditors who responded objected to the proposal being resolved without a creditors' meeting.

The liquidator should provide creditors enough information to allow them to make an informed decision about the proposal. A creditor should contact the liquidator to obtain further information if they think it necessary for them to make a decision.

The liquidator must lodge with ASIC a statement about the outcome of the proposal. A copy of the outcome of the proposal may be obtained by searching the [ASIC registers](#) and paying the relevant fee.

## Committee of inspection

A committee of inspection may be formed to assist and advise the liquidator in both a court liquidation and creditors' voluntary liquidation. The committee of inspection also monitors the conduct of the liquidator, may approve certain steps in the liquidation and may give directions to the liquidator. The liquidator must have regard to, but is not always required to comply with, such directions.

The committee may be formed by resolution passed at any meeting of creditors called for that purpose. Creditors also decide who are to be appointed members of the committee of inspection.

All creditors are entitled to stand for committee membership. Members appointed to the committee of inspection represent the interests of all creditors.

If a creditor is a company, the creditor can nominate, in writing, an individual to represent it on the committee.

A person can be appointed as a member of the committee of inspection:

- by resolution of creditors
- by a creditor, or group of creditors, owed at least 10% of the value of creditors' claims
- by an employee, or group of employees, owed at least 50% in value of outstanding employee entitlements.

A member of the committee of inspection must not directly or indirectly derive any profit or advantage from the external administration of the company.

A committee of inspection has various powers and functions; including to:

- approve the remuneration of the liquidator
- direct the liquidator to convene a meeting of creditors
- request the liquidator to give information, provide a report or produce a document
- obtain specialist advice or assistance (with the prior approval of the liquidator or the court) that the committee considers desirable relating to the conduct of the liquidation.

The liquidator is not required to comply with a direction to convene a meeting or give information if that request is not reasonable. The rules mentioned under the heading 'Meetings during a court liquidation' about when a direction is not reasonable apply to directions given to a liquidator by a committee of inspection.

A committee of inspection can determine its own procedures and exercises its powers through resolutions passed at meetings of the committee. A resolution is passed by a majority in number of its members present at a meeting. The committee of inspection can only act if a majority of its members attend.

Minutes of meetings of the committee of inspection must be prepared and lodged with ASIC within one month. A copy of the minutes of committee of inspection meetings may be obtained by searching the [ASIC registers](#) and paying the relevant fee.

ASIC is entitled to attend a meeting of the committee of inspection.

## Approval of liquidator's fees

A liquidator is entitled to be paid for the work they perform. Generally, their fees will be paid from available assets, before any payments are made to creditors. They may have also arranged for a third party to pay any shortfall in their fees if there aren't any assets.

The fees cannot be paid until the amount has been approved by creditors, a committee of inspection or the court. Alternatively, the liquidator may put a proposal to creditors to approve their fees without holding a meeting.

**Note:** If fees are not approved by the relevant decision-making body, and the liquidation commenced on or after 1 September 2017, the liquidator is entitled to be paid reasonable fees up to a maximum of \$5,000 excluding GST (indexed annually from 1 July 2017).

If you are asked to approve fees, either at a general meeting of creditors or at a meeting of a committee of inspection or by a proposal put to creditors without a meeting, the liquidator must give you, at the same time as the notice of the meeting or with the proposal, a report that contains sufficient information for you to assess whether the fees claimed are reasonable. This report should be in simple language and set out:

- a summary description of the major tasks performed or likely to be performed
- the costs of completing those tasks and how those costs were calculated
- the periods when funds will be drawn to pay the fees
- the estimated total amount, or range of amounts, of total fees
- an explanation of the likely impact the fees will have on any dividends to creditors
- such other information that will assist in assessing the reasonableness of the fees claimed.

If you are in any doubt about how the fees were calculated, ask for more information.

If you do not think the fees are reasonable, you should raise your concerns with the liquidator.

Generally, if fees are approved and you wish to challenge the decision, you may apply to court and ask the court to review the fees. You may wish to seek your own legal advice if you are considering applying for a court review of fees.

Apart from fees, the liquidator is entitled to reimbursement for out-of-pocket expenses that have arisen in carrying out their administration. This reimbursement may require creditor, committee of inspection or court approval.

For further information, see [Information Sheet 85 Approving fees: A guide for creditors](#) (INFO 8 ).

## Payment of dividends

If there are funds left over after payment of the costs of the liquidation and payments to other priority creditors, including employees, the liquidator will pay these to unsecured creditors as a dividend. Generally, the order in which funds are distributed is:

- costs and expenses of the liquidation, including liquidators' fees
- outstanding employee wages and superannuation
- outstanding employee leave of absence (including annual leave and long service leave)
- employee retrenchment pay
- unsecured creditors.

Each category is paid in full before the next category is paid. If there are insufficient funds to pay a category in full, the available funds are paid on a pro rata basis (and the next category or categories will be paid nothing).

## Proving your debt

Before any dividend is paid to you for your debt or claim, you will need to give the liquidator sufficient information to prove your debt.

The liquidator will notify you if there are likely to be funds available for distribution and must call for formal proof of debt forms to be lodged. At least 14 days notice of the deadline for lodging the proof must be given.

This notice must be given to each person claiming to be a creditor whose debt or claim has not already been admitted by the liquidator. It must also be published on ASIC's [Published notices](#) website. A copy of the formal proof of debt form will be sent to you with the notice.

You should attach copies of any relevant invoices or other supporting documents to the proof of debt form, as your debt or claim may be rejected if there is insufficient evidence to support it.

If a creditor is a company, the proof of debt form must be signed by a person authorised by the company to do so.

The completed proof of debt form must be delivered or posted to the liquidator. When submitting your claim, ask the liquidator to acknowledge receipt of your claim and advise if any further information is needed.

The liquidator must notify you within seven days if they reject your claim. If you are dissatisfied with the decision, your first step should be to promptly contact the liquidator to see if you can resolve the matter.

If you can't resolve the matter with the liquidator, you may wish to seek your own legal advice, as you have a limited time to appeal to the court. The liquidator will notify you of this time in the notice of rejection. It must be at least 14 days after you receive the notice. The court has the power to extend the time to appeal. If you don't appeal within this time, the liquidator's decision on your claim is final.

If you have a query regarding the calculation of your claim, or the timing of the payment, discuss this with the liquidator.

## Other creditor rights

As well as the various rights involving meetings and participation in dividends discussed above, the other rights of creditors include the right to:

- request the liquidator give information, provide a report or produce a document
- inspect certain books of the liquidator
- inform the liquidator about your knowledge of matters relevant to the affairs of the company in liquidation
- appoint a reviewing liquidator
- remove and replace the liquidator by resolution passed at a meeting of creditors
- complain to ASIC or the court about the liquidator's conduct in connection with their duties.

### Request for information

Creditors can, by resolution passed at a meeting of creditors or individually, request the liquidator to give information, provide a report or produce a document.

The liquidator must comply with this request unless:

- the information, report or document is not relevant to the liquidation
- the liquidator would breach their duties if they complied with the request
- it is not reasonable to comply with the request.

There are rules governing when a direction is not reasonable, including if the liquidator, acting in good faith, thinks that:

- complying with the request would substantially prejudice the interests of one or more creditors or a third party and that the prejudice outweighs the benefits of complying with the request
- the information would be privileged from production in legal proceedings
- there is not sufficient available property to comply with the request
- the law requires the information to be provided by the liquidator within 20 business days of the request being made.

If the direction is not reasonable, the liquidator must notify the requesting party and set out reasons why the request is not reasonable.

If the requesting party agrees to pay the costs of providing the information and security for those costs is provided if the liquidator requires it, the liquidator must comply with the request.

### Liquidator's books

Liquidators must keep sufficient books to give a complete and correct record of their administration of the company's affairs. These include minutes of meetings and details of all the receipts and payments for the liquidation.

These books must be available at the liquidator's office for inspection by creditors and shareholders.



Copies of minutes of meetings and detailed lists of receipts and payments, as well as a number of other documents, must also be lodged with ASIC. Copies of these documents may be obtained by searching the [ASIC registers](#) and paying the relevant fee.

## Informing the liquidator

The liquidator must report to ASIC if they suspect that anyone connected to the company may have committed an offence. If you have any information that might assist in preparing such a report, you should let the liquidator know.

These reports are not available for inspection. ASIC reviews these reports and decides whether to take further action, such as banning a person from acting as a company director for a period of time or charging the person with a criminal offence. ASIC considers a range of factors when deciding what action, if any, to take. For further information, see [Information Sheet 151](#) *ASIC's approach to enforcement* (INFO 151).

## Appoint a reviewing liquidator

Creditors can resolve to appoint a reviewing liquidator to carry out a review into fees and/or costs incurred by the liquidator. In addition, one or more creditors with the agreement of the liquidator may appoint a reviewing liquidator.

This review is limited to:

- remuneration approved within the six months before the reviewing liquidator is appointed
- costs or expenses incurred during the 12-month period before the reviewing liquidator is appointed (unless the liquidator agrees to a longer period).

The reviewing liquidator must be a registered liquidator. A creditor who wishes to appoint a reviewing liquidator must approach a registered liquidator to get a written consent from that person that they would be prepared to act as reviewing liquidator. The person must also make a written declaration about any relationships they or their firm may have that might affect their independence to act as reviewing liquidator.

The liquidator, and their staff, must cooperate with the reviewing liquidator.

If creditors pass a resolution to appoint a reviewing liquidator, the reviewing liquidator's costs form part of the expenses of the liquidation of the company. If one or more creditors appoint the reviewing liquidator with the consent of the liquidator without passing a resolution, the reviewing liquidator's costs are borne by the creditor(s) appointing the reviewing liquidator.

## Remove and replace the liquidator

Creditors may remove and replace the liquidator at any time by resolution of creditors passed at a creditors' meeting for which at least five business days notice is given.

A creditor who wishes to appoint a replacement liquidator must request that the current liquidator convene a meeting. The liquidator is not required to comply if the request is not reasonable (there are rules about when a request to convene a meeting is reasonable – see the information under the heading 'Meetings during a court liquidation' above). The liquidator must comply with the request if the creditor agrees to pay the cost of calling the meeting, and security for those costs is provided if the liquidator requires it.

The notice of meeting must include details of the proposed resolution and attach a consent to act and declaration of relevant relationships of the proposed replacement liquidator.

Accordingly, a creditor who wishes to remove the current liquidator and appoint a replacement liquidator must approach a registered liquidator to get a written consent from that person that they would be prepared to act as liquidator of the company. The person must also make a written declaration about any relationships they or their firm may have that might affect their independence to act as liquidator.

If the resolution to remove the current liquidator is passed at the meeting, the removal takes effect from when a resolution to appoint the replacement liquidator is passed.

## Applications to the court

The court has the power to make such orders as it thinks fit in relation to an external administration. Creditors and other persons with a financial interest in the external administration can apply to the court for these orders which include:

- an order determining any question arising in the external administration
- an order that a person cease to be appointed as the liquidator and that another registered liquidator be appointed
- orders in relation to remuneration.

Making an application to the court can be costly. You should attempt to resolve any problems with the liquidator and only go to court if this fails.

Liquidators, ASIC and other people can also make applications to the court. For example, a liquidator might apply to have questions decided about powers exercised in a liquidation.

## Secured creditors' rights

If a company fails to meet its obligations under a security interest (e.g. a charge or a mortgage), a secured creditor can appoint an independent and suitably qualified person (a receiver) to take control of and realise some or all of the secured assets (collateral), in order to repay the secured creditor's debt. This right continues after the company goes into liquidation. For more on receivership, see [INFO 54](#).

Another option available to a secured creditor is to ask the liquidator to deal with the collateral for them and account to them for the proceeds and costs of collecting and selling those assets.

A secured creditor is entitled to vote at creditors' meetings for the amount the company owes them that exceeds the amount they are likely to receive from realisation of the collateral. The secured creditor can participate in any dividend to unsecured creditors on a similar basis.

## Directors and liquidation

Directors cannot use their powers after a liquidator has been appointed. They have an obligation to assist the liquidator by:

- advising the liquidator of the location of company property and delivering any such property in their possession to the liquidator
- providing the company's books and records to the liquidator
- advising the liquidator of the whereabouts of other company records
- providing a written report about the company's business, property and financial circumstances within 10 business days of the appointment of the liquidator by the court or within five business days of the appointment of a liquidator in a creditors' voluntary liquidation
- meeting with, or reporting to, the liquidator to help them with their inquiries, as reasonably required
- if required by the liquidator, attending a creditors' meeting to provide information about the company and its business, property, affairs and financial circumstances.

A liquidator has the power to apply to the court to conduct a public examination, under oath, of a director (or other person with information about the company).

Compensation proceedings for amounts lost by creditors as a result of the company trading while insolvent can be initiated against a director personally by ASIC, a liquidator or, in certain circumstances, a creditor.

## Conclusion of liquidation

A liquidation effectively comes to an end when the liquidator has realised and distributed all the company's available property and made their report to ASIC.

The liquidator must lodge a final account of their receipts and payments, called an 'end of administration return' and lodge it with ASIC.

**Note:** For a creditors' voluntary liquidation ending before 1 July 2018, the liquidator must also convene a final meeting of the members and creditors of the company and lodge a return for the final meeting with ASIC.

Alternatively, in a court liquidation, after the liquidator decides that the company's affairs are fully wound up, they may:

- seek an order for release from the court
- seek an order for release and that ASIC deregister the company
- if the liquidation is finalised before 1 July 2018 and there are insufficient assets to obtain a court order for the company's deregistration, request that ASIC deregister the company.

ASIC will deregister the company three months after the end of administration return is lodged (or return for the final meeting of members and creditors in a creditors' voluntary winding up if the administration ends before 1 July 2018).

## Queries and complaints

You should first raise any queries or complaints with the liquidator. If this fails to resolve your concerns, including any concerns about the liquidator's conduct, you can lodge a report of misconduct with ASIC – see [How to complain](#).

Lodging your report of misconduct online ensures the quickest response from ASIC to your concerns.

ASIC usually does not become involved in matters of commercial judgement by a liquidator.

Reports of misconduct against companies and their officers can also be made to ASIC.

If you are unable to report misconduct to ASIC online, you can contact us on 1300 300 630.

## Where can I get more information?

For an explanation of terms used in this information sheet, see [Information Sheet 41 \*Insolvency: A glossary of terms\*](#) (INFO 41). For more on external administration, see the related information sheets listed in [Information Sheet 39 \*Insolvency information for directors, employees, creditors and shareholders\*](#) (INFO 39).

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

## Important notice

Please note that this information sheet is a summary giving you basic information about a particular topic. It does not cover the whole of the relevant law regarding that topic, and it is not a substitute for professional advice. You should also note that because this information sheet avoids legal language wherever possible, it might include some generalisations about the application of the law. Some provisions of the law referred to have exceptions or important qualifications. In most cases your particular circumstances must be taken into account when determining how the law applies to you.

This is **Information Sheet 45 (INFO 45)** updated on 1 September 2017. Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

Last updated: 01/09/2017 07:47



## Annexure 3 – DIRRI

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Source: ASIC and Club records

**THE WESTERN AUSTRALIAN CLUB (INC) ABN 52 785 072 589  
(ADMINISTRATORS APPOINTED) ("CLUB" OR "ASSOCIATION")**

**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 Association and others within the previous 24 months;
  - iii. Any prior professional services for the Association 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 Ian Francis and I, Daniel Woodhouse, our fellow Senior Managing Directors/Managing Directors, FTI Consulting (Australia) Pty Ltd ("**FTI Consulting**" or "**Firm**") and associated entities.

**A. INDEPENDENCE**

Ian Francis and I, Daniel Woodhouse of FTI Consulting, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Joint and Several Administrators of the Association 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 the Club's Treasurer, Mr Frank Alderton, of Alderton Financial. We believe that this referral does not result in us having a conflict of interest or duty because of the following reasons:

- a) Alderton Financial refers insolvency-related work to FTI Consulting from time to time. Neither us nor FTI Consulting have any formal or informal referral arrangements with Alderton Financial, 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 Alderton Financial, who are one 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 Alderton Financial is 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;
- 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.

Mr Frank Alderton held a telephone discussion with Mr Daniel Woodhouse on Friday, 27 July 2018, during which the following was discussed:

- The financial situation of the Club; and
- The various options available to the Club including the voluntary administration process.

Later that afternoon, the Executive Committee appointed us as Voluntary Administrators.

We were not paid for the provision of our advice by The Western Australian Club (Inc).

The telephone discussion does not affect our independence for the following reasons:

- the Courts and the ARITA's Code of Professional Practice specifically recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment;
- the nature of the advice provided to the Association is such that it would not be subject to review and challenge during the course of our appointment;
- no advice has been given to the directors in their capacity as directors of the Association or in relation to their personal capacity; and
- 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 and Several Administrators of the Association in an objective and impartial manner.

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

Neither we, nor FTI Consulting, have, or have had within the preceding 24 months, any relationships with the Association, an associate of the Association, a former insolvency practitioner appointed to the Association, or any person or entity that has security over the whole, or substantially the whole of the Association's property.

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

Neither we, nor our Firm have provided any professional services to the Association in the previous 24 months except for the services detailed in section (i) above.

**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 Association, an associate of the Association, a former insolvency practitioner appointed to the Association or any person or entity that has security over the whole or substantially whole of the Association's property that should be disclosed.

**C. INDEMNITIES AND UP-FRONT PAYMENTS**

The Executive Committee of the Club has approached members for donations in respect to funding the ongoing trading of the Club during the administration whilst a restructure proposal was explored.

We have been provided with the following payments for the conduct of this administration:

Name	Relationship with the Club	Nature of indemnity or payment
WA Club (2018) Pty Ltd	Directors are members of the Clubs' Committee	A payment of \$10,000 was paid into the FTI Consulting trust account to cover on going trading liabilities of the administration

  
.....  
**Daniel Woodhouse**  
.....  
**Ian Francis**

Date: 24 August 2018

**NOTE:**

1. If circumstances change, or new information is identified, I am/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 my/our next communication as well as table a copy of any replacement declaration at the next meeting of 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.



## Annexure 4 – Remuneration Approval Report

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Source: ASIC and Club records



24 AUGUST 2018

# REMUNERATION APPROVAL REPORT

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THE WESTERN AUSTRALIAN CLUB (INC)  
(ADMINISTRATORS APPOINTED)

# Introduction

## Information included in report

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 and the cost of our internal disbursements for undertaking the Voluntary Administration of The Western Australian Club (Inc) (Administrators Appointed) ABN 52 785 072 589.

This report has the following information included:

<b>Introduction.....</b>	<b>1</b>
<b>Part 1: Declaration .....</b>	<b>1</b>
<b>Part 2: Executive Summary .....</b>	<b>1</b>
<b>Part 3: Remuneration.....</b>	<b>2</b>
<b>Part 4: Disbursements.....</b>	<b>6</b>
<b>Part 5: Summary of Receipts and Payments.....</b>	<b>8</b>
<b>Part 6: Queries .....</b>	<b>8</b>
<b>Schedule 1: Table of major tasks for resolution 1 remuneration approval .....</b>	<b>9</b>
<b>Schedule 2: Table of major tasks for resolution 2 remuneration approval .....</b>	<b>12</b>
<b>Schedule 3: Table of major tasks for resolution 3 remuneration approval .....</b>	<b>14</b>
<b>Schedule 4: Receipts and Payments from 27 July to 22 August 2018.....</b>	<b>16</b>
<b>Schedule 5: FTI Consulting Schedule of Rates.....</b>	<b>17</b>

## Part 1: Declaration

Ian Charles Francis and I, Daniel Woodhouse, of FTI Consulting have undertaken a proper assessment of the claims for remuneration and for the appointment as Voluntary Administrators of The Western Australian Club (Inc) (Administrators Appointed) ABN 52 785 072 589 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.

## Part 2: Executive Summary

### Remuneration

I currently estimate the total remuneration for this appointment for the period to 27 July 2018 to the finalisation of the Voluntary Administration to be \$50,000 plus GST.

This is consistent with my previous estimated total remuneration.

Remuneration claimed is summarised below in Table 1 below:

**Table 1: Current claim for remuneration**

Period	Report Reference	Amount (excl GST) \$
<b>Voluntary Administration</b>		
Resolution 1: 27 July 2018 to 19 August 2018 (inclusive)	Schedule 1	48,061.00
Resolution 2: 20 August 2018 to 31 August 2018	Schedule 2	1,939.00
<b>Total</b>		<b>50,000.00</b>
<b>Liquidation</b>		
Resolution 3: 1 September to the Conclusions of the Liquidation (inclusive)*	Schedule 3	20,000.00

\* Approval for the future remuneration sought is based on an the agreed capped amount of \$50,000 to be claimed during the Administration. If a lesser amount is incurred, we will limit our remuneration to that lesser amount.

**Table 2: Current claim for internal disbursements**

Period	Report Reference	Amount (excl GST) \$
<b>Voluntary Administration</b>		
Resolution 4: 20 August 2018 to 31 August 2018 (inclusive)		250.00

## 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 27 July 2018 to 19 August 2018 (inclusive)**

The remuneration of the Voluntary Administrators of The Western Australian Club (Inc) ABN 52 785 072 589 (Administrators Appointed) for the period 27 July 2018 to 19 August 2018 (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 48,061.00 plus GST and the Voluntary Administrators can draw the remuneration.

**Resolution 2: Remuneration from 20 August 2018 to 31 August 2018 (inclusive)**

The future remuneration of the Voluntary Administrators of The Western Australian Club (Inc) ABN 52 785 072 589 (Administrators Appointed) for the period from 20 August 2018 to 31 August 2018 (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Voluntary Administrators 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 a capped amount of \$1,939.00 plus GST, and the Administrators can draw the remuneration.

**Resolution 3: Remuneration from 1 September 2018 to the Conclusion of the Liquidation (inclusive)**

The future remuneration of the Liquidators of The Western Australian Club (Inc) ABN 52 785 072 589 for the period from 1 September 2018 to the conclusion 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 20,000 plus GST, and the Liquidators can draw the remuneration as required.

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 3.

**Resolution 1: Remuneration from 27 July 2018 to 19 August 2018 (inclusive)**

The below table sets out time charged to each major task area by staff members working on the Voluntary Administration for the period 27 July 2018 to 19 August 2018 (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 4.

Time charged to each major task area

Employee	Position	Rate/hour excl GST \$	Total actual hours	Total (excl GST) \$	Task Area				
					Assets \$	Creditors \$	Employees \$	Trade On \$	Administration \$
Ian Francis	Senior Managing Director	625.00	1.50	937.50	0.00	0.00	0.00	437.50	500.00
Daniel Woodhouse	Managing Director	580.00	18.20	10,556.00	580.00	754.00	0.00	2,842.00	6,380.00
Andrew Clowes	Senior Consultant II	440.00	17.30	7,612.00	0.00	1,408.00	0.00	5,016.00	1,188.00
Carlos Bourgy	Consultant II	360.00	0.70	252.00	0.00	0.00	0.00	252.00	0.00
Damon Brankstone	Associate II	280.00	100.80	28,224.00	1,176.00	3,248.00	420.00	18,564.00	4,816.00
Claire Rees	Administration II	185.00	1.00	185.00	0.00	0.00	0.00	0.00	185.00
Selina Naylor	Administration I	155.00	1.90	294.50	0.00	0.00	0.00	0.00	294.50
<b>Total</b>			<b>141.40</b>	<b>48,061.00</b>	<b>1,756.00</b>	<b>5,410.00</b>	<b>420.00</b>	<b>27,111.50</b>	<b>13,363.50</b>
GST				4,806.10					
<b>Total (including GST)</b>				<b>52,867.10</b>					
<b>Average hourly rate (excluding GST)</b>				<b>339.89</b>	<b>337.69</b>	<b>336.02</b>	<b>280.00</b>	<b>322.76</b>	<b>386.23</b>

**Resolution 2: Remuneration from 20 August 2018 to 31 August 2018 (inclusive)**

The below table sets out the expected costs for the major tasks likely to be performed by the Voluntary Administrators and their staff for the period 20 August 2018 to 31 August 2018 (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.

**Expected costs for the major tasks from 20 August 2018 to 31 August 2018 (inclusive)**

Task Area	Amount (excl GST) \$
Assets	500.00
Creditors	7,000.00
Employees	1,000.00
Trade On	5,000.00
Administration	2,000.00
<b>Total (est)</b>	<b>15,750.00</b>

**Resolution 3: Remuneration from 1 September 2018 to Conclusion of the Liquidation (inclusive)**

The below table sets out the expected costs for the major tasks likely to be performed by the Liquidators and their staff for the period 1 September 2018 to the conclusion of the Liquidation (inclusive) which is the basis of the Resolution 3 claim. More detailed descriptions of the tasks likely to be performed within each task area, matching the amounts below, are contained in Schedule 3.

**Expected costs for the major tasks from 1 September 2018 to the conclusion of the Liquidation (inclusive)**

Task Area	Amount (excl GST) \$
Assets	5,000.00
Creditors	8,000.00
Employees	1,000.00
Investigations	3,000.00
Administration	3,000.00
<b>Total (est)</b>	<b>20,000.00</b>

**Total remuneration reconciliation**

At this point in time, I estimate that the total time costs for this Voluntary Administration will be \$63,811 plus GST, however, in accordance with the estimate provided in the Initial Remuneration Notice dated 31 July 2018, I will cap the Voluntary Administrators' remuneration in the amount of \$50,000.00 plus GST.

## Likely impact on dividends

The Act sets the order for payment of claims against the club and it provides for remuneration of the Voluntary Administrators to be paid in priority to other claims. This ensures that when there are sufficient funds, the Voluntary Administrators receives payment for the work done to recover assets, investigate the Club's affairs, report to creditors 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.

## 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.

### Internal disbursement claim resolutions

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

**Resolution 4: Internal disbursements from 20 August 2018 to 31 August 2018 (inclusive)**

The cost of the future internal disbursements of the Voluntary Administrators of The Western Australian Club (Inc) ABN 52 785 072 589 (Administrators Appointed) for the period from 20 August 2018 to 31 August 2018 (inclusive) is determined and approved for payment at a sum equal to the cost of the internal disbursements incurred by the Voluntary Administrators and staff of FTI Consulting, calculated at the rates set out in the Schedule of FTI Consulting Internal Disbursement Rates, up to an initial capped amount of \$250.00 plus GST, and the Voluntary Administrators can draw the cost of those internal disbursements as required.

**Details to support resolutions**

Future internal disbursements will be charged to the administration on the basis of the Schedule of FTI Consulting Internal Disbursement Rates as shown in the table below:

**Schedule of FTI Consulting Internal Disbursement Rates**

Disbursement	Note	Amount excl GST \$
Advertising and search fees		At cost
Courier		At cost
Postage		At cost
Printing and photocopying	Per page	0.50 (b/w) 1.00 (colour)
Facsimile	Per page	1.50 (local) 4.50 (international)
Storage and storage recall		At cost
Staff travel – mileage	ATO rates	Cents per km method
Other staff travel/out of pockets		At cost
Telephone calls and facsimile		\$0.06 per unit of time charged
Storage and storage recall		At cost
Staff travel – mileage	ATO rates	Cents per km method
Other staff travel/out of pockets		At cost

**Remuneration recovered from external sources**

During the Administration, the Executive Committee of the Club approached investors for donations in respect to raising funds for a restructure of the Club's affairs, including necessary funds for the Administrators to continue trading the Club during the voluntary administration.

The total amount of \$10,000 has been provided to the Administrators from members, via a non-recourse loan, to fund the Administrators ongoing trading of the Club.



## Part 5: Summary of Receipts and Payments

A summary of receipts and payments to and from the bank account for the Voluntary Administration for 27 July 2018 to 22 August 2018 appears in Schedule 4.

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 Damon Brankstone on +61.8 9321 8533 or via email on [damon.brankstone@fticonsulting.com](mailto:damon.brankstone@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”).



**Daniel Woodhouse**  
**Joint & Several Administrator**



Damon Brankstone  
(08) 9321 8533  
[damon.brankstone@fticonsulting.com](mailto:damon.brankstone@fticonsulting.com)

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

### 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

The table below provides a description of the work undertaken in each major task area for the period 27 July 2018 to 19 August 2018 (inclusive).

### Work undertaken for the period 27 July 2018 to 19 August 2018 (inclusive)

Task Area	General Description	Includes
<b>Assets</b> <b>5.2 Hours</b> <b>\$1,756.00</b>	Interested Party Engagement	<ul style="list-style-type: none"> <li>Correspondence with interested parties regarding the Club;</li> <li>Providing information to interested parties;</li> <li>Preparing an Information Snapshot</li> <li>Internal meetings to discuss</li> </ul>
	Stock plant and equipment	<ul style="list-style-type: none"> <li>Liaising with valuers, auctioneers and interested parties</li> <li>Reviewing asset listings</li> <li>Reviewing stock values</li> <li>Reviewing valuation in conjunction with various options for the realisation of assets.</li> </ul>
	Cash and bank accounts	<ul style="list-style-type: none"> <li>Communications with Banks to freeze accounts and transfer funds</li> <li>Reconciliation and realisation of cash on hand including petty cash</li> </ul>
<b>Creditors</b> <b>16.1 Hours</b> <b>\$5,410.00</b>	Creditor enquiries	<ul style="list-style-type: none"> <li>Receiving creditor enquiries</li> <li>Maintaining register of creditor enquiries</li> <li>Responding to creditor enquiries by telephone and email</li> </ul>
	Creditor reports & circulars	<ul style="list-style-type: none"> <li>Initial report to creditors</li> <li>Providing DIRRI and Initial Advice on Remuneration to creditors</li> <li>Liaise with creditors regarding substantiation of claims</li> <li>Second report 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>Adjudication on PODs</li> <li>Maintaining POD register</li> </ul>
	Creditor Meetings	<ul style="list-style-type: none"> <li>Preparation of meeting notices, proxies and advertisements</li> <li>Distribution of meeting notices &amp; proxies</li> <li>Attendance at the first meeting of creditors;</li> </ul>

Task Area	General Description	Includes
		<ul style="list-style-type: none"> <li>Preparation of agenda and other documents for meeting</li> <li>Preparation of meeting minutes</li> <li>Responding to queries arising from meeting</li> </ul>
	Creditor Reports	<ul style="list-style-type: none"> <li>Preparing and sending the first report to creditors;</li> <li>Preparing Remuneration Notice and DIRRI</li> </ul>
<b>Employees</b> <b>1.5 Hours</b> <b>\$420.00</b>	Employee enquiries	<ul style="list-style-type: none"> <li>Receiving employee enquiries</li> <li>Providing information about the voluntary administration process to employees</li> <li>Responding to employee enquiries by telephone, and email</li> <li>Communications with employees concerning the administration</li> </ul>
	Entitlements	<ul style="list-style-type: none"> <li>Calculating employees entitlements</li> <li>Addressing staff about payment of their entitlements and outstanding wages.</li> </ul>
<b>Trade On</b> <b>84.0 Hours</b> <b>\$27,111.50</b>	Trade On Management	<ul style="list-style-type: none"> <li>Communications with executive committee and staff</li> <li>Recording trading receipts and collection of cash from trading</li> <li>Make payments in respect to trading liabilities</li> <li>Review and process wages Preparation and authorisation of receipt vouchers</li> <li>Preparation and authorisation of payment of wages</li> <li>Assessing individual functions for profitability before proceeding</li> <li>Multiple analysis on forecast trading during the administration</li> <li>Implement controls and procedures to continue trading</li> <li>Regular meetings with staff to assess daily trading requirements, including ordering</li> <li>Reviewing trading performance during administration</li> <li>Collection of cash from club</li> </ul>
	Processing receipts and payments	<ul style="list-style-type: none"> <li>Accounting procedures including entry of payments and receipts</li> </ul>
	Budgeting and financial reporting	<ul style="list-style-type: none"> <li>Reviewing club's budgets and financial statements</li> </ul>

Task Area	General Description	Includes
		<ul style="list-style-type: none"> <li>Analysis of trading performance (profit/loss)</li> </ul>
<b>Administration</b> <b>34.6 Hours</b> <b>\$13,363.50</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 Executive Committee</li> <li>Advising third parties of appointment including ATO, OSR and utilities</li> </ul>
	General	<ul style="list-style-type: none"> <li>Word processing including correspondence, file notes, agendas and minutes</li> </ul>
	File review/checklist/document maintenance	<ul style="list-style-type: none"> <li>Administration review</li> <li>Document filing and maintenance</li> <li>Updating checklist</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>Communications with broker concerning general insurance requirements</li> <li>Identification and resolution of specific insurance issues</li> <li>Reviewing policies of insurance</li> <li>Communications with Clubs' broker</li> </ul>
	Bank accounts	<ul style="list-style-type: none"> <li>Opening and/or closing bank accounts</li> <li>Bank account reconciliations</li> <li>Procuring and reviewing bank account statements</li> <li>Communications concerning bank account transactions</li> </ul>
	Statutory Documents	<ul style="list-style-type: none"> <li>Preparation of necessary forms (505, DIRRI, RATA)</li> <li>General communications with statutory bodies</li> </ul>
	ATO lodgements	<ul style="list-style-type: none"> <li>Notification of appointment</li> </ul>
	Planning review	<ul style="list-style-type: none"> <li>Ad hoc meetings concerning the status of the administration</li> </ul>
	Storage of books and records	<ul style="list-style-type: none"> <li>Organising and storage of book and records</li> </ul>

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

The below table provides a description of the work undertaken in each major task area for the period 20 August 2018 to 31 August 2018 (inclusive).

### Work undertaken from 20 August 2018 to 31 August 2018 (inclusive)

Task Area	General Description	Includes
<b>Assets</b>  <b>\$500.00</b>	Inventory and PP&E	<ul style="list-style-type: none"> <li>▪ Maintaining stock register and continually review value and saleability;</li> <li>▪ Consider options for realisation;</li> <li>▪ Inventory management controls.</li> </ul>
<b>Creditors</b>  <b>\$7,000.00</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>▪ Receiving and dealing with creditor queries by telephone email and post</li> <li>▪ Maintaining register of creditor enquiries</li> <li>▪ Liaise with creditors regarding substantiation of claims</li> </ul>
	Second Creditor Meetings	<ul style="list-style-type: none"> <li>▪ Organising meeting notices and convening the second meeting of creditors</li> <li>▪ Preparing creditors' brief to be presented at the second meeting</li> <li>▪ Attendance at the second meeting of creditors</li> <li>▪ Preparation and lodgement of the minutes of the second meeting</li> <li>▪ Prepare statutory documents pertaining to convening the second meeting of creditors</li> </ul>
	Processing proofs of debt ("POD")	<ul style="list-style-type: none"> <li>▪ Receiving and filing PODs</li> <li>▪ Maintaining POD register</li> <li>▪ Requesting further documentation where required to substantiate PODs</li> </ul>
<b>Employees</b>  <b>\$1,000.00</b>	Employee Enquiries	<ul style="list-style-type: none"> <li>▪ Receive and respond to employee enquiries</li> </ul>
	General Employee dealings	<ul style="list-style-type: none"> <li>▪ Producing and circulating payment summaries for all employees for post-appointment periods</li> <li>▪ Calculate employees' notice entitlements, if applicable</li> <li>▪ Maintain file register of employee queries</li> </ul>

<b>Trade On</b>  <b>\$5,000.00</b>	Trade On Management	<ul style="list-style-type: none"> <li>▪ Communications with executive committee and staff</li> <li>▪ Recording trading receipts and collection of cash from trading</li> <li>▪ Make payments in respect to trading liabilities</li> <li>▪ Review and process wages Preparation and authorisation of receipt vouchers</li> <li>▪ Preparation and authorisation of payment of wages</li> <li>▪ Reviewing trading performance during administration</li> </ul>
<b>Administration</b>  <b>\$2,000.00</b>	Bank accounts	<ul style="list-style-type: none"> <li>▪ Procuring and reviewing bank account statements; and</li> <li>▪ Ongoing bank account reconciliations</li> </ul>
	Planning review	<ul style="list-style-type: none"> <li>▪ Internal meetings concerning the status of the administration and ongoing strategic direction</li> </ul>
	General correspondence & word processing	<ul style="list-style-type: none"> <li>▪ Word processing including correspondence and file notes</li> <li>▪ Preparing of file notes on internal updates / strategy planning</li> </ul>
	File review/checklist/ document maintenance	<ul style="list-style-type: none"> <li>▪ Updating matter checklist;</li> <li>▪ Administration review</li> <li>▪ Document filing and maintenance</li> </ul>

## Schedule 3: Table of major tasks for resolution 3 remuneration approval

The below table provides a description of the work undertaken in each major task area for the period 1 September 2018 to the Conclusion of the Liquidation (inclusive) .

### Work undertaken for the period 1 September 2018 to the Conclusion of the Liquidation (inclusive)

Task Area	General Description	Includes
<b>Assets</b>  <b>\$5,000</b>	Inventory, Stock and PP&E	<ul style="list-style-type: none"> <li>Engaging valuers and auctioneers to provide options as to the realisation of stock</li> <li>Liaising with interest parties regarding the sale of all or large majority of stock on hand</li> <li>Engage with interested parties and auctioneers regarding sale of the Club's equipment</li> </ul>
	Accounts Receivable	<ul style="list-style-type: none"> <li>Seek to realise the outstanding accounts receivable</li> <li>Invoice and chase payment of outstanding membership fees</li> </ul>
<b>Creditors</b>  <b>\$8,000</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>Receiving and dealing with creditor queries by telephone email and post</li> <li>Liaise with creditors regarding substantiation of claims</li> </ul>
	Second Creditor Meetings	<ul style="list-style-type: none"> <li>Preparing minutes for the second meeting of creditors</li> <li>Finalising minutes of the meeting</li> <li>Corresponding with creditors regarding any queries raised at the second meeting of creditors</li> </ul>
	Creditors Meetings (as required)	<ul style="list-style-type: none"> <li>Preparing circulars to creditors</li> <li>Convening meetings of creditors as required</li> <li>Holding meetings of creditors</li> <li>Prepare minutes of meetings of creditors</li> </ul>
	General	<ul style="list-style-type: none"> <li>Dealing with creditor queries as they arise</li> <li>Recording proof of debts as required</li> <li>Informal reports and updates to creditors as required</li> <li>Liaising with landlords regarding bonds and final debts</li> </ul>
<b>Employees</b>  <b>\$1,000.00</b>	Employee Enquiries	<ul style="list-style-type: none"> <li>Receive and respond to employee enquiries</li> </ul>
	General Employee dealings	<ul style="list-style-type: none"> <li>Producing and circulating payment summaries for all employees for post-appointment periods</li> </ul>

		<ul style="list-style-type: none"> <li>▪ Maintain file register of employee queries</li> </ul>
	Fair Entitlements Guarantee	<ul style="list-style-type: none"> <li>▪ Corresponding with employees regarding submitting FEG claims</li> <li>▪ Communicating with the Department of Employment regarding calculation of FEG claims</li> <li>▪ Liaising with employees regarding any supporting documentation required for FEG claims</li> <li>▪ Investigating discrepancies</li> </ul>
<b>Investigations</b>  <b>\$3,000.00</b>	Investigations	<ul style="list-style-type: none"> <li>▪ Secondary review of all antecedent and voidable transactions</li> <li>▪ Collate supporting documentation in respect to claims</li> <li>▪ Pursue unfair preference payments identified</li> <li>▪ Seek legal advice where required</li> <li>▪ Query additional assets identified in the financial accounts of the Club with the Committee</li> <li>▪ Ongoing review of bank account transactions</li> </ul>
<b>Administration</b>  <b>\$3,000.00</b>	Bank accounts	<ul style="list-style-type: none"> <li>▪ Procuring and reviewing bank account statements; and</li> <li>▪ Ongoing bank account reconciliations</li> </ul>
	Planning review	<ul style="list-style-type: none"> <li>▪ Internal meetings concerning the status of the administration and ongoing strategic direction</li> </ul>
	General correspondence & word processing	<ul style="list-style-type: none"> <li>▪ Word processing including correspondence and file notes</li> <li>▪ Preparing of file notes on internal updates / strategy planning</li> </ul>
	File review/checklist/ document maintenance	<ul style="list-style-type: none"> <li>▪ Updating matter checklist;</li> <li>▪ Administration review</li> <li>▪ Document filing and maintenance</li> </ul>
	ATO lodgements	<ul style="list-style-type: none"> <li>▪ Preparing and submitting BAS statements</li> <li>▪ Preparing and submitting annual PAYG report to the ATO</li> <li>▪ Preparing any income tax returns required by the ATO</li> </ul>
	Finalisation	<ul style="list-style-type: none"> <li>▪ Preparing a final report to creditors</li> <li>▪ Cancelling ABN/GST/PAYG registrations</li> <li>▪ Completing finalisation statutory lodgements</li> <li>▪ Completing checklists</li> </ul>



## Schedule 4: Receipts and Payments from 27 July to 22 August 2018

Receipts and Payments	22-Aug-18
	(\$) (Incl GST)
<b>Receipts</b>	
Bar, Restaurant and Function Receipts	22,525
Accounts Receivable	22,748
Cash at 27 July 2018	55,129
<b>Total Receipts</b>	<b>100,403</b>
<b>Payments</b>	
Wages	(20,261)
COGS - Food and Beverage	(4,323)
Subscriptions and Employee Reimbursements	(433)
Bank Fees	(185)
<b>Total Payments</b>	<b>(25,202)</b>
<b>Net Receipts and Payments</b>	<b>75,201</b>

## Schedule 5: FTI Consulting Schedule of Rates

FTI Consulting Standard Rates effective 1 March 2017 (excluding GST)		
Typical classification	All Offices \$/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 review at 1 January each year.