

# RSM Bird Cameron Partners

Chartered Accountants

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3 June 2010

## **TO CREDITORS**

Dear Sir/Madam

**Cape View Developments WA Pty Ltd (Administrators Appointed)**  
**ACN 109 689 643 ("the Company")**  
**Formerly Known as "Southern Timber Company Ltd"**

As previously advised, Greg Dudley and I were appointed Joint and Several Administrators of the Company on 3 September 2009 pursuant to section 436A of the Corporations Act 2001.

For your information and assistance, I attach the following:-

1. Notice of Adjourned Meeting to be held at the offices of RSM Bird Cameron Partners, 8 St. Georges Terrace, Perth WA 6000 on 11 June 2010 at 10:30a.m. (WST);
2. Administrators' Supplementary Report on the Company's business, property, affairs and financial circumstances. The Report contains a statement setting out our opinion about each of the following matters and our reasons for those opinions:-
  - a. Whether it would be in the creditors' interests for the Company to execute a Deed of Company Arrangement; or
  - b. Whether it would be in the creditors' interests for the Company to be wound up; or
  - c. Whether it would be in the creditors' interests for the Administration to end.
3. Administrators' Remuneration Report;
4. Informal Proof of Debt Form for voting purposes. Any Informal Proof of Debt Forms submitted for the purposes of the first meeting of creditors and accepted by the Chairman of that meeting for voting purposes will be valid for this meeting; and
5. Instrument of Proxy.

Should you have any questions in relation to this matter, please contact the undersigned or Mike Edmondson on telephone (08) 9261 9100.

Yours faithfully



NEIL CRABB

Joint & Several Administrator

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NOTICE OF ADJOURNED MEETING OF CREDITORS

CAPE VIEW DEVELOPMENTS WA PTY LTD  
(ADMINISTRATORS APPOINTED)  
ACN 109 689 643  
FORMERLY KNOWN AS "SOUTHERN TIMBER COMPANY LTD"  
("the Company")

Notice is hereby given that the second meeting of the creditors of the Company adjourned on 8 April 2010 will recommence at the offices of RSM Bird Cameron Partners, 8 St. George's Terrace, Perth WA on Friday, 11 June 2010 at 10-30am (WST).

AGENDA

1. To receive a Supplementary Report about the Company's business, property, affairs and financial circumstances and a Statement of Administrators' Opinion.
2. For creditors to resolve:
  - 2.1. that the Company execute a Deed of Company Arrangement; or
  - 2.2. that the Administration should end; or
  - 2.3. that the Company be wound up.
3. To fix the remuneration of the Administrators.
4. If the Company is wound up, to fix the remuneration of the Liquidators.
5. If the Company is wound up, to consider the destruction of the books and records at the conclusion of the winding up.
6. If the Company is wound up, to consider appointing a Committee of Inspection.
7. Any other business that may be lawfully brought forward.

Proxies to be used at the meeting should be lodged at the office of the Administrators by 4:00pm on the day prior to the meeting. A creditor can only be represented by proxy or by an attorney in accordance with Corporations Regulations 5.6.28 to 5.6.32 (inclusive) and, if a body corporate, by a representative appointed pursuant to Section 250D.

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

DATED this 3<sup>rd</sup> day of June 2010

  
NEIL CRABB  
Joint and Several Administrator

# **RSM! Bird Cameron Partners**

Chartered Accountants

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www.rsmi.com.au

## **STATEMENT OF ADMINISTRATORS' OPINION and SUPPLEMENTARY REPORT**

**Corporations Act 2001 - Section 439A(4)**

**Cape View Developments WA Pty Ltd (Administrators Appointed)  
ACN 109 689 643 ("the Company")  
Formerly Known as 'Southern Timber Company Ltd'**

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## **1. Introduction**

- 1.1. This Supplementary Report is to be read in conjunction with our previous report to creditors dated 24 March 2010 (**Initial Report**), which is available on the RSM Bird Cameron Partners website at [www.rsmi.com.au](http://www.rsmi.com.au).
- 1.2. The Initial Report advised that, on 3 September 2009, Neil Cribb and Greg Dudley were appointed Joint and Several Voluntary Administrators of the Company by resolution of the Company directors.
- 1.3. The first meeting of creditors was held on 14 September 2009, at which creditors ratified our appointment as the Administrators.
- 1.4. As required by Section 438A of the Corporations Act 2001 (**Act**), and to assist creditors in determining the future of the Company, we have conducted an investigation of the Company's business, property, affairs and financial circumstances.
- 1.5. The outcome of our enquiries and opinion in accordance with Section 439A(4) of the Act was disclosed in the Initial Report. Additional information is contained in this Supplementary Report.

### **Statement of Independence**

- 1.6. A Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**) was sent to creditors with notification of our appointment and again with the Initial Report.
- 1.7. There have been no changes to the DIRRI since 3 September 2009.
- 1.8. Accordingly, we remain satisfied that we are not precluded by Section 448C of the Act from acting independently for the benefit of all creditors.

### **Reconvening of Second Meeting of Creditors**

- 1.9. The second meeting of creditors of the Company was held on 8 April 2010. By resolution of creditors present at the meeting, the meeting was adjourned for a period not exceeding 45 business days.
- 1.10. The second meeting of creditors will recommence at 10:30am (WST) on 11 June 2010. Noticed of the meeting is attached. The purpose of the meeting is for creditors to decide the future of the Company. At the meeting, creditors may resolve that:
  - 1.10.1. The Company executes a Deed of Company Arrangement; or
  - 1.10.2. The Administration should end; or
  - 1.10.3. The Company should be would up.
- 1.11. For the reasons outlined further in this Supplementary Report, we recommend creditors resolve to wind up the Company.

## **Balance of Report**

1.12. The balance of our report is set out under the following major headings.

<b>Section</b>	<b>Details</b>	<b>Page No.</b>
2.	Outcome of DOCA Considerations	4
3.	Administrators' Opinion	4
4.	Dividend Estimate	5
5.	Administrators' Statement of Receipts and Payments	5
6.	Liquidation – Committee of Inspection	6
7.	Destruction of Books and Records	6

## **Annexures**

A	Dividend Estimate in a Liquidation	
B	Administrators Statement of Receipts and Payments for the period 3 September 2009 to 31 May 2010	

## **2. Outcome of DOCA Considerations**

- 2.1. At the second meeting held on 8 April 2010, creditors resolved to adjourn the meeting to allow the Administrators and key stakeholders to seek to formulate agreeable terms for a Deed of Company Arrangement (**DOCA**).
- 2.2. The Initial Report set out the key terms of two alternative DOCA proposals proposed by Pindan Pty Ltd (**Pindan**). Both of the DOCA proposals (**Pindan DOCA Proposals**) were not supported by secured creditor St George Bank Ltd (**Bank**) in the terms outlined.
- 2.3. Without the support of the first ranking secured creditor, by way of continued forbearance from enforcing its security, neither of the Pindan DOCA Proposals can be put into effect.
- 2.4. Since the adjournment, we have continued our best endeavours to refine DOCA terms and develop an associated framework which may be acceptable to all parties.
- 2.5. Pindan has also explored avenues to replace the Bank as a secured creditor of the Company.
- 2.6. Unfortunately, Pindan has been unable to source finance for a transaction which would repay the Bank and lead to completion of Stage 3 of the Cape View Beach Resort (**Project**) within a DOCA framework.
- 2.7. Consequently there is no current DOCA proposal to be considered by creditors.

## **3. Administrators' Opinion**

- 3.1. Section 439A of the Act requires us to provide our opinion as whether it would be in the creditors' interests for:-
  - 3.1.1. The Company to execute a Deed of Company Arrangement; or
  - 3.1.2. The Administration to end; or
  - 3.1.3. The Company be wound up.
- 3.2. We are required to form an opinion and make a recommendation to creditors as to which course of action would be in the best interests of creditors and outline the reason for that opinion.

### **Should the Company Execute a Deed of Company Arrangement**

- 3.3. As discussed above, there is no DOCA proposal for consideration by creditors.
- 3.4. Without a detailed DOCA proposal which is acceptable to all parties, including the first ranking chargee, we are unable to recommend this course of action.

### **Should the Administration End**

- 3.5. Should creditors resolve that the Administration end, control of the Company would revert to the Directors without any resolution of creditors' claims. Indeed, should creditors resolve to end the Administration, the Deed of Forbearance between the Administrators and St George would come to an end and St George would most likely enforce its securities.
- 3.6. As Administrators, we are not empowered to make a distribution to any creditor, subject to secured claims, of any existing debt as at the date of our appointment. The Company has a substantial net asset deficiency and in the absence of any arrangements with creditors, the Company is unable to pay all its debts as and when they fall due.
- 3.7. Accordingly, in our opinion, it would not be in the creditors' interests for the Administration of the Company to end.

### **Should the Company be Wound Up**

- 3.8. As discussed in the Initial Report, should creditors resolve to wind up the Company, the Project (being the Company's only substantial asset) would be sold, most probably on an incomplete "as is" basis. Based upon the 2009 Valuation obtained by us, the realisable value of the Project is insufficient to fully repay the secured creditors after Administration costs.
- 3.9. All other creditors would not receive any dividend in a liquidation scenario.
- 3.10. Nevertheless, in our opinion, it would be in the creditors' interests for the Company to be wound up for the reasons that, under a liquidation scenario and in the absence of a detailed DOCA proposal:-
  - 3.10.1. There is no better alternative for creditors;
  - 3.10.2. Creditor claims will be finally dealt with; and
  - 3.10.3. There may be a prospect of the Project being completed by a purchaser, leading to some benefit for those creditors who have purchased completed bungalows.

## **4. Dividend Estimate**

- 4.1. In the event of the Company being liquidated, it is most unlikely a dividend will be paid to unsecured creditors, after the costs, charges and expenses of the Administration and the winding up of the Company.
- 4.2. Attached as Annexure A is a table detailing our estimated dividend calculations.

## **5. Administrators' Statement of Receipts and Payments**

- 5.1. Attached as Annexure B is a Statement of the Administrators' Receipts and Payments for the period 3 September 2009 to 31 May 2010.

## 6. Liquidation – Committee of Inspection

- 6.1. In the event that creditors resolve to wind up the Company, creditors shall have the opportunity to appoint a Committee of Inspection. The purpose of a Committee of Inspection is to assist the Liquidator in the efficient conduct of the winding up.
- 6.2. At the forthcoming second meeting of creditors, creditors may propose a resolution forming a Committee of Inspection and the members of that Committee. A Committee of Inspection can comprise both creditors and shareholders and should ideally comprise of no less than three (3) members. A person will be eligible to be appointed a member of a Committee of Inspection if, and only if, in the case of an appointment by creditors the person is:-
- 6.2.1. A creditor of the Company; or
  - 6.2.2. The attorney of a creditor of the Company by virtue of a general Power of Attorney given by the creditor; or
  - 6.2.3. A person authorised in writing by a creditor of the Company to be a member of the Committee of Inspection.
- 6.3. We invite creditors to contact Mike Edmondson of our office by no later than 5.00pm (WST) on 10 June 2010 should you wish to be a member of a Committee of Inspection.

## 7. Destruction of Books and Records

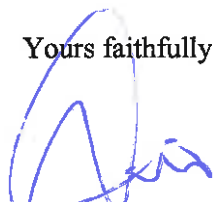
- 7.1. Should creditors resolve that the Company be wound up at the forthcoming meeting, creditors will be asked to consider and, if thought appropriate, resolve that:-

*“Subject to obtaining the approval of the Australian Securities and Investments Commission pursuant to section 542(4) of the Corporations Act 2001, the books and records of the Company and of the Liquidators, be destroyed by the Liquidators three months after the dissolution of the Company.”*

Should you have any queries regarding the content of this Supplementary Report or the Company's affairs, please do not hesitate to contact the undersigned or Mike Edmondson of this office.

Dated this 3<sup>rd</sup> day of June 2010

Yours faithfully



NEIL CRABB  
Joint and Several Administrator

**Cape View Developments WA Pty Ltd (Administrators Appointed)**  
**ACN 109 689 643**  
**Formerly known as "Southern Timber Company Limited"**

**Dividend Analysis as at 31 May 2010**

	<b>LIQUIDATION</b>	
	<b>Estimated Dividend in Liquidation (High)</b>	<b>Estimated Dividend in Liquidation (Low)</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Cash at Bank <sup>1</sup>	170,329	170,329
Bungalows		Commercially Sensitive
Vacant Land		Commercially Sensitive
Claims by Secured Creditors		
- St George	(3,567,183)	(3,567,183)
- Primary <sup>2</sup>	(1,462,767)	(1,462,767)
<b>Net Assets</b>	<b>Unknown</b>	<b>Unknown</b>
<b>Potential Recoveries to a Future Liquidator</b>		
Unfair Preferences	32,905	Nil
Insolvent Trading Claims	412,921	Nil
<b>Estimated Funds Available for Distribution Before Costs</b>	<b>445,826</b>	<b>Nil</b>
<b>Distribution per s556(1) of Corporations Act 2001</b>		
<b>Costs, Charges &amp; Expenses of Administrators</b>		
- Legal Fees to 31 May 2010	(90,054)	(90,054)
- Disbursements for the period 3 September 2009 to 12 March 2010	(1,174)	(1,174)
- Remuneration for the period 3 September 2009 to 12 March 2010	(213,856)	(213,856)
- Remuneration for the period 13 March 2010 to 31 May 2010	(38,320)	(38,320)
- Disbursements for the period 13 March 2010 to 31 May 2010	-	-
- Remuneration for the period 1 June 2010 to 11 June 2010	(15,000)	(15,000)
- Disbursements for the period 1 June 2010 to 11 June 2010	(1,000)	(1,000)
	<b>(359,404)</b>	<b>(359,404)</b>
<b>Distribution per s556(1) of Corporations Act 2001</b>		
<b>Future Remuneration &amp; Disbursements of Liquidators</b>		
- Legal Fees From 12 June 2010	(70,000)	(45,000)
- Disbursements From 12 June 2010	(5,000)	(5,000)
- Remuneration From 12 June 2010	(85,000)	(65,000)
	<b>(160,000)</b>	<b>(115,000)</b>
<b>Total Estimated Costs</b>	<b>(519,404)</b>	<b>(474,404)</b>
<b>Estimated Surplus Funds for Distribution to Unsecured Creditors</b>	<b>Nil</b>	<b>Nil</b>

<sup>1</sup> Includes cash held in trust of \$107,485.25

<sup>2</sup> As per RATA 3 September 2009

**Cape View Developments WA Pty Ltd  
 (Administrators Appointed)  
 ACN 109 689 643  
 Formerly Known as "Southern Timber Company Limited"**

**Administrators' Summary of Receipts And Payments  
 For the Period 3 September 2009 to 31 May 2010**

<b>RECEIPTS</b>	<b>\$</b>
Cash at Bank - Closure of Company's Trust Account (Possum Translocation)	106,789
Cash at Bank - Closure of Company's Account (Furnishings Deposits)	29,970
Cash at Bank - Closure of Company's Operating Account	44,835
Refund from Synergy	33
Funds Recovered from Trust	249
Bank Interest	1,283
Australian Taxation Office - BAS Refund	1,117
	<u>184,276</u>
<b>PAYMENTS</b>	
Bank Charges	389
Commission Paid	275
Insurance of Assets	1,200
Legal Fees	202
Other Property Expenses	1,300
Valuation Costs	7,182
Advertising	425
Administrators' Costs - Courier	68
Administrators' Costs - Postage	85
Administrators' Costs - Search Fees	645
Administrators' Costs - Fax	36
Administrators' Costs - Travel	353
Administrators' Costs - Photocopying	475
Stamp Duty	88
Australian Taxation Office - GST Paid	1224
	<u>13,946</u>
<b>Cash at Bank</b>	<u><u>170,329</u></u>

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## ADMINISTRATORS' REMUNERATION REPORT

**Cape View Developments WA Pty Ltd (Administrators Appointed)**  
**ACN 109 689 643 ("the Company")**  
**Formerly known as "Southern Timber Company Limited"**

### 1. Statement of Remuneration Claim

- 1.1. This Remuneration Report is prepared in accordance with the Insolvency Practitioners Association of Australia Code of Professional Practice, for the purpose of providing creditors with meaningful disclosure on the work undertaken to allow creditors to make an informed decision on approving the Administrators' current and future remuneration resolutions.

#### Current Remuneration Claim

- 1.2. At the meeting of creditors held on 8 April 2010, creditors approved the remuneration of the Administrators, their partners and their staff for the period 3 September 2009 to 12 March 2010 in the amount of \$213,855.50 plus GST.
- 1.3. At the forthcoming meeting of creditors, the Administrators will be seeking creditors' approval for the remuneration of the Administrators, their partners and their staff for the period 13 March 2010 to 31 May 2010 in the amount of \$38,319.50 (plus GST).
- 1.4. Creditors will be asked to consider and, if deemed appropriate, resolve:-
- "That the remuneration of the Administrators, their partners and their staff is hereby fixed on a time basis in accordance with the hourly rates set by RSM Bird Cameron Partners from time to time for the period 13 March 2010 to 31 May 2010 in the sum of \$38,319.50 plus GST, and such remuneration be approved and paid".*
- 1.5. A description of the work completed and a calculation of the remuneration claim for the period 13 March 2010 to 31 May 2010 are attached as Annexure A and Annexure B respectively.
- 1.6. Detailed timesheets and supporting documentation are available for inspection at a mutually convenient time.

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## **Estimated Future Remuneration of the Administrators**

1.7. At the forthcoming meeting, the Administrators will also seek creditors' approval for the further remuneration of the Administrators, their partners and their staff for the period 1 June 2010 to 11 June 2010 subject to an overall limit of \$15,000 plus GST.

1.8. Creditors will be asked to consider and, if deemed appropriate, resolve:-

*"That the remuneration of the Administrators, their partners and their staff from 1 June 2010 to 11 June 2010 is hereby affixed on a time basis in accordance with the hourly rates set by RSM Bird Cameron Partners from time to time subject to an overall limit of \$15,000 plus GST, and that the Administrators be authorised to make payment on account of such accruing remuneration".*

1.9. A description of work expected to be undertaken and a calculation of the estimated remuneration claim from 1 June 2010 to 11 June 2010 is attached as Annexure C.

## **Future Remuneration of Liquidators**

1.10. Should creditors resolve to wind up the Company at the forthcoming meeting, creditors will be asked to consider, and if deemed appropriate, resolve:

*"That the future remuneration of the Liquidators, their partners and their staff from 12 June 2010 be hereby fixed on a time basis in accordance with the hourly rates set by RSM Bird Cameron Partners from time to time subject to an overall limit for the time being of \$85,000 plus GST, beyond which the Liquidators may seek further approval, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration".*

1.11. A description of work which may be undertaken by future liquidators and a calculation of their estimated remuneration claim for the time being, is attached as Annexure D.

## **2. Remuneration Methods**

2.1. There are four basic methods that can be used to calculate the remuneration charged by an Insolvency Practitioner. They are:

### **Time based / hourly rates**

2.2. This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.

### **Fixed Fee**

2.3. The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a Practitioner will finalise an administration for a fixed fee.

### **Percentage**

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

## Contingency

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

## Method chosen

- 2.6. Given the nature of this administration we propose that our remuneration be calculated on a time basis in accordance with RSM Bird Cameron Partners' scale of fees and hourly rates for staff of various levels of skill and experience.
- 2.7. This is because calculation of remuneration based on a time basis takes into account all tasks performed by the Practitioners and their staff. This includes tasks which may not be represented if remuneration was calculated using another method. The method therefore results in greater transparency and a more accurate reflection of the time necessarily incurred by the Practitioners and their staff.

## 3. Explanation of Hourly Rates

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

Classification	Rate (\$) (Excl. GST)	Experience
Partner/Appointee	500.00	The Partner/Appointee is a registered Liquidator and member of the ICAA and IPAA bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee/s, please visit our website at <a href="http://www.rsmi.com.au">www.rsmi.com.au</a>
Manager I	390.00	Generally, more than 7 years experience with at least 2 years as a Manager. University degree; member of the ICAA and IPAA; very strong knowledge of relevant insolvency legislation and issues.
Senior I	215.00	Generally, 2 – 4 years chartered accounting or insolvency management experience. University degree; completing the ICAA's CA program. Good knowledge of basic insolvency legislation and issues.
Senior II	165.00	Generally, 2 – 3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Intermediate I	150.00	0 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Intermediate II	130.00	0 – 1 year experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Personal Assistant	170.00	Appropriate skills including machine usage.
Secretary	140.00	Appropriate skills including machine usage.

*Notes:*

1. *Remuneration is calculated on a time basis in accordance with the above rates.*
2. *The Firm maintains its time records in a computerised system.*
3. *Staff are classified in accordance with academic qualifications and insolvency experience.*

**4. Disbursements**

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

**A** Disbursements are all externally provided professional services and are recovered at cost. An example of an A disbursement is legal fees.

**B1** Disbursements are externally provided non-professional costs such as travel, accommodation and search fees. B1 disbursements are recovered at cost

**B2** Disbursements are internally provided non-professional costs such as photocopying and document storage. B2 disbursements are charged at cost except for photocopying, printing and telephone calls which are charged at a rate which is intended to recoup both variable and fixed costs.

4.2. Particulars of disbursements, both current and estimated future, are set out in the attached Annexures, as follows:

4.2.1. Annexure B - Disbursements for the period 13 March to 31 May 2010;

4.2.2. Annexure C - Estimated disbursements for the period 1 June 2010 to 11 June 2010; and

4.2.3. Annexure D - Estimated disbursements for the period from 12 June 2010.

**5. Information Sheet**

5.1. For further information creditors are directed to review the Australian Securities and Investment Commission's information sheet "Approving fees: a guide for creditors" attached as Annexure E.

Should you have any queries please do not hesitate to contact Mike Edmondson of my office or the undersigned.

Dated this 3<sup>rd</sup> day of June 2010

Yours faithfully



NEIL CRABB

Joint & Several Administrator

**Cape View Developments WA Pty Ltd (Administrators Appointed)**  
**ACN: 109 689 643**

**Remuneration Report**

**Part 1: Description of Work Completed**  
**Period From 13 March 2010 to 31 May 2010**

Task Area	General Description	Includes
Assets [\$6,578.50]	Sale of Land and Buildings	Ongoing negotiation with key stakeholders in developing a DOCA proposal and associated framework.
Creditors [\$28,379.50]	Creditor Reports	Preparing reports to creditors and meeting notices
	Creditor Enquiries	Receive and follow up creditor enquiries via telephone / email Review and prepare correspondence to creditors via letter/fax/email
	Secured Creditor Reports	Reporting to secured creditors in respect to DOCA negotiations Liaising with the secured creditors in respect to DOCA terms.
	Meetings of Creditors	Holding meeting of creditors Liaising with creditors regarding meeting details Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation of minutes subsequent to meeting and submitting with the ASIC Respond to stakeholder queries and questions.
Trade On [\$56.00]	Processing receipts and payments	Entering receipt and payments into accounting system
Administration [\$3,305.50]	Checklists / File Review	Filing of documents File reviews Updating checklists
	Bank Account Administration	Bank account reconciliations Bank correspondence
	Books and Records / Storage	Dealing with records in storage Sending job files to and from storage
	ASIC Form 524 and other forms	Preparing and lodging ASIC form 524 Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Preparing BAS Completing payment summaries
	Planning / Review	Discussions regarding status of administration
	Remuneration	Workpapers re WIP reports / Billings Schedule of Fee approvals Preparation of billing reports

Cape View Developments WA Pty Ltd (Administrators Appointed)  
ACN: 109 689 643

Remuneration Report

Part 2: Calculation of Remuneration  
Period From 13 March 2010 to 31 May 2010

Employee	Position	Average \$ / hour (ex GST)	Total actual hours	Total (\$)	Task Area			
					Assets (\$)	Creditors (\$)	Trade on (\$)	Administration (\$)
Neil Cribb	Partner	500.00	26.9	13,450.00	3,800.00	9,150.00		500.00
Greg Dudley	Partner	500.00	0.2	100.00		100.00		
Mike Edmondson	Manager I	390.00	23.4	9,126.00	2,340.00	5,460.00		1,326.00
Breck Robertson	Senior I	215.00	55.7	11,975.50	322.50	11,223.00		430.00
Nikhil Gohil	Senior II	165.00	4.4	726.00		445.50		280.50
Johnathon Busing	Intermediate II	130.00	6.5	845.00		689.00		156.00
Mei Huang	Intermediate II	130.00	2.8	364.00	65.00	65.00	39.00	195.00
Terri Hoy	Personal Assistant	170.00	2.7	459.00	51.00	323.00	17.00	68.00
Hayley Forshaw	Secretary	140.00	9.1	1,274.00		924.00		350.00
<b>TOTAL (excluding GST)</b>		<b>290.96</b>	<b>131.7</b>	<b>38,319.50</b>	<b>6,578.50</b>	<b>28,379.50</b>	<b>56.00</b>	<b>3,305.50</b>

GST

**TOTAL (including GST)**

\$3,831.95

**\$ 42,151.45**

Disbursements

Type	\$
Type - A	Nil
Type - B	Nil
<b>TOTAL</b>	Nil
GST	Nil
<b>TOTAL (including GST)</b>	Nil

**GRAND TOTAL**

**\$42,151.45**

ANNEXURE "B"

**Cape View Developments WA Pty Ltd (Administrators Appointed)**  
**ACN: 109 689 643**  
**Formerly known as "Southern Timber Company Limited"**

**Estimated Future Remuneration of Administrators – For the Period 1 June 2010 to 11 June 2010**

<b>Task Area</b>	<b>General Description</b>	<b>Includes</b>
<b>Creditors</b> Estimated No. of hours: 35 Estimated Cost: \$13,000	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Creditor reports	Preparing brief report to creditors (adjournment of meeting) Preparing supplementary report to creditors Liaising with secured creditor as forbearance
	Meeting of Creditors	Holding meeting of creditors Liaising with creditors regarding meeting details Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Respond to stakeholder queries and questions.
<b>Administration</b> Estimated No. of hours: 10 Estimated Cost: \$2,000	Document maintenance/file review/checklist	Filing of documents File reviews Updating checklists
	Bank account administration	Bank account reconciliations Correspondence with bank
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

**Estimated Future Disbursements - For the Period 1 June 2010 to 11 June 2010**

Full details of estimated disbursements are as follows:

- A** Legal Fees \$0;
- B1** Advertising and searches \$1,000; and
- B2** Faxes, postage, stationery and printing \$1,000

The above listed tasks and associated costs are estimates only. These estimates are based on our limited understanding of the Company's affairs. Actual tasks undertaken and associated costs will be dependent on the matters encountered.

## ANNEXURE "D"

**Cape View Developments WA Pty Ltd (Administrators Appointed)**  
**ACN: 109 689 643**  
**Formerly known as "Southern Timber Company Limited"**

**Estimated Remuneration of a Future Liquidator – For the Period from 12 June 2010**

<b>Task Area</b>	<b>General Description</b>	<b>Includes</b>
<b>Assets</b> Estimated No. of hours: 70 Estimated Costs: \$25,500	Sale of Land and Buildings	Liaise with real estate agent regarding sale of the land Deal with interested parties Organise valuation of land Liaise with first ranking mortgagee
<b>Creditors</b> Estimated No. of hours: 50 Estimated Cost: \$16,000	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of inspection members
	Creditor reports	Preparing general reports to creditors
	Meeting of Creditors	In respect of committee of inspection and general body of creditors Preparation meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
<b>Trade On</b> Estimated No. of hours: 8 Estimated Cost: \$1,000	Processing receipts and payments	Entering receipt and payments into accounting system
<b>Investigation</b> Number of hours: 95 Estimated Cost: \$36,000	Litigation / Recoveries	Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations Attending to settlement matters
<b>Administration</b> Estimated No. of hours: 30 Estimated Cost: \$6,500	Document maintenance/file review/checklist	First month, then 6 monthly administration review Filing of documents File reviews Updating checklists
	Bank account administration	Preparing correspondence closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524, 911 etc Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Preparing BAS' Completing payment summaries

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

**Estimated Future Disbursements - For the period from 12 June 2010**

Details of estimated disbursements are as follows:

- A** Legal Fees \$45,000 to \$70,000;
- B1** Advertising and searches \$2,500; and
- B2** Faxes, postage, stationery and printing \$2,500.

The above listed tasks and associated costs are estimates only. These estimates are based on our limited understanding of the Company's affairs. Actual tasks undertaken and associated costs will be dependent on the matters encountered in the Liquidation.



**ASIC**

Australian Securities & Investments Commission

## INFORMATION SHEET 85

### Approving fees: a guide for creditors

If a company is in financial difficulty, it can be put under the control of an independent external administrator.

This information sheet gives general information for creditors on the approval of an external administrator's fees in a liquidation of an insolvent company, voluntary administration or deed of company arrangement (other forms of external administration are not discussed in this information sheet). It outlines the rights that creditors have in the approval process.

#### Entitlement to fees and costs

A liquidator, voluntary administrator or deed administrator (i.e. an 'external administrator') is entitled to be:

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

External administrators are only entitled to an amount of fees that is reasonable for the work that they and their staff properly perform in the external administration. What is reasonable will depend on the type of external administration and the issues that need to be resolved. Some are straightforward, while others are more complex.

External administrators must undertake some tasks that may not directly benefit creditors. These include reporting potential breaches of the law and lodging a detailed listing of receipts and payments with ASIC every six months. The external administrator is entitled to be paid for completing these statutory tasks.

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

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

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

- legal fees
- valuer's, real estate agent's and auctioneer's fees
- stationery, photocopying, telephone and postage costs
- retrieval costs for recovering the company's computer records, and
- storage costs for the company's books and records.

Creditors have a direct interest in the level of fees and costs, as the external administrator will, generally, be paid from the company's available assets before any payments to creditors. If there are not enough assets, the external administrator may have arranged for a third party to pay any shortfall. As a creditor, you should receive details of such an arrangement. If there are not enough assets to pay the fees and costs, and there is no third party payment arrangement, any shortfall is not paid.

### Who may approve fees

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

**Table 1: Who may approve fees**

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

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

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

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

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

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

### Creditors' committee approval

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

There is not a creditors' committee in every external administration. A creditors' committee makes its decision by a majority in number of its members present at a meeting, but it can only act if a majority of its members attend.

To find out more about creditors' committees and how they are formed, see ASIC's information sheets INFO 45 *Liquidation: a guide for creditors*, INFO 74 *Voluntary administration: a guide for creditors* and INFO 41 *Insolvency: a glossary of terms*.

### Creditors' approval

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

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

If a poll is taken, rather than a vote being decided on the voices or by a show of hands, a majority in *number* and *value* of creditors present and voting must agree. A poll requires the votes of each creditor to be recorded.

A separate resolution of creditors is required for approving fees for an administrator in a voluntary administration and an administrator of a deed of company arrangement, even if the administrator is the same person in both administrations.

A proxy is where a creditor appoints someone else to represent them at a creditors' meeting and to vote on their behalf. A proxy can be either a *general* proxy or a *special* proxy. A general proxy allows the person holding the proxy to vote as they wish on a resolution, while a special proxy directs the proxy holder to vote in a particular way.

A creditor will sometimes appoint the external administrator as a proxy to vote on the creditor's behalf. An external administrator, their partners or staff must not use a general proxy to vote on approval of their fees; they must hold a special proxy in order to do this. They must vote all special proxies as directed, even those against approval of their fees.

## Calculation of fees

Fees may be calculated using one of a number of different methods, such as:

- on the basis of *time spent* by the external administrator and their staff
- a quoted *fixed fee*, based on an upfront estimate, or
- a percentage of asset realisations.

Charging on a time basis is the most common method. External administrators have a scale of hourly rates, with different rates for each category of staff working on the external administration, including the external administrator.

If the external administrator intends to charge on a time basis, you should receive a copy of these hourly rates soon after their appointment and before you are asked to approve the fees.

The external administrator and their staff will record the time taken for the various tasks involved, and a record will be kept of the nature of the work performed.

It is important to note that the hourly rates do not represent an hourly wage for the external administrator and their staff. The external administrator is running a business—an insolvency practice—and the hourly rates will be based on the cost of running the business, including overheads such as rent for business premises, utilities, wages and superannuation for staff who are not charged out at an hourly rate (such as personal assistants), information technology support, office equipment and supplies, insurances, taxes, and a profit.

External administrators are professionals who are required to have qualifications and experience, be independent and maintain up-to-date skills. Many of the costs of running an insolvency practice are fixed costs that must be paid, even if there are insufficient assets available to pay the external administrator for their services. External administrators compete for work and their rates should reflect this.

These are all matters that committee members or creditors should be aware of when considering the fees presented. However, regardless of these matters, creditors have a right to question the external administrator about the fees and whether the rates are negotiable.

It is up to the external administrator to justify why the method chosen for calculating fees is an appropriate method for the particular external administration. As a creditor, you also have a right to question the external administrator about the calculation method used and how the calculation was made.

## Report on proposed fees

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

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

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

If the work is yet to be carried out, it is advisable to set a maximum limit ('cap') on the amount that the external administrator may receive. For example, future fees calculated according to time spent may be approved on the basis of the number of hours worked at the rates charged (as set out in the provided rate scale) up to a cap of \$X. If the work involved then exceeds this figure, the external administrator will have to ask the creditors' committee/creditors to approve a further amount of fees, after accounting for the fees already incurred.

## Deciding if fees are reasonable

If asked to approve an amount of fees either as a committee member or by resolution at a creditors' meeting, your task is to decide if that amount of fees is reasonable, given the work carried out in the external administration and the results of that work.

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

- the method used to calculate fees
- the major tasks that have been performed, or are likely to be performed, for the fees
- the fees/estimated fees (as applicable) for each of the major tasks
- the size and complexity (or otherwise) of the external administration
- the amount of fees (if any) that have previously been approved
- if the fees are calculated, in whole or in part, on a time basis:
  - the period over which the work was, or is likely to be performed
  - if the fees are for work that has already been carried out, the time spent by each level of staff on each of the major tasks
  - if the fees are for work that is yet to be carried out, whether the fees are capped.

If you need more information about fees than is provided in the external administrator's report, you should let them know before the meeting at which fees will be voted on.

## What can you do if you think the fees are not reasonable?

If you do not think the fees being claimed are reasonable, you should raise your concerns with the external administrator. It is your decision whether to vote in favour of, or against, a resolution to approve fees.

Generally, if fees are approved by a creditors' committee/creditors and you wish to challenge this decision, you may apply to the court and ask the court to review the fees. Special rules apply to court liquidations.

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

## Reimbursement of out-of-pocket costs

An external administrator should be very careful incurring costs that must be paid from the external administration—as careful as if they were dealing with their own money. Their report on fees should also include information on the out-of-pocket costs of the external administration.

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

## Queries and complaints

You should first raise any queries or complaints with the external administrator. If this fails to resolve your concerns, including any concerns about their conduct, you can lodge a complaint with ASIC at [www.asic.gov.au/complain](http://www.asic.gov.au/complain), or write to:

ASIC Complaints  
PO Box 9149  
TRARALGON VIC 3844

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

## To find out more

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

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

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

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

CAPE VIEW DEVELOPMENTS WA PTY LTD  
(ADMINISTRATORS APPOINTED)  
ACN 109 689 643  
FORMERLY KNOWN AS "SOUTHERN TIMBER COMPANY LTD"

Name of creditor: .....

Address of creditor: .....

.....

ABN: .....

Telephone number: .....

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

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

.....

.....

.....

Is the debt secured? YES/NO

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

.....

.....

.....

Other information:

.....

.....

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

**Notes:**

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

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

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

Proxies must be made available to the Administrator.

## CORPORATIONS ACT 2001

APPOINTMENT OF PROXY  
CREDITORS MEETINGCAPE VIEW DEVELOPMENTS WA PTY LTD  
(ADMINISTRATORS APPOINTED)  
ACN 109 689 643  
FORMERLY KNOWN AS "SOUTHERN TIMBER COMPANY LTD"

\*I/\*We (1).....  
of.....  
a creditor of Cape View Developments WA Pty Ltd, appoint (2) .....  
.....  
or in his or her absence .....as \*my/our

\* general proxy to vote at the adjourned meeting of creditors to be held on Friday, 11 June 2010 at 10:30am at the offices of RSM Bird Cameron Partners, 8 St Georges Terrace, Perth WA or at any adjournment of that meeting.

\* special proxy to vote at the adjourned meeting of creditors to be held on Friday, 11 June 2010 at 10:30am at the offices of RSM Bird Cameron Partners, 8 St Georges Terrace, Perth WA or at any adjournment of that meeting in the manner indicated by a tick in the boxes below.

Resolution	For	Against	Abstain
1. That the Company executes a Deed of Company Arrangement			
2. That the Company be wound up.			
3. That the Administration should end.			
4. That the remuneration of the Administrators, their partners and their staff is hereby fixed on a time basis in accordance with the hourly rates set by RSM Bird Cameron Partners from time to time for the period 13 March 2010 to 31 May 2010 in the sum of \$38,319.50 plus GST, and such remuneration be approved and paid.			
5. That the remuneration of the Administrators, their partners and their staff from 1 June 2010 to 11 June 2010 is hereby affixed on a time basis in accordance with the hourly rates set by RSM Bird Cameron Partners from time to time subject to an overall limit of \$15,000 plus GST, and that the Administrators be authorised to make payment on account of such accruing remuneration.			
6. That the future remuneration of the Liquidators, their partners and their staff from 12 June 2010 be hereby fixed on a time basis in accordance with the hourly rates set by RSM Bird Cameron Partners from time to time subject to an overall limit for the time being of \$85,000 plus GST, beyond which the Liquidators may seek further approval, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration.			

Resolution	For	Against	Abstain
7. That, subject to obtaining the approval of the Australian Securities and Investments Commission pursuant to section 542(4) of the Corporations Act, the books and records of the Company and of the Liquidator, be destroyed by the Liquidator three months after the dissolution of the Company.			
8. That a Committee of Inspection be formed.			

DATED this                      day of                      2010

\_\_\_\_\_  
Signature

**CERTIFICATE OF WITNESS**

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

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

Dated:

Signature of Witness:

Description:

Place of Residence:

\* Strike out if inapplicable

- (1) If a firm, strike out "I" and set out the full name of the firm.
- (2) Insert the name, address and description of the person appointed.