

# RSM Bird Cameron Partners

Chartered Accountants

**RSM Bird Cameron Partners**  
8 St Georges Terrace Perth WA 6000  
GPO Box R1253 Perth WA 6844  
T +61 8 9261 9100 F +61 8 9261 9340  
www.rsmi.com.au

Email: [johnathon.busing@rsmi.com.au](mailto:johnathon.busing@rsmi.com.au)

31 August 2010

## **TO CREDITORS**

Dear Sir/Madam

**Land Alliance Pty. Ltd. (In Liquidation)**  
**ACN 100 459 452 ("the Company")**  
**Formerly Known as "Virgin Land Pty Ltd"**

I refer to my appointment as Official Liquidator of the abovenamed company on 15 December 2009 pursuant to an Order of the Federal Court of Australia.

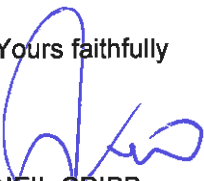
I now enclose for your information:-

1. Notice of a Meeting of Creditors to be held at the offices of RSM Bird Cameron Partners, on Wednesday 15 September 2010 at 11.00am (WST);
2. Report to Creditors dated 31 August 2010;
3. Liquidator's Remuneration Report dated 31 August 2010;
4. Proof of Debt for voting purposes;
5. Proxy form;
6. Statement of Independence; and
7. ASIC/IPAA information for Creditors on approving fees.

Please note that Proofs of Debt and Proxy forms should be lodged at this office by 4.00pm on the day prior to the meeting.

Should you have any queries regarding the above matter, please contact Johnathon Busing of this office on telephone 9261 9271.

Yours faithfully



**NEIL CRABB**  
Official Liquidator

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Liability limited by a  
scheme approved under  
Professional Standards  
Legislation

Major Offices in:  
Perth, Sydney, Melbourne,  
Adelaide and Canberra  
ABN 36 965 185 036

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FORM 529

CORPORATIONS ACT 2001

Subregulation 5.6.12(6)

NOTICE OF MEETING OF CREDITORS

LAND ALLIANCE PTY. LTD.  
(IN LIQUIDATION)  
ACN 100 459 452 ("the Company")  
Formerly Known as "Virgin Land Pty Ltd"

NOTICE is hereby given that a meeting of the creditors of the Company will be held at the offices of RSM Bird Cameron Partners, on Wednesday, 15 September 2010 at 11.00am (WST).

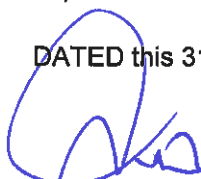
AGENDA

1. To receive and consider the progress report of the Liquidator as to the administration of the liquidation to date.
2. To consider and, if thought fit, approve the remuneration of the Liquidator, his partners and staff.
3. To consider and, if thought fit, approve the future remuneration of the Liquidator, his partners and staff.
4. Any other business that may be lawfully brought forward.

Proxies to be used at the meeting should be lodged at the office of the Liquidator by 4.00pm on the day prior to the meeting. A corporation may only be represented by proxy or by an attorney appointed pursuant to Corporations Regulations 5.6.28 and 5.6.31A respectively or, by a representative appointed under Section 250D of the Corporations Act 2001.

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 Liquidator.

DATED this 31<sup>st</sup> day of August 2010.



NEIL CRABB  
Official Liquidator

Email: [lalitha.samykanno@rsmi.com.au](mailto:lalitha.samykanno@rsmi.com.au)

31 August 2010

## Report to Creditors of:

**Land Alliance Pty Ltd (In Liquidation)**  
**ACN 100 459 452**  
**("the Company")**  
**Formerly Known as "Virgin Land Pty Ltd"**

### 1. Introduction

- 1.1. I was appointed Official Liquidator of the Company on 15 December 2009 by an order of the Federal Court of Australia in proceedings WAD 202 of 2009.
- 1.2. The application to wind up the Company was made by the Deputy Commissioner of Taxation (DCT) as the major creditor of the Company.
- 1.3. My preliminary investigations into the Company's affairs and the conduct of its sole director have been completed as required by the Corporations Act 2001 (Act). Further details of the investigations are set out below.
- 1.4. Most assets of the Company have been realised. Some assets, comprising cash held in a partnership bank account and a building works bond are subject to competing claims which are yet to be determined. Any dividend is dependent upon a resolution of these claims in the Company's favour and subject to the extent of the costs, charges and expenses of the winding up.

### 2. Meeting of Creditors

- 2.1. A meeting of creditors of the Company will be held at 11.00am (WST) on Wednesday, 15 September 2010 at the offices of RSM Bird Cameron Partners, 8 St Georges Terrace, Perth WA. A formal notice of the meeting is enclosed with this report.
- 2.2. The balance of this report is set out under the following main headings:

Section	Details	Page
3.	Nature of the Business and Trading History	1
4.	Statutory Information	2
5.	Report as to Affairs	3
6.	Investigations into Company's Affairs	7
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9.	Summary of Receipts and Payments	11
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### 3. Nature of the Business and Trading History

- 3.1. The Company was incorporated in Western Australia on 7 May 2002 as Virgin Land Pty Ltd. On 9 July 2002, the Company changed its name to Land Alliance Pty Ltd.
- 3.2. Mr Keith Stanley Wall was appointed as the sole director on incorporation and resigned on 29 August 2002. Mr John Andrew Miller was appointed director of the Company on 29 August 2002 and remained the sole director of the Company at the date of my appointment.
- 3.3. The Company conducted business as a commercial property developer.
- 3.4. Financial Statements prepared for the Company by external accountants for the financial years ended 30 June 2006 to 30 June 2009 and an electronic MYOB file containing management accounts for the period 1 July 2009 to 15 December 2009 have been provided to me.
- 3.5. The financial performance of the Company from these records is summarised below in Table 1:-

	Financial Statements				Management Accounts
	Year Ended 30 June 2006	Year Ended 30 June 2007	Year Ended 30 June 2008	Year Ended 30 June 2009	Period to 15 December 2009
	\$	\$	\$	\$	\$
Total Revenue	1,081,503	159,931	1,344,027	4,278,545	403,985
Total Expenses	1,091,192	45,573	3,159,748	5,150,676	623,614
<b>Net Profit/(Loss)</b>	<b>(9,689)</b>	<b>114,358</b>	<b>(1,815,721)</b>	<b>(872,131)</b>	<b>(219,629)</b>
Retained Earnings c/f	705,955	666,266	767,224	(1,279,663)	(2,151,794)
Less Dividend Paid	(30,000)	(13,400)	(231,165)	-	-
<b>Accumulated Profit / Loss</b>	<b>666,266</b>	<b>767,224</b>	<b>(1,279,662)</b>	<b>(2,151,794)</b>	<b>(2,371,423)</b>

Table 1: Summary of Financial Performance

- 3.6. A detailed statement of financial performance (profit and loss statements) is annexed as Annexure "A".
- 3.7. As shown above, the Company incurred large losses from 2008 to the date of winding up. Those losses largely arose because revenue from sale of land and buildings and management fees was insufficient to meet financing costs (interest and fees).

### 4. Statutory Information

- 4.1. The corporate database maintained by the Australian Securities and Investments Commission (ASIC) at the date of my appointment recorded Mr John Andrew Miller of 1101 Hay Street, West Perth WA 6005 as the sole and current director of the Company.
- 4.2. ASIC records also record that the issued capital of the Company was \$2, being two (2) fully paid ordinary shares held by the director.

- 4.3. Ten (10) charges over property of the Company were registered in the ASIC database, as summarised below in Table 2:-

Chargee	Charge Number	Charge Type	Date Created	Date Registered
National Australia Bank	1536681	Fixed & Floating Charge	25/10/2007	29/10/2007
Angas Securities Limited	1564754	Fixed & Floating Charge	19/12/2007	24/12/2007
KWS Capital Pty Ltd	1578133	Fixed & Floating Charge	20/12/2007	22/01/2008
KWS Capital Pty Ltd	1581748	Fixed & Floating Charge	30/01/2008	30/01/2008
Angas Securities Limited	1582423	Fixed & Floating Charge	16/01/2008	01/02/2008
Barker Mortgages Pty Ltd	1664354	Fixed & Floating Charge	14/07/2008	16/07/2008
Angas Securities Limited	1733682	Fixed & Floating Charge	09/12/2008	11/12/2008
KWS Capital Pty Ltd	1733685	Fixed & Floating Charge	09/12/2008	11/12/2008
Barker Mortgages Pty Ltd	1807090	Fixed & Floating Charge	26/06/2009	29/06/2009
KWS Capital Pty Ltd	1807091	Fixed & Floating Charge	26/06/2009	29/06/2009

Table 2: Summary of Registered Charges

- 4.4. Particulars of the charges are set out in paragraphs 5.31 to 5.32 below.

## 5. Report as to Affairs

- 5.1. A director of a company under external administration must make out, verify and submit a report to a liquidator as to the affairs of the company (**RATA**). The report must disclose the assets and liabilities of the company and the director's estimated realisable value of the assets, as at the date of winding up of the company.
- 5.2. In a RATA submitted by the director on 13 January 2010 he stated that the realisable assets of the Company comprised three properties with a combined value of \$1,770,000, debtors of \$2,373 and cash of \$7.
- 5.3. The director also stated in the RATA that the Company owed its secured creditors \$2,572,695 and unsecured creditors \$1,952,870.
- 5.4. The director therefore estimated a deficiency of \$2,753,185.
- 5.5. From my investigations I estimate the deficiency to be \$2,316,080, excluding the costs of the winding up. A further explanation of the asset and liability classes, including variances between my estimated realisable values and those of the director begins at paragraph 5.7 below.
- 5.6. A summary of the RATA and my investigation findings are summarised in Table 3 below:-

	Paragraph Reference	Director's Estimated Realisable Value \$	Liquidator's Estimated Realisable Value \$
<b>Assets</b>			
Cash on Hand		2	-
Cash at Bank	5.7	5	130,349
Debtor	5.10	2,373	-
Vessel	5.12	Not disclosed	7,000
Other Assets	5.16	Not disclosed	53,278
Interests In Land	5.17	1,770,000	1,845,000
Commercial Lease	5.26	Not disclosed	26,452
<b>Total Assets</b>		<b>1,772,380</b>	<b>2,062,079</b>
<b>Liabilities</b>			
Secured Creditors	5.28	2,572,695	1,845,000
Priority Creditors	5.33	Not disclosed	33,770
Unsecured Creditors	5.35	1,952,870	2,499,389
<b>Total Liabilities</b>		<b>(4,525,565)</b>	<b>(4,378,159)</b>
<b>Estimated Total Deficiency</b>		<b>(2,753,185)</b>	<b>(2,316,080)</b>

Table 3: Summary of RATA and Liquidators' Estimated Realisable Values

**Cash at Bank**

- 5.7. The Company is a joint holder of two bank accounts at National Australia Bank (**NAB Accounts**) in which there are balances standing to the credit of the account holders of approximately \$260,698. I am presently seeking legal advice as to the entitlement of the Company to a share of those funds. If successful, I anticipate a recovery of approximately \$130,349 plus earned interest.
- 5.8. The funds held in the NAB Accounts were derived from sale of a property in O'Connor WA by the Company in partnership with an unrelated entity.
- 5.9. No additional bank accounts have been identified.

**Debtor**

- 5.10. The director reported a debtor of \$2,373 outstanding as at the date of my appointment and I have written to the debtor requesting payment. The debtor has advised that the monies represent a deposit that was forwarded to a third party following the settlement of a property prior to my appointment.
- 5.11. I consider it not commercial to pursue this claim.

## **Vessel**

- 5.12. The financial statements of the Company as at 30 June 2009 showed the Company owned a vessel known as "Addiction" and that its book value was \$286,449. The subsequent management accounts record a sale of the vessel on 4 July 2009 at book value.
- 5.13. My investigations revealed that the vessel had not been sold and the director assisted in providing information as to its whereabouts.
- 5.14. I have obtained an independent valuation and taken possession of the vessel, which is an incomplete 40ft timber Flybridge Cruiser with motors and shafts.
- 5.15. My estimate represents a realisable value after costs of transportation and auction.

## **Other Assets**

- 5.16. These assets comprise the following items:-
  - 5.16.1. Domain name "landdevelopment.com.au" which has been realised for \$227, following a public auction process.
  - 5.16.2. Refunds of building works bonds and a Telstra pre-payment totalling \$3,051.
  - 5.16.3. A building works bond of \$50,000 presently held by the City of Bayswater. The City is prepared to release the bond but a building supplier to the Company has claimed an interest in the funds and that claim is yet to be finally determined.

## **Interests in Land**

- 5.17. At the date of my appointment the Company was the registered proprietor of three properties, being:-
  - 5.17.1. Units 11 and 36, 507 Walter Road East, Morley WA (together, **Morley Properties**); and
  - 5.17.2. 107 Guildford Road, Maylands WA (**Maylands Property**)
- 5.18. The Morley Properties are strata titled warehouse units which are leased to commercial tenants and the Maylands Property is a freehold commercial development site.
- 5.19. All of the above properties are encumbered by mortgages which secure debts in excess of the value of the properties.
- 5.20. Based upon valuation evidence and sale of the Morley Properties (see paragraph 5.21 below), I have estimated the realisable value of the Morley Properties at \$920,000 and the Maylands Property at \$925,000, being a combined value of \$1,845,000.

## **Morley Properties**

- 5.21. The Morley Properties were subject to conditional contracts of sale to a related entity of the Company at the date of my appointment, for a combined consideration of \$920,000. I adopted those contracts following agreement with the first mortgagee to meet my costs in completing the sale of the properties and valuations to confirm that the contracts were at market value.

- 5.22. Settlement of the sale contracts occurred on 15 July 2010 and all net sale proceeds were retained by the first mortgagee.
- 5.23. An amount of \$7,500 (plus GST) for my costs incurred in respect to the sale of the Morley Properties has been received from the first mortgagee.

*Maylands Property*

- 5.24. Subsequent to my appointment, the second mortgagees enforced their security over the Maylands Property and attempted to sell it. However, as the second mortgagees were unsuccessful in their attempts to secure a buyer, the first mortgagee has now taken possession of the property in order to undertake a mortgagee sale of the property.
- 5.25. In the event of a successful sale, the first mortgagee has agreed to reimburse my costs incurred in securing, preserving and realising the property, which are estimated to be \$7,500 (plus GST).

**Commercial Lease**

- 5.26. As noted in paragraph 5.18 above, the Morley Properties are leased to commercial tenants.
- 5.27. Prior to the sale of the Morley Properties I collected rental payments from those tenants in accordance with the terms of the relevant lease agreements for a total amount of \$26,452 (plus GST).

**Secured Creditors**

*Morley Properties*

- 5.28. The Morley Properties were encumbered by four (4) registered mortgages, namely:-
  - 5.28.1. Angas Securities Limited – 1<sup>st</sup> mortgagee
  - 5.28.2. Barker Mortgages Pty Ltd – 2<sup>nd</sup> mortgagee
  - 5.28.3. KWS Capital Pty Ltd – 3<sup>rd</sup> mortgagee
  - 5.28.4. Mila Properties Pty Ltd – 4<sup>th</sup> mortgagee
- 5.29. The entire sale proceeds of \$920,000 (less settlement costs and rates adjustments etc.) were claimed by the mortgagees in order of their priorities.

*Maylands Property*

- 5.30. I have received claims totalling \$1,689,306 from two secured creditors in respect of the Maylands Property. Based upon valuation evidence, there is likely to be a substantial shortfall to the second ranking secured creditors after realisation of the Maylands Property. Any shortfall would give rise to unsecured claims against the Company, which I have estimated at \$733,695.

## Chargees

- 5.31. As Angas Securities Limited, KWS Capital Pty Ltd and Barker Mortgages Pty Ltd have been, or are likely to be paid in full from the Morley Properties and the Maylands Property and other third party collateral securities, they have made no claims to other assets of the Company pursuant to their fixed and floating charges.
- 5.32. The debt of the Company to National Australia Bank was repaid prior to my appointment.

## Priority Creditors - Superannuation

- 5.33. Employee entitlements are afforded a priority under Section 556 of the Act and include entitlements for wages, superannuation, superannuation guarantee charges, annual leave, pay in lieu of notice, redundancy and long service leave.
- 5.34. The DCT has lodged a formal Proof of Debt in the amount of \$33,770 for superannuation guarantee charges, interest and penalties.

## Unsecured Creditors

- 5.35. Set out below as Table 4 is a summary of unsecured creditor claims as detailed in the Director's RATA and my current estimate of possible claims:-

	RATA \$	Liquidator's Estimate \$
Unsecured (non-priority) Creditors	1,952,870	2,499,389

Table 4: Summary of RATA and Liquidators' Estimated Realisable Values

- 5.36. A list of unsecured creditors is attached as Annexure B.

## 6. Investigations into Company's Affairs

### Cause of Failure

- 6.1. The director has stated that the Company's failure was attributed to its inability to meet tax debts because its financiers retained the GST component from sale proceeds of certain land and buildings, thereby leaving the Company without funds to remit GST.
- 6.2. Based on my investigations I consider the main reasons for the Company's failure were:-
- 6.2.1. Highly leveraged property portfolio and exposure to depressed property market;
  - 6.2.2. Trading losses; and
  - 6.2.3. Inadequate cash flow to meet its liabilities.

## Books and Records

- 6.3. I have recovered the available books and records of the Company, including computer records and those held by third parties.
- 6.4. Pursuant to Section 286(1) of the Act, a company is required to maintain sufficient books and records which:-
- 6.4.1. Correctly record and explain transactions and the financial position; and
- 6.4.2. Enable true and fair financial statements to be prepared and audited.
- 6.5. From my investigations, I consider the Company generally complied with the Act.
- 6.6. A summary of the Company's financial position extracted from available financial records of the Company is summarised below in Table 5:-

	Financial Statements				Management Accounts
	Year Ended 30 June 2006 \$	Year Ended 30 June 2007 \$	Year Ended 30 June 2008 \$	Year Ended 30 June 2009 \$	Period to 15 December 2009 \$
Current Assets	(6,127)	(9,625)	39,582	510,019	(10,408)
Current Liabilities	(490,382)	(231,997)	(705,211)	(1,955,151)	(1,995,573)
<b>Working Capital Surplus / (Deficiency)</b>	<b>(496,509)</b>	<b>(241,622)</b>	<b>(665,629)</b>	<b>(1,445,132)</b>	<b>(2,005,981)</b>
Non-Current Assets	1,548,401	1,008,848	14,005,612	4,168,736	2,036,352
Non-Current Liabilities	(385,624)	-	(14,619,643)	(4,875,396)	(2,401,793)
<b>Net Asset / (Liabilities)</b>	<b>666,268</b>	<b>767,226</b>	<b>(1,279,660)</b>	<b>(2,151,792)</b>	<b>(2,371,422)</b>

Table 5: Summary of Financial Position

- 6.7. A detailed statement of the financial position of the Company (balance sheets) is annexed as Annexure C.

## Insolvent Trading Analysis

- 6.8. The Act definition of "insolvent" is determined with reference to the term "solvent" which is defined as "when a company is able to pay all its debts as and when they fall due." By definition, a company is insolvent when it is unable to meet its debts as and when they fall due.
- 6.9. Pursuant to Section 588G of the Act, a director of a company has a duty to prevent a company from incurring a debt when a company is insolvent or there are reasonable grounds to suspect a company is or would become insolvent.
- 6.10. Pursuant to Section 588M of the Act, a liquidator (and in some circumstances a creditor) may recover from a director, losses suffered by creditors from transactions entered into at a time when a company was insolvent.

- 6.11. In order to establish a case for insolvent trading against a director, a liquidator must establish that a director or a reasonable person in the director's position ought to have been aware that the company was insolvent at a particular time.
- 6.12. Further, in assessing whether there is an insolvent trading case against directors, a liquidator needs to consider:
  - 6.12.1. Whether a date of insolvency can be established prior to the relevant date (being the date of filing of the winding-up application with the Court);
  - 6.12.2. The strength of defences available to directors; and
  - 6.12.3. If established, the directors' financial capacity to meet claims for insolvent trading.
- 6.13. The tests of insolvency include the balance sheet test (the net asset position of the Company) and the cash flow test (whether the Company can pay its debts as and when they fall due). The cash flow test is the true test of insolvency.
- 6.14. As shown in above Table 5, the Company's financial records show that the Company was balance sheet insolvent as at 30 June 2008 and operated with a working capital deficiency since 30 June 2006.
- 6.15. Working capital is representative of a company's capacity to meet its current liabilities by the application of its current assets. A shortfall in current assets to meet current liabilities is an indicator of cash flow insolvency. A decline in the working capital position is often a pre-cursor to insolvency.
- 6.16. Based upon its accounts, the Company may have been insolvent from 30 June 2006.
- 6.17. However, during the financial year ended 30 June 2008, the Company increased its borrowings from financiers and received funding from related entities. This suggests that the Company may have had access to additional funds to restore its solvency.
- 6.18. On 24 November 2008, the Company lodged a self-assessed Business Activity Statement with the DCT in which it declared that an amount of \$482,387 was payable to the DCT in respect of GST.
- 6.19. From 24 November 2008 the Company continued to trade and accrue substantial debts to the DCT without remitting any payments. By 19 March 2009 the Company's debt to the DCT had increased to \$636,560.
- 6.20. However, on 19 March 2009, the Company made a lump sum payment of \$100,000 to the DCT. This transaction suggests that the Company may have had the ability to source funds at that date.
- 6.21. After this date the Company did not make any material payments to the DCT to reduce its tax debts, which continued to increase from trading activities to \$1,396,561 at the date of winding up.
- 6.22. I therefore consider the Company to have been insolvent from at least 19 March 2009.
- 6.23. The Company continued to trade after 19 March 2009, as evidenced by its statement of financial performance, and thereby accrued substantial debts to the DCT for GST and other tax debts.
- 6.24. As the debts arose from self-assessed taxation returns (Business Activity Statements) and the Company's financier was withholding GST from sales of the Company's properties, the director ought to have known that the Company was incapable of paying its debts from 19 March 2009.

- 6.25. I therefore consider that I have a claim against the director for insolvent trading for at least \$860,000. I have found no evidence of any defences available to the director against an insolvent trading claim.
- 6.26. My preliminary investigations into the director's financial position based on limited publicly available information indicate that the director does not own any properties in Australia. At this stage I am not aware of his financial capacity to settle any insolvent trading claim.
- 6.27. In order to pursue an insolvent trading claim against the director I would need funding to obtain legal advice on the merits of the claim and to initiate legal proceedings. In my experience, it may be difficult to attract a litigation funder for a claim of this magnitude.
- 6.28. I invite creditors to contact my office prior to the meeting of creditors should they wish to consider funding any claims of the liquidator.

## **Voidable Transactions**

- 6.29. Pursuant to Part 5.7B of the Act, a liquidator may void certain transactions of a company in respect of money, property or other benefits for the benefit of creditors. Such voidable transactions may consist of:-
  - 6.29.1. Unfair Preference (section 588FA) – these are transactions between the Company and a creditor resulting in the creditor receiving more than the creditor would receive if the transactions were set aside and the creditor claimed for this amount in the winding-up. Any such voidable transactions must arise in the period beginning six months prior to the relation back day. For the purposes of the Company, the relation back day is 12 November 2009.
  - 6.29.2. Uncommercial Transactions (section 588FB) – these are transactions entered into that a reasonable person would not have entered into having regard to the benefit to the Company, the detriment to the Company and the benefit to the other parties involved in the transaction. In this instance, it is not necessary for a creditor to be a party to the transaction. Such transactions are only voidable if the Company was insolvent at the time of the transaction.
  - 6.29.3. Insolvent Transactions (section 588FC) – these transactions are unfair preferences or uncommercial transactions (refer above) entered into when the Company was insolvent or became insolvent as a result of entering into the transaction. Only unfair preferences which have occurred within six months of the relation back day and uncommercial transactions which have occurred within two years of the commencement of the liquidation can be recovered.
  - 6.29.4. Unfair Loans to a Company (section 588FD) – representing loans made to the Company where interest or other charges on the loan were extortionate. These transactions can be recovered regardless of when they were entered into.
  - 6.29.5. Unreasonable Director-Related Transactions (section 588FDA) – being transactions that a reasonable person in the Company's circumstances would not have entered into having regard to the benefit to the Company (and other parties to the transaction) and the detriment to the Company. These transactions may be voided if they occurred within four years of the relation back day.
  - 6.29.6. Related Party Transactions (section 588FE (4)) – representing insolvent transactions (unfair preferences or uncommercial transactions) with a related party within four years prior to the relation back date.

6.29.7. Transactions Entered into for the Purpose of Defeating Creditors (section 588FE (5)) – representing insolvent transaction (unfair preferences or uncommercial transactions) entered into for the purpose of defeating, delaying or interfering with the rights of creditors within ten years prior to the commencement of the liquidation.

6.30. My preliminary investigations, based on available records, have revealed a potential claim against a related entity for an unfair preference or, alternatively, unreasonable director related transactions in the sum of \$208,986.

6.31. In order to progress this claim I require funding to obtain legal advice on the merits of the claim and to initial legal proceedings against the related entity.

6.32. Again, I invite creditors to contact my office prior to the meeting of creditors should they wish to consider funding any claims of the liquidator.

6.33. Other than the claim or claims outlined in paragraph 6.30 above, I have not found any other potential voidable transactions.

**7. Dividend**

7.1. Any dividend to creditors is dependant on successful recovery of the remaining assets of the Company and/or recovery of the claims of the liquidator, as outlined in the body of this report.

**8. Report to ASIC**

8.1. In accordance with the Act, I have submitted a report to the ASIC in which I reported the misconduct of the director in relation to insolvent trading and other matters related to breaches of his statutory duties.

**9. Summary of Receipts and Payments**

9.1. Annexed as Annexure D is a Statement of Receipts and Payments for the period from the date of my appointment to 10 August 2010.

9.2. It shows that I have received \$41,228.19 and expended \$9,042.11 to 10 August 2010, leaving cash at bank of \$32,186.08.

**10. Finalisation**

10.1. I will report further to creditors should a dividend become payable to any class of unsecured creditors. As noted above, any dividend is dependent upon recovery of assets and/or claims available to the liquidator and I will require funding for recovery actions.

10.2. Should no funding be made available, including from creditors, I intend to proceed to finalise the winding up. The Company would then be deregistered by ASIC.

Should you have any queries, please contact Lalitha Samykanno on (08) 9261 9395.

Yours faithfully



NEIL CRABB  
Official Liquidator

Statement of Financial Performance

	\$	\$	\$	\$	\$
	Financial Statements as at 30/06/06	Financial Statements as at 30/06/07	Financial Statements as at 30/06/08	Financial Statements as at 30/06/09	Management accounts as at 15/12/09
Sales - Land	-	-	-	1,330,000	204,545
Sales - Unit	-	-	-	14,024,689	420,000
CCC Progress Payments	1,202,273	309,091	-	-	-
Project Receipts	11,268	-	-	-	-
<b>Total Sales</b>	<b>1,213,541</b>	<b>309,091</b>	<b>-</b>	<b>15,354,689</b>	<b>624,545</b>
<i>less cost of good sold</i>					
opening stock	-	-	-	10,926,371	-
Building costs	145,846	184,103	-	2,748,852	92,567
less: Closing Stock	-	-	-	(2,212,614)	572,264
<b>total cost of good sold</b>	<b>145,846</b>	<b>184,103</b>	<b>-</b>	<b>11,462,609</b>	<b>664,831</b>
<b>Gross Profit from Trading</b>	<b>1,067,695</b>	<b>124,988</b>	<b>-</b>	<b>3,892,080</b>	<b>(40,286)</b>
Total other income/management fees	13,808	34,943	1,344,027	386,465	444,271
<b>Total Income</b>	<b>1,081,503</b>	<b>159,931</b>	<b>1,344,027</b>	<b>4,278,545</b>	<b>403,985</b>
<b>Expenses</b>					
Accounting Fees	15,350	15,640	22,617	28,471	3,890
Advertising & Promotion	6,236	1,987	(229)	428	-
Bad Debts	-	-	-	14,601	7,268
Bank Charges	1,636	497	1,210	494	39
Bookkeeping	5,979	6,216	4,579	5,702	-
Borrowing Costs	620	3,676	36,365	233,991	-
Cleaning	2,626	2,272	762	-	-
Computer Requisites	7,351	903	2,603	1,514	-
Courier	1,740	-	-	-	-
Depreciation	9,822	19,216	14,563	2,727	-
Donations	-	-	115	-	-
Electricity	(513)	1,085	165	3,590	328
Entertainment	-	250	-	193	-
Filing Fees	369	-	-	-	-
Finance Exit Fees	-	-	1,120,000	-	-
Fines & Penalties	631	3,951	1,752	767	-
Insurance	1,461	(6,554)	-	1,703	-
Interest	11,662	7,183	1,306,304	4,589,314	368,169
Interest Charges ATO	88,950	33,417	9,333	47,794	-
Legal	73,733	16,790	75	5,020	8,539
Loss on sale of fixed assets	-	-	77,912	-	245,540
Losses on forgiveness of debt	-	-	148,952	12,000	-
Management Fees -Lulu Management	57,000	-	-	-	-
Motor Vehicle	7,417	3,010	7,336	3,229	-
Petty Cash	150	-	-	-	-
Office Expenses	-	-	316	4,291	-
Other Expenses	-	-	-	-	(700)
Postage	-	1,299	655	886	-
Printing and Stationary	7,472	426	-	1,584	-
Rates and Taxes	5,410	(2,406)	26,265	127,799	(23,277)
Rent	23,801	16,098	24,462	23,465	12,625
Repairs and Maintainance	2,629	1,040	1,064	376	-
Staff Amenities	4,156	138	-	2,068	-
Sub Contractors	592,060	-	-	-	-
Subscriptions	548	-	-	-	-
Superannuation	8,958	2,118	38,848	1,531	-
Superannuation Guarantee	-	-	-	8,832	-
Telephone	27,957	5,750	12,173	10,027	1,193
Travel and Accomodation	5,401	541	9,591	1,576	-
Wages	120,537	23,530	289,137	16,703	-
less income tax expense	43	-	2,823	-	-
Over/(under) provision for income Tax	-	(112,500)	-	-	-
<b>Total Expenses</b>	<b>1,091,192</b>	<b>45,573</b>	<b>3,159,748</b>	<b>5,150,676</b>	<b>623,614</b>
<b>Net Profit/(loss) after income tax</b>	<b>(9,689)</b>	<b>114,358</b>	<b>(1,815,721)</b>	<b>(872,131)</b>	<b>(219,629)</b>
retained earnings	705,955	666,266	767,224	(1,279,663)	(2,151,794)
<b>total available for appropriation</b>	<b>696,266</b>	<b>780,624</b>	<b>(1,048,497)</b>	<b>(2,151,794)</b>	<b>(2,371,423)</b>
dividend paid	30,000	13,400	231,165	-	-
<b>Accumulated Losses</b>	<b>666,266</b>	<b>767,224</b>	<b>(1,279,662)</b>	<b>(2,151,794)</b>	<b>(2,371,423)</b>

**Land Alliance Pty. Ltd. (In Liquidation)**  
**ACN 100 459 452**

**Unsecured Creditors Listing**

No. Name	Director's RATA	Liquidator's Estimated Value
	\$	\$
<b>Unsecured</b>		
1 3 Hutchinson 3G Australia Pty Ltd	1,312	1,312
2 89 Enterprises	2,270	2,270
3 Deputy Commissioner of Taxation	1,578,978	1,396,562
4 Ace Plumbing & Gas	265	265
5 Australian Securities & Investments Commission	277	277
6 Blencowie Property Trust c/- Mila Properties Pty Ltd	89,103	89,103
7 City of Bayswater	7,323	1,672
8 Department of Treasury & Finance	-	1,835
9 Elegant Landscapes Pty Ltd	2,860	2,860
10 Glaser Corp Pty Ltd	15,510	15,510
11 Hutchinson Associates	13,200	13,200
12 L'n'C Hydraulics	3,245	3,245
13 Little Loads	-	366
14 Office of State Revenue	-	1,835
15 Raylynn Industries Pty Ltd	200,565	200,565
16 G & M Samardali	660	660
17 Solomon Brothers Barristers & Solicitors	9,083	9,083
18 Synergy	64	64
19 Temporary Power hire	997	997
20 Total Eden	1,439	2,752
21 Villton Pty Ltd	19,994	19,994
22 Water Corporation	5,724	1,266
23 Twigger Holdings Pty Ltd and Carol May Buffington*	-	733,695
<b>Total Unsecured Creditors</b>	<b>1,952,870</b>	<b>2,499,389</b>

\* Estimated shortfall to secured creditors following sale of Maylands Property

Statement of Financial Position

	\$	\$	\$	\$	\$
	Financial Statements as at 30/06/06	Financial Statements as at 30/06/07	Financial Statements as at 30/06/08	Financial Statements as at 30/06/09	Management accounts as at 15/12/09
<b>Current Assets</b>					
Cash on hand	2	2	2	2	2
Cash at Bank	(9,864)	(9,949)	39,580	(1,934)	(1,233)
Trade Debtors	-	263	-	510,070	(11,550)
Prepaid borrowing costs	3,735	59	-	-	-
Other Assets - Bond/refund/website	-	-	-	1,881	2,373
Rental Income	-	-	-	-	-
<b>Total Current Assets</b>	<b>(6,127)</b>	<b>(9,625)</b>	<b>39,582</b>	<b>510,019</b>	<b>(10,408)</b>
<b>Current Liabilities</b>					
Trade Creditors	122,001	116,783	566,579	323,614	264,795
Sundry Creditor - ATO	268,541	104,117	(144,726)	1,415,456	1,518,797
Sundry Creditors - Other	12,070	716	2,965	4,100	-
Loan - Babcock & Brown	79,507	-	-	-	-
Provision for dividends	-	-	231,165	153,717	153,717
Superannuation Liabilities	8,263	10,381	49,228	58,264	58,264
<b>Total Current Liabilities</b>	<b>490,382</b>	<b>231,997</b>	<b>705,211</b>	<b>1,955,151</b>	<b>1,995,573</b>
<b>Working Capital / (Deficiency)</b>	<b>(496,509)</b>	<b>(241,622)</b>	<b>(665,629)</b>	<b>(1,445,132)</b>	<b>(2,005,981)</b>
<b>Non Current Assets</b>					
Shareholders Loans - John Miller	52,814	152,533	231,166	-	-
Interest in Advance - Balanced Securities	-	-	500,000	270,626	-
Loan - Mila Properties Pty Ltd	10,250	10,250	-	-	-
Loan - Land Alliance Disc Fund Investment Trust	23,587	23,532	-	-	-
Loan - LandDevelopment.com.au Pty Ltd	-	-	2,567	-	(60,217)
Loan - Lulu Management Pty Ltd (related entity)	300,622	(216,754)	-	-	-
Loan - LandDevelopment.com.au Management (related entity)	-	-	104,961	104,911	104,910
Loan - Kirriemuir and Ambroggio	-	-	-	358,250	-
Loan - Mindarie Property Trust	801,439	590,817	1,084,932	-	-
Plant and Equipment	76,535	82,270	-	-	-
Land on Hand	-	-	10,926,370	2,212,614	1,640,351
Investment - Land Alliance & Toodyay Property Trust	-	-	830,137	935,886	351,308
Boat - "Addiction"	224,030	286,449	286,449	286,449	-
Motor Vehicle	59,124	48,037	39,030	-	-
<b>Total Non Current Assets</b>	<b>1,548,401</b>	<b>977,134</b>	<b>14,005,612</b>	<b>4,168,736</b>	<b>2,036,352</b>
<b>Non Current Liabilities</b>					
Loan RTGS - South Lake	-	-	1,000,000	1,000,000	-
Loan - Belencowie Property Trust	(26,146)	(26,146)	-	68,902	89,103
Loan - Villton	25,000	(5,568)	19,995	19,995	19,995
Loan - Lulu trusts	187,398	-	-	-	-
Secured Finance - Liberty	199,372	-	-	-	-
Secured Finance - Balanced Securities	-	-	2,200,000	-	-
Secured Finance Aubin Grove - Angas	-	-	890,000	-	-
Secured Finance Aubin Grove - KWS	-	-	120,000	-	-
Secured Finance Morley - Balanced Securities	-	-	7,168,648	-	-
Secured Finance Morley - HG&R Securities	-	-	1,750,000	-	-
Secured Finance Morley - Angas	-	-	-	1,122,940	498,741
Secured Finance Morley - Barker	-	-	-	-	-
Secured Finance Morley - KWS	-	-	500,000	490,000	119,111
Secured (Unregistered) Morley - Mindarie Property Trust	-	-	-	963,559	464,843
Secured Finance Maylands - Angas	-	-	451,000	690,000	690,000
Secured Finance Maylands - Twigger	-	-	260,000	260,000	260,000
Secured Finance Maylands - Coral May Buffington	-	-	260,000	260,000	260,000
<b>Total Non Current Liabilities</b>	<b>385,624</b>	<b>(31,714)</b>	<b>14,619,643</b>	<b>4,875,396</b>	<b>2,401,793</b>
<b>Net Assets</b>	<b>666,268</b>	<b>767,226</b>	<b>(1,279,660)</b>	<b>(2,151,792)</b>	<b>(2,371,422)</b>

Email: [johnathon.busing@rsmi.com.au](mailto:johnathon.busing@rsmi.com.au)

## LIQUIDATOR'S REMUNERATION REPORT

**Land Alliance Pty. Ltd. (In Liquidation)**  
**ACN 100 459 452**  
**("the Company")**  
**Formerly Known as "Virgin Land Pty Ltd"**

### 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 Liquidator's current and future remuneration resolutions.

#### Current Remuneration Claim

- 1.2. At the forthcoming meeting of creditors, the Liquidator will be seeking creditors' approval for the remuneration of the Liquidator, his partners and his staff for the period 15 December 2009 to 18 August 2010 in the amount of \$77,263.80 (plus GST).
- 1.3. Creditors will be asked to consider and, if deemed appropriate, resolve:-

*"That the remuneration of the Liquidator, his partners and his 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 15 December 2009 to 18 August 2010 in the sum of \$77,263.80 (plus GST), and such remuneration be approved and paid."*

- 1.4. A description of the work completed and a calculation of the remuneration claimed for the period 15 December 2009 to 18 August 2010 are attached as Annexure A and Annexure B respectively.
- 1.5. Detailed timesheets and supporting documentation are available for inspection at a mutually convenient time.

#### Estimated Future Remuneration of the Liquidator

- 1.6. At the forthcoming meeting, the Liquidator will also seek creditors' approval for the future remuneration of the Liquidator, his partners and his staff for the period 19 August 2010 to the finalisation of the Liquidation in the amount of \$30,000.00 (plus GST).
- 1.7. Creditors will be asked to consider, and if appropriate, resolve:

*"That the future remuneration of the Liquidator, his partners and his staff from 19 August 2010 is 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 \$30,000.00 (plus GST) and the Liquidator be at liberty to seek further approval and be authorised to make payments on account of such accruing remuneration".*

- 1.8. A description of work expected to be undertaken and a calculation of my expected remuneration from 19 August 2010 to the finalisation of the liquidation is attached as Annexure "C"
- 1.9. The description of work and associated costs are estimates only. These estimates are based on my understanding of the Company's affairs. Actual tasks undertaken and associated costs will be dependent on the matters encountered in finalising the liquidation.

## **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 I propose that my 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 my 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 from 15 December 2009 (\$) (Excl. GST)	Rate from 1 August 2010 (\$) (Excl. GST)	Experience
Partner/Appointee	384.31	400.98	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>
Director	-	334.15	Generally, minimum of 12 years experience at least 2 years of which is to be at Manager level. University degree; member of the ICAA and IPAA with deep knowledge and lengthy experience in relevant insolvency legislation and issues.
Manager I	277.56	289.59	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.
Manager II	-	256.18	Generally, 5 – 7 years chartered accounting or insolvency management experience. University degree; member of the ICAA and IPAA; sound knowledge of relevant insolvency legislation and issues.
Supervisor	202.83	211.63	Generally, 4 – 6 years chartered accounting or insolvency management experience. University degree; member of the ICAA; completing IPAA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues.
Senior I	160.13	167.07	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	149.45	155.94	Generally, 2 – 3 years chartered accounting or insolvency management experience. University

			degree, ICAA's CA program commenced.
Intermediate I	138.78	144.80	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	117.43	122.52	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	123.83	167.07	Appropriate skills including machine usage.
Secretary	123.83	129.20	Appropriate skills including machine usage.
Junior	64.05	100.00	Completed schooling and plans to undertake further studies. Required to assist in administration and day to day field work under the supervision of more senior staff.

**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 "A" - Disbursements for the period 15 December 2009 to 18 August 2010;

4.2.2. Annexure "C" - Estimated disbursements for the period 19 August 2010 to the end of the Administration;

# RSM Bird Cameron Partners

Chartered Accountants

Should you have any queries please do not hesitate to contact Mr Johnathon Busing of my office or the undersigned.

Dated this 31<sup>st</sup> day of August 2010

Yours faithfully



NEIL CRABB  
Official Liquidator

Land Alliance Pty. Ltd.  
ACN: 100 459 452

## Remuneration Report

## Part 1: Description of Work Completed

Period From 15 December 2009 to 18 August 2010

Task Area	General Description	Includes
Assets [\$29,371.01]	Plant and Equipment	Liaising with valuers, auctioneers and interested parties Valuation Report
	Debtors	Correspondence with debtors
	Leased Assets	Reviewing leasing documents Liaising with owners / lessors Equity assessments
	Other Assets	All tasks associated with realising other assets
	Sale of Land and Buildings	Liaising with valuers, auctioneers and interested parties liaising with purchasers Assessment of offers / Sale negotiations
Creditors [\$11,898.24]	Creditor Reports	Preparing creditor report
	Creditor Enquiries	Receive and follow up creditor enquiries via telephone / email Review and prepare correspondence to creditors via letter/fax/email
	Secured Creditor Reports	Liaising with secured creditors via telephone / email Responding to secured creditor queries
	Meetings of Creditors	Preparation of notices, proxies and advertisements Forwarding notice of meeting to all known creditors Preparation for meeting including agenda, attendance register, list of creditors, advertisement, draft minutes
	Proofs of Debts - Receipt	Receipting and filing POD's
	Shareholder Enquiries	Liaising with shareholders
Employees [\$202.84]	Employees Enquiries	Receive and reply to employee queries Preparation of letters to employees regarding entitlements and options
	Employee Dividend	Correspondence with employees Correspondence with ATO regarding SGC proof of debt
Trade On [\$1,634.08]	Processing Receipts	Preparation of receipt forms for input into internal computer system
	Processing Payments	Preparation of payment forms for input into internal computer system
Investigation [\$22,570.72]	Conducting Investigation	Collection / copying relevant company books and records Searches (property, charges, ASIC) ASIC correspondence regarding access to RATA and records Review of company records / financial statements Review of cashbook for voidable transactions Preparation of investigation file
	ASIC Reporting	Preparation of statutory investigation reports (eg 476/533) Preparation of assetless administration applications Liaising with ASIC
Dividend [\$38.43]	Processing Proofs of Debt	Assessment and adjudication of POD's
Administration [\$11,548.48]	Checklists / File Review	Initial and bi monthly reviews File review Checklist completion
	Appointment Documents	Court order / Directors minutes / Bank appointment docs
	RATA / SAF	Liaising with Directors / accountants Receipt and lodgement at ASIC / ITSA Processing into internal computer system
	Directors / Officers	Correspondence and meetings with Directors including interviews Directors questionnaire
	ASIC Forms	Preparing and lodgement of ASIC forms including 524,505, 911 etc Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Notification of appointment and registration Preparation and lodgement of BAS returns
	Bank Account Administration	Opening and closing administration bank accounts Bank account reconciliations Bank correspondence
	Insurance	Notification to Willis and prior broker
	Books and Records / Storage	Dealing with records in storage
	Remuneration	Workpapers re WIP reports / Billings Schedule of Fee approvals Preparation of billing reports

Land Alliance Pty. Ltd.  
ACN: 100 459 452

Remuneration Report

Part 2: Calculation of Remuneration

Period From 15 December 2009 to 18 August 2010

Employee	Position	Average \$ / hour (ex GST)	Total actual hours	Total (\$)	Task Area								
					Assets (\$)	Creditors (\$)	Employees (\$)	Trade on (\$)	Investigation (\$)	Dividends (\$)	Administration (\$)		
Greg Dudley	Partner	385.59	1.2	462.47	462.47								
Neil Cribb	Partner	8,135.08	21.1	8,135.08	5,096.14	691.74			153.72	653.31	38.43	1,501.74	
Corey Beat	Manager 1	280.00	0.3	84.00								84.00	
Mike Edmondson	Manager 1	290.12	80.3	23,296.46	13,794.53	2,753.25				3,275.22		3,473.46	
Lalitha Samykanno	Supervisor	215.86	120.6	26,033.06	6,369.34	5,133.28			329.86	12,009.96		1,987.78	
Miranda Ho	Senior 2	165.53	0.4	66.21	66.21								
Nikhil Gobil	Senior 2	149.45	1.1	164.40	164.40								
Prishtha Balakrishnan	Senior 2	138.78	1.1	152.66					27.76	83.27		41.63	
Jerome Mohen	Intermediate 1	144.80	0.4	57.92					43.44			14.48	
Johnathon Busing	Intermediate 1	134.46	114.1	15,341.86	2,864.56	3,022.78			419.30	6,294.67		2,740.55	
Mei Huang	Intermediate 1	132.37	4.0	529.49	296.77				27.76	82.20		122.76	
Corey Turner	Intermediate 2	64.05	3.3	211.38	19.22					147.32		44.84	
Hayley Forshaw	Secretary	124.38	15.0	1,865.77	237.37	222.89			111.88			268.38	
Terri Hoy	Secretary	128.81	6.7	863.04		74.30			520.36	24.77			
<b>TOTAL (excluding GST)</b>		<b>209.05</b>	<b>369.6</b>	<b>77,263.80</b>	<b>29,371.01</b>	<b>11,898.24</b>	<b>202.84</b>	<b>1,634.08</b>	<b>22,570.72</b>	<b>38.43</b>	<b>11,548.48</b>		
GST				\$ 7,726.38									
<b>TOTAL (including GST)</b>				<b>\$ 84,990.18</b>									

Disbursements

Type \$

A - Externally provided professional services

B1 - Advertising and Searches

B2 - Faxes, Photocopying, Stationery and Printing

TOTAL

GST

TOTAL (Including GST)

GRAND TOTAL

	\$
A - Externally provided professional services	3,421.10
B1 - Advertising and Searches	279.21
B2 - Faxes, Photocopying, Stationery and Printing	3,700.31
<b>TOTAL</b>	<b>370.03</b>
<b>GST</b>	<b>\$4,070.34</b>
<b>TOTAL (Including GST)</b>	<b>\$85,060.52</b>

Land Alliance Pty. Ltd. (in Liquidation)  
ACN: 100 549 452

Description of work expected to be undertaken

Period from 19 August 2010

Task Area	General Description	Includes
Assets [\$10,000]	Other Assets	Realisation including dealing with interested parties and potential litigation
	Sale of Land Buildings	Remove caveat on Maylands property Tasks associated with sale of Maylands property
Creditors [\$6,000]	Creditor Reports	Preparing creditor reports, investigation, meeting and general reports
	Creditor Enquiries	Receive and follow up creditor enquiries via telephone / email Review and prepare correspondence to creditors via letter/fax/email
	Meetings of Creditors	Preparation of notices, proxies and advertisements Forwarding notice of meeting to all known creditors Preparation for meeting including agenda, attendance register, list of creditors, advertisement, draft minutes Finalisation and lodgement of minutes with ASIC Stakeholders queries re meeting outcomes
	Proofs of Debts - Receipt	Receiving and filing POD's
Investigation [\$4,000]	Litigation / Recoveries	Determination of potential actions and brief to solicitors Recovery of Partnership funds Liaising with solicitors and defendants Settlement negotiations
Dividend [\$3,000]	Processing Proofs of Debt	Correspondence to creditors calling for POD's Receipt and registration of POD's Assessment and adjudication of POD's Correspondence to claimant requesting further information Advising claimant of outcome of adjudication (admit/reject)
	Dividend Procedures	Preparation of notices to creditors of intention to declare dividend Advertisement of dividend Calculation of dividend Preparation of dividend distribution (cheques/letters) Preparation of dividend file Correspondence to creditors with dividend payment
Administration [\$7,000]	Checklists / File Review	Initial and bi monthly reviews File review Checklist completion
	ASIC Forms	Preparing and lodgement of ASIC forms including 524,505, 911 etc Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Preparation and lodgement of BAS returns
	Bank Account Administration	Closing administration bank accounts Bank account reconciliations Bank correspondence
	Insurance	Notification to Willis
	Finalisation	Notifying statutory authorities of finalisation (ATO/OSR) Cancellation of ABN/GST/PAYG registration Completing checklists Finalising WIP / Billings
	Books and Records / Storage	Dealing with records in storage Sending job files to and from storage
	Processing Receipts	Preparation of receipt forms for input into internal computer system
	Processing Payments	Preparation of payment forms for input into internal computer system
	Remuneration	Work papers re WIP reports / Billings Schedule of Fee approvals Preparation of billing reports
Total [\$30,000]		

Estimated Future Disbursements for the period beginning 19 August

Type

A - Legal Fees	\$10,000
B1 - Externally provided non professional costs	\$2,000
B2 - Internally provided non professional costs	\$2,000
<b>Total</b>	<b>\$14,000</b>

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

LAND ALLIANCE PTY. LTD. (IN LIQUIDATION)  
ACN 100 459 452  
FORMERLY KNOWN AS "VIRGIN LAND PTY LTD"

Name of creditor: .....

Address of creditor:.....

.....

ABN: .....

Telephone Number: .....

Amount of debt claimed:\$ .....

(see note)

Amount of GST included:\$ .....

Consideration for debt: .....

Whether debt secured or .....  
unsecured:

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

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

Balance, if any, after deducting value of security (see note):

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

.....

Creditor  
(or person authorised by creditor)

**Note:**

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

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

A secured creditor may vote (Regulation 5.6.24):

- a. for the whole of his debt provided that he surrenders his security;
- b. for the deficiency if the value of the security is less than the amount of the debt.

Proxies must be made available to the Liquidator.

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY  
CREDITORS MEETING

LAND ALLIANCE PTY. LTD. (IN LIQUIDATION)  
ACN 100 459 452  
FORMERLY KNOWN AS "VIRGIN LAND PTY LTD"

\*I/\*We (1) .....  
of .....  
a creditor of Land Alliance Pty. Ltd., appoint (2) .....  
.....  
or in his or her absence .....  
as \*my/our \*general/special proxy to vote at the meeting of creditors to be held on , or at any adjournment of that meeting.(3)

Resolution	For	Against	Abstain
<i>"That the remuneration of the Liquidator, his partners and his 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 15 December 2009 to 18 August 2010 in the sum of \$77,263.80 (plus GST), and such remuneration be approved and paid."</i>			
<i>"That the future remuneration of the Liquidator, his partners and his staff from 19 August 2010 is 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 \$30,000 (plus GST) and that the Liquidator be at liberty to seek further approval and be authorised to make payments on account of such accruing remuneration".</i>			

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.  
(3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.

## **Declaration of Independence, Relevant Relationships and Indemnities**

**LAND ALLIANCE PTY. LTD.  
ACN 100 459 452  
("the Company")**

### **Independence**

I, Neil Raymond Cribb of RSM Bird Cameron Partners have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Official Liquidator of Land Alliance Pty. Ltd. 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.

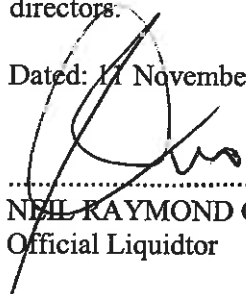
### **Relevant Relationships**

I, nor my firm, have, or have had within the preceding 24 months, any relationships with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has a charge on the whole or substantially whole of the Company's property.

### **Prior Engagements with the Insolvent**

I, nor my firm, have undertaken any prior engagements for Land Alliance Pty. Ltd. or its directors.

Dated: 11 November 2009

  
.....  
NEIL RAYMOND CRIBB  
Official Liquidator

***NOTE: If circumstances change, or new information is identified, I am required under the IPA Code of Professional Practice to update this Declaration and provide a copy to creditors with my next communication as well as table a copy of any replacement declaration at the next meeting of the company's creditors.***



**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.