

3 March 2015

**TO THE CREDITOR AS ADDRESSED**

**Mercbro Pty Ltd (Administrator Appointed) ACN: 103 779 924**  
**As Trustee for Mercbro Trust ABN: 75 872 358 110**  
**Formerly trading as "Qualiform Doors & Vanities" and "Qualiform Postforming"**  
**("the Company")**

I write to advise that I was appointed as Administrator of the above named Company on 4 February 2015 by the Directors of the Company under section 436A of the *Corporations Act 2001* (Cth) ("the Act").

Please find enclosed the following for your information:

- Notice of Meeting (Form 529)
- Administrator's Report to Creditors
- Remuneration Report
- Information Sheet for Creditors
- Proof of Debt for Voting Purposes (Form 535)
- Proxy Form (Form 532)

Please complete the Proof of Debt Form for Voting Purposes at the meeting and return this to me preferably by 5.00pm on the day before the meeting. If you need to complete the Proxy Form, I also request this preferably by 5.00pm on the day before the meeting.

At the meeting, creditors may be asked to vote on the following:

1. The Company executing a Deed of Company Arrangement ("DOCA");
2. The Company being voluntarily wound up;
3. The Administration ending;
4. The meeting being adjourned for a period not exceeding 45 business days.

**Administrator's Recommendation**

In brief, my report recommends that the Company be placed into liquidation. This is primarily because the Company has ceased trading and the Directors have not proposed that the Company enter into a DOCA.

Furthermore, if a Liquidator is appointed, investigations pursuant to section 533 of the Act will be conducted into the past affairs and dealings of the Company, which may include potential insolvent trading offences committed by the Directors and potential preferential payment recoveries.

If you have any queries, please liaise with the above contact.

Yours faithfully



Kim Wallman – Administrator of  
Mercbro Pty Ltd (Administrator Appointed) ACN: 103 779 924

**Form 529  
Corporations Act 2001  
("the Act")**

**Notice of a Meeting of Creditors of  
Mercbro Pty Ltd (Administrator Appointed) ACN: 103 779 924  
As Trustee for Mercbro Trust ABN: 75 872 358 110  
Formerly trading as "Qualiform Doors & Vanities" and "Qualiform Postforming"  
("the Company")**

Notice is given that a Meeting of the Creditors of the Company will be held on Wednesday, 11 March 2015 at 10:00am at Ground Floor, 15 Rheola Street, West Perth WA.

**AGENDA**

1. The purpose of the meeting is to receive the Administrator's Report about the Company's business, property, affairs and financial circumstances and for creditors to resolve either:
  - a) That the Company execute a Deed of Company Arrangement; or
  - b) That the Administration should end; or
  - c) That the Company should be wound up; or
  - d) That the business of the meeting be adjourned for a period not to exceed forty five (45) business days.
2. For creditors to resolve to appoint the Administrator as Liquidator of the Company.
3. For creditors to resolve to approve the Administrator's remuneration pursuant to section 449E(1)(a) of the Act.
4. For creditors to resolve to approve the future remuneration of the Administrator and or Liquidator if one is appointed.
5. If the Company is wound up, and if appropriate, appoint a Committee of Inspection.
6. If the Company is wound up, for creditors to resolve to approve the early destruction of the books and records of the Company, subject to approval from Australian Securities & Investments Commission.
7. Any other relevant business.

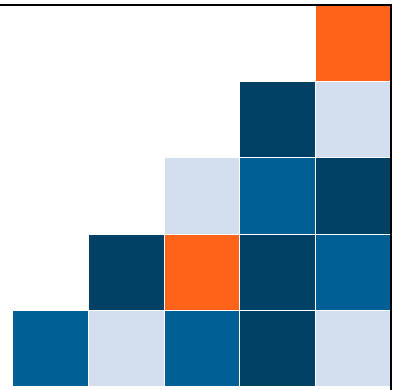
Dated 3 March 2015



Kim Wallman – Administrator of  
Mercbro Pty Ltd (Administrator Appointed)  
ACN: 103 779 924



Chartered Accountant



## **Mercbro Pty Ltd (Administrator Appointed)**

**ACN: 103 779 924**

**As Trustee for the Mercbro Trust ABN: 75 872 358 110**

**Formerly trading as "Qualiform Doors & Vanities" and "Qualiform Postforming"  
("the Company")**

## **Administrator's Report to Creditors**

Pursuant to Section 439A of the *Corporations Act 2001* (Cth)  
("the Act")

Dated 3 March 2015


<b>Administrator</b>	Kim Wallman
<b>Appointment Date</b>	4 February 2015
<b>Second Meeting of Creditors</b>	Wednesday, 11 March 2015 at 10:00am
<b>Contact</b>	Greg Quin
<b>Telephone Number</b>	08 9215 7902

**HLB Mann Judd (Insolvency WA) ABN 54 686 879 814**

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## Appendix A – Financial Statements

## 1. Introduction

I, Kimberley Stuart Wallman, was appointed as the Administrator of Mercbro Pty Ltd (Administrator Appointed) ACN 103 779 924 under Part 5.3A of the *Corporations Act 2001* (Cth) ("the Act") on 4 February 2015 by the Directors of the Company.

The purpose of the appointment of an Administrator is to allow for an independent Insolvency Practitioner to take control of and investigate the affairs of an insolvent company for approximately four weeks. During that time, the claims of creditors are put on hold. At the end of that period, I am required to provide creditors with information and recommendations to assist creditors to decide upon the Company's future.

The purpose of this report therefore is to provide creditors with sufficient information for them to make an informed decision about the future of the Company, including:

- Background information about the Company;
- The results of my investigations;
- The estimated returns to creditors; and
- The options available to creditors and my opinion on each of these options including which option is in the creditors' interests.

In the time available to me, I have undertaken the following investigations to prepare this report and formulate my opinion:

- Review of the recent trading of the Company;
- Analysis of the financial position of the Company including any security held by financiers, and various other charge holders to obtain an estimate of potential funds available for unsecured creditors;
- Examination of the books and records of the Company;
- Review of the assets and liabilities position of the Company and the options to realise the assets of the Company;
- Investigation of the records of the Company with respect to potential financial recoveries from various parties;
- Land title searches;
- Vehicle and vessel searches; and
- Reviewed the possibility of insolvent trading, voidable transactions and other possible offences under the Act.

At the meeting of creditors to be held on Wednesday, 11 March 2015, creditors will be asked to make a decision regarding the future direction of the Company by passing an ordinary resolution in respect of options available to them.

**In this report, I have recommended to creditors that the Company be placed into liquidation and detailed why this option is, in my opinion, in the best interests of creditors.**

## 2. First Meeting of Creditors

The first meeting of creditors was held on Friday, 13 February 2015. At the meeting, there was no resolution to remove me as the Administrator from office and appoint someone else as the Administrator(s).

Furthermore, there was no resolution for the appointment of a Committee of Creditors.

In accordance with the Act, I now report to creditors regarding the Company's business, property, affairs and financial circumstances and the alternatives available to creditors in deciding the future of the Company.

### 3. Background Information

#### 3.1. Summary of Actions Since Administrator's Appointment

As creditors will be aware, the Company has not traded during the period since my appointment.

Shortly after my appointment, I took action to secure, recover and review the records of the Company, including hard copy files and paperwork, the Company's two MYOB management accounting systems and the Company's computer server. I have also contacted the Company's external taxation accountant to recover the Company's historical financial statements.

I arranged and have received a valuation of the Company's assets, which was completed by Gregsons Auctioneers and Valuers. An online auction of the Company's assets will take place on Tuesday, 10 March 2015.

I have written to the former employees of the Company outlining the options available to them in respect of the Fair Entitlements Guarantee ("FEG"), a federal government scheme set up to assist employees of insolvent employers.

I have communicated with the Company's secured creditor in relation to the debt owed to it and the prospects of settling the debt in full, which I expect will occur following the auction referred to above.

I have communicated with various parties regarding the possibility of selling the business of the Company. I have received and reviewed one offer as at the date of preparing this report.

I have communicated with the parties to the Qualiform Postforming Partnership and addressed the Company's joint and several liability to the financial liabilities of the partnership.

I have met with the Directors of the Company regarding their intention not to propose a DOCA and the completion of certain documentation as required by the Act.

I have commenced recovery of the Company's debtors. I expect collections efforts will be ongoing for several weeks.

I have communicated and corresponded with various creditors regarding the status of the appointment, the future direction of the Company and the prospects of a return to creditors.

I have prepared for and attended the first meeting of creditors which was held on 13 February 2015.

I have sought legal advice with respect to ownership of certain assets in relation to the Personal Property and Securities Register ("PPSR").

I have conducted investigations into the past affairs and dealings of the Company and its officers, with specific focus on insolvent trading and uncommercial transactions.

### 3.2. Incorporation and Partnership

A search of the Company file at the Australian Securities & Investments Commission ("ASIC") revealed that the Company was incorporated in Western Australia on 18 February 2003 and commenced business shortly thereafter.

The Company operated one business in its own right, namely "Qualiform Doors & Vanities" and a second business under a partnership arrangement known as "Qualiform Postforming".

The partnership was formerly comprised of three entities, one being the Company; however one of the three entities resigned from the partnership with the effective date being 1 February 2015. The remaining partner, a Company controlled by the Directors, consented to me as the Administrator dealing with the assets of the partnership.

### 3.3. Officers, Shareholders, Registered Addresses and Security Interests

Director	Appointed	Status
Paolo Giovanni Mercuri	18 February 2003	Current
Cesare Angelo Mercuri	18 February 2003	Current
Panagiota Mercuri	14 September 2008	Ceased (12 April 2012)
Eugenio Enrico Mercuri	18 February 2003	Ceased (14 September 2008)
Elliot Victor Galanti	18 February 2003	Ceased (9 January 2004)

Secretary	Appointed	Status
Paolo Giovanni Mercuri	7 January 2004	Current

Shareholder	No. of Shares	Class
Pama Holdings Pty Ltd	1	Ordinary
Three Peas Holdings Pty Ltd	1	Ordinary
Tobolino Pty Ltd	1	Ordinary

**Registered Office:** Shakespeare Partners  
47 Outram Street  
West Perth WA 6005

**Principal Place of Business:** 43 Berriman Drive  
Wangara WA 6065

### 3.4. Registered Security Interests

A search of the Personal Property Securities Register ("PPSR") revealed the following security interests registered against the Company:

Secured Party	Registration Number	Type	PMSI	Note
BIBBY FINANCIAL SERVICES AUSTRALIA PTY LIMITED	201309180020065	Account	Not Provided	1
BIBBY FINANCIAL SERVICES AUSTRALIA PTY LIMITED	201310180009361	Account	Not Provided	1
TOYOTA FINANCE AUSTRALIA LTD	201112160090310	All PAAP	Not Provided	2
TOYOTA FINANCE AUSTRALIA LTD	201112161449714	All PAAP	Not Provided	2
TOYOTA FINANCE AUSTRALIA LTD	201112200453089	All PAAP	Not Provided	2
TOYOTA FINANCE AUSTRALIA LTD	201112200453101	All PAAP	Not Provided	2
WESTPAC BANKING CORPORATION	201112200472707	All PAAP	Not Provided	2
WESTPAC BANKING CORPORATION	201112204323934	All PAAP	Not Provided	2
NATIONAL AUSTRALIA BANK LIMITED	201112210980992	All PAAP	Not Provided	2
BOQ EQUIPMENT FINANCE LIMITED	201112211652487	All PAAP	Not Provided	4
TOYOTA FINANCE AUSTRALIA LTD	201112220464099	All PAAP	Not Provided	2
TOYOTA FINANCE AUSTRALIA LTD	201201010070656	All PAAP	Not Provided	2
NATIONAL AUSTRALIA BANK LIMITED	201201140032477	All PAAP	Not Provided	2
COMMONWEALTH BANK OF AUSTRALIA	201201140041368	All PAAP	Not Provided	2
COMMONWEALTH BANK OF AUSTRALIA	201204040104885	All PAAP	Not Provided	2
BIBBY FINANCIAL SERVICES AUSTRALIA PTY LIMITED	201309180020054	All PAAP	Not Provided	1
NATIONAL AUSTRALIA BANK LIMITED	201201091118275	All PAAP, Except	Not Provided	2
LAMINEX GROUP PTY LIMITED	201201080267158	Other Goods	Yes	5
LAMINEX GROUP PTY LIMITED	201201080296323	Other Goods	Yes	5
WESTPAC BANKING CORPORATION	201201110311247	Other Goods	No	2
WESTPAC BANKING CORPORATION	201201110325354	Other Goods	No	2

A search of the PPSR revealed the following security interests registered against the Mercbro Trust:

Secured Party	Registration Number	Type	PMSI	Note
I. & J. MACHINERY SALES PTY LTD	201202080336776	Other Goods	Yes	3
GOGETTA EQUIPMENT FUNDING PTY LTD	201202110091124	Other Goods	Yes	2
GOGETTA EQUIPMENT FUNDING PTY LTD	201202110091130	Other Goods	Yes	2
CANON FINANCE AUSTRALIA PTY LTD	201210180024196	Other Goods	No	6

A search of the PPSR revealed the following security interests registered against the Qualiform Postforming Partnership:

Secured Party	Registration Number	Type	PMSI	Note
BIBBY FINANCIAL SERVICES AUSTRALIA PTY LIMITED	201309180020065	Account	Not Provided	1
BIBBY FINANCIAL SERVICES AUSTRALIA PTY LIMITED	201310180009361	Account	Not Provided	1
BIBBY FINANCIAL SERVICES AUSTRALIA PTY LIMITED	201309180020054	All PAAP	Not Provided	1
NATIONAL AUSTRALIA BANK LIMITED	201201091118275	All PAAP, Except	Not Provided	2
HALIFAX VOGEL GROUP PTY LIMITED	201204100122726	Other Goods	No	6
HALIFAX VOGEL GROUP PTY LIMITED	201501150021170	Other Goods	Yes	6

Definitions:

The term 'all present and after-acquired property' (abbreviated to 'ALLPAAP') means:

- personal property over which the grantor has an interest at the time the registration is made on the PPS Register, and
- personal property acquired after the registration is made on the PPS Register.

PMSI (purchase money security interest) is a security interest in collateral created by a seller who secures the obligation to pay the purchase price, or a person who provides the value to purchase the personal property. A PMSI can also be the interest of a lessor or bailor under a PPS lease or the interest of a consignor who delivers property under a commercial consignment. Section 14 of the PPS Act provides the full definition of this term.



Notes:

1. These security interests relate to the debtor factoring facility agreement entered into by the Company.
2. My understanding is that these security interests have been satisfied. I have written to all of these parties regarding my appointment and I have not received any claims to assets from these parties.
3. This security interest related to a machine that was rented by the Company. The Company was issued with a default notice under the rental agreement prior to my appointment and the party in question has recovered its asset.
4. I am currently liaising with this party with respect to a serial number discrepancy noted in the security interest registration.
5. These security interests most likely relate to inventory supplied to the Company.
6. I am not aware of what these security interests relate to. I have written to these parties regarding my appointment; however I have not received any responses or claims to assets.

### 3.5. Books and Records

Failure to maintain books and records in accordance with section 286 of the Act provides rebuttable presumption of insolvency.

This presumption can be relied upon by a Liquidator in an application for compensation for insolvent trading and other actions for recoveries from related entities under Part 7.7B of the Act.

Accordingly, I consider the information about the maintenance of the Company's books and records to be material to the decision of creditors about the future direction of the Company.

I advise creditors that I have taken possession of and reviewed the Company's books and records including hard copy and electronic records. The Company maintained a computerised MYOB accounting system. Furthermore, the Company utilised the services of an independent, external taxation accountant for the preparation of annual income tax returns and financial statements.

This system appears, at least on the surface, to have enabled the Directors to ascertain the Company's financial position as required by the Act.

Having said that, I have not yet concluded my investigations into this matter, as I have been unable, for example, to trace certain material receipts and payments in the MYOB records. Furthermore, I have been unable to locate a number of liabilities, which have come to light since my appointment through creditors making contact with my office. I will therefore need to further review the Company's banking records and source documents before commenting further on this aspect of my investigations.

### 3.6. Financial Statements

The lack of timely financial reporting in a company may provide an indication of the management capabilities of the incumbent Directors.

As noted above, my investigations have revealed that the Company engaged the services of an independent, external taxation accountant to prepare annual financial statements.

I have obtained the most current financial statements prepared for the Company which were for the 2012/13 financial year.

I have extracted and included at the end of this report, a copy of the 2012/13 balance sheet and profit and loss statement at **Appendix A** for your information.

### 3.7. Historical Financial Performance

The financial performance of the Company for the 2011/12 financial year to the period ending 4 February 2015 is set out below.

#### Company Financial Records

	2011/12	2012/13	2013/14	2014/15 (part yr)
Income	2,316,951	2,073,565	2,077,370	611,744
Less cost of goods sold	977,188	1,025,765	1,242,615	281,283
Less direct expenses	371,201	477,523	-	-
Gross profit from trading	968,532	570,368	834,755	330,460
Expenditure	903,429	674,255	1,041,831	438,927
Other income	(23,488)	42,609	178	1,726
Profit before income tax	41,645	(61,278)	(206,899)	(106,741)

#### Qualiform Partnership Financial Records

	2011/12	2012/13	2013/14	2014/15 (part yr)
Income	1,796,253	1,797,912	1,949,916	472,021
Less cost of goods sold	1,167,604	1,041,746	1,076,337	7,121
Less direct expenses	244,701	139,132	-	-
Gross profit from trading	441,948	702,034	873,579	464,900
Expenditure	545,387	677,995	1,011,650	375,494
Other income	6,482	7	-	-
Profit before income tax	(96,957)	24,046	(138,071)	89,405

Please note that the figures presented for the 2013/14 and part of 2014/15 financial years were extracted from the Company's MYOB accounting records.

As noted in the tables above, both the Company and the Qualiform Postforming Partnership made losses in the 2013/14 financial year following a plateau in income and a marked increase in expenditure in comparison to the 2012/13 financial year.

### 3.8. Administrator's Prior Involvement

There are no circumstances that have arisen that would require amendment to my Declaration of Independence, Relevant Relationships and Indemnities dated 5 February 2015.

### 3.9. Directors' Report as to Affairs

As at the date of this report, Mr Cesare Mercuri has provided me with a copy his Report as to Affairs ("RATA"); however, I note that a number of aspects of the form are incomplete. I have elected therefore not to present a summary of this document to creditors.

Mr Paolo Mercuri has not provided me with a copy of his RATA; therefore, I do not have any further information to present in this regard. I advise that given Mr Mercuri has not submitted his RATA to me within the required timeframe, that Mr Mercuri may have breached section 438B of the Act.

Based on my analysis of the records of the Company, bearing in mind I have not yet concluded that the records are accurate, I have set out below a summary of the assets and liabilities of the Company as they appear in the respective MYOB systems.

As at 4 February 2015, the assets and liabilities of the Company are estimated to be as follows:

	Qualiform Doors & Vanities \$	Qualiform Postforming Partnership \$	Notes
<b>ASSETS</b>			
Cash at Bank	26	729	
Cheques on Hand	1,100	-	
Stock	NCV	NCV	1
Trade Debtors	20,000	20,000	
Plant and Equipment	CSI	CSI	2
<b>TOTAL ASSETS</b>	<b>21,126</b>	<b>20,729</b>	
<b>LIABILITIES</b>			
<u>Priority Creditors</u>			
Wages	5,000	3,000	
Superannuation	85,000	75,000	
Annual Leave	3,500	9,500	
Termination Entitlements	7,500	5,000	
<u>Secured Creditor</u>			
<u>Bibby Financial Services</u>	(2,093)	7,070	3
<u>Unsecured Creditors</u>			
Trade Creditors	300,000	170,000	
Australian Taxation Office	170,154	108,111	
Related Party Loan	24,000	13,800	
Credit Cards	-	13,000	
Finance Company Shortfall	14,000	-	4
Non-priority annual leave	15,000	10,000	
<b>TOTAL LIABILITIES</b>	<b>622,061</b>	<b>414,481</b>	

Notes:

1. The stock that remained at the Company's premises at the date of my appointment was comprised of off cuts. I have elected to assign no commercial value ("NCV") to the Company's stock on hand.
2. As noted above, the plant and equipment owned by the Company will be realised via auction on 10 March 2015. As such, I have elected not to present my estimate of the value of plant and equipment as I consider this information to be commercially sensitive in nature ("CSI").
3. These amounts related to the debt owed to Bibby Financial Services Australian Pty Ltd, the Company's secured creditor. Please note that the net amount owed to the secured creditor is approximately \$5,000.
4. As referred to in section 3.4 above, specifically note 4, I am currently investigating a PPSR issue with respect to incorrectly registered security interest. This amount represents the claim that may arise against the Company should I as the Administrator, be entitled to take realise the assets in question.

### **3.10. Administrator's comments on the Director's RATA Form 507:**

I am required to pass comment on the Directors' RATA. To date, only one of the Directors has provided me with a copy of his RATA and as noted above the information presented is partially incomplete. I therefore cannot comment in any detail on the information presented to me.

### **3.11. Explanations for Difficulties**

As outlined in his Director's Questionnaire, Mr Cesare Mercuri first realised the Company may have had to be placed into external administration in December 2014.

Mr Cesare Mercuri considered that the failure of the Company was caused by the "doors" side of the business.

As at the date of preparing this report, Mr Paolo Mercuri has not provided me with a copy of his Director's Questionnaire.

I have not yet formed a view as to the causes of the demise of the Company. Further investigations will be conducted into the reasons behind the downfall of the Company.

### **3.12. Outstanding or Previous Winding up Applications**

My inquiries have revealed that at the date of my appointment, there were no petitions to wind up the Company.

### 3.13. Related Entities

My investigation of the Company's accounting records and claims received has revealed the following:

Name of Creditor	Relationship	Amount Owing	Nature of Debt	When Incurred
Mandy Mercuri	Wife of a Director of the Company	\$37,800	Loans to the Company & Qualiform Postforming Partnership	Feb 2014 to present
Paolo Mercuri	Director	\$7,501+	Annual leave entitlements – other entitlements yet to be quantified	Feb 2003 to present
Cesare Mercuri	Director	\$8,113+	Annual leave entitlements – other entitlements yet to be quantified	Feb 2003 to present
Mandy Mercuri	Wife of a Director of the Company	\$2,646+	Annual leave entitlements – other entitlements yet to be quantified	Feb 2003 to present
Karen Mercuri	Relation of the Directors	\$2,527+	Annual leave entitlements – other entitlements yet to be quantified	Feb 2003 to present
Lee McDonald	Relation of the Directors	\$861+	Annual leave entitlements – other entitlements yet to be quantified	Feb 2003 to present

### 3.14. Other Personal Roles Held

My search of the ASIC corporate database has revealed that the Directors are also listed as either a Director, Secretary of Shareholder in the following private companies:

#### Cesare Angelo Mercuri

Company name	Position of office
Polyform Pty Ltd	Director
Tandafuti Pty Ltd	Director
Tobolino Pty Ltd	Director, Secretary

#### Paolo Giovanni Mercuri

Company name	Position of office
Pama Holdings Pty Ltd	Director, Secretary
Polyform Pty Ltd	Director, Secretary
Sebenza Pty Ltd	Director
Tandafuti Pty Ltd	Director

## 4. Offences, Voidable Transactions and Insolvent Trading

### 4.1. Offences

**Duty to ensure books and records are maintained in accordance with the Corporations Act (Section 286)** – a company must keep written financial records that:

- a) *correctly record and explain its transactions and financial position and performance, and*
- b) *would enable true and fair financial statements to be prepared and audited.*

As discussed in section 3.5 of this report, I have not yet concluded my investigations into this matter. As the Company will most likely be placed into liquidation at the upcoming meeting of creditors, I do not consider these incomplete investigations to impact on the decision of creditors regarding the future direction of the Company.

## 4.2. Voidable Transactions

**Insolvent transactions (Section 588FC)** – these are unfair preferences or uncommercial transactions entered into when the Company was insolvent or became insolvent as a result of entering into the transaction.

My investigations into this matter are set out below:

**Unfair preferences (Section 588FA)** – these are transactions where a company transacts with a creditor resulting in that creditor receiving more than the creditor would receive if the transaction were set aside and the creditor claimed the same amount in a liquidation. Unfair preferences paid by the Company within six months of the relation-back day (the day of the Liquidator's appointment) are void against the Liquidator. This timeframe is extended to four years should a related entity be a party to the transaction (s588FE(4)).

My investigations have indicated any possible payments that would be considered preferential and therefore repayable to the Liquidator.

I am aware that the Company had entered into a payment arrangement with the Australian Taxation Office ("ATO") and I note that several rounded payments were made by the Company within the six months leading up to my appointment. Before I conclude on the action to be taken in relation to this matter, I will first need to make a request to the ATO under the *Freedom of Information Act 1982* in order to better understand the Company's dealings with the ATO.

I advise also that I have identified a number of other payments made to various trade creditors that may be preferential in nature. Further investigations are required into this matter.

**Uncommercial transactions (Section 588FB)** – these are transactions entered into that a reasonable person would not have entered, having regard to the benefits and detriment to the Company and to the other parties involved in the transaction. Uncommercial transactions entered into by a company are voidable against the Liquidator if they were entered into within two years of the relation-back day.

My investigations have indicated the presence of possible uncommercial transactions. According to the searches I have conducted to date, I am aware that a number of Company owned motor vehicles were transferred to related parties prior to my appointment. Further investigations into this matter are required.

**Unfair loans to a company (Section 588FD)** – these are loans made to a Company where interest and other charges on the loan are extortionate. These transactions can be recovered regardless of when they were entered into as long as they were entered into on or before the winding up begun.

My investigations have not revealed any unfair loans. Having said that, further investigations into this matter are required.

**Unreasonable director-related transactions (Section 588FDA)** – these are transactions entered into by a company and a director, close associate of a director, or person on behalf of a director, which a reasonable person would not have entered into. The transaction must be a payment by a company, the transfer of property by a company, or the incurrence of an obligation of a director's by a company. These transactions are voidable if they were entered into within four (4) years of the relation-back day.

My preliminary investigations have not revealed any unreasonable director-related transactions. Having said that, further investigations into this matter are required.

**Transactions entered into for the purpose of defrauding Creditors (Section 588FE (5))** – these are insolvent transactions entered into for the purpose of defeating, delaying or interfering with the rights of creditors and were entered into within a period of ten (10) years prior to the relation-back day.

My investigations have not revealed any such transactions. Having said that, further investigations into this matter are required.

**Circulating Security Interest created within six months (Section 588FJ)** – where a circulating security interest is granted by the Company within six months of the relation-back day, the security interest is void against the Liquidator unless valuable consideration was given or the Company was solvent at the time of granting of the circulating security interest.

My search of the PPSR has not revealed any circulating security interests registered against the Company within six months of the relation-back day.

### 4.3. Insolvent Trading

Information about possible insolvent trading is relevant to creditors when making a decision about the future of a Company as Directors of a Company may generally only be sued for insolvent trading if the company is in Liquidation. As with the voidable transaction analysis above, creditors have to assess the advantages to them of a Deed, which cannot include proceeds from insolvent trading actions, compared to the likely return in a Liquidation, which could include the proceeds of any successful insolvent trading action.

For general information about insolvent trading, please refer to the attached information sheet.

**Directors' duty to prevent insolvent trading (Section 588G)** – a Director of a Company has a duty to prevent a Company from incurring a debt when the Company is insolvent or there are reasonable grounds to suspect that the company is or would become insolvent.

A Director would fail to fulfil that duty if the Director was aware of the grounds for suspecting the Company is or would become insolvent or a reasonable person in a like position would be aware of such grounds.

The defences available to the Director are as follows;

- (i) *The Director had reasonable grounds to expect, and did expect, that the Company was solvent and would remain so; or*
- (ii) *The Director had reasonable grounds to believe, and did believe, that a competent and reliable person was providing adequate information to the Director and based on that information the Director expected the Company to be solvent and to remain so; or*
- (iii) *The Director did not take part in the management of the company at the time due to illness or other good reason; or*
- (iv) *The Director took reasonable steps to prevent the Company from incurring the debt.*

I have formed the view that the Directors may have traded whilst insolvent because at the time transactions were entered, there were reasonable grounds to believe the Company may not have been able to pay its debts as and when they fell due. My conclusion is based on the following investigations.

### Current Ratio Analysis

The level of readily available assets to meet immediate financial liabilities is a fundamental aspect of the investigation into potential insolvent trading offences. The current ratio is calculated by dividing current assets by current liabilities. A current ratio of less than 1 indicates an inability to meet short term financial obligations.

My findings in relation to this matter are set out below.

## Company Financial Records

Period	Current Assets - \$	Current Liabilities - \$	Current Ratio	Note
30 June 2012	911,755	1,219,428	0.75	1
30 June 2013	587,758	1,290,981	0.46	1
30 June 2014	372,466	493,316	0.76	2
4 February 2015	353,438	575,852	0.61	2

## Qualiform Postforming Partnership Financial Records

Period	Current Assets - \$	Current Liabilities - \$	Current Ratio	Note
30 June 2012	487,021	546,380	0.89	1
30 June 2013	417,397	500,690	0.83	1
30 June 2014	227,219	457,299	0.50	2 & 3
4 February 2015	181,477	343,984	0.53	2 & 3

### Notes:

1. These figures were extracted from the Company's financial accounts.
2. These figures were extracted from the Company's MYOB management accounting records.
3. The MYOB management accounting records included a current asset titled 'goodwill' of \$750,000. For the sake of consistency and to permit comparison with the financial accounts, this amount has been excluded from the current ratio calculation.

The Company and the Company's interest in the Qualiform Postforming Partnership had a current ratio of less than 1 throughout the period of analysis. This indicates that the Company and the Qualiform Postforming Partnership would have been unable to realise sufficient current assets to meet their immediate financial liabilities and therefore, both were balance sheet insolvent from at least 30 June 2012.

The historical financial performance set out in section 3.7 above further illustrates the financial difficulties faced by the Company and the Qualiform Postforming Partnership.

In addition to the above, I note the following indicators of potential insolvency:

1. I am aware that the Company and the Qualiform Postforming Partnership entered into a debt factoring agreement with Bibby Financial Services Australia Pty Ltd in October 2013 in response to cash flow shortages;
2. The Company was in arrears with respect to its superannuation contributions for employees;
3. The Company was in arrears with respect to its taxation obligations and a payment plan was put in place for both the Company and Qualiform Postforming Partnership taxation debts in September 2014. I note however that the neither the Company or the Qualiform Postforming Partnership were able to adhere to the respective payment plans;
4. I also note that the Australian Taxation Office issued a garnishee notice against the Company on 12 January 2015;
5. I have noted several letters of demand and legal notices from creditors.

It is clear from the above analysis and commentary that the Directors are likely to have traded whilst insolvent. My investigations into this matter will be finalised in the near future; however, I do not consider these incomplete investigations to have an effect on the decision of creditors for the future direction of the Company as a liquidation is the only current realistic option.

## 4.4. Director's Personal Financial Position and Security Provided

The Directors may have provided some creditors a personal guarantee for contracts entered into by the Company and / or goods and services supplied to the Company. I advise that these personal guarantees cannot be enforced until the Company is no longer in Administration in accordance with section 440J of the Act.



My searches conducted to date indicate the one of the Directors has one residential property listed jointly in his name. I am not aware of any possible equity position of this property; however further investigations will be conducted into this matter so I may endeavour to ascertain what funds may be available for recovery in relation to possible insolvent trading recovery actions.

## 5. Effect of Appointment on Employees

### **Under a Deed of Company Arrangement Scenario:**

As no DOCA has been proposed by Directors of the Company, employees need not consider the effects on them under this potential scenario.

### **Under a Liquidation Scenario:**

Pursuant to section 556 of the Act, former employees are afforded a priority over the claims of other creditors. Based on the estimated realisable assets of the Company, should the Company be placed into liquidation (which I anticipate will occur), former employees are likely to receive a partial return in relation to unpaid wages and superannuation which receive an equal ranking. The quantum of the return is based on debtor recoveries and plant and equipment sales, which is largely unknown at this point in time.

Notwithstanding this, some former employees may be eligible for assistance under the Fair Entitlement Guarantee ("FEG") administered by the Department of Employment. I recommend that former employees make contact with FEG to discuss the claim process further; however please note that FEG is only available once the Company is placed into liquidation.

I will communicate with the former employees of the Company separately when FEG is available to them.

## 6. Estimated Return from a Winding Up

The Act specifies that if there are funds left over after the payment of the costs of the Administration / Liquidation, the Administrator / Liquidator will pay these to creditors as a dividend. Generally, the order in which funds are distributed are as follows:

1. costs and expenses of the Administration / Liquidation, including Administrator's / Liquidator's approved fees;
2. outstanding employee wages and superannuation (equal ranking);
3. outstanding employee leave of absence payments including annual leave, sick leave (if applicable) and long service leave;
4. employee retrenchment pay (redundancy payments or pay in lieu of notice as the case may be); and
5. ordinary unsecured creditors.

Each category is paid in full before the next category is paid. If there are insufficient funds to pay a category in full, the available funds are paid on a pro-rata basis. The next category or categories will not receive a dividend.

Accordingly, given the asset position of the Company and the costs involved with the Administration and likely Liquidation of the Company, I anticipate that former employees can expect a partial return in relation to unpaid wages and superannuation. Subject to asset recoveries, there may be funds available for other categories of priority entitlements (i.e. leave payments and termination entitlements).

Given the above, I anticipate that there will be no return to the unsecured creditors of the Company.

If this position changes, I will advise creditors via future circulars.

As noted in section 5 above, to the extent there are any outstanding priority employee entitlements (not including superannuation) these may be satisfied through the assistance of the Department of Employment.

## 7. Proposal for a Deed of Company Arrangement

As at the date of writing this report, the Directors have not proposed the Company enter a DOCA. I therefore do not have any further information to present to creditors in this regard.

## 8. Administrator's Recommendation

The following options are available to creditors to decide pursuant to section 439B and 439C of the Act:

- The Company execute a DOCA (please recall that no DOCA has been proposed in this instance); or
- The administration should end; or
- The business of the meeting be adjourned for a period not exceeding 45 business days; or
- The Company be wound up.

I am obliged to give my opinion on the matters noted below. My recommendation considered the following matters:

- The assets and liabilities position of the Company;
- The fact that the Company is no longer trading; and
- The fact that the Directors have not proposed a DOCA.

### 8.1. Whether it would be in the creditors' interest for the Company to execute a Deed of Company Arrangement

Presently the Directors have not proposed that the Company enter a Deed of Company Arrangement. I do not have any further information to present in this regard and therefore I do not recommend this option for the future direction of the Company.

### 8.2. Whether it would be in creditors' best interest for the Administration to end

It is my opinion that it is not in creditors' best interest for the Administration to end. Should creditors resolve that the Administration be terminated, the Company will be placed into a similar position to that existing prior to the appointment of the Administrator. Control of the Company will revert to the Directors and creditors will have the option to petition to wind up the Company at their own expense.

Given the above, I do not recommend this option.

### 8.3. Whether it would be in creditors' interests for the meeting to be adjourned for a period of up to 45 business days

At the time of writing this report, I do not believe it would be in creditor's best interests to adjourn the meeting. This would only achieve a positive outcome if the Directors believed there was the probability of obtaining funds by some other means. At the time of writing this report, this option did not seem probable. I therefore do not recommend this option.

### 8.4. Whether it would be in the creditors' interest for the Company to be wound up

In my opinion, a liquidation of the Company would be in the best interests of creditors, as a Liquidator would be required to investigate the past trading and affairs of the Company and the Directors.

## 9. Remuneration

### 9.1. Estimated Administrator's Costs

HLB Mann Judd (Insolvency WA) is an independent, Professional Services firm specialising in Corporate Recovery. Kim Wallman has been involved full time in the insolvency industry for the past 30 years.

### 9.2. Administrator's Past Fees

The outstanding fees for Administrator, his partners and staff for the period 4 February 2015 to 26 February 2015 are \$37,380.50 (exclusive of GST and expenses).

### 9.3. Prospective Fees for the Period 27 February 2015 to 11 March 2015

The anticipated fees that may be incurred for tasks to be undertaken by the Administrator, his partners and staff for the period 27 February 2015 to 11 March 2015 be capped up to a limit of \$25,130.00 (excluding GST and expenses).

### 9.4. Prospective Fees from 12 March 2015 to the end of the Liquidation of the Company

The fees that may be incurred for anticipated tasks to be undertaken by the Liquidator, his partners and staff for the period 12 March 2015 until the finalisation of the Liquidation be capped up to a limit of \$59,384.00 (excluding GST and expenses).

The total costs of the Administration / Liquidation of the Company will vary depending on the work required to be performed by the Administrator / Liquidator, his partners and staff in respect of issues arising from the Administration of the Company. In respect to the Administrator's / Liquidator's remuneration, I advise that the firm charges professional fees on the basis of time spent by the Principal Appointee and staff at rates reflecting their level of experience.

In accordance with the Australian Restructuring Insolvency & Turnaround Association ("ARITA") Code of Professional Conduct, additional details concerning the approval of the Administrator's Remuneration are specified in the enclosed Remuneration Report.

## 10. Meeting Details and Voting Instructions

The meeting date is Wednesday, 11 March 2015 at 10:00am. A copy of the Notice of Meeting, Appointment of Proxy form and Formal Proof of Debt form are attached to this report.

### 10.1. Voting

Each resolution put to a vote at a meeting of creditors must be decided on the voices (numbers) (i.e. all those in favour say "aye" and all those against, say "nay").

Please note however that a poll can be demanded, before or on the declaration of the result of the voices (Regulation 5.6.19). A poll is simply a recording of the votes in writing (both numbers and value). The result of a poll overrides the result of a vote on the voices.

In a deadlock, the Chairperson may exercise his or her casting vote for, or against, the resolution (Regulation 5.6.21(4)).

## 10.2. Form 532 – Appointment of Proxy

Please read below to ensure that you are entitled to cast your vote at the meeting of creditors.

- a) A Form 532, Appointment of Proxy ("Proxy") is enclosed for your attention. A creditor may use this form to appoint a natural person over the age of 18 as his or her proxy to attend and vote at the meeting.
- b) A new Proxy form is required for each meeting of creditors. This means that even if you lodged a Proxy with the Administrator/Chairperson at a previous meeting, a new Proxy will be required for this meeting if you wish to cast your vote. The only exception is where a meeting is adjourned, in which case it is the same meeting being held on a different date.

Type of Creditor	Person Attending Meeting	Proxy Required?
Natural Person (i.e. Joe Bloggs)	Joe Bloggs	No
	Person other than Joe Bloggs	Yes
Business (i.e. Joe Bloggs trading as ABC)	Joe Bloggs	No
	Person other than Joe Bloggs	Yes
Partnership	Joe Bloggs – Partner	No
	Person other than a Partner	Yes
Company (i.e. XYZ Pty Ltd trading as ABC)	Any person	Yes

- c) To assist you with determining whether you will be required to complete this form for the meeting, please refer to the table above.
- d) When appointing a person as your proxy, you may choose:
  - i) General Proxy – which gives the proxy discretion as to how he or she votes; or
  - ii) Special Proxy – which specifies the manner in which the proxy is to vote on a particular motion, and the proxy is not entitled to vote on the resolution except as specified on the form.
- e) For creditors that are companies, please note that the Proxy does not need to have the company seal affixed however, the Proxy must be signed by (Section 127):
  - i) Two (2) directors of the company;
  - ii) A director and a company secretary of the company;
  - iii) For a proprietary company that has a sole director who is also the company secretary – that director. In this even, the director must write next to their signature the words "I am the sole director and sole secretary of the company".

If you are uncertain as to whether you are required to complete a Proxy form or would like some assistance with completing your Proxy, please contact this office prior to attending the meeting. It is requested that your Proxy be lodged with the Administrator not less than one (1) business day before the meeting.

## 10.3. Form 535 – Formal Proof of Debt or Claim (General Form)

Please read below to ensure that you are entitled to cast your vote at the meeting of creditors.

- a) A Form 535, Formal Proof of Debt or Claim (General Form) is enclosed for your attention. Please note that a person is not entitled to vote at the meeting unless this form is lodged with the Administrator or the Chairperson.

- b) A Formal Proof of Debt is not specific to a meeting of creditors. Therefore, if you have lodged a Formal Proof of Debt previously in this administration, no further Formal Proof of Debt is required for this meeting. If you are unsure as to whether you have lodged a Formal Proof of Debt, please do not hesitate to contact this office.
  
- c) Supporting Documentation:
  - i) Please attach copies of invoices, statements and other documentation to substantiate your claim.
  - ii) If you have a claim for unpaid employee entitlements, please attach a worksheet showing how the entitlements have been calculated.
  - iii) If someone disputes your claim at the meeting, having supporting documentation will assist the Chairperson in admitting your claim for the full amount for which you are entitled to vote.
  - iv) If you attached documentation to substantiate your claim now, you will not encounter problems in the future (i.e. lost archived records) in the event that a dividend is paid.

If you would like assistance with completing your Formal Proof of Debt, please contact this office prior to attending the meeting of creditors. It is requested that your Formal Proof of Debt be lodged with my office not less than one (1) business day before this meeting.

Yours faithfully,



Kim Wallman – Administrator of  
Mercbro Pty Ltd (Administrator Appointed)  
ACN 103 779 924

**MERCBRO TRUST**  
**Balance Sheet**  
**As at 30 June 2013**

Appendix A

	2013	2012
	\$	\$
<b>Trust Funds</b>		
Settlement Sum	10	10
Accumulated Profits (Losses) Brought Forward	(84,513)	(126,159)
Loss This Year	(61,278)	41,645
<b>Deficiency in Trust Funds</b>	<b>(145,781)</b>	<b>(84,504)</b>
Represented by:		
<b>Current Assets</b>		
Cash at Bank - National Australia Bank	42,804	18,644
Cash at Bank - National Australia Bank - Maximizer	10,050	48
Loan - Qualiform Postforming Partnership	155,944	194,612
Trade Debtors	251,223	480,038
Sundry Debtors	-	7,780
Undeposited Funds	9,109	83,322
Prepaid Insurance	-	8,656
Work in Progress	118,655	118,655
	587,785	911,755
<b>Non-Current Assets</b>		
Plant & Equipment	1,548,975	1,526,831
Less Accumulated Depreciation	581,337	486,920
	967,638	1,039,911
Motor Vehicles	200,956	200,956
Less Accumulated Depreciation	62,089	46,736
	138,867	154,220
Office Furniture & Equipment	75,581	75,581
Less Accumulated Depreciation	21,380	15,358
	54,201	60,223
Low Value Asset Pool	2,539	4,064
	2,539	4,064
	1,163,245	1,258,418
<b>Investments</b>		
Partnership Capital Account - QF Postforming	(147,627)	(164,459)
	(147,627)	(164,459)

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached .*

**MERCBRO TRUST**  
**Balance Sheet**  
**As at 30 June 2013**

Appendix A

	2013	2012
	\$	\$
<b>Intangible Assets</b>		
Prepaid Borrowing Costs	1,404	2,571
Goodwill	249,674	249,674
	<u>251,078</u>	<u>252,245</u>
<b>Total Assets</b>	<u>1,854,481</u>	<u>2,257,959</u>
<b>Current Liabilities</b>		
Trade Creditors	209,296	337,978
PAYG Payable	7,262	8,771
Superannuation Payable	11,345	47,211
Debtor Finance - Benchmark account	-	122,604
Sundry Creditors	55,146	9,294
ATO Integrated Client Account	94,106	59,711
Payroll Tax Payable	10,938	18,237
Provision for GST	13,753	22,084
	<u>401,846</u>	<u>625,890</u>
<b>Unpaid Trust Distributions</b>		
Pama Trust	417,553	392,639
Sebenza Trust	468,184	444,559
Tobolino Trust	405,244	382,230
	<u>1,290,981</u>	<u>1,219,428</u>
<b>Non-Current Liabilities</b>		
Hire Purchase Liability	333,048	561,793
Less Unexpired Charges	25,613	64,648
	<u>307,435</u>	<u>497,145</u>
	<u>307,435</u>	<u>497,145</u>
<b>Total Liabilities</b>	<u>2,000,262</u>	<u>2,342,463</u>
<b>Excess of Liabilities Over Assets</b>	<u>(145,781)</u>	<u>(84,504)</u>

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached .*

**MERCBRO TRUST**  
**Trading, Profit and Loss Statement**  
**For the Year ended 30 June 2013**

	2013	2012
	\$	\$
<b>Income</b>		
Sales	2,073,656	2,316,951
<b>Less Cost of Goods Sold</b>		
Opening Stock	118,655	129,000
Purchases	<u>1,025,765</u>	<u>966,843</u>
	1,144,420	1,095,843
Closing Stock	<u>118,655</u>	<u>118,655</u>
	1,025,765	977,188
<b>Less Direct Expenses</b>		
Direct Wages	363,300	241,250
Direct Superannuation	32,307	18,142
Freight & Cartage	-	2,108
Electricity & Water	35,338	50,295
Factory Expenses	25,453	43,269
Repairs & Maintenance	<u>21,125</u>	<u>16,137</u>
	477,523	371,201
<b>Gross Profit from Trading</b>	<u>570,368</u>	<u>968,562</u>
<b>Expenditure</b>		
Advertising & Promotions	455	533
Bank Charges	13,138	9,105
Borrowing Costs	1,166	1,076
Cleaning	1,115	2,685
Computer Expenses	17,352	13,394
Consulting Fees	24,820	57,654
Debt Collection	2,357	-
Depreciation	117,317	126,289
Filing Fees	645	671
Fines & Penalties	680	280
Freight & Cartage	7,700	2,957
Hire Purchase Charges	39,035	55,544
Insurance	53,571	62,093
Interest Paid		
Interest Paid & Debtor Finance Fees	6,622	31,494
General Interest Charge	4,522	2,657
Motor Vehicle Expenses		
Motor Vehicle - Petrol & Oil	7,800	16,216
Motor Vehicle - Registration & Insurance	3,708	4,077
Motor Vehicle - Repairs & Maintenance	3,851	5,577

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached .*



**MERCBRO TRUST**  
**Trading, Profit and Loss Statement**  
**For the Year ended 30 June 2013**

	2013	2012
	\$	\$
Payroll Tax	10,073	13,405
Postage	94	2,329
Printing, Stationery & Incidentals	7,835	9,621
Professional Fees - Accounting	10,090	11,970
Professional Fes - Legal	708	200
Professional Fes - Bookkeeping	5,769	-
Rates & Taxes	1,899	7,788
Rent & Outgoings	76,958	58,167
Security Costs	395	436
Staff Training & Welfare	5,074	5,366
Subscriptions	250	1,838
Sundry Expenses	-	571
Superannuation Contributions	19,818	34,708
Telephone	8,887	10,483
Travelling Expenses	-	890
Wages	<u>220,551</u>	<u>353,355</u>
	674,255	903,429
<b>Other Income</b>		
Interest Received	2	217
FBT Recoupment	5,203	6,671
Other Revenue	20,572	41,719
Profit(Loss) QF Postforming Partnership	16,832	(67,870)
Loss on Sale of Non-current Assets	<u>-</u>	<u>(4,225)</u>
	42,609	(23,488)
<b>Loss before Income Tax</b>	<u><u>(61,278)</u></u>	<u><u>41,645</u></u>

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached .*

**QUALIFORM POSTFORMING PARTNERSHIP**  
**Balance Sheet**  
**As at 30 June 2013**

Appendix A

	2013	2012
	\$	\$
<b>Partnership Funds</b>		
<b>Partners Capital Accounts</b>		
Mercbro Pty Ltd ATF Mercbro Trust		
Balance at Beginning of Year	585,542	660,413
Share of Profit	16,832	(67,870)
Drawings	(9,000)	(7,001)
	593,374	585,542
AR Filannino & A Bollino ATF Trinity Trust		
Balance at Beginning of Year	215,423	233,467
Share of Profit	3,607	(14,544)
Drawings	(3,501)	(3,500)
	215,529	215,423
Tandafuti Pty Ltd ATF Tandafuti Trust		
Balance at Beginning of Year	221,458	236,503
Share of Profit	3,607	(14,543)
Drawings	150	(502)
	225,215	221,458
<b>Total Partnership Funds</b>	<b>1,034,118</b>	<b>1,022,423</b>
Represented by:		
<b>Current Assets</b>		
Cash at Bank - Cheque Account	-	13,810
Cash at Bank - Cash Maximiser Account	48	41
Trade Debtors	329,479	365,773
Undeposited Funds	2,865	19,551
Prepayments	-	2,806
Prepaid Borrowing Expenses	5	40
Stock on Hand & Work In Progress	85,000	85,000
	417,397	487,021
<b>Non-Current Assets</b>		
Plant & Equipment	573,069	549,765
Less Accumulated Depreciation & Impairment	198,189	164,606
	374,880	385,159

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached .*

**QUALIFORM POSTFORMING PARTNERSHIP**

Appendix A

**Balance Sheet****As at 30 June 2013**

	2013	2012
	\$	\$
Low Value Pool	<u>39</u>	<u>62</u>
	39	62
	<u>374,919</u>	<u>385,221</u>
<b>Investments</b>		
Shares in Other Companies	<u>638</u>	<u>638</u>
	638	638
<b>Intangible Assets</b>		
Goodwill	750,000	750,000
	<u>1,542,954</u>	<u>1,622,880</u>
<b>Total Assets</b>		
<b>Current Liabilities</b>		
Bank Overdraft	1,914	-
Payroll Taxes Payable	5,089	15,145
PAYG Withholding Payable	7,443	10,892
Superannuation Payable	11,083	42,238
Trade Creditors	229,940	249,172
Loan - Mercbro Trust	155,944	194,612
Sundry Creditors	69,273	22,158
Provision for GST	<u>20,004</u>	<u>12,163</u>
	500,690	546,380
<b>Non-Current Liabilities</b>		
Hire Purchase Liability - Morbidelli A336	8,256	57,794
Less Unexpired Charges	<u>110</u>	<u>3,717</u>
	8,146	54,077
	<u>8,146</u>	<u>54,077</u>
	<u>508,836</u>	<u>600,457</u>
<b>Total Liabilities</b>		
	<u>1,034,118</u>	<u>1,022,423</u>
<b>Net Assets</b>		

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached .*

**QUALIFORM POSTFORMING PARTNERSHIP**  
**Trading, Profit and Loss Statement**  
**For the Year ended 30 June 2013**

Appendix A

	2013	2012
	\$	\$
<b>Income</b>		
Sales	1,792,414	1,755,835
Freight Collected	<u>5,498</u>	<u>13,418</u>
	1,797,912	1,769,253
<b>Less Cost of Goods Sold</b>		
Opening Stock	85,000	72,300
Purchases	845,576	978,354
Electricity & Water	46,712	45,801
Factory Expenses	23,089	24,766
Freight & Cartage	18,681	14,120
Waste Disposal	13,840	15,535
Repairs & Maintenance	<u>8,848</u>	<u>16,728</u>
	1,041,746	1,167,604
Closing Stock & Work In Progress	<u>85,000</u>	<u>85,000</u>
	956,746	1,082,604
<b>Less Direct Expenses</b>		
Direct Wages	110,057	216,828
Direct Superannuation	<u>29,075</u>	<u>27,873</u>
	139,132	244,701
<b>Gross Profit from Trading</b>	<u>702,034</u>	<u>441,948</u>
<b>Expenditure</b>		
Administration Costs	12,000	12,000
Advertising	3,091	765
Bank Charges	443	520
Borrowing Costs	35	35
Bad Debts	227	-
Consultancy Fees	39,875	2,715
Computer Costs	5,593	10,500
Debt Collection	2,033	-
Depreciation	33,606	36,621
Fines	1,240	732
Hire Purchase Charges	3,608	8,285
Insurance	7,151	38,775
Interest Paid		
- Other Persons/Corporations	1,318	2,925
ATO General Interest Charge	3,217	-
Motor Vehicle Expenses		
- Petrol & Oil	20,852	6,562
- Repairs & Maintenance	1,906	1,447
- Leasing Expenses	2,066	3,631

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached .*

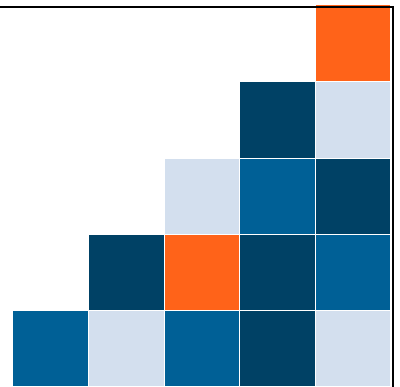
**QUALIFORM POSTFORMING PARTNERSHIP**  
**Trading, Profit and Loss Statement**  
**For the Year ended 30 June 2013**

	2013	2012
	\$	\$
Payroll Tax	8,781	11,498
Printing & Stationery	3,990	408
Professional Fees - Accounting	9,340	120
Bookkeeping Fees	5,769	-
Rates & Taxes	949	590
Rent	74,803	92,744
Repairs & Maintenance	3,457	-
Staff Training & Welfare	7,592	-
Subscriptions	250	-
Sundry Expenses	-	112
Superannuation Contributions	16,556	17,335
Telephone	9,326	5,668
Wages	<u>398,921</u>	<u>291,399</u>
	677,995	545,387
<b>Other Income</b>		
Interest Received	7	-
FBT Recoupment	-	1,418
Government Rebate	-	2,000
Sundry Income	<u>-</u>	<u>3,064</u>
	7	6,482
<b>Profit before Income Tax</b>	<u><u>24,046</u></u>	<u><u>(96,957)</u></u>

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached .*



Chartered Accountant



## **Mercbro Pty Ltd (Administrator Appointed)**

**ACN: 103 779 924**

**As Trustee for the Mercbro Trust ABN: 75 872 358 110**

**Formerly trading as "Qualiform Doors & Vanities" and "Qualiform Postforming"  
("the Company")**

## **Remuneration Report**

Dated 3 March 2015


<b>Administrator</b>	Kim Wallman
<b>Appointment Date</b>	4 February 2015
<b>Second Meeting of Creditors</b>	Wednesday, 11 March 2015 at 10:00am
<b>Contact</b>	Greg Quin
<b>Telephone Number</b>	08 9215 7902

**HLB Mann Judd (Insolvency WA) ABN 54 686 879 814**

Ground Floor, 15 Rheola Street West Perth WA 6005 | PO Box 622 West Perth WA 6872 | Telephone +61 8 9215 7900 | Fax +61 8 9321 0429

Website: [www.hlbinsolvencywa.com.au](http://www.hlbinsolvencywa.com.au)

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (Insolvency WA) is a member of  International. A world-wide network of accounting firms and business advisers.

## 1. Introduction

In compliance with the Australian Restructuring Insolvency & Turnaround Association (“ARITA”) Code of Professional Practice and the requirements of the *Corporations Act 2001*, I set out below my remuneration report for the period 4 February 2015 to 26 February 2015, and prospective future remuneration.

## 2. Declaration

I, Kim Wallman, have undertaken a proper assessment of this remuneration claim for my appointment as Liquidator of the Company in accordance with the law and applicable professional standards, I am satisfied that the remuneration claimed is in respect of necessary work properly performed in the conduct of the Liquidation..

## 3. Summary of Remuneration Approvals Sought

To date no remuneration has been approved and paid in this administration. This remuneration report details approval sought for the following remuneration:

Remuneration	Amount (Exc GST)
<b>Current remuneration approvals sought:</b>	
Resolution from 4 February 2015 to 26 February 2015	\$37,380.50
Resolution from 27 February 2015 to 11 March 2015	\$25,130.00
Resolution from 12 March 2015 to finalisation	\$59,384.00
<b>Total remuneration approvals sought</b>	<b>\$121,594.50</b>
*Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the administration. Should additional work be necessary beyond what is contemplated, further approval be sought from creditors	

## 4. Description of Work

The tasks which external administrators undertake can be broadly divided into seven categories. These are:

- Assets
- Creditors
- Employees
- Trade on
- Investigation
- Dividend
- Administration

Information on the seven categories (if work done is applicable) is summarised in **Annexure A** to enable creditors to understand the type and purpose of work being undertaken. It is important that creditors review this information as the attached schedules outline, which in summary form, the tasks that are likely to be performed in this appointment.

## 5. Calculation of Remuneration (Time Basis)

I advise that HLB Mann Judd (Insolvency WA) utilises the time basis method for charging remuneration.

Time based remuneration is appropriate for this administration because:

- It ensures creditors are only charged for work performed in the conduct of the administration;
- I am required to perform tasks unrelated to asset realisations; therefore fees solely based on asset realisations would be impractical;
- I am unable to provide a reliable estimate of the total remuneration required to complete all tasks in the administration.

Information regarding the time charged by myself and my partners and staff working on this appointment is summarised in **Annexure A** to enable creditors to understand the time undertaken on various tasks in the appointment as described above.

The schedule of hourly rates for the 2014/15 financial year are set out below:

Classification	Description	Hourly charge out rate (excl. GST)
Appointee	30+ years' experience, registered liquidator and registered trustee. Significant experience on a range of administrations and a very deep understanding of insolvency legislation and issues.	\$478
Senior consultant	Generally, 20+ years' experience. University degree, member of the ICAA and ARITA, deep understanding of insolvency legislation and issues.	\$437-\$473
Consultant	Brings specific, high-level experience to insolvency or other appointments.	\$355
Senior Manager	Generally, 10+ years' experience with at least 2 years' as manager, very strong understanding of insolvency legislation and issues.	\$334
Manager	Generally, 5+ years' experience. University degree, member of the ICAA or completing the ICAA's CA program, member of ARITA or completing the ARITA IEP program, or has relevant experience. Strong understanding of insolvency legislation and issues.	\$288
Senior	Generally, 2-4 years' experience. University degree, member of the ICAA or completing the ICAA's CA program. Sound knowledge of relevant insolvency legislation and issues.	\$226
Intermediate	Generally, 1-3 years' experience, has completed or substantially completed a university degree or has relevant experience, takes direction from senior staff in completing administrative tasks.	\$174
Secretary	Appropriate skills for tasks required.	\$159-\$174
Office Assistant	Appropriate skills for tasks required.	\$100-\$133

## 6. Remuneration Recoverable from External Sources

I have not received any payments from external sources for the conduct of this Administration.



## 7. Disbursements

Disbursements are divided into three types:

- 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. They are recovered at cost.
- B2** disbursements are internally provided non-professional costs such as photocopying and document storage. **B2** disbursements are charges 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.

Full details of disbursements on this appointment are provided in the attached remuneration summaries (pages 2, 4 and 6 of Annexure A).

I have undertaken a proper assessment of disbursements claimed for the Company, in accordance with the law and applicable professional standards, I am satisfied that the disbursements claimed are necessary and proper.

Creditor approval for the payment of disbursements is not required, however I must account to creditors. Creditors have the right to question the incurring of the disbursements and can challenge the disbursements in court.

## 8. Report on Progress of Administration

I invite creditors to review my report to creditors dated 22 October 2014 for further and better particulars regarding the progress of the appointment to date.

## 9. Future Remuneration

When creditors meet on Wednesday, 11 March 2015, I will ask for approval to be paid remuneration for services rendered in the administration / liquidation of the Company. A summary of the major tasks and costs relating to the professional services for the period 4 February 2015 to 26 February 2015 is set out in page 1-2 of Annexure A, and the expected tasks and costs relating to the professional services for the period beginning 27 February 2015, is set out in page 3-4 of Annexure A.

I will report to creditors should matters change which prevent me from being able to complete the administration / liquidation of the Company for this capped amount of remuneration.

## 10. Summary of Receipts and Payments

A summary of the receipts and payments for the administration made up to 27 February 2015 is attached as **Annexure B**. Please note that for this appointment, I have opened two separate bank accounts, one for each business of the Company.

## 11. Previous Remuneration Claims

Please refer to section 3 above for information regarding my previous remuneration approvals in this appointment.

## 12. Statement of Remuneration Claim

At the forthcoming meeting of creditors, creditors will be asked to pass the following resolutions:

### ***Administrator's Past Fees 4 February 2015 to 26 February 2015 (Annexure A pages 1-2)***

"That the remuneration of the Administrator for the period 4 February 2015 to 26 February 2015, calculated at hourly rates detailed in the Remuneration Report to creditors of 3 March 2015, is determined in the sum of \$37,380.50, which excludes GST and expenses, and is approved for immediate payment".

### ***Prospective Fees from 23 September 2014 to 6 October 2014 (Annexure A pages 3-4)***

"That the remuneration of the Administrator for the period 27 February 2015 to 11 March 2015 is determined at a sum equal to the cost of time spent by the Administrator and his partners and staff, calculated at the hourly rates as detailed in the Remuneration Report to creditors of 3 March 2015, to a capped amount of \$25,130.00, exclusive of GST and expenses, and that the Administrator can draw the remuneration on a monthly basis or as required."

### ***Prospective Fees from 12 March 2015 to Finalisation (Annexure A pages 5-6)***

"That the future remuneration of the Liquidator for the period 12 March 2015 to finalisation is determined at a sum equal to the cost of time spent by the Liquidator and his staff, calculated at the hourly rates as detailed in the Remuneration Report to creditors of 3 March 2015 that will be increased in accordance with the annual Consumer Price Index (all groups) at 31 March each year, to be adjusted at 1 July each year, up to a capped amount of \$59,384.00, exclusive of GST, above which further approval be required, and that the Liquidator can draw the remuneration on a monthly basis or as required."

### 13. Queries / Information Sheets

The above information is provided to assist creditors consider the appropriateness of the remuneration claim that is being made.

Creditors should feel free to contact my office to seek further information concerning the remuneration claim if they so need.

ARITA has produced a document entitled "*Creditor Information Sheet: Approving remuneration in external administrations*". This document can be downloaded from the ARITA website [www.arita.com.au](http://www.arita.com.au) or alternatively a copy can be obtained by contacting this office.

Yours faithfully,



Kimberley Wallman – Administrator of  
Mercbro Pty Ltd (Administrator Appointed)  
ACN: 103 779 924

Kimberley Wallman (Administrator)  
HLB Mann Judd (Insolvency WA)

**TASKS COMPLETED IN THE PERIOD:**  
**FROM - 4 February 2015**  
**TO - 26 February 2015**  
**FOR REMUNERATION APPROVAL**

Task Area [Est. cost]	General Description	Includes
<b>Assets</b> <b>\$12,359.80</b>	<p>Premises</p> <p>Plant and equipment</p> <p>Insurance</p> <p>Secured creditor in relation to asset realisations</p> <p>PPSR</p> <p>Debtors</p> <p>Searches</p>	<p>Discussions with the landlord regarding access to assets at premises following Administrator's appointment.</p> <p>Meeting with the landlord's agent regarding access to the premises and ability to remove assets.</p> <p>Organise valuers to meet and premises and discuss asset realisations options.</p> <p>Discussions with the directors regarding assets, vehicles and recent sales of equipment.</p> <p>Travel to premises to allow access for auctioneers to collect assets.</p> <p>Search and review vehicle transfer papers and discuss sales to related parties with directors.</p> <p>Discussions with former employees claim to title over asset.</p> <p>Meeting at premises to oversee collection of equipment that did not belong to the company.</p> <p>Sought desk top valuation of various assets.</p> <p>Review auctioneers asset valuation and approve auctioneer strategy and estimated costs.</p> <p>Discussions with insurance broker, status of premium funder and asset insurance cover. Sought coverage placement with alternative insurer.</p> <p>Discussions with secured creditor regarding appointment, assets, valuation and debtor factoring facility.</p> <p>Various discussions with secured creditor regarding auctioneers valuation and proposal of asset realisations - online auction.</p> <p>Review secured creditor contracts with respect to serial number discrepancy issue. Review sale of equipment and requirement for purchaser to lodge a PPSR security interest over asset.</p> <p>Discussions with various parties regarding return of assets that did not belong to the Company (i.e. stock, machinery).</p> <p>Meeting with bookkeeper regarding work in progress billing and assistance with process and set up of the company server.</p> <p>Conduct vehicle and vessel search.</p>
<b>Creditors</b> <b>\$7,797.20</b>	<p>Secured Creditor</p> <p>Unsecured creditors</p> <p>First letter to creditors</p> <p>Database</p> <p>Claims Meeting</p> <p>Report</p>	<p>Prepare and send s450A notice to secured creditor.</p> <p>Review secured creditor PPSR registrations and equipment details.</p> <p>Discussions with a creditors regarding retention of title issues, review of PMSI and PPSR registration details</p> <p>Attend to various creditor queries via mail, email and phone.</p> <p>Discuss and amend creditors contact information.</p> <p>Prepare and send the first letter to creditors regarding notice of appointment, notice of meeting and the Declaration of Independence, Relevant Relationships and Indemnities.</p> <p>Create and prepare creditor dividend database and claims and proof register.</p> <p>Enter all creditor details into the dividend database.</p> <p>Review and record proof of debt forms received by creditors.</p> <p>Schedule meeting and report issue dates. Send reminders to required staff.</p> <p>Prepare minutes for the first meeting of creditors.</p> <p>Review and record proxy forms received by creditors. Discussions with creditors regarding completion of the proxy forms.</p> <p>Attend to creditor enquires regarding the completion of proxy forms.</p> <p>Prepare and hold the first meeting of creditors.</p> <p>Work on the 439A report to creditors, review company searches, company records and Director's submissions.</p>
<b>Employees</b> <b>\$1,579.70</b>	<p>Personal Affects</p> <p>Termination</p> <p>Entitlements</p>	<p>Various discussions with employees and director regarding employee machine and collection.</p> <p>Prepare termination letters and separation certificate for employees.</p> <p>Discussions with employees regarding their entitlements and Fair Entitlements Guarantee</p> <p>Organise report with employee entitlement details.</p> <p>Attend to all employee enquiries.</p>

<b>Investigations</b>  <b>\$8,311.80</b>	Banking  Director's obligations  Books and records  Search Reporting	Prepare and fax letter to the Company bank manager to freeze company accounts. Prepare and send directors letters, report as to affairs and questionnaire. Follow up and discussions and meeting regarding the report as to affairs and questionnaire with director. Discussion regarding books and records and organise a copy of the Company MYOB. Review and collect books and records from premises. Record and re-box books and records of the Company. Organise for storage. Request and follow up Company bank account details. Discussions with the accountant regarding the company financial statements. Conduct personal name search for Director Performed initial investigations regarding preferential payments and insolvent trading. Review potential preferences and uncommercial transactions in-depth, locate parties and record findings. Calculate reductions and review position.  Discussions regarding possible preference recoveries.
<b>Administration</b>  <b>\$7,332.00</b>	General           Banking	Filing, file e-mailing system, photocopying, scanning documents, manage incoming mail. Manage disbursements and data entry of payment received. Prepare and send conflict check email in line with Code of Professional Practice. Update the website with creditors reports and minutes. Maintain checklist for the progress of the appointment. Prepare and send ATO appointment of a representative of an incapacitated entity form. Meeting regarding task delegations and strategy for appointment. Prepare and submit ASIC notice of first meeting and new appointment online with ASIC. Open Macquarie Administrator's bank account. Prepare bank slip and bank cheque. Pay disbursements and records details.

**TOTAL**  
**\$37,380.50**

Mercbro Pty Ltd (Administrator Appointed) A.C.N. 103 779 924  
 Voluntary Administration

Kimberley Wallman (Administrator)  
 HLB Mann Judd (Insolvency WA)

**SUMMARY OF TASKS COMPLETED FROM 4 FEBRUARY 2015 TO 26 FEBRUARY 2015 FOR REMUNERATION APPROVAL**

Employee	Position	\$/hour (ex GST)	Total Hours	Total (\$)	Assets		Creditors		Employees		Investigation		Administration	
					hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$
Wallman, Kim	Administrator	478.00	32.3	\$ 15,439.40	11.1	\$ 5,305.80	4.0	\$ 1,912.00	1.7	\$ 812.60	5.9	\$ 2,820.20	9.6	\$ 4,588.80
Quin, Greg	Manager	288.00	55.6	\$ 16,012.80	18.2	\$ 5,241.60	17.9	\$ 5,155.20	2.4	\$ 691.20	15.7	\$ 4,521.60	1.4	\$ 403.20
Wallman, Robert	Senior	226.00	7.4	\$ 1,672.40	7.4	\$ 1,672.40	0.0	\$ -	0.0	\$ -	0.0	\$ -	0.0	\$ -
Sargeant, Deborah	Secretary	159.00	0.1	\$ 15.90	0.0	\$ -	0.0	\$ -	0.1	\$ 15.90	0.0	\$ -	0.0	\$ -
McCann, Montana	Secretary	100.00	20.8	\$ 2,080.00	1.2	\$ 120.00	4.3	\$ 430.00	0.5	\$ 50.00	0.0	\$ -	14.8	\$ 1,480.00
Greenaway, Jasmine	Secretary	100.00	21.6	\$ 2,160.00	0.2	\$ 20.00	3.0	\$ 300.00	0.1	\$ 10.00	9.7	\$ 970.00	8.6	\$ 860.00
<b>TOTAL</b>			137.8	\$ 37,380.50	38.1	\$ 12,359.80	29.2	\$ 7,797.20	4.8	\$ 1,579.70	31.3	\$ 8,311.80	34.4	\$ 7,332.00
GST				\$ 3,738.05										
<b>TOTAL (including GST)</b>				\$ 41,118.55										
Average hourly rate				\$ 271.27										\$ 213.14

Expenses (Disbursements)		
Fax, 6		\$6.00
Printing, 2,059		\$1,029.50
Postage, 199		\$199.00
Advertising, 1		\$149.00
Valuation, 1		\$1,925.00
Expenses incurred 4 February 2015 to 26 February 2015		\$3,308.50
GST on expenses		\$330.85
<b>TOTAL EXPENSES (including GST)</b>		<b>\$3,639.35</b>

Basis of Disbursement Claim		
Advertising		At cost
Envelopes (C4 size and above)		\$0.18 per envelope
Faxes		\$1.00 per fax
Photocopying & Printing (internally sourced)		\$0.50 per page
Postage		At cost
Printing (externally sourced)		At cost
Storage & Destruction of Books and Records		At cost
Scale applicable for financial year ending 30 June 2014		

Kimberley Wallman (Administrator)  
HLB Mann Judd (Insolvency WA)

**TASKS COMPLETED IN THE PERIOD:**  
**FROM - 27 February 2015**  
**TO - 11 March 2015**  
**FOR REMUNERATION APPROVAL**

Task Area [Est. cost]	General Description	Includes
<b>Assets</b> <b>\$8,366.00</b>	Plant and equipment  Debtors  PPSR	Attend to all auctioneer enquires, review and prepare for auction. Review offer for acquisition of assets, discussed with auctioneer and advise party of outcome of offer deliberations. Communications with parties interested in assets. Discussions regarding auction. Continued recovery actions in relation to debtors. Review of responses to recovery letter, sent missing information and invoices. Maintain database of debtors. Review of legal advice regarding ownership of assets in relation to PPSR and obligations to lodge security interests.
<b>Creditors</b> <b>\$6,962.00</b>	Reporting to Creditors  Meeting of creditors  Creditor Enquiries	Prepare remuneration report and supporting annexures. Preparing section 439A report, results of preliminary investigations, notice of meeting. Advertise meeting as required by the Act. Preparation of meeting notices, proxy form 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 of minutes of meeting with ASIC. Responding to stakeholder queries and questions immediately following meeting. Receive and follow up creditor via telephone. Maintaining creditor enquiry register. Review and prepare correspondence to creditors and their representatives via facsimile, email and post. Record creditor claims into the claims and proof register and creditors dividend database.
<b>Employees</b> <b>\$1,602.00</b>	Entitlements  Superannuation	Attend to employee enquires regarding FEG and their entitlements (if required). Prepare FEG documents and letter to employees (if required). Review Australian Taxation Office proof of debt for Superannuation details and review company records.
<b>Investigations</b>  <b>\$4,564.00</b>	Preliminary investigations	Perform investigations into past affairs and dealings of the company to advise creditors at the second meeting of creditors - thorough review of insolvent trading aspects, preferential payments and uncommercial transactions. Request report as to affair and questionnaire from the directors. Review Company MYOB databases and hardcopy records and enquire regarding financials from the 439A report. Investigate further into preferential payments. Make further enquires.
<b>Administration</b> <b>\$3,636.00</b>	General    Taxation	Filing, photocopying, scanning documents, manage incoming mail. Manage disbursements and enter into work in progress database. Advertise appointment notices at ASIC Published Notices Website as required. General meetings to discuss and plan tasks required for this appointment.  Deposit funds received at bank. Reconcile receipts and payments Update the website with the all appointment letters, reports and minutes. Lodge all required statutory documents as required online with ASIC. Maintain checklist for the progress of the appointment. Prepare and lodge BAS's as required.

**TOTAL**  
**\$25,130.00**

Mercbro Pty Ltd (Administrator Appointed) A.C.N. 103 779 924  
 Voluntary Administration

Kimberley Wallman (Administrator)  
 HLB Mann Judd (Insolvency WA)

**SUMMARY OF ANTICIPATED TASKS TO BE COMPLETED FROM 27 FEBRUARY 2015 TO 11 MARCH 2015 FOR REMUNERATION APPROVAL**

Employee	Position	\$/hour (ex GST)	Total Hours	Total (\$)	Tasks				Administration \$					
					Assets hrs	Creditors hrs	Employees	Investigation hrs						
Wallman, Kim	Administrator	478.00	20.0	\$ 9,560.00	6.0	\$ 2,868.00	5.0	\$ 2,390.00	1.0	\$ 478.00	4.0	\$ 1,912.00	4.0	\$ 1,912.00
Quin, Greg	Manager	288.00	33.0	\$ 9,504.00	11.0	\$ 3,168.00	10.0	\$ 2,880.00	2.0	\$ 576.00	8.0	\$ 2,304.00	2.0	\$ 576.00
Wallman, Robert	Senior	226.00	9.0	\$ 2,034.00	8.0	\$ 1,808.00	0.0	\$ -	0.0	\$ -	0.0	\$ -	1.0	\$ 226.00
Morgan, Samantha	Intermediate	174.00	18.0	\$ 3,132.00	3.0	\$ 522.00	8.0	\$ 1,392.00	2.0	\$ 348.00	2.0	\$ 348.00	3.0	\$ 522.00
McCann, Montana	Secretary	100.00	6.0	\$ 600.00	0.0	\$ -	2.0	\$ 200.00	2.0	\$ 200.00	0.0	\$ -	2.0	\$ 200.00
Greenaway, Jasmine	Secretary	100.00	3.0	\$ 300.00	0.0	\$ -	1.0	\$ 100.00	0.0	\$ -	0.0	\$ -	2.0	\$ 200.00
<b>TOTAL</b>			89.0	\$ 25,130.00	28.0	\$ 8,366.00	26.0	\$ 6,962.00	7.0	\$ 1,602.00	14.0	\$ 4,564.00	14.0	\$ 3,636.00
<b>GST</b>				\$ 2,513.00										
<b>TOTAL (including GST)</b>				<b>\$ 27,643.00</b>										
<i>Average hourly rate</i>				\$ 282.36		\$ 298.79		\$ 267.77		\$ 228.86		\$ 326.00		\$ 259.71

Expenses (Disbursements)	
Fax, 5	\$5.00
Photocopy, 4,000	\$350.00
Postage, 200	\$200.00
Advertising, 1	\$149.00
Expenses anticipated from 27 February 2015 to 11 March 2015	\$704.00
GST on expenses	\$70.40
<b>TOTAL EXPENSES (including GST)</b>	<b>\$774.40</b>

Basis of Disbursement Claim	
Advertising	At cost
Destruction of Books and Records	At cost
Couriers	At cost
Printing (externally sourced)	At cost
Faxes	\$1.00 per fax
Photocopying & Printing (internally sourced)	\$0.50 per page
Postage (1 unit includes stamp and envelope)	At cost
Envelopes (C4 size and above)	\$0.18 per envelope
Scale applicable for financial year ending 30 June 2014	



Kimberley Wallman (Administrator)  
HLB Mann Judd (Insolvency WA)

**TASKS COMPLETED IN THE PERIOD:**  
**FROM - 12 March 2015**  
**TO - Finalisation**  
**FOR REMUNERATION APPROVAL**

Task Area [Est. cost]	General Description	Includes
<b>Assets</b> <b>\$13,656.00</b>	Plant and equipment  Debtors PPSR	Finalise sale efforts via auction and reconcile realisations to valuation estimates. Finalise collection of debtors and issue legal recovery letters if warranted. Conclude dealings in relation to claims from third parties to assets. Review legal advice and communicate with parties.
<b>Creditors</b> <b>\$12,296.00</b>	Reporting and meetings  Communications with creditors  Finalisation	Prepare and circulate supplementary report to creditors, if required regarding the outcome of the liquidator's investigations. Send letter to creditors regarding the outcome of the second meeting of creditors and advertise this outcome at ASIC online. Attend to queries from creditors regarding the administration process generally and the second meeting of creditors. Update creditors dividend database and Claims and proof register. Prepare and circulate final report to creditors including notice of final meeting.  Prepare receipts and payment for the final report. Fax Australian Taxation Office a copy of the final report. Prepare for and attend final meeting (if applicable) and lodge minutes at ASIC.
<b>Employees</b> <b>\$6,251.00</b>	General Employee Entitlements	Attend to queries from employees and superannuation entitlements. Review and adjudicate on employee claims and superannuation Review and prepare company records and reports. Calculate superannuation guarantee charge. Enter employee and superannuation payment details into Australian Taxation Office online calculation programme. Attend to Fair Entitlements Guarantee enquires from creditors. Preparation of information of superannuation payments
<b>Investigations</b> <b>\$11,531.00</b>	Investigations  Checklist  Section 533 report	Continue with investigations into past affairs and dealings of the Company, review of the company MYOB and bank statements, review of potential preferential payments, liaise with directors regarding recent trading.  Investigations into possible breaches of directors duties. Consider commencing insolvent trading recovery actions if deemed commercially viable. Prepare and maintain investigations checklist. Review with Liquidator as required. Finalise investigations and lodge section 533 report at ASIC (form EX01). Consider lodging supplementary report to ASIC if required. Consider recovery action if appropriate regarding uncommercial transactions and preferences.
<b>Dividend</b> <b>\$5,484.00</b>	Calculation & Distribution	Review employee claims and adjudicate upon proofs of debt. Review and follow up proof of debt from ATO. Reconcile asset realisations and advise secured creditor of anticipated return after costs. Make payment to secured creditor. Advertise dividend process and ASIC Published Notices Website. Issue notices to creditors regarding intention to declare dividend. Prepare and send Australian Taxation Office letter for superannuation dividend payment. Calculate rate of return to creditors. Prepare and distribute dividends. Reconcile dividend payments and follow up unrepresented cheques.
<b>Administration</b> <b>\$10,166.00</b>	General  Taxation  Remuneration  Statutory Reporting Books and Records	Filing, photocopying, scanning documents, manage incoming mail. Manage, reconcile and enter disbursements. Advertise liquidation as required. General meetings to discuss and plan tasks required to finalise the liquidation. Deposit funds received at bank. Reconcile receipts and payments. Maintain checklist for the progress of the liquidation. Prepare and lodge BAS's as required. Advise ATO of finalisation. Manage the remuneration of the Administrator/Liquidator as approved by creditors. Lodge finalisation documents at ASIC. Apply to ASIC for the destruction of books and records. Arrange for the storage and destruction of the company and liquidators books and records.

**TOTAL**  
**\$59,384.00**

Mercbro Pty Ltd (Administrator Appointed) A.C.N. 103 779 924  
 Voluntary Administration

Kimberley Wallman (Administrator)  
 HLB Mann Judd (Insolvency WA)

**SUMMARY OF ANTICIPATED TASKS TO BE COMPLETED FROM 12 MARCH 2015 TO END OF APPOINTMENT FOR REMUNERATION APPROVAL**

Employee	Position	\$/hour (ex GST)	Total Hours	Total (\$)	Tasks											
					Assets hrs	Assets \$	Creditors hrs	Creditors \$	Employees	Investigation hrs	Investigation \$	Dividend hrs	Dividend \$	Administration hrs	Administration \$	
Wallman, Kim	Liquidator	478.00	33.0	\$ 15,774.00	8.0	\$ 3,824.00	6.0	\$ 2,868.00	3.0	\$ 1,434.00	5.0	\$ 2,390.00	3.0	\$ 1,434.00	8.0	\$ 3,824.00
McCann, Brian	Consultant	473.00	10.0	\$ 4,730.00	2.0	\$ 946.00	2.0	\$ 946.00	1.0	\$ 473.00	3.0	\$ 1,419.00	0.0	\$ -	2.0	\$ 946.00
Quin, Greg	Manager	288.00	68.0	\$ 19,584.00	12.0	\$ 3,456.00	10.0	\$ 2,880.00	8.0	\$ 2,304.00	25.0	\$ 7,200.00	5.0	\$ 1,440.00	8.0	\$ 2,304.00
Wallman, Robert	Senior	226.00	19.0	\$ 4,294.00	15.0	\$ 3,390.00	2.0	\$ 452.00	0.0	\$ -	0.0	\$ -	0.0	\$ -	2.0	\$ 452.00
Huntton, Samantha	Intermediate	174.00	73.0	\$ 12,702.00	10.0	\$ 1,740.00	25.0	\$ 4,350.00	10.0	\$ 1,740.00	3.0	\$ 522.00	15.0	\$ 2,610.00	10.0	\$ 1,740.00
McCann, Montana	Secretary	100.00	15.0	\$ 1,500.00	3.0	\$ 300.00	5.0	\$ 500.00	3.0	\$ 300.00	0.0	\$ -	0.0	\$ -	4.0	\$ 400.00
Greenaway, Jasmine	Secretary	100.00	8.0	\$ 800.00	0.0	\$ -	3.0	\$ 300.00	0.0	\$ -	0.0	\$ -	0.0	\$ -	5.0	\$ 500.00
<b>TOTAL</b>			226.0	\$59,384.00	50.0	\$13,656.00	53.0	\$12,296.00	25.0	\$6,251.00	36.0	\$11,531.00	23.0	\$5,484.00	39.0	\$10,166.00
GST				\$5,938.40												
<b>TOTAL (including GST)</b>				<b>\$65,322.40</b>												
Average hourly rate				\$262.76		\$273.12		\$232.00		\$250.04		\$320.31		\$238.43		\$260.67

Expenses (Disbursements)	
Fax, 10	\$10.00
Photocopy, 3000	\$1,500.00
Postage, 600	\$600.00
Advertising, 4	\$596.00
Expenses anticipated from 12 March 2015 to Finalisation	\$2,706.00
GST on expenses	\$270.60
<b>TOTAL EXPENSES (including GST)</b>	<b>\$2,976.60</b>

Basis of Disbursement Claim	
Advertising	At cost
Destruction of Books and Records	At cost
Couriers	At cost
Printing (externally sourced)	At cost
Faxes	\$1.00 per fax
Photocopying & Printing (internally sourced)	\$0.50 per page
Postage (1 unit includes stamp and envelope)	At cost
Envelopes (C4 size and above)	\$0.18 per envelope
Scale applicable for financial year ending 30 June 2014	

*Kimberley Wallman (Administrator)*  
*HLB Mann Judd (Insolvency WA)*

**Administrator's Account of Receipts and Payments**

**For the period 4 February 2015 to 27 February 2015**

**"Qualiform Doors & Vanities" Account**

<b>Receipts</b>	<b>\$</b>
Pre-appointment Debtor Recoveries	1,282
<b>Total Receipts</b>	<u>1,282</u>
<b>Payments</b>	
Bank Charges	4
<b>Total Payments</b>	<u>4</u>
<b>Cash Balance</b>	<u><u>1,278</u></u>

*Kimberley Wallman (Administrator)*  
*HLB Mann Judd (Insolvency WA)*

**Administrator's Account of Receipts and Payments**

**For the period 4 February 2015 to 27 February 2015**

**"Qualiform Postforming Partnership" Account**

<b>Receipts</b>		<b>\$</b>
Nil		
<b>Total Receipts</b>		<b>-</b>
<b>Payments</b>		
Nil		
<b>Total Payments</b>		<b>-</b>
<b>Cash Balance</b>		<b>-</b>

# Creditor Information Sheet

## Offences, Recoverable transactions and Insolvent Trading



### Offences

A summary of offences that may be identified by the administrator:

Section	Offence
180	Failure by officer to exercise a reasonable degree of care and diligence in the exercise of his powers and the discharge of his duties.
181	Failure to act in good faith.
182	Making improper use of position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of his position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for proper purpose. Use of position or information dishonestly to gain advantage or cause detriment.
206A	Contravening an order against taking part in management of a corporation.
206A, B	Taking part in management of corporation while being an insolvent under an administration.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of auditor.
314-7	Failure to comply with requirements for financial statement preparation.
437C	Performing or exercising a function or power as officer while a company is under administration.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to administrator.
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.

### Voidable Transactions

#### Preferences

A preference is a transaction such as a payment between the company and one or more of its creditors, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant time period is six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Where a creditor receives a preferred payment, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under either the Corporations Act.

#### Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation.

However, if a related entity is a party to the transaction, the time period is four years and if the intention of the transaction is to defeat creditors, the time period is ten years.

The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

#### *Unfair Loan*

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only have to have been entered into any time on or before the day when the winding up began.

#### *Arrangements to avoid employee entitlements*

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

#### *Unreasonable payments to directors*

Liquidators have the power to reclaim "unreasonable payments" made to directors by companies prior to liquidation. The provision relates to transactions made to, on behalf of, or for the benefit of, a director or close associate of a director. To fall within the scope of the section, the transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

#### *Voidable charges*

Certain charges are voidable by a liquidator:

- Circulating security interest created with six months of the liquidation unless it secures a subsequent advance;
- Unregistered charges; and
- Charges in favour of related parties who attempt to enforce the charge within 6 months of its creation.

#### *Insolvent Trading*

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they actually did so expect;
- they did not take part in management for illness or some other good reason; or,
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

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.

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

To the Administrator of Mercbro Pty Ltd (Administrator Appointed) ACN 103 779 924

**INSTRUCTIONS**

- 1. Insert name of creditor here.
- 2. Insert creditor's ABN here or "N/A" if not applicable.
- 3. Insert debt amount here (inclusive of GST).
- 4. Insert GST component of claim here.

This is to state that the Company was on 4 February 2015 and still is, justly and truly indebted to:

Creditor / company name: \_\_\_\_\_ ABN: \_\_\_\_\_

(1)	(2)
-----	-----

In the amount of: \_\_\_\_\_ GST in claim: \_\_\_\_\_

(3) \$	(4) \$
--------	--------

**TO ENSURE THE VALIDITY OF YOUR CLAIM, PLEASE ATTACH APPROPRIATE DOCUMENTATION TO SUBSTANTIATE YOUR CLAIM. PLEASE SEE OVERLEAF FOR FURTHER INFORMATION.**

Particulars of the debt(s) are (5):

- 5. Show here details of goods and services were provided to the Company and remain unpaid for.

Date/s	Consideration (e.g. goods supplied / services rendered)	Amount	Remarks

- 6. Do not complete unless you are a secured creditor.

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

- 7. Do not complete this section unless you act for an employee.

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

- 8. Do not complete this section unless you act for an employee.

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

- 9. Insert date here

DATED (9) this \_\_\_\_\_ day of \_\_\_\_\_ 2015

- 10. Sign here

Signature: (10) \_\_\_\_\_ Phone: \_\_\_\_\_  
 Name: \_\_\_\_\_ Fax: \_\_\_\_\_  
 Occupation: \_\_\_\_\_ Email: \_\_\_\_\_  
 Postal address: \_\_\_\_\_

**FOR OFFICE USE ONLY**

Dividend Expectations:	Priority only	Unsecured Creditors	Unascertained	No Class
Priority: \$	Unsecured: \$	Total Admitted: \$		
Rejected: \$	Comments:			
Signed	Appointee:	File Manager:		

**NOTES TO THE PROOF OF DEBT OR CLAIM FORM**

1. Failure to provide an Australian Business Number or notice that one is not applicable will result in 48.5% of any dividend being withheld and remitted to the Australian Taxation Office.
2. To enable to adjudication of your claim, it is required that you submit together with your Proof of Debt or Claim form. It should be noted that failure to provide substantiating documentation may result in your claim being rejected.

Generally, a **statement of account and corresponding invoices** is requested. However, if it is impractical to submit correspondence invoices (e.g. if the sheer quantum of invoices makes postage impractical) a statement of account is requested as a minimum in the first instance.

Should a statement of account or invoices not be available, other documentation may be provided such as a purchase order or other substantiating voucher. The Administrator / Liquidator may contact you to then discuss your documentation and anything else that may be available to assist in his / her adjudication process.

**DIRECTIONS FOR ANNEXURE**

1. Where the space provided for a particular purpose is insufficient to contain all the required information in relation to a particular item, that information shall be set out in an annexure.
2. An annexure to form shall have an identifying mark and be endorsed with the words:-

*This is the annexure of ..... pages marked ..... referred to in the (insert description of form)*

*signed by me and dated .....*

.....  
*Signature(s) Name of Signatory IN BLOCK LETTERS*

3. The pages in the annexure shall be numbered consecutively.
4. Where a document, copy of a document or other matter is annexed to a form, reference made in the form to the annexure shall be by its identifying mark, the number of pages in it, and a brief description of the nature of the document and its contents.

A reference to an annexure includes a document, copy of a document or any other matter accompanying, attached to or annexed to a form.



**APPOINTMENT OF PROXY**

**STEP 1**

**Appoint a proxy to vote on your behalf**

You can appoint any person over the age of 18 (Option 1) **OR** the Chairperson (Option 2) to represent you either through a special or general proxy.

**IMPORTANT PLEASE READ**

You can specify on the proxy form how the proxy is to vote on a particular resolution, which the proxy must comply with. This is called a 'special proxy'. Alternatively, you can allow the proxy to exercise his/her discretion as to how to vote on each of the resolutions put before the meeting. This is called a 'general proxy'.

The Liquidator (or his or her nominee) must not use a general proxy to vote in favour of a resolution approving payment of the Administrator's / Liquidator's remuneration.

**I / We  
(Full name of creditor)**

of  
(Address)

being a creditor of Mercbro Pty Ltd (Administrator Appointed), entitled to attend and vote at the Meeting of Creditors to be held on Wednesday, 11 March 2015 at 10:00am, hereby appoint:

OPTION 1

Appointee  
(Full name and address)

as my / our / general / special proxy.

OPTION 2

**OR**

the Chairperson of the Meeting of Creditors as my / our general / special proxy.

**STEP 2**

**Voting directions**



**PLEASE NOTE:** If you complete the section below, you are deemed to have appointed a special proxy.

My / our special proxy shall vote as instructed below:-

	FOR	AGAINST	ABSTAIN
That the Company execute a Deed of Company Arrangement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
That the administration should end	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
That the Company be wound up	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
That the meeting be adjourned for a period of up to 45 business days or such lesser period as the Administrator, in his absolute discretion, determines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
"That the remuneration of the Administrator for the period 4 February 2015 to 26 February 2015 calculated at hourly rates as detailed in the Remuneration Report to creditors of 3 March 2015 is fixed in the sum of \$37,380.50, which excludes GST and expenses, and is approved for immediate payment."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>If creditors resolve that the Company be wound up:</b>			
"That the future remuneration of the Administrator from 27 February 2015 to 11 March 2015 is determined at a sum equal to the cost of time spent by the Administrator and his staff, calculated at the hourly rates as detailed in the Remuneration Report to creditors of 3 March 2015 to a capped amount of \$25,130.00, exclusive of GST and expenses, and is approved for immediate payment."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
"That the future remuneration of the Liquidator from 12 March 2015 to finalisation is determined at a sum equal to the cost of time spent by the Liquidator and his partners and staff, calculated at the hourly rates as detailed in the report to creditors of 3 March 2015 that will be increased in accordance with the annual Consumer Price Index (all groups) at 31 March each year, to be adjusted at 1 July each year, up to a capped amount of \$59,384.00 exclusive of GST and expenses, above which further approval may be required, and that the Liquidator can draw the remuneration on a monthly basis or as required."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To approve the destruction of books and records of the Company subject to the approval of the Australian Securities & Investments Commission.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**STEP 3**

**Sign** *This section must be completed*

Name of authorised representative:

Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_ Phone: \_\_\_\_\_ Email: \_\_\_\_\_

**PLEASE RETURN THIS PROXY**, duly completed, to Samantha Morgan via email to smorgan@hlbinsol.com.au, or via facsimile to 08 9321 0429, or via post to PO Box 622 West Perth WA 6872. Please note that proxy forms received after 5.00 pm on the day before the meeting may not be accepted.

**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 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 this ..... day of ..... 2015

Signature of Witness: .....

Address: .....