

Corporations Act 2001

Section 449E

**Watters Electrical (Aust) Pty Limited
ACN 128 370 570
(Administrators Appointed)**

Remuneration Report

The Administrators' remuneration report, prepared pursuant to Section 449E of the Corporations Act 2001, takes the following format:

1. Tasks undertaken by the Administrators and remuneration claimed for the period 1 November 2012 to 31 December 2012
2. Administrators' anticipated tasks and estimated remuneration for the period 1 January 2013 to the date of the second meeting of creditors
3. Should the Company be placed into liquidation, the Liquidators' anticipated tasks and estimated remuneration for the period from the date of the second meeting of creditors to the finalisation of the liquidation
4. Summary of the Administrators' disbursements for the period 28 May 2012 to 31 December 2012
5. Summary of the Administrators' receipts and payments for the period 28 May 2012 to 31 December 2012

1. Summary of work undertaken by Ian Carson, David McEvoy, Craig Crosbie, their partners and staff during the Voluntary Administration process for the period 1 November 2012 to 31 December 2012

Task Area	General Description	Includes
Administration 66.21 hrs \$21,551.20	Document maintenance / file review / checklist	<ul style="list-style-type: none"> - Attended to filing - Updated checklists for statutory duties
	Bank account administration	<ul style="list-style-type: none"> - Requested bank statements - Prepared bank account reconciliations - Corresponded with bank regarding specific transfers - Calculation of split between circulating and non-circulating assets for fees approved by the committee of creditors for the purpose of reporting pursuant to the indemnity
	ASIC Form 505, 524 and other forms	<ul style="list-style-type: none"> - Prepared and lodged ASIC forms - Corresponded with ASIC regarding statutory lodgements
	ATO & other statutory reporting	<ul style="list-style-type: none"> - Prepared and lodged business activity statements with the ATO - Considered ongoing financial and statutory reporting requirements - Reconciliation of PAYG payments to Australian Taxation Office - Reconciliation of payroll tax and correspondence with local payroll tax offices
	Processing receipts and payments	<ul style="list-style-type: none"> - Prepared and authorised receipt and payment vouchers - Entered receipts and payments into accounting system
	Planning / Review	<ul style="list-style-type: none"> - Various internal planning meetings - Discussed the status/strategy of the administration - Allocation of tasks, review and completion
	Books and records / storage	<ul style="list-style-type: none"> - Updated listing of books and records
Assets 32.74 hrs \$14,295.88	Plant & Equipment	<ul style="list-style-type: none"> - Liaised with Grays Online regarding collection and sale of motor vehicles - Discussions with VicRoads regarding registrations of vehicles
	Leasing	<ul style="list-style-type: none"> - Identified and arranged sale/return of leased assets located on sites
	Debtors	<ul style="list-style-type: none"> - Reviewed debtor contracts and project agreements - Responded to disputes and negotiated commercial settlements - Liaised with collection agents regarding various debtors - Liaised with Quantity Surveyor regarding claims
Creditors 65.77 hrs \$26,863.71	Creditor enquiries	<ul style="list-style-type: none"> - Received and followed up creditor enquiries via telephone, facsimile and email
	Retention of title claims	<ul style="list-style-type: none"> - Liaised with creditors regarding retention of title claims and requested additional information to substantiate claims - Adjudicated on retention of title claims and corresponded with creditors regarding same
	Creditor reports	<ul style="list-style-type: none"> - Prepared, reviewed and distributed second reports to the Committee of Creditors - Planned, Prepared and reviewed s439A report to Creditors
	Meeting of Creditors	<ul style="list-style-type: none"> - Corresponded with legal advisors to prepare multiple applications to Court in relation to the extension of the convening periods for the first and second meetings of creditors - Applied to Court and obtained extension of the convening period for the first meeting of creditors - Prepared meeting notices and advertisements - Organised meeting venues and teleconferencing facilities - Liaised with Link Market Services to establish interactive proof of debt and proxy forms and facilitate the signing in of creditors at the first meeting of creditors - Responded to enquiries in relation to the first meeting of creditors - Prepared meeting file, including agenda, certificate of postage, reports to creditors, advertisement of meeting and draft minutes of meeting - Prepared presentation for first meeting of creditors - Attended and chaired first meeting of creditors - Responded to creditor enquiries immediately following the first meeting of creditors - Prepared and lodged minutes of meetings with the ASIC - Applied to Court and obtained extension of the convening period for the second meeting of creditors - Prepared for second meeting of creditors, including arranging for meeting venues, various discussions with Link Market Services regarding running of second meeting of creditors - Prepared meeting notices and advertisements for second creditor

Task Area	General Description	Includes
	Banking Syndicate reporting	- Prepared, reviewed and distributed reports to the Banking Syndicate and their representatives
Employees 111.70 hrs \$36,166.53	Employee enquiries	- Received and followed up employee enquiries via telephone, facsimile and email - Reviewed and prepared correspondence to employees via facsimile, email and post - Discussions with Electrical Trades Union regarding employee payments and calculations
	Calculation of entitlements	- Calculated employee entitlements - Reviewed employee files and the Company's books and records - Reviewed employee agreements and awards
	Other employee issues	- Prepared and issued employee PAYG payment summaries - Liaised with the Child Support Agency
Investigation 11.98 hrs \$3,849.53	Conducting investigation	- Updated investigations file
Trade On / Wind Down 15.86 hrs \$6,912.00	Accounting for Indemnity Agreement	- Prepared and assessed statement of position and estimated outcome statement - Internal reporting of financial position under the terms of the Indemnity

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Professional fees for work undertaken by Ian Carson, David McEvoy, Craig Crosbie, their partners and staff during the Voluntary Administration process for the period 1 November 2012 to 31 December 2012.

Position	Hourly Rate	TOTAL		Administration		Assets		Creditors		Dividend		Employees		Investigation		Trade On	
		Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$		
<u>Appointees</u>																	
Craig Crosbie	675	14.00	9,446.79	1.69	1,140.38	1.57	1,061.36	5.64	3,804.97	-	-	3.70	2,497.50	0.66	442.17	0.74	500.40
Ian Carson	675	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
David McEvoy	675	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Other Staff</u>																	
Partner	675	1.40	945.00	1.40	945.00	-	-	-	-	-	-	-	-	-	-	-	-
Director / Principal	585	7.25	4,239.91	0.53	312.62	3.07	1,795.24	3.64	2,132.05	-	-	-	-	-	-	-	-
Senior Manager	510	11.40	5,815.07	1.25	636.58	0.40	204.00	7.78	3,966.82	-	-	0.10	51.00	-	-	1.88	956.67
Manager	465	15.37	7,146.41	4.48	2,084.45	8.38	3,896.35	0.89	412.08	-	-	-	-	-	-	1.62	753.53
Supervisor	445	72.00	32,040.64	4.70	2,091.50	7.08	3,150.23	2.62	1,167.69	-	-	46.60	20,737.00	2.93	1,304.09	8.07	3,590.13
Senior Analyst 1	395	33.16	13,096.82	15.03	5,936.97	1.09	429.05	16.92	6,683.14	-	-	-	-	-	-	0.12	47.66
Senior Analyst 2	380	23.03	8,749.67	4.28	1,625.99	5.75	2,185.65	12.96	4,924.93	-	-	-	-	0.03	13.10	-	-
Analyst 1	310	15.33	4,752.60	1.60	496.00	4.40	1,364.00	5.90	1,829.00	-	-	-	-	-	-	3.43	1,063.60
Analyst 2	250	8.56	2,140.17	-	-	-	-	-	-	-	-	0.20	50.00	8.36	2,090.17	-	-
Graduate	210	91.31	19,174.78	20.48	4,301.08	1.00	210.00	8.73	1,832.69	-	-	61.10	12,831.00	-	-	-	-
Undergraduate	190	1.30	247.00	1.30	247.00	-	-	-	-	-	-	-	-	-	-	-	-
Senior Bookkeeper	190	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bookkeeper	180	8.40	1,564.00	8.40	1,564.00	-	-	-	-	-	-	-	-	-	-	-	-
Executive Assistant	160	1.75	279.95	1.06	169.63	-	-	0.69	110.33	-	-	-	-	-	-	-	-
Administration	120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		304.25	109,638.82	66.21	21,551.20	32.74	14,295.88	65.77	26,863.71	-	-	111.70	36,166.50	11.98	3,849.53	15.86	6,912.00
GST		10,963.88															
Total (incl GST)		\$ 120,602.70															
Average Hourly Rate		360.36															

2. Summary of anticipated work to be undertaken by Ian Carson, David McEvoy, Craig Crosbie, their partners and staff during the Voluntary Administration process for the period 1 January 2013 to the date of the second meeting of creditors

Task Area	General Description	Includes
Administration 15.00 hrs \$6,000.00	Document maintenance / file review / checklist	<ul style="list-style-type: none"> - Attending to filing - Updating checklists for statutory duties
	Insurance	<ul style="list-style-type: none"> - Corresponding with Willis regarding ongoing insurance requirements
	Bank account administration	<ul style="list-style-type: none"> - Requesting bank statements - Preparing bank account reconciliations - Corresponding with bank regarding specific transfers
	ATO & other statutory reporting	<ul style="list-style-type: none"> - Preparing and lodging business activity statements with the ATO - Considering ongoing financial and statutory reporting requirements
	Processing receipts and payments	<ul style="list-style-type: none"> - Preparing and authorising receipt and payment vouchers - Entering receipts and payments into accounting system
	Planning / Review	<ul style="list-style-type: none"> - Various internal planning meetings - Attending to media enquiries - Discussing the status/strategy of the administration
Assets 6.00 hrs \$2,400.00	Debtors	<ul style="list-style-type: none"> - Reviewing and assessing debtors ledgers - Reviewing debtor contracts and project agreements - Considering strategies for collection of outstanding pre-appointment debtors - Responding to disputes and negotiating commercial settlements
Creditors 28.00 hrs \$11,200.00	Creditor enquiries	<ul style="list-style-type: none"> - Liaising with Link Market Services regarding creditor enquiries received through the telephone hotline and dedicated creditor email address relating to the second meeting of creditors - Preparing and updating 'Questions and Answers' document for distribution to Link Market Services client team - Providing regular updates to creditors to be published on the PPB Advisory website - Receiving and following up creditor enquiries via telephone, facsimile and email - Assisting creditors via telephone to complete proof of debt and proxy forms for the second meeting of creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> - Receipting and filing proof of debt forms relating to the second meeting of creditors
	Creditor reports	<ul style="list-style-type: none"> - Finalising the s439A report to creditors
	Meeting of Creditors	<ul style="list-style-type: none"> - Internal planning meetings in preparation for the second meeting of creditors - Responding to enquiries in relation to the second meeting of creditors - Preparing meeting file, including agenda, certificate of postage, reports to creditors, advertisement of meeting and draft minutes of meeting - Preparing presentation for the second meeting of creditors - Attending and chairing the second meeting of creditors
	Banking Syndicate reporting	<ul style="list-style-type: none"> - Preparing reports to the Banking Syndicate and their representatives - Attending to enquiries from the Banking Syndicate and their
Employees 3.00 hrs \$1,200.00	Employee enquiries	<ul style="list-style-type: none"> - Receiving and following up employee enquiries via telephone, facsimile and email
Investigation 3.00 hrs \$1,200.00	Conducting investigation	<ul style="list-style-type: none"> - Completing preliminary investigations and finalising investigations file
Trade On / Wind Down 3.00 hrs \$1,200.00	Accounting for Indemnity Agreement	<ul style="list-style-type: none"> - Updated estimated outcome statement - Internal reporting of financial position under the terms of the Indemnity

3. Summary of anticipated work to be undertaken by Ian Carson, David McEvoy, Craig Crosbie, their partners and staff during the Liquidation process for the period from the date of the second meeting of creditors to the completion of the liquidation

Task Area	General Description	Includes
Administration 75.00 hrs \$30,000.00	Document maintenance / file review / checklist	<ul style="list-style-type: none"> - Attending to filing - Updating checklists for statutory duties
	Insurance	<ul style="list-style-type: none"> - Corresponding with Willis regarding insurance policies - Arranging the finalisation of insurance policies
	Bank account administration	<ul style="list-style-type: none"> - Preparing correspondence to close bank accounts - Requesting bank statements - Preparing bank account reconciliations - Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> - Preparing and lodging forms with the ASIC - Correspondence with the ASIC regarding statutory forms
	ATO & other statutory reporting	<ul style="list-style-type: none"> - Lodging business activity statements with the ATO - Considering ongoing financial and statutory reporting requirements
	Finalisation	<ul style="list-style-type: none"> - Notifying ATO of finalisation - Cancelling ABN / GST / PAYG registration - Completing finalisation checklists
	Processing receipts and payments	<ul style="list-style-type: none"> - Preparing and authorising receipt and payment vouchers - Entering receipts and payments into accounting system
	Planning / review	<ul style="list-style-type: none"> - Various internal planning meetings - Attending to media enquiries
	Books and records / storage	<ul style="list-style-type: none"> - Dealing with records in storage - Sending job files to storage
Creditors 75.00 hrs \$30,000.00	Creditor enquiries	<ul style="list-style-type: none"> - Preparing regular updates to creditors to be published on the PPB Advisory website - Receiving and following up creditor enquiries via telephone, facsimile and email - Reviewing and preparing correspondence to creditors and their representatives via facsimile, email and post
	Creditor reports	<ul style="list-style-type: none"> - Preparing general reports to creditors - Preparing reports to the members of the Committee of Inspection (Col), should one be appointed
	Dealing with informal proofs of debt	<ul style="list-style-type: none"> - Receipting and filing proofs of debt when not related to a dividend
	Banking Syndicate reporting	<ul style="list-style-type: none"> - Preparing and distributing dividend to Banking Syndicate - Responding to enquiries from the Banking Syndicate and their representatives - Attending meetings with the Banking Syndicate and their representatives
	Meetings of creditors	<ul style="list-style-type: none"> - Preparing notices relating to general meetings of creditors - Responding to creditor enquiries related to general meetings of creditors - Preparing meeting file, including agenda, attendance register, list of creditors, reports to creditors and draft minutes of meeting - Attending and chairing creditors meetings - If a Col is appointed: <ul style="list-style-type: none"> o Preparing notices relating to meetings of the Col o Preparing meeting file, including agenda, attendance register, list of Col members, reports to the Col and draft minutes of meeting o Attending and chairing Col meetings - Preparing and lodging minutes of meetings with the Australian Securities and Investments Commission (ASIC)
Dividend 25.00 hrs \$10,000.00	Processing proofs of debt	<ul style="list-style-type: none"> - Corresponding with creditors inviting lodgement of proofs of debt - Receipting proofs of debt and maintaining proof of debt register - Adjudicating proofs of debt - Preparing correspondence to creditors advising outcome of claim adjudication

Task Area	General Description	Includes
	Dividend procedures	<ul style="list-style-type: none"> - Preparing correspondence to creditors advising of intention to declare dividend - Advertising intention to declare dividend - Obtaining clearance from the ATO to allow distribution of the Company's assets - Calculating dividend rate - Corresponding with creditors announcing declaration of dividend - Advertising announcement of dividend - Preparing distribution and dividend file - Processing payment vouchers to pay dividend - Corresponding with creditors enclosing payment of dividend
Employees 25.00 hrs \$10,000.00	Employee enquiries	<ul style="list-style-type: none"> - Receiving and following up employee enquiries via telephone, facsimile and email - Reviewing and preparing correspondence to employees and their representatives via facsimile, email and post
	Employee dividend	<ul style="list-style-type: none"> - Corresponding with employees and the Department of Education, Employment and Workplace Relations (DEEWR) regarding intention to declare priority dividend - Liaising with Australian Taxation Office (ATO) regarding proof of debt related to superannuation guarantee charge - Advertising dividend notice - Receipting and adjudicating proofs of debt - Calculating dividend rate and preparing dividend file - Preparing payment vouchers to pay dividend - Preparing correspondence to employees and DEEWR enclosing payment of dividend - Ensuring PAYG is remitted to the ATO
	Other employee issues	<ul style="list-style-type: none"> - Preparing and issuing employee PAYG payment summaries - Liaising with the Child Support Agency
Investigation 25.00 hrs \$10,000.00	Conducting investigation	<ul style="list-style-type: none"> - Investigations regarding insolvent trading and voidable transactions - Reviewing financial statements and trading history - Obtaining and reviewing Company's books and records - Preparing investigations file
	ASIC reporting	<ul style="list-style-type: none"> - Lodgement of s533 investigation report with the Australian Securities and Investments Commission (ASIC) - Preparing and lodging supplementary s533 report with the ASIC (if required) - Liaising with the ASIC
Trade On / Wind Down 25.00 hrs \$10,000.00	Accounting for Indemnity Agreement	<ul style="list-style-type: none"> - Updated and finalised estimated outcome statement - Internal reporting of financial position under the terms of the Indemnity

4. Summary of the Administrators' disbursements for the period 28 May 2012 to 31 December 2012

Disbursements incurred by the Administrators during the Voluntary Administration process for the period 28 May 2012 to 31 December 2012.

Disbursement Category	\$
A	-
B1	12,481.31
B2	17,840.64
Total	30,321.95
GST	3,032.20
Total (incl GST)	\$ 33,354.15

5. Summary of the Administrators' receipts and payments for the period 28 May 2012 to 31 December 2012

Administrators' receipts and payments during the Voluntary Administration process for the period 28 May 2012 to 31 December 2012.

	\$
RECEIPTS	
Asset Realisations	2,908,186.92
Debtor Monies Collected	4,227,255.88
GEERS Funds	8,882,127.16
GST Received	32,851.23
Insurance Refund	16.26
Interest Income	65,991.67
Other Income	34,234.75
Third Party Monies Received	33,594.08
Total Receipts	16,184,257.95
PAYMENTS	
Administrators' Costs	(28,570.96)
Administrators' Fees	(1,018,704.12)
Advertising	(809.52)
Asset Realisation Costs	(279,648.31)
Bank Charges	(348.40)
Books and Records Storage	(13,290.25)
Debt Collection Fees	(63,659.96)
Distribution to Banking Syndicate	(34,046.28)
GEERS Employee Payments	(6,778,552.10)
GEERS Refunds	(130,278.81)
GST Paid	(229,083.00)
Insurance	(65,738.89)
IT Expenses	(4,356.00)
Labour Hire	(2,183.50)
Legal Fees	(137,999.79)
Media Consulting Expense	(5,455.36)
PAYG Paid	(1,145,996.00)
PAYG Withheld	(11,214.58)
Postage/Courier Fees	(3,535.33)
Rent Expense	(15,157.05)
Security Locks / Guards	(5,769.81)
Stamp Duty	(4,640.24)
Sundry Expenses	(2,834.37)
Surveyor Fees	(3,080.00)
Third Party Monies Paid	(40,260.36)
Third Party Service Providers	(94,542.94)
Venue Hire and Incidentals	(626.52)
Wages & Salaries	(55,096.48)
Total Payments	(10,175,478.93)
Net Receipts / (Payments)	6,008,779.02