
**REPORT TO THE UNIVERSITY
OF NEW ENGLAND**

UNE UNION
(Receiver & Manager Appointed)
ABN 166 868 818 942

UNE UNION LTD
(Administrator Appointed)
ABN 290 656 484 19

Forsyths
Chartered Accountants

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REPORT TO THE UNIVERSITY OF NEW ENGLAND**UNE UNION**
(Receiver & Manager Appointed)
ABN 166 868 818 942**UNE UNION LTD.**
(Administrator Appointed)
ABN 290 656 484 19**1. INTRODUCTION**

I was appointed Receiver and Manager of the UNE Union on the 11th May 2005 under a Deed of Appointment executed by the UNE Union and the University of New England.

I was also appointed Administrator of UNE Union Ltd on the 11th May 2005 pursuant to Section 436A of the Corporations Act 2001, following a resolution passed by the Directors of that Company.

I now submit the following report on the progress of both Administrations.

2. ANNEXURES

In preparing my report the following annexures have been used and included.

- 2.1 Summarised Report as to Affairs of UNE Union as at 11th May 2005 as prepared by myself.
- 2.2 Summarised Report as to Affairs of UNE Union Ltd as at 11th May 2005 as prepared by myself.
- 2.3 Valuation and report of assets of UNE Union as prepared by Hymans valuers.
- 2.4 Valuation and report of assets of UNE Union Ltd as prepared by Hymans valuers.
- 2.5 Valuation and report of Tattersalls Hotel as prepared by Manenti Quinlan.
- 2.6 UNE Union unaudited Financial Statements for the period ended 10th May 2005.
- 2.7 UNE Union Ltd unaudited Financial Statements for the period ended 10th May 2005.
- 2.8 Divisional Statement of Financial Performance for the period 1st January, 2005 to 10th May 2005.
- 2.9 Divisional forecast budgets for the period 1st May 2005 to 31st December 2005.

3. BUSINESS OPERATIONS

- Since my appointment, and in accordance with the University's instructions, I have continued to trade all the businesses operated by the UNE Union. All creditors, both pre and post my appointment, have been paid as and when they fall due and all staff of the UNE Union have been retained.

My review of the organisation revealed the following businesses and their involvement with the UNE Union.

- Belgrave Twin Cinema
- Tattersall's Hotel
- Retail
- Food & Beverage Services
- Sleek Hair Studios

3.1 Belgrave Twin Cinema

The Belgrave Twin Cinema building consists of two cinemas, a kiosk, and a coffee shop. The building is leased from The Armidale Ex-Services Club. The manager of the cinema, Graham Kreuzler, is responsible for film choice, staff rostering and filling the role of projectionist. Main film suppliers are Sony, Fox, Roadshow, United and Bona Vista. A refurbishment of both cinemas was performed in January 2005, with new seating being purchased under a lease agreement with the National Australia Bank.

3.2 Tattersall's Hotel

Tattersall's Hotel is situated in The Mall in Armidale's CBD and is owned by UNE Union Ltd.. The day-to-day operations and management of the hotel is the responsibility of the UNE Union. The Hotel has a public bar, saloon bar, a designated gaming room comprising 15 poker machines, and forty hotel suites. Steven Snell is the licensee and manages the hotel with his wife Marie. Trading hours are 10:00 am - 3:00 am Monday to Saturday, and 12 noon - 8:00 pm on Sunday.

3.3 Retail

Retail is located in the Northern section of the UNE campus. The retail shop offers a range of services and products including an Australia Post Service, Lotto, newsagency and clothing. Carol Barnden is the manager and the shop operates 8:30 am to 5:00 pm Monday to Friday, as well as some Saturdays to coincide with large events such as graduation ceremonies.

3.4 Food & Beverage

Michael Welbourn is responsible for campus food and beverage, which includes the Booloomimbah Collection, Dr Rob's Cafeteria, Bistro, Café Noir, and Café EBL. He is the campus liquor licensee and oversees staffing, rosters and invoice checking. All of the entities are located on the UNE campus and operate as a separate account.

Booloomimbah Collection is a café style restaurant that operates Monday to Friday from 8:00 am to 2:30 pm. It also serves as a function centre when required.

Dr Rob's cafeteria operates Monday to Friday from 8:00 am to 3:00 pm.

Café EBL is situated in the Department of Economics, Business and Law and operates weekdays from 9:00 am to 2:15 pm.

The Bistro, which is both a food and liquor outlet, operates weekdays with a closing time of 1:00am the following morning. Café Noir is located on the second floor of the Bistro and is open weekdays from 10:00 am to 2:00 pm.

The main suppliers of food to the food & beverage section are West End Wholesalers, Jackson's Butchery, KA Catering Supplies, DJ's Fruit and Vegetables and Armidale Fruit and Vegetables. The main liquor suppliers are Tooheys, Campbells and Novo.

3.5 Sleek Hair Studios

Sleek Hair studios is located on the northern part of campus next to the Retail shop. Carol Barnden who is the Retail manger also oversees the operations of Sleek. Sleek is open weekly from 9:00 am to 5:00 pm and employs one fulltime and one part-time hairdresser.

4. SUMMARY OF THE REPORT AS TO AFFAIRS

I have completed a Report as to Affairs (RATA) for both the UNE Union and UNE Union Ltd as at 11th May 2005. A RATA represents a snap shot in time as to the assets and liability position of an organisation on a *Going Concern* based on estimated fair market value.

The RATA does not take into account the Receiver and Manager's fees and disbursements, which must be paid ahead of priority creditors claims.

The following is a summary, with commentary, on each of the entities RATA as at 11th May 2005.

4.1 UNE Union

Description	Note	Valuation	Estimated
		(Net book amount)	Fair Market Value
		\$	\$
Sundry Debtors	4.1.1	1,075,726	1,075,726
Cash on hand	4.1.2	35,280	35,280
Cash at bank	4.1.3	195,020	195,020
Stock on Hand	4.1.4	443,220	240,000
Plant & equipment	4.1.5	2,681,758	901,095
Other assets	4.1.6	25,200	25,200
Total Assets		4,456,204	2,472,321
Less Liabilities:			
Employee entitlements	4.1.7	397,474	397,474
Unsecured creditors	4.1.8	1,346,460	1,346,460
Estimated surplus / (deficiency)		2,712,270	728,387

4.1.1 Sundry Debtors

The sundry debtors total of \$1,075,726 is estimated to be fully realisable. Included in the total is an amount of \$955,628 owed by UNE Union Ltd to UNE Union.

4.1.2 Cash on Hand

Cash on hand at the date of my appointment was \$35,280.

4.1.3 Cash at Bank

Cash at bank at the date of my appointment was \$195,020 which was represented by bank accounts with National Australia Bank, New England Credit Union and Westpac.

4.1.4 Stock on Hand

Stock on hand at the date of my appointment was \$443,220, which has been valued by Manenti Quinlan & Associates at fair value of \$240,000

4.1.5 Plant & Equipment

Plant and equipment recorded at a net book amount of \$2,681,758 at the date of my appointment has been valued by Manenti Quinlan & Associates at fair value of \$901,095.

4.1.6 Other Assets

Other assets of \$25,200 represent the Australia Post licence.

4.1.7 Employee Entitlements

The Report as to Affairs lists employee entitlements as being \$397,474 at the date of my appointment.

4.1.8 Unsecured Creditors

The unsecured creditors of the Union, as per the Report to Affairs, is \$1,346,460 which includes an amount of \$700,000 owing to UNE Union Ltd.

4.2 UNE Union Ltd

Description	Note	Valuation (Net book amount)	Estimated Fair Market Value
		\$	\$
Interest in land	4.2.1	883,298	2,350,000
Sundry Debtors	4.2.2	700,000	700,000
Plant and Equipment	4.2.3	152,783	53,250
Other assets	4.2.4	72,330	Nil
Total Assets		1,808,411	3,103,250
Less Liabilities:			
Secured creditors	4.2.5	700,000	700,000
Amounts owing (charge over assets)	4.2.6	203,110	203,110
Unsecured creditors	4.2.7	955,628	955,628
Estimated surplus / (deficiency)		(50,327)	1,244,512

4.2.1 Interest in Land

Interest in land of the UNE Union Ltd represents Tattersalls Hotel at cost of \$883,298 which has been independently valued by Manenti Quinlan & Associates at \$2,350,000.

4.2.2 Sundry Debtors

The sundry debtors are represented by \$700,000 owing by UNE Union.

4.2.3 Plant & Equipment

Plant and equipment recorded at a net book amount of \$152,783 at the date of my appointment has been valued by Manenti Quinlan & Associates at fair value of \$53,250. The equipment relates to the seating at the Belgrave Twin Cinema.

4.2.4 Other Assets

Other assets are represented by the Hotel liquor licence and formation costs of the company.

4.2.5 Secured Creditor

The secured creditor represents a secured loan owing to the National Australia Bank, the security being a first mortgage over the Tattersalls Hotel.

4.2.6 Amounts Owning

Amounts owing of \$203,110 represents hire purchase agreement amount owing of \$152,783 CBFC Ltd in respect of the seating at the Belgrave Twin Cinema and \$50,327 owing to VSF Australia Ltd for the photocopying equipment rental agreement.

4.2.7 Unsecured Creditors

The unsecured creditor amount of \$955,628 represents an amount owing to the UNE Union.

5. FINANCIAL REPORTS

I have included a summary of the audited financial statements for the period ending 31st December 2002, 31st December 2003 and 31st December 2004. Also included are management accounts for the period 1st January to 10th May 2005 as supplied by the organisations internal accountant. This has been done for both UNE Union and UNE Union Ltd. They are as follows:

UNE UNION**Statement of Financial Performance Extract**

	31 Dec 02	31 Dec 03	31 Dec 04	10 May 05
Operating Revenue	7,518,810	7,555,109	7,732,967	369,626
Operating Surplus/(Deficit) Before Abnormal Items and Income Tax	(88,381)	(407,539)	(269,681)	(103,918)
Operating Surplus/(Deficit) After Abnormal Items and Income Tax	(88,381)	(407,539)	(269,681)	(103,918)
Accumulated Funds at 1 January	3,429,007	3,340,626	2,933,087	2,663,406
Accumulated Funds at 31 December	3,340,626	2,933,087	2,663,406	2,559,488

Statement of Financial Position Extract

	31 Dec 02	31 Dec 03	31 Dec 04	10 May 05
Current Assets	625,713	698,889	700,033	793,818
Non-Current Assets	3,564,831	3,929,837	3,742,876	3,66,386
Total Assets	4,190,544	4,628,726	4,442,909	4,456,204
Current Liabilities	807,543	1,643,950	1,002,417	1,143,510
Non-Current Liabilities	42,375	51,689	777,086	753,206
Total Liabilities	849,918	1,695,639	1,779,503	1,896,716
Net Assets	3,340,626	2,933,087	2,663,406	2,559,488

It is important to note that the above table highlights the following issues;

- Whilst revenue has remained consistent over the years, the operating deficit has been substantial with large losses in both 2003 and 2004;
- UNE Unions deficit to 10th May 2005 is \$103,918;
- Total assets have reduced slightly over the above years highlighted whilst Total liabilities have continued to increase, moving from \$849,918 in 2002 to \$1,896,716 as at 10th May 2005;
- Accumulated funds have dropped from \$3,340,626 in 2002 to \$2,559,488 as at 10th May 2005, a drop of \$781,138 over the period.

UNE UNION LTD.

Statement of Financial Performance Extract

	31 Dec 02	31 Dec 03	31 Dec 04	10 May 05
Operating Revenue	14,831	14,251	13,714	0
Operating Surplus/(Deficit) Before Abnormal Items and Income Tax	0	0	0	0
Operating Surplus/(Deficit) After Abnormal Items and Income Tax	0	0	0	0
Accumulated Funds at 1 January	0	0	0	0
Accumulated Funds at 31 December	0	0	0	0

Statement of Financial Position Extract

	31 Dec 02	31 Dec 03	31 Dec 04	10 May 05
Current Assets	0	0	0	0
Non-Current Assets	982,193	967,942	1,655,628	1,808,411
Total Assets	982,193	967,942	1,655,628	1,808,411
Current Liabilities	0	0	200,000	234,440
Non-Current Liabilities	982,193	967,942	1,455,628	1,573,971
Total Liabilities	982,193	967,942	1,655,628	1,808,411
Net Assets	0	0	0	0

The above tables indicate a NIL Operating result each year with NIL assets, highlighting the fact that all revenue and expenditure is passed back to the UNE Union.

6. DIVISIONAL REVENUE AND EXPENDITURE STATEMENT

I have included a summary of the divisional revenue and expenditure statements for the period 1st January 2005 to 10th May 2005, as supplied by the organisations internal accountant. They are as follows:

	Total Revenue	Total Expenses	Surplus/(Deficit)
	\$	\$	\$
Retail Services	475,985	356,937	119,048
Food Services	338,794	335,795	2,999
Cinema	390,280	417,095	(26,815)
Liquor Services	123,944	123,582	362
House Services	84,116	87,018	(2,902)
Tattersalls Hotel	536,880	542,643	(5,763)
Boooloominbah Collection	180,262	250,597	(70,335)
Sleek Hair Salon	27,980	28,630	(650)
General & Admin Expenses	353,682	473,544	(119,862)
Total	2,511,923	2,615,841	(103,918)

The above table highlights the following issues;

- The UNE Union continues to run at substantial losses - \$103,918 for the 4 months January to 10th May;
- A significant number of business units continue to operate deficits;
- Retail continues to produce surpluses for the organisation; and
- The large costs experienced in providing services to students.

7. PROJECTED BUDGET FORECAST SUMMARY

I have included a summary of the projected budget forecasts from May 2005 through to December 2005. These budgets have been prepared by the UNE Union management and subsequently signed off by the respective division managers of each department.

May 2005 to December 2005									
Business Unit	May	June	July	August	September	October	November	December	Total
General	281,991	2,020	600	286,041	254,647	600	600	38,546	865,045
Swipe Card	274	275	274	274	275	274	275	2,010	3,931
Activities	(9,145)	(15,713)	(10,928)	(24,640)	(28,468)	(19,937)	(7,411)	(6,043)	(122,285)
Cleaning	(13,432)	(14,501)	(12,067)	(14,518)	(13,746)	(13,809)	(13,349)	(13,099)	(108,521)
Administration - SVG	(6,691)	(86,291)	(6,282)	(4,277)	(6,195)	(30,238)	(5,651)	(87,049)	(232,674)
Administration - SVO	(36,940)	(38,045)	(39,416)	(46,745)	(51,852)	(36,398)	(44,017)	(47,684)	(341,097)
Public Relations	(2,896)	(2,829)	(1,718)	(3,241)	(4,292)	(2,412)	(3,137)	(3,942)	(24,467)
Information Technology	(9,687)	(10,187)	(10,269)	(11,052)	(10,812)	(9,676)	(10,605)	(9,009)	(81,297)
Boooloomimbah Collection	(9,645)	(10,633)	403	(79)	752	(2,139)	1,245	(3,947)	(24,043)
Belgrave Cinema	(980)	(9,219)	17,646	(4,701)	6,211	(2,699)	(16,317)	26,269	16,209
Food Services	13,364	9,127	12,325	13,065	17,658	6,263	2,128	(18,561)	55,369
House Services	2,979	708	(1,403)	3,305	3,031	(1,043)	4,543	(7,634)	4,486
Bistro	529	(8,260)	2,399	2,956	4,094	(3,377)	(6,132)	(8,379)	(16,170)
Retail	11,474	7,101	5,750	9,837	6,490	20,552	661	(13,930)	47,934
Sleek Hair Studio	420	203	2,841	1,956	5,606	3,429	2,393	(1,381)	15,467
Tattersall's Hotel	(9,950)	(12,075)	(9,801)	6,628	(11,047)	(11,011)	(1,415)	(11,243)	(59,914)
	211,665	(188,319)	(49,646)	214,809	172,352	(101,621)	(96,189)	(165,076)	(2,027)

The above table highlights a number of issues that are outlined below;

- Budgeted results for the May 2005 to December 2005 period show continued deficits, after taking into account depreciation;
- A number of business units including Boooloomimbah, Tattersalls and the Bistro continue to operate at substantial losses;
- Business units such as Retail, Belgrave Cinema and Sleek anticipate surpluses for the 7 month period to December;
- The GSF received in May, August, September and December impacts significantly on the overall budget position.
- The large costs experienced in providing services to students.

8. GOING CONCERN AND INSOLVENCY

The going concern basis assumes that an entity will realise its assets and extinguish its liabilities in the normal course of business. An entity will adopt the going concern basis when they are expected to:

- Be able to pay their debts as and when they fall due; and
- Continue in operation without any intention or necessity to liquidate or otherwise wind up its operations.

Management and the directors are responsible for deciding whether to use the going concern basis in preparation of its financial reports. In assessing the appropriateness of the going concern basis, management will need to take into account all the relevant information that it is aware of at the time. Operating and financial indicators that management need to consider and review include:

- Lack of sustainable operating profits or cash flows from core business activities;
- Inability to pay creditors as and when they fall due;
- Difficulty in complying with lease and loan terms;
- Loss of major markets and revenue generation capabilities;
- Concentration of risk in a limited number of products; and
- Lack of strategic direction and documented plans and budgets.

Through discussions with management and our enquiries the following information must be considered in determining whether the Union can continue to operate on the going concern basis:

- The Union had a deficit in its net current asset position and a current asset ratio well below 1:1 at the end of 31 December 2003 and 2004. The Union is also in this position as at 10th March 2005 and for the forecast result as at 31 December 2005;
- Net cash flows for 2005 are expected to be negative due to poor trading performances;
- The Union relies on GSF funds to cover other trading losses and support administration services. It is already a concern that the Union is presently generating losses with the current levels of GSF revenue. The loss of GSF revenues from VSU will have a significant impact on its operations. Without this funding the Union will generate, for the 2006 year onwards, very large losses without any major restructuring of its current operations;
- The Union is having difficulty in meeting its capital expenditure requirements to maintain services. Budgeted expenditure for 2005 is well below the initial capital expenditure requests "wish list". Further, current operating results are not covering annual depreciation expenditure.

Given the above comments together with the information contained in this report I believe that UNE Union should it have continued to trade, it would have traded insolvently.

9. EFFECT OF PROPOSED VSU LEGISLATION

The Union relies heavily on GSF funding to cover other trading losses and support administration services. The following table highlights the reliance of the Union on GSF revenues.

Summarised trading results

	Period ending 31 Mar 05 \$	Year ending 31 Dec 04 \$	Year ending 31 Dec 03 \$
Net result from trading operations	(11,946)	(80,179)	(219,118)
Other income	46,095	120,884	170,227
Administration and overheads	(317,631)	(1,472,455)	(1,540,320)
Net result before GSF revenue	(283,482)	(1,431,750)	(1,589,211)
GSF Revenue	151,766	1,162,069	1,181,672
Net operating result	(131,716)	(269,681)	(407,539)

VSU will have a significant impact on GSF, which at around \$1.1 million per annum, provides a significant source of funding for the UNE Unions operations. Without this funding it is anticipated that the Union will generate, for the 2006 year onwards, very large losses if no major restructuring of its current operations was conducted.

It is also an issue that the 2003, 2004 and budgeted 2005 operating results show losses even after the support of the GSF revenue.

It is not envisaged that the Union will be able to attract sufficient voluntary fees to support current operations given the introduction of VSU. Based on the experiences from Western Australian universities the level of student fees fell by at least 2/3rds. This would reduce the Unions estimated student fees from \$1.1m to \$330,000.

This would not cover current operations and we believe the Union would find it difficult to restructure its operations sufficiently to operate at a surplus at this level of fees.

10. RECOMMENDATIONS

The following recommendations are made as a result of our investigations and enquiries.

- 10.1** A new entity, controlled by the University, be established for the purposes of entering into a Deed of arrangement to transfer the existing assets and liabilities of the UNE Union to that entity.
- 10.2** The University underwrite the controlled entity. This will allow the new Board to commence operations and decision-making without the initial insolvency issues being faced.
- 10.3** The controlled entity to be incorporated as follows:
- Shareholders – University of New England;
 - Company will be Limited by Guarantee;
 - Board of Directors comprising seven people;
 - Five directors to be appointed by the University of New England;
 - Two directors to be appointed by Student body;
 - Directors to possess commercial experience;
 - Student Advisory Committee – establishment of a student advisory committee to make recommendations to the Board and the election of two directors to the new controlled entity Board;
 - Introduction of corporate governance by new Board.
- 10.4** The UNE Union Ltd seek approval from creditors to enter into a Deed of Company Arrangement as follows:
- Tattersalls Hotel is to be sold with the proceeds being distribute as follows;
 - National Australia Bank debt reduction of \$700,000;
 - Loan repayment of a net amount of \$255,628 to UNE Union; and
 - The following leases and hire purchase agreements be assigned to the new controlled entity;
 - Belgrave Cinema lease with Armidale Ex-Services Club;
 - CBFC Limited – Retail point of sale system and computer equipment;
 - National Australia Bank – Cinema seating;
 - VFS Australia Ltd – Photocopier equipment.
 - Upon the deed being fully effectuated, UNE Union Ltd be placed into liquidation with any surplus funds to be distributed to its shareholder, UNE Union.

10.5 Upon the controlled entity being established and all assets and liabilities being transferred, the new Board of directors need to immediately given consideration to engaging a consultant who, in conjunction with the CEO, is to undertake a detailed review of each of the businesses. The consultant is to advise on the following:

- The strategic direction and plan of the new controlled entity;
- Review of each of the businesses with the undertaking that each business needs to be restructured to ensure profitability;
- Consider the effect of the proposed VSU legislation and future funding requirements from the University; and
- Provide direction and terms for which the CEO is to operate under.

We recommend that the consultant chosen by the new Board of Directors needs to possess experience in managing student union organisations. I suggest that the Board give consideration to approaching Mr Michael Joergenson, Retired CEO of the UTS Union Sydney, to undertake this assignment.

11. TATTERSALLS HOTEL

In my recommendations I advise that the Tattersalls Hotel of Armidale be sold. The reasons for my recommendation are as follows;

- The condition of the hotel is currently described as poor. An upgrade to bring the Hotel to a satisfactory condition is believed to be in the vicinity of \$1.5m to \$2.5m. The Union simply does not have the funds available to carry out the upgrade, nor is it able to generate additional revenue to fund such an upgrade;
- The sale of the Hotel will discharge the debt of \$700,000 to the National Australia Bank. This will enable the new Board of Directors to move forward in their decision-making without the concern of debt;
- The sale will enable the new entity to commence with adequate working capital;
- If the Hotel was not sold, and was simply transferred to the new entity, UNE Union would be liable for \$58,750 in vendor duty whilst the new entity would be liable for \$114,740 in stamp duty, payable within three months of transfer. Total costs would be \$173,490.
- Tattersalls actual results to the 10th May 2005 record a deficit of \$5,763 with budgeted forecasts from May 2005 to December 2005 anticipating further losses of \$59,914. This gives an overall loss of for the 2005 year of \$65,677.

In making my recommendation consideration was also given to the sale of the Leasehold of Tattersalls Hotel. This course of action was discussed with Manenti Quinlan & Associates, and was subsequently discarded due to the following reasons.

Annual Rent to be charged

Estimated Profit	\$307,944	
Rent to equate to 40%	\$123,177	
Rent say \$2,400 per week	\$124,800	per annum for 15 years
Goodwill	\$275,000	

Valuation

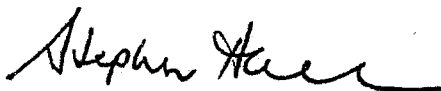
Goodwill	\$275,000
15 year lease \$124,800 capped at 9%	\$1,390,000
Estimated Value on sale of Leasehold	\$1,665,000
Estimated Value sale of Freehold and Licence	\$2,350,000
Variance	\$685,000

For the reasons addressed above I have recommended the sale of the Hotel.

12. SUMMARY

We express our appreciation for the courtesies and assistance afforded to us during the administration and would specifically like to thank Sue Paini and Greg Clarke. Should you wish to discuss this report please contact me to arrange a convenient time to meet.

Yours faithfully
UNE UNION AND UNE UNION LTD.



STEPHEN N. HALL
Receiver and Manager
Administrator

2nd June, 2005

Forsyths
Chartered Accountants

UNE UNION
(RECEIVER AND MANAGER APPOINTED)
ABN 16 686 818 942

UNE UNION LTD.
(ADMINISTRATOR APPOINTED)
ACN 065 648 419

ANNEXURE 2.1

Summarised Report as to affairs of UNE Union
as at 11th May, 2005 as prepared by myself

ASIC Registered Agent Number 1156
 Lodging Party or Agent Name FORSYTHS TAMWORTH
 Address
 Telephone
 Facsimile
 DX Number

ASS REQ-A
 CASH REQ-P
 PROC

Australian Securities and Investments Commission

report as to affairs

Form **507**

Corporations Act 2001
 421A(1),429(2)(b),475(1),497(5)

Corporation name **UNE UNION**
 (RECEIVER AND MANAGER APPOINTED)
 ACN or ARBN

Annexure

(for the purposes of the statement in Form 507A ONLY)

This is the annexure of _____ pages marked "A" referred to in the Statement Verifying Report signed by me and dated _____

Signed _____

Reason for Report

Appointment of controller 429(2)(b)

Assets and Liabilities

Date specified under the relevant section as the date of the report 11th May, 2005.

	Valuation (for each entry show whether cost or net book amount) \$	Estimated Fair Market Value \$
1. ASSETS NOT SPECIFICALLY CHARGED		
(a) interest in land as detailed in schedule A		
(b) sundry debtors as detailed in schedule B	1,075,726	1,075,726
(c) cash on hand	35,280	35,280
(d) cash at bank	195,020	195,020
(e) stock as detailed in annexed inventory	443,220	240,000
(f) work in progress as detailed in annexed inventory		
(g) plant & equipment as detailed in annexed inventory	2,681,758	901,095
(h) other assets as detailed in schedule C	25,200	25,200
Sub Total		

	Valuation (for each entry show whether cost or net book amount) \$	Estimated Fair Market Value \$
2. Assets subject to specific charges, as specified in schedule D		
less amounts owing as detailed in schedule (D)		
Total Assets		
Total Estimated Realisable Values	4,456,204	2,472,321
3. Less payable in advance of secured creditor(s)		
Amounts owing for employee entitlements as detailed in Schedule E	397,474	397,474
4. Less amounts owing and secured by debenture or floating charge over assets		
5. Less preferential claims ranking behind secured creditors as detailed in schedule F		
6. Balances owing to partly secured creditors as detailed in schedule G		
Total claims (\$)		
Security held (\$)		
7. Creditors (unsecured) as detailed in schedule H	1,346,460	1,346,460
Amount claimed (\$)		
8. Contingent Assets (\$) Estimated to produce as detailed in schedule I		
9. Contingent Liabilities (\$) Estimated to rank as detailed in schedule J		
Estimated surplus/(deficiency)	2,712,270	728,387
[x] Subject to costs of Receiver and Manager		
Share capital	\$	
Issued	\$	
Paid up	\$	

Forsyths
Chartered Accountants

UNE UNION
(RECEIVER AND MANAGER APPOINTED)
ABN 16 686 818 942

UNE UNION LTD.
(ADMINISTRATOR APPOINTED)
ACN 065 648 419

ANNEXURE 2.2

Summarised Report as to affairs of UNE Union Ltd.
as at 11th May, 2005 as prepared by myself

ASIC Registered Agent Number 1156
 Lodging Party or Agent Name FORSYTHS TAMWORTH
 Address
 Telephone
 Facsimile
 DX Number

ASS REQ-A
 CASH REQ-P
 PROC

Australian Securities and Investments Commission

report as to affairs

Form **507**

Corporations Act 2001
 421A(1), 429(2)(b), 475(1), 497(5)

Corporation name **UNE UNION LTD.
 (ADMINISTRATOR APPOINTED)**
 ACN or ARBN **065 648 419**

Annexure

(for the purposes of the statement in Form 507A ONLY)

This is the annexure of _____ pages marked "A" referred to in the
 Statement Verifying Report signed by me/us and dated (/ /).

Signed _____ Signed _____

Reason for Report

Appointment of Administrator **438B(2)**

Assets and Liabilities

Date specified under the relevant section as the date of the report 11th May, 2005.

	Valuation (for each entry show whether cost or net book amount) \$	Estimated Fair Market Value \$
1. ASSETS NOT SPECIFICALLY CHARGED		
(a) interest in land as detailed in schedule A	883,298	2,350,000
(b) sundry debtors as detailed in schedule B	700,000	700,000
(c) cash on hand		
(d) cash at bank		
(e) stock as detailed in annexed inventory		
(f) work in progress as detailed in annexed inventory		
(g) plant & equipment as detailed in annexed inventory	152,783	53,250
(h) other assets as detailed in schedule C	72,330	
Sub Total	1,808,411	3,103,250

	Valuation (for each entry show whether cost or net book amount) \$	Estimated Fair Market Value \$
2. Assets subject to specific charges, as specified in schedule D		
less amounts owing as detailed in schedule (D)		
Total Assets		
Total Estimated Realisable Values	1,808,411	3,103,250
3. Less payable in advance of secured creditor(s)	700,000	700,000
Amounts owing for employee entitlements as detailed in Schedule E		
4. Less amounts owing and secured by debenture or floating charge over assets	203,110	203,110
5. Less preferential claims ranking behind secured creditors as detailed in schedule F		
6. Balances owing to partly secured creditors as detailed in schedule G		
Total claims (\$)		
Security held (\$)		
7. Creditors (unsecured) as detailed in schedule H	955,628	955,628
Amount claimed (\$)		
8. Contingent Assets (\$)		
Estimated to produce as detailed in schedule I		
9. Contingent Liabilities (\$)		
Estimated to rank as detailed in schedule J		
Estimated surplus/(deficiency)	(50327)	1,244,512
<input checked="" type="checkbox"/> Subject to costs of Administrator		
Share capital	\$	
Issued	\$	
Paid up	\$	