

Remuneration Approval Report

F&M Australasia Pty Ltd (In Liquidation)

ACN 613 807 999

F&M

14 April 2022



McGrathNicol

This remuneration approval report provides you with information to assist you to make an informed decision regarding the approval of our proposed remuneration for undertaking the liquidation of F&M.

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1 Executive Summary

We are asking creditors to approve my remuneration of \$49,968 (excluding GST).

Details of remuneration and disbursements can be found in sections 3 and 4 of this report.

Creditors will be asked to approve our remuneration via a proposal without a meeting.

We estimate that the total cost of this liquidation will be \$49,968.

2 Declaration

We have undertaken an assessment of this remuneration and disbursements claim in accordance with the law and applicable professional standards. We are satisfied that the remuneration and disbursements claimed is necessary and proper.

We have reviewed the work in progress report for the liquidation to ensure that remuneration is only being claimed for necessary and proper work performed.

3 Remuneration sought

The remuneration we are asking creditors to approve is as follows:

Remuneration for	Period	Amount (ex GST)	Rates to apply	When it will be drawn
Work I have already done	19 January 2022 to 8 April 2022	\$29,968	Provided in my Initial Remuneration Notice sent to creditors on 2 February 2022	Immediately, when funds are available.
Future work	9 April 2022 to completion	\$20,000		When funds are available.
Total		\$49,968		

Details of the work already done and future work that we intend to do are included at Schedule A.

Schedule B includes a breakdown of time spent by the appointees and staff members on each major task for work we have already done.

Actual resolutions to be put to the meeting are detailed below for your information. These resolutions also appear in the proposal form provided to you.

Work I have already done: from 19 January 2022 to 8 April 2022

"That the remuneration of the Liquidators for the period 19 January 2022 to 8 April 2022, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 2 February 2022, is determined in the sum of \$29,968, exclusive of GST."

Future work: from 9 April 2022 to completion

"That the future remuneration of the Liquidators from 9 April 2022 to completion to completion is determined at a sum equal to the cost of time spent by the Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 2 February 2022, up to a capped amount of \$20,000, exclusive of GST."

4 Disbursements

We are not required to seek creditor approval for costs paid to third parties, or where we are recovering a cost incurred on behalf of the administration, but we must provide details to creditors.

We are required to obtain creditors' consent for the payment of a disbursement where we, or a related entity of ourselves, may directly, or indirectly, obtain a profit.

For more information about disbursements, please refer to the Initial Remuneration Notice sent to you on 2 February 2022.

The following external disbursements have been paid by McGrathNicol and relate to the liquidation. These amounts will be reimbursed to McGrathNicol at cost from the liquidation bank account.

External disbursements at cost for the period 19 January 2022 to 8 April 2022	Amount (ex GST)
Searches	\$64
Total	\$64

5 Likely impact on dividends

It is both reasonable and appropriate for a professional service provider to be remunerated for their services. An external administrator is entitled to be remunerated for necessary work that is properly performed. That work generates the funds that may be recovered for the benefit of creditors and other stakeholders.

The impact of the approval of the external administrator's remuneration is that the remuneration will then be paid provided sufficient funds are generated to enable it to be paid. The remuneration will be paid from those funds that are generated prior to the payment of most creditors in the external administration.

It is noted that funds would only be available to any stakeholder as a consequence of the work necessarily undertaken by the external administrator.

If a dividend or distribution is to be paid to stakeholders, there is also necessary work that must be undertaken by the external administrator to properly adjudicate on claims and distribute any available funds.

6 Summary of receipts and payments

A summary of the receipts and payments for the liquidation for the period 19 January 2022 to 8 April 2022 is included at Schedule D to this report.

7 Queries

If you have any queries regarding the information in this report, please contact Phoebe Donaldson on 08 6363 7619.

You can also access information that may assist you on the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for "INFO 85").

Further supporting documentation for our remuneration claim can be provided to creditors on request.

Dated: 14 April 2022



Rob Kirman
Liquidator

Attachments:

Schedule A – Details of work

Schedule B – Time spent by staff on each major task

Schedule C – Summary of receipts and payments

Schedule A – Details of work

		Work already done
Period		19 January 2022 to 8 April 2022
Amount (ex GST)		\$29,968
Task Area	General Description	Tasks
Assets 17.6 hours \$7,852	Monies	Secure bank cheque and deposit to Liquidators bank account Liaise with Westpac in relation to closed bank account and obtaining bank statements Issued correspondence to 73 financial institutions to confirm if any other bank accounts are held in the name of F&M
	Debtors	Review and identify debtors via MYOB and Director's ROCAP Reconcile debtor listings via MYOB accounts and the Director's ROCAP Draft and issue correspondence to debtors for collection of pre-appointment debts
	Asset investigation	Correspondence with third parties to obtain records and understand F&M's asset position Correspondence with the Department of Transport to search for vehicles registered (and formerly registered) to F&M Review depreciation schedule provided by pre-appointment accountant Attend site to inspect the assets located at the Premises Correspondence to family members of the Director and former employees to investigate the location of motor vehicles
Creditors 18.6 hours \$8,879	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries Prepare initial correspondence to creditors and their representatives Compile information requested by creditors Upload correspondence to McGrathNicol website Review Personal Property Security Register to assess potential secured creditor claims of F&M
	Creditor reports	Prepare initial notification to creditors on appointment Prepare Statutory Report by Liquidator and this Remuneration Approval Report
	Proposal to creditors	Prepare proposal notices and voting forms Forward notice of proposal to all known creditors
	Deal with proofs of debt (POD)	Receive PODs from claimants and correspond accordingly
Employees 6.0 hours \$2,638	Employee queries	Receive and follow up employee enquiries Prepare letters to employees advising of their entitlements and options available Prepare correspondence in response to employee's queries
	Calculation of entitlements	Calculate employee entitlements Review employee files and company's books and records

		Reconcile superannuation accounts and calculate amounts owed
Investigation 3.9 hours \$2,040	Conduct investigations	Send initial request to directors for Report on Company Activities & Property (ROCAP) Obtain company books and records and conduct a review of the records Write to Westpac to obtain copies of F&M's bank statements Obtain and review F&M's bank statements that may be preferential in nature Obtain and review records from the DoT for transactions that be voidable by the Liquidators Correspond with third parties to obtain F&M's books and records Review specific transactions and liaise with former employees and related parties regarding certain transactions
Administration 23.7 hours \$10,337	Correspondence	Issue notification of the Liquidator's appointment to F&M
	Document maintenance/file review/checklist	Maintain physical and electronic engagement file Regularly update checklists
	Insurance	Notify insurers of appointment and obtain initial OpenCover Investigate potential pre-appointment insurance refunds
	Bank account administration	Prepare correspondence for any Company bank accounts Request bank statements Set up liquidation bank account Correspond with former employees and related parties regarding specific transfers
	ASIC forms	Notify ASIC of our appointment Prepare and lodge ASIC forms Correspond with ASIC regarding statutory forms Prepare notices for the ASIC Published Notices Website
	ATO and other statutory reporting	Notify the ATO of the Liquidators' appointment Notify other statutory authorities of appointment
	Planning/Review	Discuss status of external administration

		Future work
Period	9 April 2022 to completion	
Amount (ex GST)	\$20,000	
Task Area	General Description	Tasks
Assets \$5,000	Asset investigation	Further correspondence with third parties to obtain records and understand F&M's asset position Engage relevant parties, agents and/or solicitors if other assets are discovered through the investigation proves Consider responses from purchasers in relation to any motor vehicles sold by F&M

Creditors \$4,000	Creditor Enquiries, Requests & Directions	Prepare and issue ongoing correspondence to creditors and their representatives Consider reasonableness of any requests or directions from creditors for information, documents or a report and document reasons for not complying (if required) Compile information requested by creditors
	Creditor reports	Finalise and issue this Statutory Report by Liquidator
	Deal with proofs of debt (POD)	Receive PODs from claimants
	Proposals to Creditors	Prepare proposal notices and voting forms Forward notice of proposal to all known creditors Review votes and determine outcome of proposal Prepare and lodge proposal outcome with ASIC
Employees \$1,000	Employee queries	Receive and follow up employee enquiries Prepare correspondence in response to employee's queries
	Fair Entitlements Guarantee (FEG)	Correspond with FEG Prepare verification spreadsheet Prepare FEG quotations Complete FEG questionnaires
Investigation \$7,000	Conduct investigations	Further review company books and records Finalise investigations into voidable transactions and commence action against related party, if appropriate Further review specific transactions and liaise with former employees and related parties regarding certain transactions Investigate transfer of motor vehicles prior to the Liquidators' appointment and recover any motor vehicles that were not disposed of in arm's length transactions Prepare comparative financial statements Finalise investigations workpaper
	ASIC reporting	Prepare report to ASIC under s533 Liaise with ASIC if required
Administration \$3,000	Document maintenance/file review/checklist	Conduct six monthly file reviews Maintain physical and electronic engagement file Update checklists
	Bank account administration	Request additional bank statements if required Perform bank account reconciliations Correspond with bank regarding specific transfers Prepare correspondence to close accounts
	ASIC forms	Prepare and lodge ASIC forms including the form 5602 and form 5603 Correspond with ASIC regarding statutory forms
	ATO and other statutory reporting	Notify ATO of ceasing to act Prepare BAS
	Finalisation	Cancel ABN/GST registration Complete checklists

	Planning/Review	Discuss status of external administration via regular team meetings
	Books and records/storage	File and archive books and records Send job files to storage

Schedule B – Time spent by staff on each major task (work already done)

Resolution 1: from 19 January 2022 to 8 April 2022

F&M Australasia Pty Ltd (In Liquidation) - Fee summary as at 8 April 2022 (excl. GST)

Employee	Position	Rate	Total		Assets		Creditors		Employees		Investigation		Statutory & Administration	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Rob Kirman	Partner	650	2.6	1,690	0.3	195	1.3	845	-	-	-	-	1.0	650
Shane Hurst	Director	575	13.7	7,878	1.5	863	4.1	2,358	0.4	230	2.5	1,438	5.2	2,990
Phoebe Donaldson	Senior Accountant	430	46.0	19,780	14.9	6,407	11.3	4,859	5.6	2,408	1.4	602	12.8	5,504
Andrea Palmer	Admin Level 3	200	1.1	220	-	-	-	-	-	-	-	-	1.1	220
Alvita Silva	Admin Level 3	200	0.8	160	-	-	-	-	-	-	-	-	0.8	160
Dylan Schlaadt	Admin Level 4	200	1.2	240	-	-	-	-	-	-	-	-	1.2	240
Total			65.4	29,968	16.7	7,465	16.7	8,062	6.0	2,638	3.9	2,040	22.1	9,764

Schedule C – Summary of receipts and payments

Receipts and Payments as at 8 April 2022

	\$ (including GST)
Receipts	
Cash	17,415
Total receipts	17,415
Closing cash balance as at 8 April 2022	17,415