
Remuneration Approval Report

Massena Pty Ltd (In Liquidation)

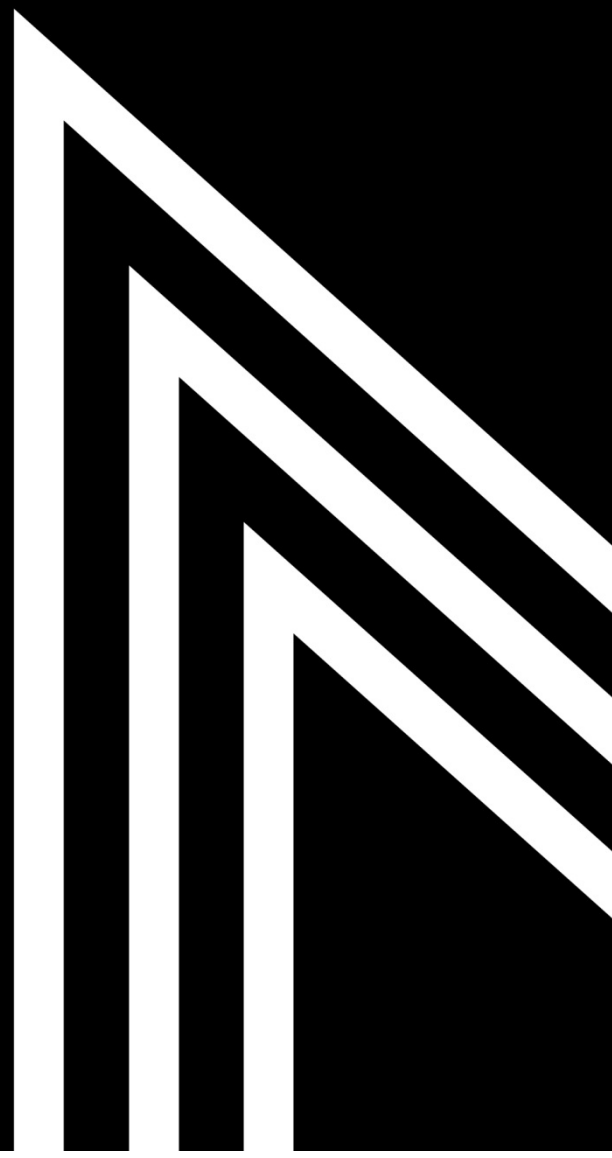
(Massena)

ACN 071 456 203

26 May 2021



McGrathNicol



This remuneration approval report provides you with information to assist you to make an informed decision regarding the approval of the Liquidator’s proposed remuneration for undertaking the liquidation of Massena.

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1 Executive Summary

I am asking creditors to approve my remuneration of \$78,553 (excluding GST).

Current approvals	Remuneration (ex GST)
Liquidation	\$78,955

Details of this remuneration request can be found in section 3 of this report.

Creditors will be asked to approve my remuneration at the meeting on 10 June 2021.

Creditors have previously approved remuneration of:

Past approvals	Remuneration (ex GST)
Liquidation	\$376,233
Voluntary Administration	\$350,710

I estimate that the total cost of this Liquidation will be \$455,188. This has increased from my previous estimate because of:

- protracted negotiations and settlement of the insolvent trading claim;
- protracted negotiations and settlement of the unfair preference claims; and
- additional administrative tasks and ASIC lodgements as a result of the extended timeframe of the appointment, including requirement to issue a further report to creditors and convene a creditors meeting to (i) seek further fee approval for the Liquidator and (ii) declare a dividend to creditors.

2 Declaration

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

I have reviewed the work in progress report for the liquidation to ensure that remuneration is only being claimed for necessary and proper work performed and have made the following adjustments:

Hours	\$	Reason
7.9 Hours	\$2,722	This WIP has been adjusted for (i.e. written off) for the following reasons: <ul style="list-style-type: none">▪ it was incurred by new staff, and therefore was the result of inefficiencies;▪ it was incurred as a result of re-work; and▪ general inefficiencies.

3 Remuneration sought

The remuneration I am asking creditors to approve is as follows:

Remuneration for	Schedules	Period	Amount (ex GST)	Rates to apply	When it will be drawn
Work already done	Schedules A & B	15 May 2019 to 14 May 2021	\$58,955	Refer to Schedule E.	When funds are available.
Future work	Schedule C	15 May 2021 to finalisation	\$20,000	Refer to Schedule E.	When funds are available.
Total			\$78,955		

Details of (i) the work already done and (ii) a breakdown of time spent by the appointees and staff members on each major task are included at Schedule A and B.

Details of future work that we intend to do are included at Schedule C.

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

Work I have already done: from 15 May 2019 to 14 May 2021

"That the remuneration of the Liquidator for the period 15 May 2019 to 14 May 2021 calculated at hourly rates as detailed in the Initial Remuneration Notice is determined in the sum of \$58,955, exclusive of GST."

Future work: from 15 May 2021 to finalisation of the liquidation

"That the future remuneration of the Liquidator from 15 May 2021 to completion is determined at a sum equal to the cost of time spent by the Liquidator and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice up to a capped amount of \$20,000 exclusive of GST."

4 Previous remuneration approval

The following remuneration approvals have previously been provided by creditors:

Period	For	Approving body	Amount approved (ex GST)	Amount paid (ex GST)
5 April 2016 to 11 May 2016	Work already done (Administration)	Creditors	\$350,710	\$350,710
11 May 2016 to completion of the liquidation	Work already done (Liquidation)	Creditors	\$376,233	\$276,270
Total			\$726,943	\$626,979

I am now seeking approval of a further \$78,955 in remuneration, which will bring total remuneration claimed in this Liquidation to \$455,188.

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 Queries

If you have any queries regarding the information in this report, please contact Amber Andre on +61 8 6363 7665.

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: 26 May 2021



Rob Kirman
Liquidator

Attachments:

Schedule A – Details of work (retrospective)

Schedule B – Time spent by staff on each major task (retrospective)

Schedule C - Details of work (prospective)

Schedule D – Schedule of hourly rates

Schedule E – Explanation where remuneration previously approved

Schedule A – Details of work

Liquidation work		
Period		15 May 2019 to 14 May 2021
Amount (ex GST)		\$58,955
Task Area	General Description	Tasks
Assets 2.6 hours \$767.50	Monies	Deal with unclaimed monies lodged by the Department of Transport
	Debtors	Correspond with debtors in relation to dividend prospects Ensure Proof of Debt admitted in liquidation of debtor Complete dividend EFT form
Creditors 19.7 hours \$8,154.10	Creditor reports	Prepare this Report to creditors Prepare Remuneration Approval Report
	Meeting of creditors	Prepare and send meeting notices Advertise notice of meeting
Dividend 7.1 hours \$2,145.90	Employee distribution	Correspond with ATO regarding Superannuation Guarantee Charge (SGC) POD Reconcile superannuation accounts and consider admission of ATO POD Calculate and prepare for employee distribution
Investigation 80.4 hours \$36,425.00	Insolvent trading claim	Re-review all documentation and records on file to review and confirm the calculation of the insolvent trading claim Prepare letter to the Trustee of the Director's bankrupt estate (Trustee) to seek their attitude towards the Liquidators seeking leave of the court to commence proceedings against the Director Prepare file note on Insolvent Trading Claim (ITC) at the request of the Trustee Prepare a detailed Affidavit requesting leave of the court to commence proceedings Liaise with the AIG Australia Pty Ltd (AIG), the holder of the Director's insurance policy Provide additional information at the request of AIG Instruct lawyers to seek leave of the Court to commence proceedings against the Director Prepare for mediation with AIG Instruct lawyers to negotiate settlement of claim Agree deed of settlement and release with AIG Receive settlement proceeds
Administration 38.3 hours \$11,462.50	Document maintenance/file review/checklist	Conduct regular file reviews Maintain physical and electronic engagement file Update checklists
	Bank account administration	Perform bank account reconciliations Correspond with bank regarding specific transfers
	ASIC forms	Prepare and lodge ASIC forms Correspond with ASIC regarding statutory forms
	ATO and other statutory reporting	Prepare BAS
	Planning/Review	Discuss status of external administration

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

Resolution #1: from 15 May 2019 to 14 May 2021

Employee	Position	\$ /hour (ex GST)	Total actual hours	Total (\$)	Task Area									
					Assets		Creditors		Dividend		Investigation		Administration	
					hrs	\$	hrs	\$	hrs	\$	hrs	\$	Hrs	\$ ex GST
Rob Kirman	Appointee	585	13.7	8,014.5	-	-	-	-	-	-	13.70	8,014.50	-	-
Employee A	Director	495	11.5	5,692.5	-	-	1.50	742.50	-	-	9.50	4,702.50	0.50	247.50
Employee B	Director	495	1.0	495.0	-	-	-	-	-	-	1.00	495.00	-	-
Employee C	Senior Manager	450	16.4	7,380.0	-	-	-	-	0.10	45.00	15.00	6,750.00	1.30	585.00
Employee D	Manager	428	0.1	42.8	-	-	-	-	-	-	-	-	0.10	42.80
Employee E	Manager	428	39.5	16,906.0	0.50	214.00	16.10	6,890.80	2.00	856.00	14.80	6,334.40	6.10	2,610.80
Employee F	Assitant Manager	387	36.1	13,970.7	0.90	348.30	-	-	0.70	270.90	24.10	9,326.70	10.40	4,024.80
Employee G	Senior Accountant	338	2.5	845.0	-	-	-	-	-	-	1.80	608.40	0.70	236.60
Employee H	Senior Analyst	387	0.5	193.5	-	-	-	-	-	-	0.50	193.50	-	-
Employee I	Accountant 1	293	1.0	293.0	-	-	-	-	-	-	-	-	1.00	293.00
Employee J	Accountant	248	1.9	471.2	-	-	-	-	-	-	-	-	1.90	471.20
Employee K	Accountant	248	8.2	2,033.6	-	-	2.10	520.80	3.10	768.80	-	-	3.00	744.00
Employee L	Undergraduate	171	1.3	222.3	0.60	102.60	-	-	-	-	-	-	0.70	119.70
Employee M	Undergraduate	171	3.0	513.0	0.60	102.60	-	-	0.30	51.30	-	-	2.10	359.10
Employee N	Treasury	171	6.4	1,094.4	-	-	-	-	-	-	-	-	6.40	1,094.40
Employee O	Treasury	171	0.3	51.3	-	-	-	-	-	-	-	-	0.30	51.30
Employee P	Treasury	171	2.5	405.9	-	-	-	-	0.90	153.90	-	-	1.60	252.00
Employee Q	Treasury	171	0.1	17.1	-	-	-	-	-	-	-	-	0.10	17.10
Employee R	Treasury	171	0.4	68.4	-	-	-	-	-	-	-	-	0.40	68.40
Employee S	Administration	144	1.7	244.8	-	-	-	-	-	-	-	-	1.70	244.80
Total (ex GST)			148	58,955.00	2.60	767.50	19.70	8,154.10	7.10	2,145.90	80.40	36,425.00	38.30	11,462.50
Average hourly rate				398.08		295.19		413.91		302.24		453.05		299.28

Schedule C – Details of work

			Liquidation work
Period		15 May 2021 to completion of the liquidation	
Amount (ex GST)		\$20,000	
Task Area	General Description	Tasks	
Creditors \$5,000	Creditor reports	Finalise this Report to creditors Finalise this Remuneration Approval Report	
	Meeting of creditors	Prepare and send meeting notices Advertise notice of meeting Prepare meeting file Receive PODs from claimants Prepare and lodge minutes of meeting with Australian Securities and Investments Commission (ASIC) Respond to stakeholder queries and questions following the meeting	
Dividend (Creditors) \$12,000		Analyse ATO POD for Superannuation Guarantee Charge (SGC) and compare with: <ul style="list-style-type: none"> - the SGC statements submitted; - the books and records of Cape Range; and - employee POD's submitted. Prepare correspondence to the ATO to reject and/or accept the ATO POD Correspond with ATO regarding adjudication of POD Prepare correspondence to employees to confirm entitlements and request POD's (where necessary) Receive and adjudicate PODs Maintain POD register Advertise intention to declare dividend Calculate and pay dividend	
Administration \$3,000	Document maintenance/file review/checklist	Conduct regular file reviews Maintain physical and electronic engagement file Update checklists	
	Bank account administration	Prepare correspondence to close accounts Request bank statements Perform bank account reconciliations Correspond with bank regarding specific transfers	
	ASIC forms	Prepare and lodge ASIC forms Correspond with ASIC regarding statutory forms	
	ATO and other statutory reporting	Prepare BAS	
	Finalisation	Arrange to retire, including lodgement of several forms with ASIC Notify ATO of ceasing to act Cancel ABN/GST/PAYG registration Complete checklists	
	Planning/Review	Discuss status of external administration	
	Books and records/storage	Deal with records in storage	

Schedule D – Schedule of Hourly Rates

The rates for our remuneration calculation are set out in the following table, together with a general guide showing the qualifications and experience of staff engaged in the Liquidation and the role they take in the Liquidation. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description	Hourly rate (excl GST)
Appointee/Partner	Registered liquidator, Chartered Accountant or equivalent and generally degree qualified with more than twelve years of experience. Leads assignments with full accountability for strategy and execution.	\$585
Director 1	Generally Chartered Accountant or comparable qualification and degree qualified with more than ten years of experience, including four years of Director or equivalent experience. Autonomously leads complex insolvency appointments reporting to Appointee/Partner.	\$536
Director	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than nine years of experience. Autonomously leads insolvency appointments reporting to Appointee/Partner.	\$495
Senior Manager	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than seven years of experience. Self-sufficiently conducts small to medium insolvency appointments and leads major workstreams in larger matters.	\$450
Manager	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than five years of experience. Self-sufficiently conducts small insolvency appointments and takes a supervisory role on workstreams in larger matters.	\$428
Assistant Manager	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than three years of experience. Autonomously manages workstream activity within appointments.	\$387
Senior Accountant	Generally degree qualified and undertaking Chartered Accountant's qualification or comparable relevant qualification with more than 16 months of experience. Completes tasks within workstreams and appointments under supervision.	\$356
Accountant	Generally degree qualified and undertaking or about to undertake Chartered Accountant's qualification or comparable relevant qualification with less than one year of experience. Assists with tasks within workstreams and appointments under supervision.	\$293
Undergraduate/Cadet	Undertaking relevant degree. Assists with tasks within workstreams and appointments under supervision.	\$171
Practice Services Director	National Practice Service leaders, generally degree qualified with more than ten years of experience and reporting directly to partners. Technical experts in their specific areas and have team management responsibilities.	\$536

Title	Description	Hourly rate (excl GST)
Senior Treasury staff	Appropriately experienced and undertakes senior Treasury activities such as oversight of the processing of payment of receipts and banking administration. May be responsible for day to day management of projects or operations and may have supervisory responsibility for junior staff.	\$171
Senior Client Administration and Treasury	Appropriately experienced and undertakes senior level administrative support activities or Treasury activities. May be responsible for day to day management of projects or operations and may have supervisory responsibility for junior staff.	\$171
Administration	Appropriately experienced and undertakes support activities such as meeting coordination and preparation of materials where it is efficient and appropriate to do so.	\$144

McGrathNicol reviews its hourly rates on either 31 December or 30 June. Creditors will be advised of any change to the hourly rates for this external administration.

Schedule E – Explanation where remuneration previously approved

Creditors approved our prospective remuneration of \$75,095 from 5 August 2017 to completion of the liquidation, at the creditors' meeting of 24 August 2017.

To date, we have drawn \$75,095 and applied it in payment of our remuneration. Our remuneration has exceeded this cap and we are now seeking approval of a further capped amount of \$81,954, to enable us to complete the liquidation.

In this table we compare, on a task basis, the difference between our previous remuneration approval report and this report, together with explanations for the difference.

Task	Fees already approved as at 24 August 2017 \$	Total per task \$	Difference \$	Reasons for differences
Assets	Nil	\$4,104	(\$4,104)	Became aware of various assets which required consideration and realisation, including (i) unclaimed monies with the Department of Transport, (ii) a dividend from the liquidation of a debtor, and (iii) the final motor vehicle.
Creditors / Dividend	\$36,577	\$53,503	(\$16,926)	An additional report to creditors was required to be issued which was not provided for in our initial remuneration request. Additionally, the dividend to priority creditors will be more complex to process as a result of discrepancies on the ATO's POD for SGC.
Employees	\$2,600	\$1,889	\$711	n/a
Trade On	Nil	Nil	Nil	n/a
Investigation	\$22,915	\$67,480	(\$44,565)	As outlined in Schedule A above, significant work was required to reach a settlement for the insolvent trading claim, including (i) seeking leave of the court to commence proceedings against the Director, (ii) continued consideration of the quantification of the claim, (iii) provision of documents to various parties, and (iv) preparation for mediation. This work has resulted in realisation of \$220,000 for creditors and will enable declaration of a dividend to priority creditors.
Administration	\$13,004	\$30,073	(\$17,070)	In the previous remuneration report, we sought approval for our remuneration from August 2017 to completion of the liquidation. At this time, we expected the liquidation to be concluded within 1-2 years. As a result of extended negotiations with the insolvent trading claim, circa 4 years of administrative tasks and ASIC lodgements were required which were not foreseen.
Total	\$75,095	\$157,050	(\$81,954)	As above