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# Remuneration Approval Report

Evermaze Pty Ltd as trustee for the Evermaze Trust  
trading as Vale IGA (In Liquidation)

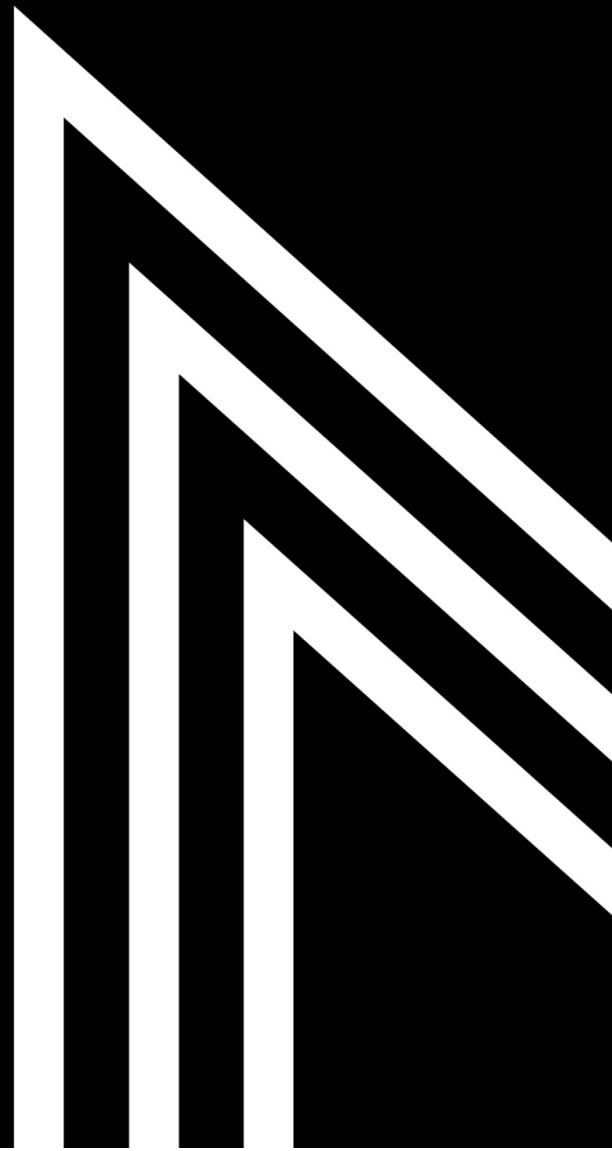
ACN 142 508 058

(Evermaze)

19 July 2021



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 Evermaze.

The report has the following information:

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## 1 Executive Summary

We estimate that the total cost of this liquidation will be \$84,634, comprising amounts we are asking creditors to approve as follows:

- my remuneration for work I have already completed to date of \$44,634 (excluding GST); and
- future work of \$40,000 (excluding GST).

## 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 and have made the following adjustments:

- removing all time recorded as having a training element in relation to junior staff; and
- on the job training and inefficiencies.

## 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 April 2021 to 9 July 2021 | \$44,634        | Provided in my Initial Remuneration Notice sent to creditors on 4 May 2021. | Immediately, when funds are available. |
| Future work              | 10 July 2021 to completion   | \$40,000        |   | Immediately, when funds are available. |
| <b>Total</b>             |                              | <b>\$84,634</b> |   |  |

Details of the work already done are included at Schedule A, while Schedule B includes a breakdown of time spent by the appointees and staff members on each major task workstream.

Details of future work to completion of the liquidation 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 proposal form provided to you.

**Work I have already done:** from 19 April 2021 to 9 July 2021

"That the remuneration of the Liquidators for the period 19 April 2021 to 9 July 2021, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 4 May 2021, is determined in the sum of \$44,634, exclusive of GST."

**Future work:** from 10 July 2021 to completion

"That the future remuneration of the Liquidators from 10 July 2021 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 4 May 2021, up to a capped amount of \$40,000, exclusive of GST."

The total estimated cost of this liquidation differs to the estimate provided in our Initial Remuneration Notice dated 4 May 2021, which foreshadowed remuneration of \$50,000 to \$70,000 (excluding GST), for reasons that include the following:

- The Liquidators experienced initial difficulties in obtaining access to Evermaze's management accounts and books and records and additional time was required to understand the state of the accounts and relevant transactions;

- Extended negotiations with the landlord and incoming lessee to close out an Asset Sale Agreement and effect a settlement of the transaction; and
- Noting bookkeeping had not been kept up to date in the months prior to appointment, the Liquidators experienced significant challenges in reconciling employee entitlements and, as a result, were required to engage in prolonged correspondence with employees and FEG to reconcile and verify employee entitlements than that usually required.

## 4 Disbursements sought

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. Details of these amounts are included in Schedule D.

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. Since our appointment to 9 July 2021, neither we, nor a related entity of ourselves have incurred any disbursements where a profit or advantage may be obtained.

However, we would like to obtain Creditors' approval for future disbursements where we may directly, or indirectly, obtain a profit, totalling \$1,000.

Actual resolutions to be put to creditors are detailed below. These resolutions also appear in the proposal form provided to you.

**Future disbursements:** from 10 July 2021 to completion

"That the future internal disbursements (that may have an element of profit or advantage to a related party) of the liquidation for the period from 10 July 2021 to completion, calculated at the rates as detailed the Initial Remuneration Notice dated 4 May 2021, are approved for payment in the amount of \$1,000 exclusive of GST".

Details of the disbursements incurred to date and future disbursements are included at Schedule D.

## 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 April 2021 to 9 July 2021 is included at Schedule E to this report.

## 7 Queries

If you have any queries regarding the information in this report, please contact Nic Hall on 08 6262 7626.

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

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

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

Dated: 19 July 2021



Rob Kirman  
*Liquidator*

Attachments:

Schedule A – Details of work

Schedule B – Details of future work

Schedule C – Time spent by staff on each major task

Schedule D – Disbursements

Schedule E – Summary of receipts and payments

## Schedule A – Details of work

|                                  |   | Work already done   |
|----------------------------------|---|---|
| <b>Period</b>                    |   | 19 April 2021 to 9 July 2021  |
| <b>Amount (ex GST)</b>           |   | \$44,634  |
| <b>Task Area</b>                 | <b>General Description</b>                                | <b>Tasks</b>  |
| Assets<br>33.3 hours<br>\$15,245 | Monies  | Correspond with financiers and obtain control of pre-appointment bank accounts<br>Liaise with landlord in possession and incoming Lessor to secure transfer of cash on hand to Liquidators' bank account  |
|                                  | Plant and Equipment                                       | Review depreciation schedule, MYOB accounts, the Director's ROCAP and pre-appointment valuation reports and reconcile company asset position<br>Conduct searches and identify assets that may be realisable for the benefit of creditors<br>Negotiate with landlord in possession and incoming lessee, Progressive Trading Pty Ltd ( <b>Progressive</b> ) in relation to the sale of plant and equipment, and liaise with secured creditor re same<br>Liaise with legal advisors to prepare and execute asset sale agreement with Progressive for sale of Plant and equipment<br>Liaise with auctioneers regarding collection of miscellaneous equipment located at related entity premises, auction strategy, final results and allocation of net proceeds |
|                                  | Assets subject to specific charges and security interests | Search PPS register and write to all relevant parties<br>Review security position of Westpac and Metcash to confirm validity of security interests and liaise with legal advisors regarding enforceability<br>Monitor and document PPSR discharges as and when appropriate  |
|                                  | Debtors   | Review and reconcile debtor listings via MYOB management accounts and the Director's ROCAP<br>Assess recoverability and correspond with debtors for collection of pre-appointment debts   |
|                                  | Stock   | Liaise with secured creditor landlord regarding accounting for stock as at the date of possession of the Evermaze's trading premises  |
|                                  | Related party loans                                       | Review financial statements and MYOB management accounts in relation to composition of related party loans, and relevant transactions<br>Consider the recoverability of related party loans   |
|                                  | Other assets  | Investigate pre-appointment insurance arrangements, identify and collect pre-appointment insurance refund   |
|                                  | Creditors<br>29.1 hours<br>\$12,676                       | Creditor Enquiries, Requests & Directions   |
| Lodgements                       |   | Prepare Declaration of Independence and Relevant Relationships ( <b>DIRRI</b> ) for lodgement with the Australian Securities Investment Commission ( <b>ASIC</b> ) and issue to creditors<br>Prepare form 509 – Summary of Affairs for lodgement with ASIC and issue to creditors   |
| Secured creditor reporting       |   | Notify PPSR registered creditors of appointment<br>Prepare correspondence to and liaise with Westpac to provide regular updates on the progress of the liquidation and realisation of assets subject to security interests<br>Liaise with Westpac regarding sale of plant and equipment and obtain security releases specific to assets sold to Progressive   |

|   |   |   |
|---|---|---|
|   |   | Correspondence with subsequent ranking secured creditors, including Metcash and Bizcap in relation to outstanding balances and security interests   |
|   | Creditor reports                            | Prepare Initial Report to Creditors notifying of the appointment<br>Prepare Statutory Report by Liquidator and Remuneration Report<br>Prepare proposal notices and voting forms   |
|   | Deal with proofs of debt<br><b>(POD)</b>    | Receive and file PODs from claimants<br>Maintain POD register   |
|   | Investigations                              | Carry out preliminary review of potential insolvent trading, preference claims and any other voidable transactions<br>Review historical financial statements and bank statements to support preliminary view as to insolvency and potential voidable transactions<br>Review company records and relevant communications in consideration of potential claims to the benefit of creditors<br>Consider director and former director behaviour and communications in the context of director duties, and assessment thereof  |
| Employees<br>22.9 hours<br>\$9,305      | Employee correspondence                     | Write to all employees notifying of appointment and impact on outstanding employee entitlements<br>Provide employees with information of the Fair Entitlement Guarantee scheme<br>Receive and respond to employee queries regarding appointment and outstanding employee entitlements   |
|   | Fair Entitlements Guarantee<br><b>(FEG)</b> | Liaise with the department of Jobs and Small Business ( <b>Department</b> ) regarding FEG and potential inbound claims<br>Prepare initial FEG questionnaire and deed of undertaking<br>Verify employee claims with FEG and respond to queries or information requests as necessary  |
|   | Calculation of entitlements                 | Review employee files and company's books and records to quantify employee entitlements to the extent possible noting state of company records and MYOB management accounts<br>Liaise with employees directly regarding calculation of employee entitlements and supporting documentation<br>Calculate unpaid wages, annual leave, long service leave, pay in lieu of notice and redundancy with regard to information provided by former employees and relevant award information<br>Issue correspondence to employees to confirm their entitlements and respond to queries as necessary |
| Administration<br>18.7 hours<br>\$7,408 | Document maintenance/file review/checklist  | Conduct regular file reviews<br>Maintain physical and electronic engagement file<br>Update checklists   |
|   | Insurance                                   | Notify insurers of appointment and obtain initial OpenCover<br>Identify potential issues requiring attention of insurance specialists<br>Correspond with insurer regarding initial and ongoing information to support insurance requirements  |
|   | Bank account administration                 | Prepare correspondence to open accounts<br>Request bank statements as required to support investigations<br>Perform periodic bank account reconciliations<br>Correspond with bank regarding specific transfers and/or transactions  |
|   | ASIC forms                                  | Prepare and lodge ASIC forms in relation to appointment and other statutory requirements as necessary<br>Correspond with ASIC regarding statutory forms<br>Liaise with Director regarding the completion and return of ROCAP  |
|   | ATO and other statutory reporting           | Prepare notices of appointment to the ATO and other government bodies as required, and correspond in relation to outstanding liabilities<br>Liaise with statutory bodies about Liquidators' appointment   |

|  |                           |  |
|--|---------------------------|--|
|  |                           | <p>Consider and review Freedom of Information documents requested of ATO</p> <p>Liaise with ATO in relation to Liquidators' appointment of Evermaze and the Evermaze Trust, and set-up of ongoing registrations</p> <p>Prepare period BAS as required</p>  |
|  | Planning/Review           | <p>Discuss status of the liquidation and tasks with team members on a regular basis to support the progress of the liquidation</p>   |
|  | Books and records/storage | <p>Travel to/from premises to review, secure and collect books and records</p> <p>Send company records to storage and deal with records in storage as required</p> <p>Liaise with former Accountant and other advisors regarding obtaining physical and electronic books and records</p> <p>Image and secure any identifiable electronic books and records and back-ups from various devices at Vale IGA</p> <p>Obtain access to pre-appointment MYOB management accounts, and liaise with service providers as required</p> |



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

Resolution 1: from 19 April 2021 to 9 July 2021

Evermaze Pty Ltd (In Liquidation) - Resolution 1: from 19 April 2021 to 9 July 2021

|              | Rate | Total        |               | Assets      |               | Creditors   |               | Employees   |              | Statutory & Administration |              |
|--------------|------|--------------|---------------|-------------|---------------|-------------|---------------|-------------|--------------|----------------------------|--------------|
|              |      | Hrs          | \$            | Hrs         | \$            | Hrs         | \$            | Hrs         | \$           | Hrs                        | \$           |
| Rob Kirman   | 650  | 5.8          | 3,770         | 5.6         | 3,640         | -           | -             | 0.2         | 130          | -                          | -            |
| Employee 1   | 600  | 13.0         | 7,800         | 5.3         | 3,180         | 5.5         | 3,300         | 0.7         | 420          | 1.5                        | 900          |
| Employee 2   | 550  | 15.6         | 8,580         | 2.8         | 1,540         | 5.5         | 3,025         | 3.4         | 1,870        | 3.9                        | 2,145        |
| Employee 3   | 450  | 4.0          | 1,800         | 4.0         | 1,800         | -           | -             | -           | -            | -                          | -            |
| Employee 4   | 395  | 18.7         | 7,387         | -           | -             | 6.7         | 2,647         | 12.0        | 4,740        | -                          | -            |
| Employee 5   | 350  | 2.2          | 770           | 0.6         | 210           | -           | -             | -           | -            | 1.6                        | 560          |
| Employee 6   | 325  | 44.7         | 14,528        | 15.0        | 4,875         | 11.4        | 3,705         | 6.6         | 2,145        | 11.7                       | 3,803        |
| <b>Total</b> |      | <b>148.7</b> | <b>44,634</b> | <b>33.3</b> | <b>15,245</b> | <b>29.1</b> | <b>12,677</b> | <b>22.9</b> | <b>9,305</b> | <b>18.7</b>                | <b>7,408</b> |

## Schedule C – Details of future work

| <b>Future work – Resolution 2</b> |  |  |
|-----------------------------------|--|--|
| <b>Period</b>                     | 10 July 2021 to completion                 |  |
| <b>Amount (ex GST)</b>            | \$40,000                                   |  |
| <b>Task Area</b>                  | <b>General Description</b>                 | <b>Tasks</b>   |
| Assets<br>\$500                   | Debtors                                    | Collect remaining pre-appointment debtors  |
| Creditors<br>\$8,000              | Creditor Enquiries, Requests & Directions  | Receive and respond to creditor enquiries as necessary<br>Maintain creditor log as required<br>Consider reasonableness of creditor requests (if required)<br>Compile information requests by creditors (if required)   |
|                                   | Creditor report                            | Finalise and issue Liquidators' report and remuneration report to creditors<br>Report further to creditors as required in relation to the finalisation of the liquidation  |
|                                   | Secured creditor reporting                 | Liaise with Westpac, Bizcap and Metcash regarding their claims and value of security interests<br>Provide updates to secured creditors regarding the status of the liquidation and any further security releases as necessary  |
|                                   | Proposals to creditors                     | Finalise proposal notices and forward to all known creditors, and liaise with creditors as necessary<br>Review votes and determine outcome of proposal<br>Prepare and lodge proposal outcomes with ASIC within statutory timeframe   |
|                                   | Deal with proofs of debt (POD)             | Receive PODs from claimants and liaise regarding supporting information as necessary<br>Adjudicate on PODs if required   |
| Employees<br>\$10,000             | Employee correspondence                    | Receive and respond to employee queries as necessary   |
|                                   | Fair Entitlements Guarantee (FEG)          | Correspond with FEG regarding employee claims<br>Review FEG reports and calculate employee entitlements as necessary   |
|                                   | Employee distribution                      | Process distribution to priority creditors, where relevant   |
| Investigation<br>\$14,000         | Conduct investigations                     | Finalise review of company books and records<br>Prepare comparative financial statements as necessary<br>Review specific transactions and liaise with the Director and related parties as necessary<br>Investigate liquidator recoveries (insolvent trading, preference payments, uncommercial transactions) and consider commerciality to pursue<br>Prepare report to ASIC pursuant section 533 of the Corporations Act |
| Administration<br>\$7,500         | Document maintenance/file review/checklist | Conduct six monthly file reviews<br>Maintain physical and electronic engagement files<br>Update checklists   |
|                                   | Directors                                  | Correspond with Directors' and bookkeeper as required  |
|                                   | Bank account administration                | Perform periodic bank account reconciliations<br>Account for receipts and payments as necessary<br>Prepare correspondence and close accounts   |
|                                   | ASIC forms                                 | Prepare and lodge ASIC forms (i.e. Form 5603, Form 505 and Form 578)<br>Correspond with ASIC regarding statutory forms<br>Prepare and lodge relevant ASIC form in relation to reporting pursuant to section 533 of the Corporations Act  |
|                                   | ATO and other statutory reporting          | Prepare quarterly BASs and associated reconciliations<br>Liaise with the ATO regarding SGC statements and reporting  |
|                                   | Finalisation                               | Notify ATO and other statutory authorities of ceasing to act   |

|  |                           |  |
|--|---------------------------|--|
|  |                           | Cancel ABN/GST/PAYG registrations<br>Complete checklists   |
|  | Books and records/storage | Deal with records in storage as necessary<br>Send job files to storage and arrange final destruction in accordance with standard ASIC guidelines |

## Schedule D – Disbursements

|                          |   | <b>Disbursements already incurred (no approval sought)</b> |
|--------------------------|---|--|
| <b>Period</b>            |   | 19 April 2021 to 9 July 2021                               |
| <b>Amount (ex GST)</b>   |   | \$364  |
| <b>Disbursement Type</b> | <b>Basis</b>  | <b>Amount (ex GST)</b>                                     |
| Searches and data        | ASIC Company extract, PPSR searches and data back-up drives | \$364  |

|   |  | <b>Future disbursements (approve basis to a capped amount)</b> |
|---|--|--|
| <b>Period</b>                                   |  | 10 July 2021 to finalisation of liquidation                    |
| <b>Amount (ex GST)</b>                          |  | \$1,000  |
| <b>Disbursement Type</b>                        | <b>Basis</b>   |  |
| Data processing – data loading & processing fee | \$20-\$60 per gigabyte ( <b>GB</b> )*, minimum \$3,000 for matters less than 50GB. |  |
| Data hosting – monthly hosting fee              | \$10 per GB, per month. Minimum \$1,000 for small matters.                         |  |
| Printing – black and white                      | \$0.09 per page  |  |
| Printing – Colour                               | \$0.28 per page  |  |

## Schedule E – Summary of receipts and payments

### Receipts and payments to 9 July 2021

#### \$ incl. GST

##### Receipts

|                             |         |
|-----------------------------|---------|
| Pre-appointment cash        | 4,178   |
| Sale of plant and equipment | 165,000 |
| Total receipts              | 169,178 |

##### Payments

|                         |           |
|-------------------------|-----------|
| Distribution to Westpac | (130,000) |
| Total payments          | (130,000) |

|                     |               |
|---------------------|---------------|
| <b>Cash at bank</b> | <b>39,178</b> |
|---------------------|---------------|