

# Remuneration Approval Report

Villanex Pty Ltd as trustee for the Villanex Trust trading as  
Aveley Liquor (In Liquidation)

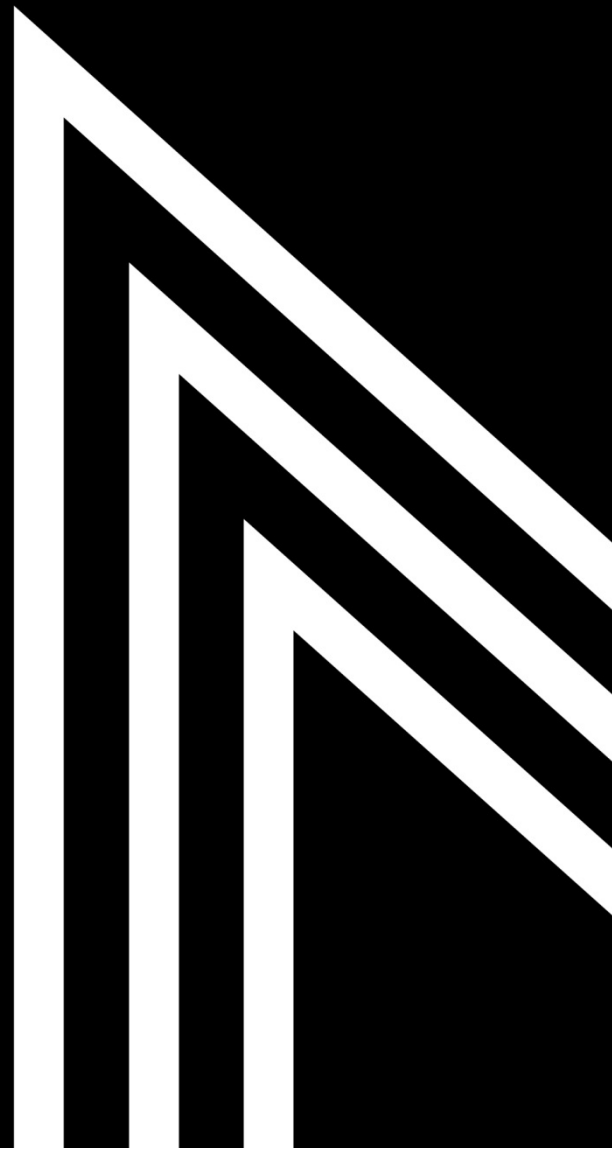
ACN 142 594 358

(Villanex)

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 Villanex.

The report has the following information:

1	Executive Summary .....	3
2	Declaration .....	3
3	Remuneration sought .....	3
4	Disbursements sought.....	3
5	Likely impact on dividends .....	4
6	Summary of receipts and payments.....	4
7	Queries.....	4
	Schedule A – Details of work .....	6
	Schedule B – Time spent by staff on each major task (work already done).....	9
	Schedule C – Details of future work.....	10
	Schedule D – Disbursements.....	12
	Schedule E – Summary of receipts and payments .....	13

## 1 Executive Summary

We estimate that the total cost of this liquidation will be \$67,812, comprising amounts we are asking creditors to approve as follows:

- my remuneration for work I have already completed to date of \$27,812 (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.

## 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	\$27,812	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>\$67,812</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 \$27,812, 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."

This is consistent with the estimate provided in our Initial Remuneration Notice dated 4 May 2021, which estimated remuneration of \$50,000 to \$70,000 (excluding GST), for reasons that include the following:

## 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 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.

We seek 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 15 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 – Time spent by staff on each major task

Schedule C – Details of future work

Schedule D – Disbursements

Schedule E – Summary of receipts and payments

## Schedule A – Details of work

<b>Work already done – Resolution 1</b>		
<b>Period</b>		19 April 2021 to 9 July 2021
<b>Amount (ex GST)</b>		\$27,812
<b>Task Area</b>	<b>General Description</b>	<b>Tasks</b>
Assets 20.8 hours \$9,715	Plant and Equipment	Review depreciation schedule, MYOB accounts, the Director's ROCAP and pre-appointment valuation listings Conduct searches and reconcile potential assets that may be realisable for the benefit of creditors 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 Liaise with legal advisors to prepare and execute asset sale agreement with Progressive for sale of Plant and equipment 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 Review security position of Westpac and Metcash to confirm validity of security interests and liaise with legal advisors regarding validity and enforceability of various secured creditor security interests Monitor and document PPSR discharges as and when appropriate
	Debtors	Review and reconcile debtor listings via MYOB management accounts and the Director's ROCAP 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 they took possession of the Villanex's trading premises Negotiate sale of stock to Progressive with Metcash and Westpac, as secured creditors Liaise with legal advisors to prepare and execute asset sale agreement with Progressive for sale of stock
	Liquor licence	Corresponding with liquor licencing department in relation to suspension of licence Corresponding with Progressive regarding transfer of liquor licence
	Related party loans	Review financial statements in relation to composition of related party loans Consider the recoverability of related party loans
	Creditors 15.7 hours \$6,887	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 Prepare form 509 – Summary of Affairs for lodgement with ASIC and issue to creditors
Secured creditor reporting		Notify PPSR registered creditors of appointment Prepare correspondence to Westpac and Metcash to provide updates on the progress of the liquidation Liaise with Westpac and Metcash regarding sale of plant and equipment and obtain security releases specific to assets sold to Progressive
Creditor reports		Prepare Initial Report to Creditors notifying of the appointment

		Prepare Statutory Report by Liquidator and Remuneration Report Prepare proposal notices and voting forms
	Proposals to Creditors	Draft proposal notices and voting forms
	Deal with proofs of debt <b>(POD)</b>	Receive PODs from claimants Maintain POD register
	Investigations	Carry out preliminary review of potential insolvent trading, preference claims and any other voidable transactions Review historical financial statements and bank statements to support preliminary view as to insolvency and potential voidable transactions Review company records and relevant communications in consideration of potential claims to the benefit of creditors Consider director and former director behaviour and communications in the context of director duties, and assessment thereof
Employees 16.1 hours \$6,492	Employee correspondence	Write to all employees notifying of appointment and impact on outstanding employee entitlements Provide employees with information of the Fair Entitlement Guarantee scheme Receive and respond to employee queries regarding appointment and outstanding employee entitlements
	Fair Entitlements Guarantee <b>(FEG)</b>	Liaise with the department of Jobs and Small Business <b>(Department)</b> regarding appointment and potential inbound claims for FEG Prepare initial FEG questionnaire and deed of undertaking 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 Liaise with employees directly regarding calculation of employee entitlements and supporting documentation 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 Issue correspondence to employees regarding their entitlements and respond to queries accordingly
Statutory and Administration 11.4 hours \$4,719	Document maintenance/file review/checklist	Conduct regular file reviews Maintain physical and electronic engagement file Update checklists
	Insurance	Notify insurers of appointment and obtain initial OpenCover Identify potential issues requiring attention of insurance specialists Correspond with insurer regarding initial and ongoing insurance requirements Investigate potential pre-appointment insurance refunds
	Bank account administration	Prepare correspondence to open and close accounts Request bank statements as required to support investigations Perform bank account reconciliations Correspond with bank regarding specific transfers and/or transactions
	ASIC forms	Prepare and lodge ASIC forms Correspond with ASIC regarding statutory forms 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 Liaise with statutory bodies about Liquidators' appointment Consider and review Freedom of Information documents requested of ATO

		<p>Liaise with ATO in relation to Liquidators' appointment of Villanex and the Villanex Trust</p> <p>Prepare BAS</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>Send company records to storage and deal with records in storage as necessary</p> <p>Liaise with former Accountant regarding obtaining physical and electronic books and records</p> <p>Image and secure any identifiable electronic books and records and back-ups</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

Villanex 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	4.0	2,600	3.8	2,470	-	-	0.2	130	-	-
Employee 1	600	8.4	5,040	4.0	2,400	2.4	1,440	0.7	420	1.3	780
Employee 2	550	10.4	5,720	2.7	1,485	3.1	1,705	1.9	1,045	2.7	1,485
Employee 3	395	14.6	5,767	-	-	6.1	2,410	8.2	3,239	0.3	119
Employee 4	350	1.6	560	0.5	175	-	-	-	-	1.1	385
Employee 5	325	25.0	8,125	9.8	3,185	4.1	1,333	5.1	1,658	6.0	1,950
<b>Total</b>		<b>64.0</b>	<b>27,812</b>	<b>20.8</b>	<b>9,715</b>	<b>15.7</b>	<b>6,887</b>	<b>16.1</b>	<b>6,492</b>	<b>11.4</b>	<b>4,719</b>

## Schedule C – Details of future work

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

		Complete checklists
	Books and records/storage	Deal with records in storage as necessary 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>		\$64
<b>Disbursement Type</b>	<b>Basis</b>	<b>Amount (ex GST)</b>
Company Searches	ASIC Company extract and PPSR searches	\$64

		<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. Large matters are priced on application.	
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

Sale of plant and equipment	55,000
Sale of stock	8,800
Total receipts	63,800

##### Payments

Distribution to Westpac	(36,500)
Total payments	(36,500)

<b>Cash at bank</b>	<b>27,300</b>
---------------------	---------------