
Remuneration Approval Report

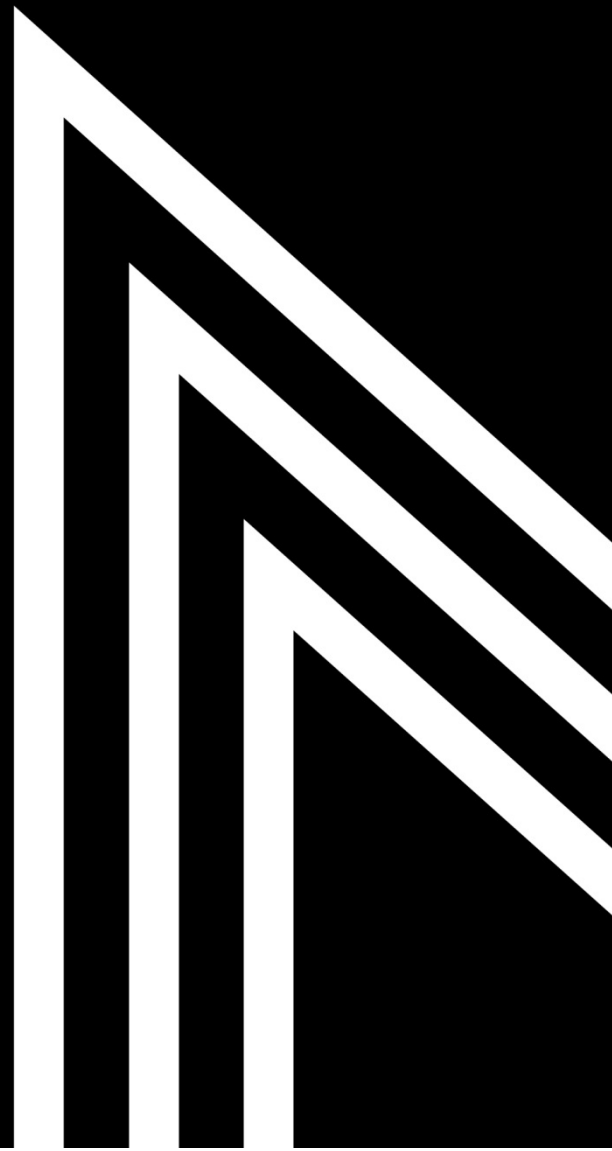
Family Fresh Growers Market Pty Ltd as trustee for the
Family Fresh Growers Market Trust trading as Family Fresh
Growers Market (In Liquidation)

ACN 635 190 591

(Family Fresh)



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 Family Fresh.

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1 Executive Summary

We estimate that the total cost of this liquidation will be \$72,626, comprising amounts we are asking creditors to approve as follows:

- my remuneration for work I have already completed to date of \$32,626 (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	27 April 2021 to 23 July 2021	\$32,626	Provided in my Initial Remuneration Notice sent to creditors on 11 May 2021.	Immediately, when funds are available.
Future work	24 July 2021 to completion	\$40,000		Immediately, when funds are available.
Total		\$72,626		

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 27 April 2021 to 23 July 2021

"That the remuneration of the Liquidators for the period 27 April 2021 to 23 July 2021, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 11 May 2021, is determined in the sum of \$32,626, exclusive of GST."

Future work: from 24 July 2021 to completion

"That the future remuneration of the Liquidators from 24 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 11 May 2021, up to a capped amount of \$40,000, exclusive of GST."

The total estimated cost of this liquidation is broadly in line with the high estimate provided in our Initial Remuneration Notice dated 11 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 Family Fresh's management accounts and books and records, and additional time was required to understand the state of the accounts and relevant transactions; and

- Substantial time required dealing with secured creditors and the landlord in relation to the taking of possession of the Family Fresh's trading premises prior to the Liquidators' appointment and any financed assets therein.

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 23 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 24 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 24 July 2021 to completion, calculated at the rates as detailed the Initial Remuneration Notice dated 11 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 27 April 2021 to 24 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
- 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: 27 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

		Work already done
Period		27 April 2021 to 23 July 2021
Amount (ex GST)		\$32,626
Task Area	General Description	Tasks
Assets 15.6 hours \$6,983	Monies	Correspond with financiers and obtain control of pre-appointment bank accounts and transfer of credit funds to the liquidation bank account Liaise with the Director to secure transfer of cash on hand at the date of appointment to Liquidators' bank account Identify and correspondence with party holding retail market bond and arrange collection
	Plant and Equipment	Review depreciation schedule, XERO management accounts, the Director's ROCAP and pre-appointment valuers' listings to identify and reconcile assets on-site Conduct public register searches to identify any unknown assets that maybe realisable for the benefit of creditors Review of on-site assets to reconcile to company records and/or secured creditor documentation Liaise auctioneers regarding collection of sale of sundry assets, final results and transfer of net proceeds
	Assets subject to specific charges and security interests	Search PPS register and write to relevant parties Liaise 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 XERO management accounts and the Director's ROCAP, and issue correspondence regarding any possible collections
	Leasing	Review leasing documents and prepare and issue notification of Liquidators' appointment Correspondence with landlord and other lessors in relation to their possession of the Family Fresh premises and assets within.
Creditors 27.4 hours \$11,837	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries Maintain creditor request log and overall creditor list Prepare initial correspondence to creditors and/or their representatives
	Lodgements	Prepare Declaration of Independence and Relevant Relationships (DIRRI) for lodgement with the Australian Securities Investment Commission (ASIC) 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 Liaise with secured creditors regarding the location and value of purported items of security Undertake review of serial numbered goods on-site to assist financiers with attempted assets reconciliations
	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

	Deal with proofs of debt (POD)	Receive PODs from claimants Maintain POD register
	Investigations	Carry out preliminary review of potential insolvent trading, unfair 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 conduct and communications in the context of director duties, and assessment thereof
Employees 13.5 hours \$5,379	Employee correspondence	Notify all known pre-appointment employees regarding the Liquidators' appointment and impact on outstanding employee entitlements Receive and respond to employee queries as to the status and quantum of employee claims Initial communications with Fair Entitlements Guarantee (FEG) Scheme in relation to potential employee claims
	Calculation of entitlements	Review employee files and company's books and records to quantify employee entitlements to the extent possible noting the state of company records and XERO Management accounts Liaise with employees directly regarding terms of employment and the calculation of employee entitlements Issue correspondence to employees to confirm their entitlements and respond to queries accordingly
Statutory and Administration 22.6 hours \$8,428	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 Perform periodic bank account reconciliations Correspond with bank regarding specific transfers and requests
	ASIC forms	Prepare and lodge ASIC forms regarding appointment and other statutory requirements 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, and correspond in relation to outstanding liabilities Liaise with statutory bodies about Liquidators' appointment Consider and review Freedom of Information documents requested of ATO Liaise with ATO in relation to Liquidators' appointment to Family Fresh and the Family Fresh Growers Market Trust Prepare periodic BAS' as required
	Planning/Review	Discuss status of the liquidation and tasks with team members on a regular basis to support investigations and the progress of the liquidation

Books and records/storage	Collate and catalogue company records from Family Fresh premises, review as necessary and send job files to storage Travel to/from premises to review, secure and collect books and records in electronic and hard copy form Liaise with former Accountant to obtain physical and electronic books and records Obtain access to pre-appointment XERO management accounts and other historical financial reports
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Schedule B – Time spent by staff on each major task (work already done)

Resolution 1: from 27 April 2021 to 23 July 2021

Family Fresh Growers Market (In Liquidation) - 27 April 2021 to 23 July 2021

	Rate	Total		Assets		Creditors		Employees		Statutory & Administration	
		Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Rob Kirman	650	1.5	975	1.3	845	-	-	0.2	130	-	-
Employee 1	600	12.4	7,440	5.2	3,120	4.8	2,880	1.6	960	0.8	480
Employee 2	550	8.0	4,400	-	-	5.7	3,135	1.0	550	1.3	715
Employee 3	450	4.5	2,025	1.0	450	-	-	-	-	3.5	1,575
Employee 4	395	9.8	3,871	-	-	4.7	1,857	3.7	1,462	1.4	553
Employee 5	350	2.9	1,015	0.4	140	-	-	0.1	35	2.4	840
Employee 6	325	34.4	12,740	7.1	2,308	12.2	3,965	6.9	2,243	13.0	4,225
Employee 7	200	0.8	160	0.6	120	-	-	-	-	0.2	40
Total		74.3	32,626	15.6	6,983	27.4	11,837	13.5	5,379	22.6	8,428

Schedule C – Details of future work

Future work – Resolution 2		
Period		24 July 2021 to completion
Amount (ex GST)		\$40,000
Task Area	General Description	Tasks
Creditors \$12,000	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries and 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	Provide updates to secured creditors regarding the status of the liquidation and any further security issues as necessary
	Proposals to creditors	Finalise proposal notices and forward to all known creditors, and liaise with creditors as necessary Review votes and determine outcome of proposal 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 Adjudicate on PODs if required
Employees \$8,000	Employee correspondence	Receive and respond to employee queries as necessary
	Fair Entitlements Guarantee (FEG)	Correspond with FEG regarding employee claims Review FEG reports and company records to calculate and verify 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 correspond with the Director and relevant parties as necessary Investigate liquidator recoveries (insolvent trading, preference payments, uncommercial transactions) and consider commerciality to pursue Prepare report to ASIC pursuant section 533 of the Corporations Act
Administration \$6,000	Document maintenance/file review/checklist	Conduct six monthly file reviews Maintain physical and electronic engagement files Update checklists
	Directors	Correspond with Director, Former Director and/or their Trustee in Bankruptcy, and company bookkeeper as required
	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 the 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

		Disbursements already incurred (no approval sought)
Period		27 April 2021 to 23 July 2021
Amount (ex GST)		\$684
Disbursement Type	Basis	Amount (ex GST)
Searches and data	ASIC Company extract, PPSR searches and data back-up drives	\$223.75
Staff vehicle use	Travel to and from site for B&R collection and facilitate inspection of P&E	\$153.36
Incidental disbursements	Storage drives for data imaging	\$307.27

		Future disbursements (approve basis to a capped amount)
Period		24 July 2021 to finalisation of liquidation
Amount (ex GST)		\$1,000
Disbursement Type	Basis	
Data processing – data loading & processing fee	\$20-\$60 per gigabyte (GB)*, 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 26 July 2021

\$ ind. GST

Receipts

Retail Bond Recovery	7,500
Cash at bank	3,097
Cash safe	751
Plant and equipment	7
Total receipts	11,348

Payments

Plant and equipment (realisation costs)	(2)
Total payments	(2)

Cash at bank	11,346
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