
Remuneration Approval Report

Mainteam Holdings Pty Ltd (In Liquidation) as trustee for
Redside Trust trading as Ellenbrook IGA

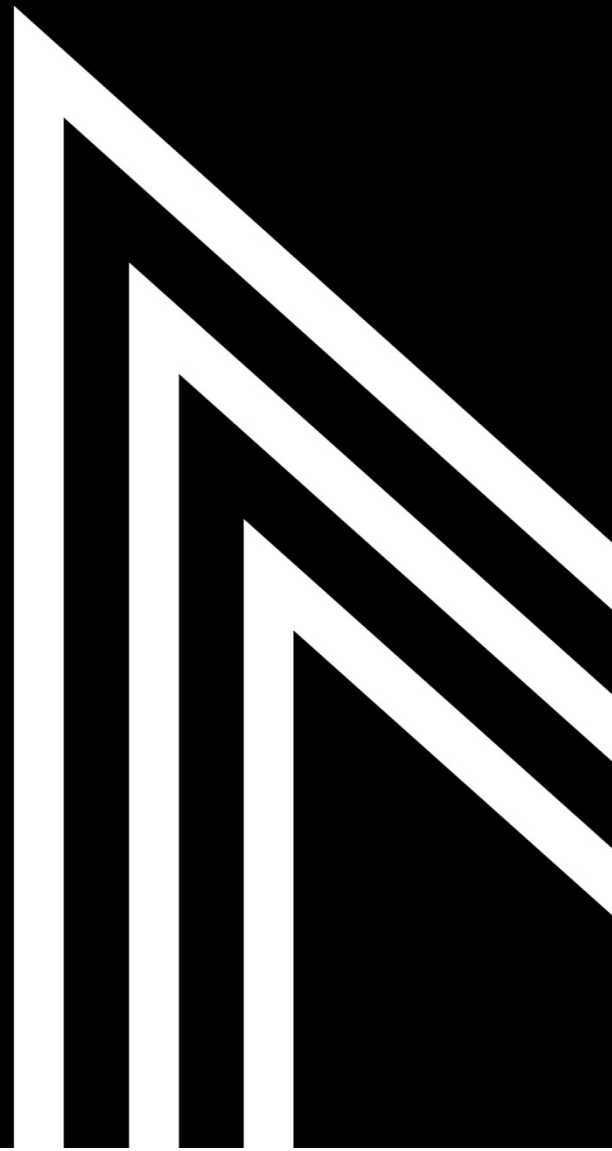
ACN 121 542 210

(Mainteam)

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 Mainteam.

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1 Executive Summary

We estimate that the total cost of this liquidation will be \$75,409, comprising amounts we are asking creditors to approve as follows:

- my remuneration for work I have already completed to date of \$35,409 (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	\$35,409	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.
Total		\$75,409		

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 \$35,409, 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 differs to 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:

- The Liquidators experienced initial difficulties in obtaining access to Mainteam's management accounts and books and records and additional time was required to understand the state of the accounts and relevant transactions;
- Extended discussions with the landlord were required by the Liquidators in relation to them taking possession of the property; 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 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 15 July 2021 is included at Schedule E to this report.

7 Queries

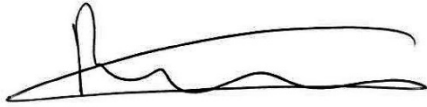
If you have any queries regarding the information in this report, please contact Nic Hall on 08 6262 7626.

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

- ARITA at www.arita.com.au/creditors
- 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: 19 July 2021

A handwritten signature in black ink, appearing to read 'Rob Kirman', with a long horizontal stroke extending to the right.

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
Period		19 April 2021 to 9 July 2021
Amount (ex GST)		\$35,409
Task Area	General Description	Tasks
Assets 15.7 hours \$7,287	Plant and Equipment	Review depreciation schedule, MYOB management accounts, the Director's ROCAP and the pre-appointment valuers' listings Conduct searches and identify potential assets that may be realisable for the benefit of creditors Liaise auctioneers regarding collection of vehicle, auction strategy, final results and transfer of net proceeds
	Assets subject to specific charges and security interests	Search PPS register and write to relevant parties Review security position of Westpac to confirm validity of security interests 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 MYOB management accounts and the Director's ROCAP Assess recoverability and correspond with debtors for collection of pre-appointment debts
	Leasing	Review leasing documents and arrange to notify landlord's lawyers of Liquidators' appointment Correspondence with landlord and legal representatives in relation to their possession of the Mainteam premises and asset therein
Creditors 20.1 hours \$8,036	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 Prepare correspondence to Westpac regarding identification of assets and realisation of motor vehicle subject of security Prepare correspondence to Westpac, Bizcap and Metcash to provide updates on the progress of the liquidation, as necessary
	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, 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 40.1 hours \$16,409	Employee correspondence	<p>Notify all known pre-appointment employees notifying of the Liquidators' appointment and impact on outstanding employee entitlements</p> <p>Provide employees with information regarding the Fair Entitlement Guarantee (FEG) scheme</p> <p>Receive and follow up employee queries as to the status and quantum of employee claims</p> <p>Review and reconstruct employee summaries in relation to unpaid wages in the lead-up to appointment</p>
	Fair Entitlements Guarantee (FEG)	<p>Liaise with the department of Jobs and Small Business (Department) about the Fair Entitlements Guarantee regarding the appointment and potential FEG claims (FEG)</p> <p>Prepare initial FEG questionnaire and deed of undertaking</p> <p>Verify employee claims with FEG and respond to queries or information requests</p> <p>Assist FEG with substantial information requests due to the lack of company records in relation to employee arrangements and recording of accrued entitlements</p>
	Calculation of entitlements	<p>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</p> <p>Liaise with employees directly regarding terms of employment and the calculation of employee entitlements</p> <p>Calculate unpaid wages, annual leave, long service leave, pay in lieu of notice and redundancy with regard to information provided by former employee and relevant award information</p> <p>Issue correspondence to employees to confirm their entitlements and respond to queries accordingly</p>
Statutory and Administration 9.9 hours \$3,678	Document maintenance/file review/checklist	<p>Conduct regular file reviews</p> <p>Maintain physical and electronic engagement file</p> <p>Update checklists</p>
	Insurance	<p>Notify insurers of appointment and obtain initial OpenCover</p> <p>Identify potential issues requiring attention of insurance specialists</p> <p>Correspond with insurer regarding initial and ongoing insurance requirements</p> <p>Investigate potential pre-appointment insurance refunds</p>
	Bank account administration	<p>Prepare correspondence to open and close accounts</p> <p>Request bank statements</p> <p>Perform bank account reconciliations</p> <p>Correspond with bank regarding specific transfers</p>
	ASIC forms	<p>Prepare and lodge ASIC forms</p> <p>Correspond with ASIC regarding statutory forms</p> <p>Liaise with Director regarding the completion and return of ROCAP</p>
	ATO and other statutory reporting	<p>Prepare notices of appointment to the ATO and other government bodies as required, and correspond in relation to outstanding liabilities</p> <p>Liaise with statutory bodies about Liquidators' appointment</p> <p>Consider and review Freedom of Information documents requested of ATO</p> <p>Liaise with ATO in relation to Liquidators' appointment of Mainteam and the Redside Trust</p> <p>Prepare periodic 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

Collate and catalogue company records from Darch office and send job files to storage
Liaise with former Accountant to obtain physical and electronic books and records
Obtain access to pre-appointment MYOB management accounts and other historical financial reports

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

Resolution 1: from 19 April 2021 to 9 July 2021

Mainteam Holdings 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	1.6	1,040	1.0	650	-	-	0.2	130	0.4	260
Employee 1	600	7.7	4,620	1.2	720	3.5	2,100	2.1	1,260	0.9	540
Employee 2	550	11.8	6,490	6.3	3,465	1.5	825	4.0	2,200	-	-
Employee 3	395	31.2	12,324	1.6	632	2.9	1,146	26.2	10,349	0.5	198
Employee 4	350	1.9	665	-	-	-	-	-	-	1.9	665
Employee 5	325	31.6	10,270	5.6	1,820	12.2	3,965	7.6	2,470	6.2	2,015
Total		85.8	35,409	15.7	7,287	20.1	8,036	40.1	16,409	9.9	3,678

Schedule C – Details of future work

		Future work
Period		10 July 2021 to completion
Amount (ex GST)		\$40,000
Task Area	General Description	Tasks
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, Bizcap and Metcash about 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 proposal Prepare and lodge proposal outcome with ASIC within statutory timeframes
	Deal with proofs of debt (POD)	Receive PODs from claimants and liaise regarding supporting documentation 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
	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
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Schedule D – Disbursements

		Disbursements already incurred (no approval sought)
Period		19 April 2021 to 9 July 2021
Amount (ex GST)		\$64
Disbursement Type	Basis	Amount (ex GST)
Company Search	ASIC Company extract & PPSR searches	\$64

		Future disbursements (approve basis to a capped amount)
Period		10 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 9 July 2021

\$ incl. GST

Receipts

Pre-appointment accounts receivable	65
Sale of plant and equipment	8,600
Total receipts	8,665

Payments

Agents Fees - auction	(65)
Cartage Fees - auction	(165)
Commission Fees - auction	(500)
Total payments	(730)

Cash at bank	7,935
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