
Remuneration Approval Report

SKB Australia Pty Ltd (Administrations Appointed) as trustee for the KBS Family Trust trading as Darch SUPA IGA

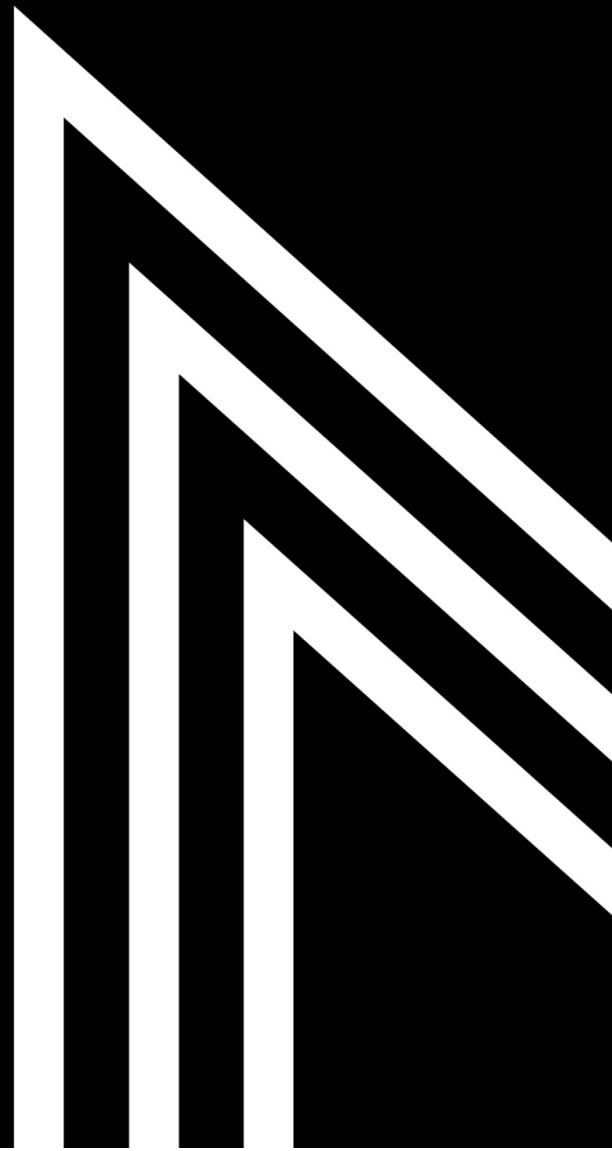
ACN 150 748 093

(SKB)

9 September 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 administration of SKB.

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1 Executive Summary

We are asking creditors to approve the following remuneration and disbursements:

Current approvals	Remuneration (ex GST)	Disbursements (ex GST)
Retrospective remuneration (Voluntary Administration)	\$822,250.00	\$5,717.18
Prospective remuneration (Voluntary Administration)	\$10,000.00	N/A
If company is liquidated	\$100,000.00	\$1,000.00

Details of remuneration and disbursements can be found in sections 3 and 4 of this report.

Creditors will be asked to approve our remuneration at the second meeting of Creditors for SKB on 16 September 2021.

We estimate that the total cost of this administration will be \$832,250 (excluding disbursements and GST). This has increased from our Initial Remuneration Notice dated 22 April 2021 because of the following reasons, which we were unable to determine the early the beginning of the administration:

- unpredictable levels of work involved in trading the business of SKB, including (i) attending to specific employee queries regarding significant pre-appointment under payment of wages and lack of contractual employment arrangements, (ii) dealing with operational management issues including a severe lack of controls, and requirement to implement new controls and processes, (ii) confirming ongoing supply of key critical suppliers, (iii) dealing with multiple authorities and the landlord in relation to substantial OHS non-compliance, hygiene and repairs and maintenance issues, and (iv) management of lockdown measures and effect on trading operations as a result of COVID-19.
- work required for extension of the convening period for the second meeting of creditors, and the prolonged administration period (including trading of the business) itself increasing from 4 weeks to circa 20 weeks in duration to allow the Administrators to continue negotiations with interested parties and the landlord in respect of the sale of SKB's business and assets; and
- significant stakeholder management and negotiations regarding the conduct of the administration and sale process generally. More specifically, in relation to (i) the sale and settlement of SKB's business and lease assignment, (ii) disputed assets and transactions funded by the business and relevant security interests, (iii) a legal claim on foot at appointment, including ongoing correspondence with relevant parties and their legal representatives in an attempt to resolve the claim.

In preparing this report, we do not anticipate that we will have to ask creditors to approve any further remuneration. However, should the matter not proceed as expected, we will advise creditors and we may seek approval for further remuneration.

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 administration to ensure that remuneration is only being claimed for necessary and proper work performed and have made the following adjustments

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 3 September 2021	\$822,250	Provided in my Initial Remuneration Notice sent to creditors on 22 April 2021	Immediately, when funds are available.
Future work to meeting date, including conduct of meeting	4 September 2021 to 16 September 2021	\$10,000	Refer to Schedule F	Immediately, when funds are available.
Voluntary Administration total		\$832,250		
Future work – Liquidation	16 September 2021 to finalisation of liquidation	\$100,000	Refer to Schedule F	Monthly, when funds are available.
Liquidation total		\$932,250		

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 Administration are included at Schedule C.

Details of future work to completion of the Liquidation are included at Schedule D.

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 19 April 2021 to 3 September 2021

"That the remuneration of the Administrators for the period 19 April 2021 to 3 September 2021, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 22 April 2021, is determined in the sum of \$822,250, exclusive of GST."

Administrators future work: from 4 September 2021 to the Second Meeting of Creditors, being 16 September 2021

"That the future remuneration of the Administrators from 4 September 2021 to the Second Meeting of Creditors is determined at a sum equal to the cost of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 22 April 2021, up to a capped amount of \$10,000, exclusive of GST."

Liquidators future work: from 17 September 2021 to completion of the liquidation

"That the future remuneration of the Liquidators from 17 September 2021 to completion of the liquidation is determined at a sum equal to the cost of the time spent by their Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 22 April 2021, up to a capped amount of \$100,000, exclusive of GST".

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 E.

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 3 September 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 the meeting are detailed below. These resolutions also appear in the proxy form for the meeting provided to you.

Future disbursements of Liquidators: from 17 September 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 17 September 2021 to completion, calculated at the rates as detailed the Initial Remuneration Notice dated 22 April 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 during a subsequent appointment, 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 Administration for the period 19 April 2021 to 3 September 2021 is included at Schedule G to this report.

7 Queries

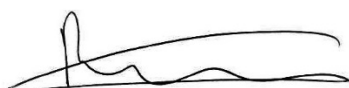
If you have any queries regarding the information in this report, please contact Phoebe Donaldson on 08 6363 7619.

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: 9 September 2021



Rob Kirman
Administrator

Attachments:

Schedule A – Details of work

Schedule B – Time spent by staff on each major task

Schedule C – Details of future work of Administrators

Schedule D – Details of future work of Liquidators (if appointed)

Schedule E – Disbursements

Schedule F – Schedule of hourly rates

Schedule G – Summary of receipts and payments

Schedule A – Details of work

		Work already done
Period		19 April 2021 to 3 September 2021
Amount (ex GST)		\$822,250
Task Area	General Description	Tasks
Assets 69.8 hours \$37,418	Monies	Secure bank accounts and cash on hand at appointment Contact Westpac, St George bank and ANZ banks to arrange for transfer of cash at bank to the Administration bank account and/or provision of statements Regular cash reconciliations Liaise with cash security providers in relation to cash collection processes and reconciliations Prepare and review receipts and payments Implement and monitor on-site cash handling, reconciliation and reporting controls
	Plant and Equipment	Review and reconcile asset listings Inspect and secure plant and equipment Liaise with valuers in relation to plant and equipment Respond to plant and equipment breakdowns and authorise repairs Liaise with the Director and interested parties in relation to the contents and ownership of plant and equipment Review and liaise with auctioneers in relation to identification of surplus equipment and realisation via auction Undertake public register searches and other investigations in relation to motor vehicles, and correspond with third parties Liaise with and instruct auctioneers in relation to the collection and realisation of motor vehicles
	Assets subject to specific charges and security interests	Search the PPS register, review securities and identify associated assets Agree position in relation to third party assets and correspond with relevant parties Facilitate removal and/or ongoing access to third party assets Correspond with relevant third parties and deal with security interest releases required for the Sale of the Business Disclaim assets on settlement of the sale of the Business Liaise with numerous motor vehicle financiers in relation to historical and current motor vehicle registrations and deal with registrations
	Debtors	Liaise with management to understand the nature of pre-appointment debtor claims Pursue pre-appointment debtor claims Account for and reconcile debtor collections
	Stock	Review stock records and pre-appointment accounting and operational processes relating to the stock on hand Procure full stocktake on appointment, and review and check valuation report Agree stock security arrangements with Metcash in relation to stock on hand at appointment subject of Metcash's security, and make application to Court for its approval Undertake further review of stock on appointment, including in relation to expiry dates Review stock reporting process and liaise with IT service provider in relation to stock reporting and maintenance capabilities

		<p>Implement improvements to stock reporting and receipting of goods processes</p> <p>Oversee stocktake process on completion of sale of Business, and liaise with purchaser in relation to post completion adjustments</p> <p>Reporting to and liaising with Metcash in relation to stock on hand at appointment and on completion</p>
	Leasing	<p>Review landlord leasing documents</p> <p>Correspond with landlord regarding ongoing trading and sale strategy</p> <p>Liaise with the landlord and potential purchasers of the Business in relation to assignment and/or new ongoing lease arrangements</p> <p>Liaise with landlord, and agent and legal representatives, in relation to the landlord's due diligence processes, and negotiation of new ongoing lease terms</p> <p>Negotiate and navigate sale of Business processes with landlord to completion</p> <p>Liaise with landlord and representatives in relation to the finalisation of the pre-appointment lease and charges, and redemption of bank guarantee</p>
<p>Sale of business 255.8 hours \$142,956</p>	Sale of business as a going concern	<p>Prepare and place urgent expressions of interest advertisements in local and national media</p> <p>Finalise and release confidentiality agreements to interested parties</p> <p>Prepare and issue information memorandum to interested parties</p> <p>Liaise with management in relation to potential interested parties and directly approach a range of interested parties</p> <p>Internal meetings to discuss sale campaign and progress</p> <p>Discuss and review non-binding offers received from interested parties and discuss feedback and stage two process</p> <p>Collate due diligence information for parties invited to stage two of the sale process</p> <p>Prepare and negotiate Sale of Business and Assets documentation and liaise with legal representatives</p> <p>Collate and assess final binding offers and liaise with stakeholders regarding transaction completion</p> <p>Prepare, plan and effect settlement of the sale of Business and Assets, and associated communications with the purchaser, legal representatives, and key stakeholders</p> <p>Secure releases of relevant security interests to complete the sale of the Business</p> <p>Issue correspondence to suppliers to advise of the sale, transition of trading arrangements and finalisation of accounts</p> <p>Deal with and finalise post settlement matters and adjustments with numerous stakeholders including the purchaser, landlord, Metcash, transferring employees and others</p>
<p>Creditors 187.4 hours \$86,667</p>	Creditor Enquiries, Requests & Directions	<p>Receive and respond to creditor enquiries and maintain creditor request log as required</p> <p>Prepare initial correspondence to creditors and their representatives</p> <p>Consider reasonableness of creditor requests</p> <p>Compile information requested by creditors as required</p>
	Secured creditor reporting	<p>Notify PPSR registered creditors of appointment</p> <p>Review security interests</p> <p>Request details from creditors with registrations on the PPSR and consider validity of security interests, and obtain legal advice as necessary</p> <p>Prepare updates to Westpac</p> <p>Respond to secured creditor's queries as required</p>

	Creditor reports	Prepare initial update to creditors ahead of the first meeting of creditors, and convene and hold meeting Prepare circulars to creditors in respect of extensions of the convening period, and Court approved arrangements regarding Metcash and the KBS Family Trust Prepare Administrators' report to creditors and associated Remuneration Report
	Extension of the convening period	Provide information to lawyers to enable them to file an application to the Court, to seek an extension of the convening period Review and swear affidavit seeking extension of convening period and liaise with lawyers
	Deal with proofs of debt (POD)	Receive PODs from claimants Liaise with claimants in relation to their PODs and supporting documentation
	Meeting of Creditors	Prepare and send first meeting of creditors notices Advertise notice of meeting Prepare meeting file and conduct meeting as necessary Prepare and lodge minutes of meeting(s) with Australian Securities and Investments Commission (ASIC) Respond to stakeholder queries and questions following the meeting
Employees 113.0 hours \$48,778	Employee queries	Receive and follow up employee enquiries, including in relation to pre-appointment under-payment of wages and other entitlement issues Prepare letters to employees advising of their entitlements and options available Liaise with current and former employees on a regular basis throughout the administration and prepare correspondence in response to employee's queries
	Correspondence	Prepare information notice to all employees on appointment Prepare and issue notice of termination to relevant employees and liaise with lawyers as required Prepare and issue correspondence in relation to sale process and completion Prepare and issue correspondence with former employees in relation to unpaid superannuation and priority claims
	Calculation of entitlements	Review company books and records with respect to employment records Review contracts of employments and liaise with management and staff regarding the lack of documentation Prepare summaries and schedules of employees and outstanding employee entitlements Calculate employee entitlements pursuant to relevant awards Reconcile superannuation accounts and calculate amounts owed Liaise with lawyers regarding entitlements and provisions of relevant awards Prepare correspondence to current and former employees advising of their entitlements and options available Receive and prepare correspondence in response to entitlement discrepancies raised by employees against company books and records
	Workers compensation claims	Review insurance policies and deal with claims and pre-appointment reporting issues, as presented Liaise with claimant, insurers and lawyers Correspond with insurer regarding initial and ongoing workers compensation insurance requirements
	Other employee issues	Correspond with Centrelink in relation to employees on and in the lead up to paternity leave

<p>Trade on 870.2 hours \$382,010</p>	<p>Trade On Management (15 week trading period)</p>	<p>Liaise with suppliers in relation to ongoing supply of goods and services following appointment Establish post appointment terms of supply with existing suppliers, and correspond in relation to unpaid pre-appointment amounts outstanding Negotiate ongoing arrangements with key suppliers including the landlord, electricity provider, Metcash and others Liaise with management and staff regarding ongoing operations and trading controls Facilitate weekly meetings with management to discuss trading strategies and performance Regular correspondence and meeting with staff in relation to trading operations and day-to-day activities Preparation and review of key financial information required for trading, including cash flow forecast, cash reconciliations, product sales reports and related information Attend site during the administration to oversee operations and manage trading outcomes Arrange for an OH&S review to be conducted and work through significant upgrades required throughout the trading period Deal with 24 hour trading licence and associated security issues Deal with various equipment faults Authorise purchase orders and maintain purchase order register and expenditure controls Monitor, review, consider and respond to enquires received from employees and suppliers by email and telephone throughout the trading period Monitor daily sales results and cash reconciliations Prepare and maintain daily P&L and cash flow model for reporting and decision making purposes Liaise with suppliers in relation to final invoices for payment and reconciliation of all supplier trading accounts post completion of business sale</p>
	<p>Employee entitlements</p>	<p>Urgently assess the underpayment of employee wages and correspond with current and former employees as necessary Liaise with lawyers in relation to employee rates and rewards in order to bring pay rates up to date for the administration period Liaise with management to update and automate weekly payroll processes Liaise with employees in relation to pre-appointment employment arrangements and contracts, and rights and obligations Ongoing meetings with staff and management to discuss administration strategy and processes, and general business improvement Review and process payroll and on costs on a weekly and monthly/quarterly basis Respond to employee payroll queries as necessary Update employees in relation to award interpretation and updated payment rates Answering employee queries regarding leave arrangements Single touch payroll reporting Liaise with Department of Finance in relation to payroll tax</p>
	<p>Process receipts and payments</p>	<p>Review and approve purchase order expenditure and enter receipts and payments into accounting system Liaise with management and accounting staff in relation to weekly budgets and actual results Prepare and authorise payments in EFT system</p>

	Prepare budgets and financial reports	Prepare and monitor weekly P&L and cash flow forecast Prepare financial analysis, including trading profit or loss statement, trading position statement and outcome statement for decision making and reporting purposes Evaluate and report trading position on a weekly basis
Investigation 71.4 hours \$35,575	Conduct investigations	Send initial request to directors for Report on Company Activities & Property (ROCAP), and liaise as required in relation to completion Obtain and review company books and records, including hard copy and electronic records Conduct and summarise statutory searches Prepare comparative financial statements and reconcile management accounts Conduct preliminary investigations including preliminary assessment of insolvency, insolvent transactions and breaches of director duties Review, consider and determine preliminary date of insolvency Review and assess on a preliminary basis the quantum of (i) debts incurred whilst insolvent that remain unpaid, and (ii) a potential insolvent trading claim against the Director Liaise with the Directors' trustee in bankruptcy in relation to the likely return to creditors of the bankrupt estate Review specific transactions and liaise with directors and management regarding the basis of certain transactions and relevant assets Liaise with lawyers in relation to the above activities and correspond with relevant parties as necessary Prepare investigation file in relation to potential liquidator recoveries
Administration 218.8 hours \$88,848	Document maintenance/file review/checklist	Conduct first month and subsequent file reviews Maintain physical and electronic engagement file Review and update checklists on periodic basis
	Insurance	Identify potential issues requiring attention of insurance specialists Correspond with insurer regarding initial and ongoing insurance requirements Review pre-appointment insurance policies and correspond with previous brokers
	Bank account administration	Prepare correspondence to open and close accounts Request bank statements Perform bank account reconciliations Correspond with bank regarding specific transfers and asset recoveries
	ASIC forms	Prepare and lodge ASIC forms in relation to appointment and meetings Correspond with ASIC regarding statutory forms as necessary
	ATO and other statutory reporting	Notify of appointment and post-appointment registration requirements Prepare and issue FOI requests for information Prepare monthly BAS' and lodge
	Planning/Review	Regularly review and update engagement checklists Discuss status of external administration
	Books and records/storage	Deal with records in storage Send job files to storage

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

Resolution 1: from 19 April 2021 to 3 September 2021

SKB Australia Pty Ltd (Administrators Appointed) - Proposal for Administrators' remuneration for the period 19 April 2021 to 3 September 2021

Employee	Position	Rate	Total		Assets		Creditors		Employees		Investigation		Statutory & Administration		Sale of Business		Trade on	
			Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Rob Kirman	Partner	650	104.1	67,665	18.1	11,765	9.1	5,915	2.1	1,365	8.2	5,330	8.6	5,590	38.3	24,895	19.7	12,805
Employee 1	Director	600	400.8	240,480	23.1	13,860	58.9	35,340	20.0	12,000	15.2	9,120	34.1	20,460	156.2	93,720	93.3	55,980
Employee 2	Senior Manager	550	390.9	214,995	11.1	6,105	28.0	15,400	19.4	10,670	13.1	7,205	15.4	8,470	14.1	7,755	289.8	159,390
Employee 3	Assistant Manager	450	20.0	9,000	-	-	-	-	-	-	20.0	9,000	-	-	-	-	-	-
Employee 4	Senior Treasury Staff	445	2.9	1,291	-	-	0.2	89	-	-	-	-	2.7	1,202	-	-	-	-
Employee 5	Senior Accountant	395	81.2	32,074	-	-	5.0	1,975	21.5	8,493	1.1	435	19.8	7,821	17.8	7,031	16.0	6,320
Employee 6	Treasury Staff	350	70.0	24,500	-	-	-	-	-	-	-	-	37.6	13,160	-	-	32.4	11,340
Employee 7	Accountant	325	711.6	231,270	17.5	5,688	85.7	27,853	50.0	16,250	13.8	4,485	96.2	31,265	29.4	9,555	419.0	136,175
Employee 8	Treasury Staff	200	4.4	880	-	-	-	-	-	-	-	-	4.4	880	-	-	-	-
Employee 9	Undergraduate Accountant	190	0.5	95	-	-	0.5	95	-	-	-	-	-	-	-	-	-	-
Total (excl. GST)			1,786.4	822,250	69.8	37,418	187.4	86,667	113.0	48,778	71.4	35,575	218.8	88,848	255.8	142,956	870.2	382,010
Average hourly rate				460		536		462		432		498		406		559		439

Schedule C – Details of future work of Administrators

		Future work
Period		4 September 2021 to 16 September 2021
Amount (ex GST)		\$10,000
Task Area	General Description	Tasks
Assets \$1,000	Debtors	Account for and pursue remaining post-appointment debtor and supplier rebates outstanding Finalise redemption of bank guarantee from Darch landlord and remaining outgoings audit
Creditors \$5,000	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries as necessary and maintain creditor request log Prepare correspondence to creditors and their representatives Consider reasonableness of creditor requests Compile information requested by creditors and provide as required
	Secured creditor reporting	Prepare updates and general correspondence to Westpac regarding estimated return on security and second interim distribution Respond to secured creditor's queries as required
	Creditor reports	Finalise and issue Administrators' Report to creditors and Remuneration Report Upload report to the McGrathNicol website, and liaise with creditors as required
	Deal with proofs of debt (POD)	Receive and review PODs from claimants prior to Second Meeting of Creditors Review Proxy Forms ahead of the Second Meeting of Creditors Maintain POD and proxy registers for Second Meeting of Creditors Update POD details in insol6
	Meeting of Creditors	Finalise and issue notices for Second Meeting of Creditors Advertise notice of Second Meeting of Creditors to all known creditors of SKB, and on ASIC platform as required Finalise meeting file and electronic meeting resources to facilitate Second Meeting of Creditors via virtual webinar Liaise with creditors, employees and other stakeholders as required in advance of Second Meeting of Creditors Upload meeting documents and information for creditors to McGrathNicol website Attend and facilitate Second Meeting of Creditors
Employees \$2,000	Employee queries & correspondence	Attend to employee queries in relation to the Second Meeting Issue correspondence to employees regarding the Second Meeting and administrative requirements for attendance
	Calculation of entitlements	Review any updated claims for entitlements if received in advance of Second Meeting
Administration \$2,000	Document maintenance/file review/checklist	Maintain physical and electronic engagement file Finalise Administration file for transition to liquidation appointment
	Bank account administration	Finalise and reconcile Voluntary Administration bank account for transition to liquidation appointment Process and approve payments Liaise with Westpac to obtain pre-appointment bank statements and regular sweep of credit balances from pre-appointment accounts to Administration account Reconcile post-appointment bank statements as necessary

ASIC forms	Consider ASIC forms to be lodged regarding the Voluntary Administration and transition to liquidation
ATO and other statutory reporting	Prepare for finalisation of Voluntary Administration period BAS and transition to liquidation
Finalisation	Prepare for finalisation of Voluntary Administration and transition to Liquidation, including updates to internal checklists, notifications to be issued to statutory authorities and other statutory lodgements
Planning/Review	Discuss status of external administration and transfer to liquidation Hold internal meeting to discuss rolling checklist and statutory lodgements
Books and records/storage	Deal with records in storage Send job files to storage as required

Schedule D – Details of future work of Liquidators

		Future work
Period		17 September to completion
Amount (ex GST)		\$100,000
Task Area	General Description	Tasks
Assets \$15,000	Asset recoveries	Review of intercompany loans receivable and assessing any recoverable transactions and/or balances Prepare and issue letters of demand for any remaining recoverable balance sheet assets Investigate and pursue subrogated claims against related parties should there be any surplus monies available to related parties on the realisation of other guarantor assets subject of Westpac's security
Creditors \$20,000	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries, requests and directions Compile information requested by creditors and respond as necessary Consider reasonableness of creditor information requests and liaise with legal advisors as required Document reasons for not complying with requests or directions as required
	Secured creditor reporting	Liaise secured creditor in relation to final distributions & reporting Liaise with PPSR holders in relation to remaining security interests, if required
	Creditor reports	Prepare Statutory Report to creditors and Remuneration Report (where relevant) within 3 months of appointment of liquidators as necessary Prepare other general reports to creditors if and when required
	Deal with proofs of debt (POD)	Receive and review PODs from claimants Filing PODs as required after Second Meeting Adjudicate PODs as necessary
	Meeting of Creditors	Prepare and lodge minutes of Second Meeting with ASIC Prepare and issue voting outcomes in respect to Second Meeting to creditors in attendance at meeting Respond to creditor and stakeholder queries and questions following meeting of creditors
Employees \$15,000	Fair Entitlements Guarantee (FEG)	Prepare letters to employees advising of their entitlements, options available in the liquidation and availability of FEG Correspond with FEG as required Prepare FEG verification spreadsheet, quotation information and questionnaires as required Liaise with FEG in relation to entitlements as required
	Calculation of entitlements	Finalise calculation of employee entitlements and liaise with legal advisors as required for treatment of certain claims in liquidation scenario Prepare and lodge Superannuation Guarantee Statements with the Australian Taxation Office (ATO) to register the claim for superannuation Liaise with FEG and employees as required in relation to supporting documentation in calculation of claims
	Employee distribution (if required)	Correspond with employees regarding distribution if required Correspond with ATO regarding Superannuation Guarantee Charge POD Calculate and prepare distribution Prepare for and pay a dividend in respect to employee entitlements

Investigation \$30,000	Conduct investigations	Finalise review of potential liquidator recoveries, including date of insolvency, quantum of potential insolvent trading claim, unfair preferences and other voidable transactions Finalise strategy in relation to a pre-appointment legal claim on foot and execute recovery Finalise review of financial statements and company books and records in relation to liquidator recoveries Finalise review of specific transactions and liaise with legal advisors as required Pursue liquidator recovery actions (where applicable and commercial to do so) Finalise Liquidators' investigation file Preparation of supporting information and submission of report to ASIC on Liquidators' investigations pursuant to section 533 of the corporations act Take any further action requested by ASIC (unknown)
Administration \$20,000	Document maintenance/file review/checklist	Conduct first and six month file review for the Liquidation Maintain physical and electronic engagement file Update Liquidation checklists as required
	Bank account administration	Prepare correspondence to update Administration bank account to reflect appointment of Liquidators Request bank statements and perform bank account reconciliations as necessary Correspond with bank regarding specific transfers and investigations as required
	Bank account administration	Finalise and reconcile Voluntary Administration bank account for transition to liquidation appointment Process and approve payments Regular reconciliation of post-appointment bank statements and reports
	ASIC forms	Prepare form 505 for the cessation of the Voluntary Administration of SKB Prepare form 505 for the appointment of Liquidators to SKB Prepare and lodge form 5603 End of Administration return for Voluntary Administration period Correspond with ASIC regarding statutory forms as necessary Seek ASIC consent for early destruction of books and records Apply for de-registration of SKB Prepare and lodge form 5603 End of Administration return for Liquidation period
	ATO and other statutory reporting	Notify of appointment of Liquidators Prepare BAS returns for Liquidation period Reconcile BAS account
	Finalisation	Notify ATO of ceasing to act as Liquidators Cancel ABN/GST/PAYG registration Complete checklists and finalise liquidation
	Planning/Review	Internal discussions regarding status of Liquidation and tasks to finalisation Regular team meetings to discuss rolling checklist and statutory lodgements
	Books and records/storage	Preserve and deal with company records Send job files to storage

Schedule E – Disbursements

		Future disbursements (approve basis to a capped amount)
		If company wound up
		Liquidation disbursements
Period	17 September 2021 to finalisation of liquidation	
Amount (ex GST)	\$1,000	
Disbursement Type	Basis	Basis
Data processing – data loading & processing fee	\$20-\$60 per gigabyte (GB)*, minimum \$3,000 for matters less than 50GB.	\$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. Large matters are priced on application.	\$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	\$0.09 per page
Printing – Colour	\$0.28 per page	\$0.28 per page

* Tiered pricing model depending on volume of data to be hosted.

Costs paid to third parties

Costs paid to third parties are recovered at cost. Creditors are not required to approve these types of costs, but details are provided to account to creditors, including the basis of charging for these types of costs. Creditors are entitled to question the incurring of the costs and can challenge the costs in Court.

The following costs have been paid by McGrathNicol to third parties and relate to the Administration. These amounts will be reimbursed to McGrathNicol at cost from the administration bank account:

Costs paid to third parties for the period 19 April 2021 to 3 September 2021	Amount (\$) (GST exclusive)
Travel	\$2,817.05
Searches	\$1,497.11
Software subscriptions	\$633.17
Data storage	\$396.36
Books & records storage	\$235.96
Parking	\$113.44
Miscellaneous	\$24.09
Total	\$5,717.18

Future costs provided by McGrathNicol will be charged to the external administration on the following basis:

Cost type	Rate (GST exclusive)
Postage	At cost
Stationery and other incidental disbursements	At cost
Conference call phone charges	At cost
Searches	At cost
Advertising	At cost
Courier	At cost
Staff per diem travel allowance*	\$89.00 per day**
Staff vehicle use	\$0.72 per km**
ASIC user pays levy***	At cost

** These rates are deemed reasonable by the Australian Taxation Office.

*** This levy is charged by ASIC and is based on the number of notifiable events in a financial year directly related to this Administration. Notifiable events include notices published on ASIC's published notices website and some documents lodged with ASIC.

Further explanation of data hosting costs

In the conduct of this Administration, we may use McGrathNicol's Forensic Technology team to extract, aggregate, electronically process and/or host electronic data, which could be used for:

- the trade or sale of the business or assets; and/or
- the investigations regarding transactions or potential recoveries available to creditors, in particular the management of legal briefs & relevant company records if required

If data hosting is required and we choose not to use the services of McGrathNicol's Forensic Technology team, we will otherwise have to purchase those services from an alternative provider and/or use another method to achieve the same end, which will not be as efficient as using these available internal services.

We note that the data hosting rates above are no more than our standard commercial pricing available for the same services when they are provided to external parties.

Schedule F – 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 administration and the role they take in the administration. 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.	\$650
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.	\$615
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.	\$600
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.	\$550
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.	\$495
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.	\$450
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.	\$395
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.	\$325
Undergraduate/Cadet	Undertaking relevant degree. Assists with tasks within workstreams and appointments under supervision.	\$190

Title	Description	Hourly rate (excl GST)
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.	\$600
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.	\$445
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.	\$350
Administration	Appropriately experienced and undertakes support activities such as meeting coordination and preparation of materials where it is efficient and appropriate to do so.	\$200

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 G – Summary of receipts and payments

Receipts & Payments for the period 19 April 2021 to 3 September 2021

\$ incl. GST	Total
Receipts	
Cash on appointment	62,009
Revenue	4,547,421
Proceeds from sale of business	3,700,000
Proceeds from stock at settlement	416,661
Other settlement adjustments	61,722
Other asset realisations	42,941
Other receipts	7,308
Advance from secured creditor	115,000
Total receipts	8,953,063
Payments	
Advertising	(14,662)
Wages & on costs	(609,494)
Superannuation	(35,804)
Cost of sales	(3,392,633)
Cleaning	(16,481)
Equipment hire	(3,299)
Bank fees and costs	(17,742)
Rent & outgoing	(310,279)
Distribution to secured creditors	(2,965,410)
GST paid	(24,499)
Insurance	(53,399)
Security	(27,184)
Repairs & maintenance	(37,037)
Costs of realisation	(118,593)
Consulting expenses	(74,530)
Legal fees	(224,379)
ROT Settlements	(7,212)
Other	(3,897)
Total payments	(7,936,534)
Total	1,016,528