

**Insolvency Practice Rules (Corporations) 2016  
Rules 70-35 and 75-130  
REMUNERATION APPROVAL REQUEST REPORT  
FOR TIME COSTS RELATING TO THE PRESERVATION AND SECURING OF  
COMPANY'S ASSETS**

**FORUM GROUP PTY LTD (IN LIQUIDATION)  
ACN 153 336 997  
("the Company")**

This remuneration report provides you with the information you need to be able to make an informed decision regarding the approval of our remuneration for undertaking the Administration of the Company.

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Creditors' requirements for meeting of creditors

You should read this report and the other documentation that have been sent to you and attend the meeting of creditors in order to voice your opinion by casting your vote on the resolutions put to the meeting. The meeting will also give you an opportunity to ask any questions that you may have.

Alternatively, should you be unable to attend the meeting, you may also appoint a representative to attend on your behalf by lodging a proxy form (i.e the Chairperson). Lodging a specific proxy form allows you to specify how your proxy must vote. Lodging a general proxy form allows your representative to choose how your vote is exercised. Creditors should direct all forms and queries in respect to the meeting to McGrathNicol's office.

## Part 1: Declaration

We, Domenic Calabretta and Grahame Ward, of Mackay Goodwin, have undertaken a proper assessment of this remuneration claim for our appointment as Administrators of the Company in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the Administration.

## Part 2: Executive Summary

At the initial meeting of creditors held on 22 July 2021, creditors resolved that Kathy Sozou, Jason Ireland and Jason Preston of McGrathNicol replace us as Administrators. This report has been prepared as a part of McGrathNicol's Statutory Report to Creditors.

Creditors are advised that Domenic Calabretta, Thyge Trafford-Jones and Grahame Ward of Mackay Goodwin are herein commonly referred to as 'the Administrators' throughout this remuneration report which is in respect to our time costs incurred during the Administration period.

**We hereby claim a lien on the funds to the extent of the remuneration time costs incurred in relation to collecting and preserving the assets of the Company, predominantly being the goodwill and business of the Company. This is in line with the Universal Distributing Principle in *Universal Distributing Company Limited (In Liquidation) (1933)* 48 CLR 171. This includes time costs incurred in the categories of:**

- Assets
- Sale of business
- Trade on
- Insurance
- Employees (as they were required in trading on and the preservation of the business operations).

Creditors should note that any queries in respect to the Meeting of Creditors or the Statutory Report to Creditors are to be directed to McGrathNicol. Any queries in respect to this remuneration report prepared by us is to be directed to Thanatorn Phadermchit of Mackay Goodwin at [tphadermchit@mackaygoodwin.com.au](mailto:tphadermchit@mackaygoodwin.com.au).

Remuneration currently claimed is summarised below:

Period	Report Reference	Amount (\$) (excluding GST)
Voluntary Administration		
Resolution 1 – 8 July 2021 to 22 July 2021	3.1.1	281,117.50
<b>Total - Voluntary Administration</b>		<b>281,117.50</b>

Please refer to report section references detailed in the above table for full details of the calculation and composition of the remuneration approval sought.

## Part 3. Remuneration

### 3.1 Remuneration claim resolutions

#### 3.1.1 Resolution 1 – 8 July 2021 to 22 July 2021

*“That the remuneration of the Administrators, their partners and staff incidental to the collecting, securing and preserving the Company’s assets from 8 July 2021 to 22 July 2021 be approved up to a maximum amount of \$281,117.50 plus GST, calculated in accordance with the Mackay Goodwin hourly rates as attached and that the Administrators be authorised to draw the remuneration as required.”*

### 3.2 Details of remuneration

The basis of calculating the remuneration claims, the details of the major tasks performed, and the costs associated with each of those major tasks are contained below.

#### 3.2.1 Resolution

The below table sets out time charged to each major task area by staff members working on the Administration for the periods 8 July 2021 to 22 July 2021 which is the basis of the Resolution 1 claim. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are detailed below.

Task Area	General Description	Includes
Assets:  Hours: 247.60 Cost: \$169,810.00	Cash at Bank	Liaising with financial institutions regarding freezing of pre-appointment bank accounts and obtaining bank statements. Liaising with banking institutions in relation to the balance of funds held in the Company’s pre-appointment bank accounts Review of management account linked bank statements.
	Debtors	Review debtors as per Company records and assess recoverability. Identification of possible collectible pre-appointment debtors Correspondence with Receivers regarding pre-appointment debtors Meeting with receivers regarding ownership of debtors

	Plant and Equipment	<p>Liaising with Company staff in relation to the Company’s plant and equipment.</p> <p>Review of the plant and equipment ledger.</p> <p>Meetings with receivers regarding ownership of plant and equipment</p> <p>Liaise with valuer regarding stocktake and valuation of company plant and equipment.</p> <p>Liaise with valuer regarding the collection of company equipment</p> <p>All tasks associated with securing plant and equipment.</p>
	Motor Vehicle	<p>Liaising with the Roads and Maritime Services (“RMS”) and VicRoads with respect to current and historical motor vehicle searches.</p> <p>Liaising with valuer regarding the valuation and collection of motor vehicles</p>
	Stock	<p>Liaising with Company staff regarding stock on hand and locations.</p> <p>Review of stock ledger and its value.</p> <p>Dealing with warehouse operator with respect to the release of stock</p> <p>Dealing with the receiver regarding the ownership of stock</p> <p>All tasks associated with securing stock.</p>
	Sale of Business as a Going Concern	<p>Preparation of confidentiality agreement.</p> <p>Liaising with Xclusive Business Sales as the agent to facilitate the sales campaign.</p> <p>Preparation of information to be provided to prospective purchasers.</p> <p>Review and internal discussions in respect to offers from prospective purchasers.</p> <p>Generate reports associated with the sale of business</p> <p>Organise data room</p> <p>Attending to the negotiation for the sale of business.</p> <p>Attending to the settlement and sale of the business.</p>
	Other Assets	<p>All tasks associated with identifying other assets.</p>

<p><b>Trade On</b> Hours: 153.20 Cost: \$89,371.00</p>	<p>Trade on Management</p>	<p>Liaising with Management and Staff. Attendance on site. Issue correspondence to all utility providers advising of the Administrators appointment and continuing trade. Liaising with suppliers to facilitate the setup of new accounts. Prepare exposure statements. Dealing with NAB regarding releasing of funds to meet wages Attend to the payment of wages as required. Prepare cheque requisitions in relation to trading expenses. Authorisation in relation to trading expenses and employee wages. Internal meetings regarding ongoing trade of the Company. Preparing trading statement. Authorising payments to suppliers. Issue correspondence to creditors regarding the company status. Liaising with superannuation funds regarding contributions and reconciliation of liabilities. Continue to monitor the Company's operations. Discussions in respect to the Company's trading position. Liaising with the Company's staff in relation to payment of trading liabilities. Continue to update cash flows and exposure statement as required. Continued to provide updates as required.</p>
	<p>Processing Receipts and Payments</p>	<p>Entering receipts and payments into accounting systems.</p>
	<p>Budgeting and Financial Reporting</p>	<p>Reviewing Company's budgets and financial statements. Preparing cash flow spreadsheet and discussions with Company key staff and accountants. Maintaining cash flow spreadsheet.</p>
<p><b>Employees</b> Hours: 39.90 Cost: \$21,390.50</p>	<p>Employee Enquiries</p>	<p>Receive and return employee enquiries via telephone and email. Maintain employee enquiry register. Review and prepare correspondence to creditors and their representatives via facsimile, email and post</p>

	FEG	Liaising with FEG in respect to a potential funding of trade on operations to preserve employees' jobs and entitlements
	Employee Claims	Liaising with Company staff and former employees in relation to outstanding employee entitlements and PODs received.
<b>Administration</b> Hours: 0.80 Cost: \$546.00	Insurance	Identification of potential issues requiring attention of insurance specialists. Correspondence with Insurer regarding initial and ongoing insurance requirements. Liaising with insurance brokers regarding insurance coverage and lodgement of forms and insurance providers.



### 3.3 Likely impact on dividends

We note the following with respect to the dividend:

- Pursuant to Section 556 of the Corporations Act 2001 (“the Act”), the Administrators have priority over all claims of creditors with respect to their remuneration incurred.
- The work the Administrators are entitled to be remunerated for in accordance with the Act is necessary to ensure the greatest possible return to creditors.
- Creditors should refer to details of a likelihood of dividend as detailed in the statutory report to creditors issued by McGrathNicol.

### 3.4 Remuneration recovered from external sources

We have not been provided with any upfront payments or indemnity for the conduct of this Voluntary Administration

#### Part 4: Disbursements

Disbursements are divided into three (3) types:

- A Externally provided professional services - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- B1 Externally provided non-professional costs - these are recovered at cost. Examples of externally provided non-professional costs are travel, accommodation and search fees.
- B2 Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis. Details of the basis of recovery of each of these costs is discussed below.

We are required to seek creditor approval for disbursement types A and B1, but must provide a full summary of account of disbursements to creditors. We must be satisfied that these disbursements are appropriate, justified and reasonable.

We are required to seek creditor approval prior to the payment of internal disbursements (B2) where there may be a profit or advantage. Creditors will be asking to approve our internal disbursements where there is a profit or advantage prior to these disbursements being paid in the Administration.



#### Part 5: Report on Progress of the Administration

This remuneration report should be read in conjunction with the McGrathNicol's Statutory Report to Creditors which outlines the progress of the external administration.

#### Part 6: Summary of Receipts and Payments

A summary of the Administrators' receipts and payments made up to 22 July 2021 is attached.

#### Part 7: Queries

If you have any queries in relation to the information in this report, please contact Thanatorn Phadermchit of Mackay Goodwin via email at [tphadermchit@mackaygoodwin.com.au](mailto:tphadermchit@mackaygoodwin.com.au). Any queries in respect to the statutory report or the progress of the external administration should be directed to McGrathNicol.

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

- ARITA at [www.arita.com.au/creditors](http://www.arita.com.au/creditors); and
- ASIC at [www.asic.gov.au](http://www.asic.gov.au) (search for "insolvency information sheets").

#### Part 8: Approval of remuneration and internal disbursements

As previously mentioned throughout this report, the resolutions will be put forward at the meeting of creditors. Please refer to the notice of meeting enclosed with McGrath Nicol's Statutory Report to Creditors for information regarding the meeting to be convened and the resolutions which will be put forward for creditor approval.

Dated this 26<sup>th</sup> day of October 2021



**DOMENIC CALABRETTA**  
**FORMER JOINT AND SEVERAL ADMINISTRATOR**

**FORUM GROUP PTY LTD**  
**(Administrators Appointed)**  
**Joint and Several Administrators' Summary of Receipts and Payments**  
**To 22 July 2021**

<b>RECEIPTS</b>	<b>Total (AUD)</b>
Cash at Bank	459,239.21
Goodwill	394,847.50
Novated Leases Payable	2,310.23
Superannuation Payable	39,486.98
GST Payable	39,484.75
	<hr/>
	935,368.67
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<b>PAYMENTS</b>	
Superannuation	38,063.98
Wages & Salaries	421,175.23
Withholding Tax (PAYG)	(109,013.00)
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Balances in Hand	350,226.21
	585,142.46
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	935,368.67
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Title	Description	Hourly Rate (excl GST)
Appointee	Registered liquidator. Brings his or her specialist skills to the administration or insolvency task.	\$750
Director / Consultant	Typically CA/CPA or ARITA qualified with significant restructuring experience.	\$675
Senior Manager	Typically more than 7 years' insolvency experience, more than 3 years as a manager, qualified accountant. Answerable to the appointee but otherwise responsible for all aspects of administration.	\$620
Manager	Typically 6-7 years, qualified accountant, with well-developed technical and commercial skills.	\$525
Supervisor	Typically 4-6 years, CA/CPA or ARITA complete. Assists planning and control of medium to larger jobs.	\$480
Senior Analyst 1	Typically completed or near completion of CA, CPA or ARITA qualifications with 3-5 years insolvency experience. Assists in planning and control of smaller matters as well as performing more difficult tasks on larger matters.	\$375
Senior Analyst 2	Typically CA/CPA would normally be commenced during this period, with 1-2 years insolvency experience. Required to control the fieldwork on small jobs and is responsible for assisting complete fieldwork on medium to large jobs.	\$350
Analyst 1	Typically, would have qualifications with insolvency experience. Works under supervision of more senior staff in performing day-to-day field work. 0-2 years insolvency experience.	\$290
Analyst 2	Trainee undertaking a business related degree or newly qualified graduate. Required to assist in day-to-day fieldwork under supervision of more senior staff. 0-1 years insolvency experience.	\$270
Clerical Assistant	Administration staff supporting professional staff	\$290
Junior Analyst	Junior staff member who has completed or near completion of a university degree. Works under supervision of more senior staff in performing Day-to-day field work	\$240
Secretary	Appropriate secretarial skills	\$190