

11 October 2021



# Remuneration Approval Report

A.C.N. 004 817 323 PTY LTD  
(IN LIQUIDATION)  
ACN 004 817 323

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## Summary

This remuneration approval report provides you with the information that the Corporations Act 2001 (the “Act”) and the Code of Professional Practice published by the Australian Restructuring Insolvency and Turnaround Association (“ARITA”) requires creditors to receive to make an informed decision regarding the approval of our remuneration for undertaking the Liquidation of A.C.N. 004 817 323 Pty Ltd (In Liquidation) (formerly known as Laura Ashley (Australia) Pty Ltd ACN 004 817 323 (the “Company”).

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

Liquidation Period	Remuneration (excl GST)	Disbursements (excl GST)
3 October 2020 to 30 September 2021	\$608,854.45	\$26,499.75

Creditors have previously approved our remuneration and disbursements as follows:

Voluntary Administration Period	Remuneration (excl GST)	Disbursements (excl GST)
7 January 2016 to 29 February 2016	\$998,570.00	
1 March 2016 to 30 April 2016	\$550,000.00	
1 May 2016 to 13 May 2015	\$118,904.00	
14 May 2016 to 15 June 2016	\$335,432.50	
16 June 2016 to 30 June 2016	\$100,000.00	
<b>Total Voluntary Administration Period</b>	<b>\$2,102,906.50</b>	
Liquidation Period	Remuneration (excl GST)	Disbursements (excl GST)
30 June 2016 to 29 September 2016	\$300,000.00	
3 October 2016 to 5 September 2017	\$540,496.50	
6 September 2017 to 1 October 2018	\$300,000.00	
2 August 2018 to 2 October 2020	\$331,938.50	\$21,214.00
<b>Total Liquidation Period</b>	<b>\$1,472,435.00</b>	<b>\$21,214.00</b>

The total combined cost of the Liquidation is presently \$1,472,435.00 excluding GST. We estimate that the total combined cost of the Liquidation will be \$2.5 million plus GST. This estimate includes the current approval amount being sought of \$608,854.45 plus GST for current and any further approval for future fees. This is subject to any further unforeseen investigations that may be required to prosecute the insolvent trading claim. This estimate differs to the estimate of costs provided in our previous remuneration approval report of 12 October 2020, which estimated a cost of the Liquidation of \$2 million plus GST. This is a result of further investigations into the financial affairs of the Company, including the insolvent trading proceedings against the Director, which are detailed below.

We expect that there will be future approval requests for remuneration post 1 October 2021. As the liquidation progresses, we will advise creditors and we may seek approval of further remuneration and provide details on the remuneration requested. Matters that may affect the progress and the cost of the liquidation are the formal legal proceedings of the insolvent trading claim.

At this stage, based on the information presently available to us, we consider that it may be necessary to convene a further meeting of creditors to seek further approval from creditors. However, this position may change depending on the progress of the external administration and the issues that may arise during the insolvent trading proceedings.

## Declaration

I, Ross Blakeley, of FTI Consulting, have undertaken a proper assessment of the claims for remuneration for the appointment of myself and Mr John Park as Liquidators of the Company in accordance with the law and applicable professional standards. I am satisfied that the remuneration and disbursements claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of this appointment and further, that the disbursements that have been incurred in the conduct of the external administration are necessary and proper.

## Remuneration sought

The remuneration we are asking creditors to approve is summarised as follows:

For	Period	Amount \$ (excl GST)	Applicable rates	Timing of payment
Work already completed	3 October 2020 to 30 September 2021	Total time incurred of \$633,415.00, but say \$608,854.45	Provided in Schedule G	Immediately
<b>Total</b>		<b>\$608,854.45</b>		

Note that the total remuneration incurred between 3 October 2020 to 30 September 2021 was \$633,415.00 plus GST however the total remuneration being sought is \$608,854.45 plus GST. The Liquidators are not claiming fees of \$24,560.55 plus GST due to certain inefficiencies during the document discovery process.

The remuneration being sought includes both Corporate Finance & Restructuring time and Technology time, as detailed below. The schedules attached to this report split out the fees accordingly.

FTI Team	Period	Amount \$ (excl GST)
Corporate Finance & Restructuring	3 October 2020 to 30 September 2021	\$606,635.00, but say \$582,074.45
Technology	3 October 2020 to 30 September 2021	\$26,780.00
<b>Total</b>		<b>\$608,854.45</b>

Details of the work already done by us and our staff members are enclosed at **Schedule A**.

**Schedule B** includes a breakdown of time spent by staff members on each major task for work we and our staff have already done.

Actual resolutions to be put to the meeting are included at **Schedule D** for your reference. These resolutions also appear in the proxy form for the meeting form provided to you.

## Disbursements

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 the attached Receipts and Payments.

We are required to obtain creditors' consent for the payment of a disbursement where we, or a related entity, may directly or indirectly obtain a profit.

For more information about disbursements, please refer to the explanatory note in the Remuneration Approval Report sent to you on 12 October 2020.

The disbursements we would like creditors to approve are as follows:

For	Period	Amount \$ (excl GST)
Disbursements already incurred	3 October 2020 to 30 September 2021	\$26,499.75
<b>Total</b>		<b>\$26,499.75</b>

Details of the disbursements incurred are included at **Schedule C**. Actual resolutions to be put to the meeting are also included at **Schedule D**. These resolutions also appear in the proxy form for the meeting/proposal form provided to you.

## Previous remuneration approvals

The following remuneration approvals have previously been provided by creditors:

### Voluntary Administration

Period	For	Approving body	Approved amount \$	Amount paid \$
7 January 2016 to 29 February 2016	Work already completed	Creditors	\$998,570.00	\$994,564.00
1 March 2016 to 30 April 2016	Work already completed	Creditors	\$550,000.00	\$550,000.00
1 May 2016 to 13 May 2015	Work already completed	Creditors	\$118,904.00	\$118,904.00

14 May 2016 to 15 June 2016	Work already completed	Creditors	\$335,432.50	\$335,432.00
16 June 2016 to 30 June 2016	Work already completed	Creditors	\$100,000.00	\$100,000.00
<b>Total Voluntary Administration remuneration previously approved</b>			<b>\$2,102,906.50</b>	<b>\$2,098,900.00</b>
30 June 2016 to 29 September 2016	Work already completed	Creditors	\$300,000.00	\$300,000.00
3 October 2016 to 5 September 2017	Work already completed	Creditors	\$540,496.50	\$540,496.50
6 September 2017 to 1 October 2018	Work already completed	Creditors	\$300,000.00	\$300,000.00
2 August 2018 to 2 October 2020	Work already completed	Creditors	\$331,938.50	\$331,918.00
<b>Total Liquidation remuneration previously approved</b>			<b>\$1,472,435.00</b>	<b>\$1,472,414.50</b>

We are now seeking approval of a further \$608,854.45 in remuneration which will bring total remuneration claimed for the Liquidation to \$2,081,289.45.

## Likely impact on dividends

The impact of approving the Liquidators' remuneration and internal disbursements is that it will reduce the potential amount available to be distributed to creditors.

The Act sets the order for payment of claims against the Company and it provides for remuneration of the Liquidators to be paid in priority to other claims. This ensures that when there are sufficient funds, the Liquidators receive payment for the work done to recover assets, investigate the Company's affairs, report to creditors and ASIC and distribute any available funds.

The Liquidators expect to pay a partial dividend to section 556(1)(e) priority creditors (i.e. employee claims) and will determine the precise timing of this dividend in due course. In accordance with the priority provisions in section 556 of the Act, these funds will, in the first instance and after allowing for the costs of the Liquidation, be applied towards outstanding employee superannuation.

The prospects of ordinary unsecured creditors receiving a dividend are dependent on all employee entitlements, together with the costs of the liquidation (including amounts repayable to the Commonwealth under the Funding Agreement, legal costs and the Liquidators' remuneration) being paid in full. Accordingly, the prospects of a return to unsecured creditors is largely dependent on the success of the insolvent trading claim.

The Liquidators estimate that claims in respect of employee entitlements will be approximately \$4.8 million. Any proceeds from the insolvent trading claim, along with the cash currently available in the Liquidation, will be

applied first to employee creditors (after allowing for the costs of the Liquidation). Any surplus funds will be distributed to unsecured creditors.

In the event that we are in a position to declare a dividend, any creditor whose claim has not yet been admitted will be invited to submit a proof of debt. This formalises your claim in the Liquidation and is used to determine all claims against the Company.

## Funding received for remuneration and disbursements

The Attorney-General's Department ("AGD") has agreed to provide the Liquidators funding for the purposes of the Liquidators carrying out the insolvent trading claim against the Company's Director ("**Insolvent Trading Proceedings**"), and, if required, make a claim against AIG Australia Limited, as insurer of the Company's Director ("**Insurance Proceedings**").

Given the commercial sensitivity regarding the funding arrangement, the funding that may be made available by the AGD to the Liquidators is withheld. Further details regarding the funding agreement was provided in the Liquidators' report to creditors dated 12 October 2020. A summary of the costs which the AGD have approved and paid to date is detailed below. All amounts are inclusive of GST and are paid in arrears.

Scope	Total
Liquidators' Fees and Disbursements	469,013.32
Legal Fees	433,179.98
Counsel's Fees	24,338.33
<b>Total</b>	<b>926,531.63</b>

While the AGD has indemnified the above payments, the Liquidators have not drawn any of their fees or disbursements in connection with these indemnities and will only do so once they are approved by creditors. These receipts have also been included in the summary of the receipts and payments as at 30 September 2021 enclosed at **Schedule F** to this report.

## Summary of receipts and payments

A summary of the receipts and payments for the Liquidation as at 30 September 2021 is enclosed at **Schedule F** to this report.

An annual administration return was lodged with ASIC on 27 August 2021 which also provides information on the conduct of the administration.

## Queries

Further supporting documentation for our remuneration claim can be provided to creditors on request.

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)

- ASIC at [www.asic.gov.au](http://www.asic.gov.au) (search for INFO 85).

If you have any queries in relation to the information in this report, please contact Ms Serene Lai of this office on (03) 9604 0600 or by email at [LauraAshleyCreditors@fticonsulting.com](mailto:LauraAshleyCreditors@fticonsulting.com).

Yours faithfully



**Ross Blakeley**  
**Liquidator**  
Enc.

**Attachments:**

Schedule A – Details of work

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

Schedule C – Disbursements

Schedule D – Resolutions

Schedule E – Explanation where remuneration previously approved

Schedule F – Summary of receipts and payments

Schedule G – FTI Consulting schedule of rates effective 1 April 2020 – Corporate Finance & Restructuring  
FTI Consulting schedule of rates – Technology



## Schedule A

### Details of work – Corporate Finance & Restructuring

Task area/General description	Work already done
Period	3 October 2020 to 30 September 2021
<b>Amount \$ (excl GST)</b>	<b>\$606,635.00</b>
<b>Creditors</b>	<b>133.70 hours</b> <b>\$60,251.00</b>
Creditor Enquiries, Requests & Directions	<ul style="list-style-type: none"> <li>■ Receive and respond to creditor enquiries</li> <li>■ Maintaining creditor request log</li> <li>■ Review and prepare correspondence to creditors and their representatives</li> <li>■ Compiling information requested by creditors</li> </ul>
Creditor reports	<ul style="list-style-type: none"> <li>■ Preparing report to creditors</li> </ul>
Dealing with proofs of debt	<ul style="list-style-type: none"> <li>■ Receipting, filing and updating POD when not related to a dividend</li> <li>■ Corresponding with OSR and ATO regarding POD when not related to a dividend</li> <li>■ Correspondence with creditors requesting additional information relating to their POD</li> </ul>
Meeting of Creditors	<ul style="list-style-type: none"> <li>■ Preparation of meeting notices, proxies and advertisements</li> <li>■ Forward notice of meeting to all known creditors</li> <li>■ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting</li> <li>■ Preparation and lodgement of minutes of meetings with ASIC</li> <li>■ Responding to stakeholder queries and questions immediately following meeting</li> </ul>
<b>Employees</b>	<b>0.50 hours</b> <b>\$504.00</b>
Employee enquiries	<ul style="list-style-type: none"> <li>■ Receive and follow up employee enquiries via telephone and email</li> <li>■ Maintain employee enquiry register</li> </ul>

Task area/General description	Work already done
FEG	<ul style="list-style-type: none"> <li>■ Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> <li>■ Correspondence with FEG</li> </ul>
<b>Investigations</b>	<p><b>1,264.20 hours</b></p> <p><b>\$517,604.00</b></p>
Insolvent Trading Proceedings	<ul style="list-style-type: none"> <li>■ Reviewing and assessing solvency position of the Company</li> <li>■ Compiling evidence in support of solvency position</li> <li>■ Reviewing in excess of 300,000 physical and electronic documents in relation to the Insolvent Trading Proceeding and collating evidence identified in support of the statement of claim and solvency position of the Company</li> <li>■ Reviewing creditor claims and quantifying insolvent trading claim</li> <li>■ Assessing Director’s financial position</li> <li>■ Reviewing insurance policy and liaising with insurer regarding policy</li> <li>■ Internal meetings to discuss and assess claim</li> <li>■ Liaising with solicitor regarding insolvent trading claim</li> <li>■ Finalising funding agreement and liaising with litigation funder</li> <li>■ Preparing and filing appropriate various court material regarding formal legal proceedings</li> <li>■ Filing affidavit material with the Court addressing the state of the Company's books and records, the Company's financial position, the Director's knowledge of the Company's financial position and the Liquidators' opinion regarding the Company's solvency</li> <li>■ Filing a further affidavit with the Court providing evidence of the debts incurred by the Company during the Relevant Period to its 47 largest creditors totalling approximately \$8.3m</li> <li>■ Preparing and filing a comprehensive expert report and supporting annexures with the Court addressing the Company’s insolvency during the Relevant Period</li> <li>■ Filing affidavits sworn by key former staff providing evidence as to the manner in which the Company was recording its financial transactions</li> <li>■ Filing affidavits obtained from three (3) major creditors evidencing the debts incurred to those creditors by the Company during the Relevant Period</li> <li>■ Filing a Notice to Admit Facts and Documents in which the Liquidators requested that the Defendant admit each of the debts that were incurred the by Company to its 47 largest creditors</li> <li>■ Corresponding with key former stakeholders to assist in providing evidence with regards to the proceedings</li> </ul>
<b>Administration</b>	<p><b>83.70 hours</b></p> <p><b>\$28,528.00</b></p>

Task area/General description	Work already done
Correspondence	<ul style="list-style-type: none"> <li>■ General correspondence with various parties</li> </ul>
Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>■ Six-monthly administration reviews</li> <li>■ Filing of documents</li> <li>■ File reviews</li> <li>■ Updating checklists</li> </ul>
Funds handling	<ul style="list-style-type: none"> <li>■ Preparing receipts and payments</li> <li>■ Entering receipts and payments into accounting system</li> <li>■ Requesting bank statements</li> <li>■ Bank account reconciliations</li> <li>■ Correspondence with bank regarding specific transfers</li> </ul>
ASIC Forms and lodgements	<ul style="list-style-type: none"> <li>■ Preparing and lodging ASIC forms including 5602, 5011</li> <li>■ Correspondence with ASIC regarding statutory forms</li> </ul>
ATO and other statutory reporting	<ul style="list-style-type: none"> <li>■ Preparing quarterly BAS</li> </ul>
Planning / Review	<ul style="list-style-type: none"> <li>■ Discussions regarding status of administration</li> </ul>
ADG funding and reporting	<ul style="list-style-type: none"> <li>■ Preparation of monthly invoice for Liquidators' fees and disbursements</li> <li>■ Review of time incurred for reasonableness and efficiency</li> <li>■ Submission of payment requests for Liquidator's fees and disbursements</li> <li>■ Submission of payment requests for solicitor's fees and disbursements</li> <li>■ Monthly update to ADG</li> <li>■ Recording of invoices submitted and paid</li> <li>■ General correspondence with representatives of ADG</li> </ul>

## Details of work – Technology

Task area/General description	Work already done
Period	3 October 2020 to 30 September 2021
<b>Amount \$ (excl GST)</b>	<b>\$26,780.00</b>
<b>Investigations</b>	<b>71.50 hours</b>
	<b>\$26,780.00</b>
Insolvent Trading Proceedings	<ul style="list-style-type: none"> <li>■ Transfer of documents and emails from former company servers onto e-discovery platform</li> <li>■ Data collection and upload onto platform</li> <li>■ Processing of electronic documents</li> <li>■ Building search functions to assist with document discovery process</li> <li>■ General day-to-day maintenance of e-discovery platform</li> </ul>

## Schedule B

### Time spent by staff on each major task (work already done) – Corporate Finance & Restructuring

Position	\$ /hour (excl GST)	Total actual hours	Total \$ (excl GST)	Task Area							
				Creditors		Employees		Investigation		Administration	
				Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Ross Blakeley, Senior Managing Director	\$ 720	34.20	\$ 24,624.00	5.60	\$ 4,032.00	0.00	\$ -	28.30	\$ 20,376.00	0.30	\$ 216.00
Managing Director	\$ 660	33.50	\$ 22,110.00	0.00	\$ -	0.00	\$ -	33.50	\$ 22,110.00	0.00	\$ -
Senior Director	\$ 580	144.60	\$ 83,868.00	13.80	\$ 8,004.00	0.30	\$ 174.00	128.30	\$ 74,414.00	2.20	\$ 1,276.00
Director	\$ 520	110.70	\$ 57,564.00	19.00	\$ 9,880.00	0.00	\$ -	86.70	\$ 45,084.00	5.00	\$ 2,600.00
Senior Consultant II	\$ 470	261.60	\$ 122,952.00	42.00	\$19,740.00	0.00	\$ -	210.00	\$ 98,700.00	9.60	\$ 4,512.00
Consultant II	\$ 390	140.40	\$ 54,756.00	28.00	\$10,920.00	0.20	\$ 78.00	108.40	\$ 42,276.00	3.80	\$ 1,482.00
Consultant I	\$ 360	136.60	\$ 49,176.00	0.00	\$ -	0.00	\$ -	136.30	\$ 49,068.00	0.30	\$ 108.00
Associate II	\$ 335	201.10	\$ 67,368.50	7.50	\$ 2,512.50	0.00	\$ -	176.90	\$ 59,261.50	16.70	\$ 5,594.50
Associate I	\$ 300	405.20	\$ 121,560.00	15.80	\$ 4,740.00	0.00	\$ -	352.10	\$105,630.00	37.30	\$11,190.00
Administration 2	\$ 220	0.20	\$ 44.00	0.00	\$ -	0.00	\$ -	0.00	\$ -	0.20	\$ 44.00
Administration I	\$ 185	11.50	\$ 2,127.50	0.50	\$ 92.50	0.00	\$ -	3.70	\$ 684.50	7.30	\$ 1,350.50
Intern	\$ 220	1.50	\$ 330.00	1.50	\$ 330.00	0.00	\$ -	0.00	\$ -	0.00	\$ -
Accounts Services Assistant	\$ 155	1.00	\$ 155.00	0.00	\$ -	0.00	\$ -	0.00	\$ -	1.00	\$ 155.00
<b>Total (ex GST)</b>			<b>\$ 606,635.00</b>		<b>\$60,251.00</b>		<b>\$ 252.00</b>		<b>\$517,604.00</b>		<b>\$28,528.00</b>
<b>GST</b>			<b>\$ 60,663.50</b>								
<b>Total (Incl GST)</b>			<b>\$ 667,298.50</b>								
<b>Total hours</b>		<b>1482.10</b>		<b>133.70</b>		<b>0.50</b>		<b>1264.20</b>		<b>83.70</b>	
<b>Avg hourly rate (ex GST)</b>			<b>\$ 409.31</b>		<b>\$ 450.64</b>		<b>\$ 504.00</b>		<b>\$ 409.43</b>		<b>\$ 340.84</b>

## Time spent by staff on each major task (work already done) – Technology

The below table sets out work performed by FTI Consulting's Technology Department for the period 3 October 2020 to 30 September 2021 calculated at the FTI Consulting Schedule of Rates – Technology with respect to services incurred in relation to the online hosting of the Company's records, and these internal professional fees are included as part of the Liquidators' remuneration.

Note that the time incurred in relation to the online hosting of the Company's records have been calculated at the FTI Consulting Schedule of Rates – Technology rather than the standard rates due to the skills, experience and expertise of the staff performing these services is fundamentally different from the services otherwise provided in the liquidation, resulting in a different schedule of rates being charged.

Position	\$/hour (excl GST)	Non-Insolvency Services	
		Technology	
		Hrs	\$
Managing Director	\$ 500	1.30	\$ 650.00
Senior Director	\$ 400	24.00	\$ 9,600.00
Director	\$ 400	4.70	\$ 1,880.00
Senior Consultant II	\$ 360	29.90	\$ 10,764.00
Consultant	\$ 335	11.60	\$ 3,886.00
<b>Total (ex GST)</b>			<b>\$ 26,780.00</b>
<b>GST</b>			<b>\$ 2,678.00</b>
<b>Total (Incl GST)</b>			<b>\$ 29,458.00</b>
<b>Total hours</b>		<b>71.50</b>	
<b>Avg hourly rate (ex GST)</b>			<b>\$ 374.55</b>

## Schedule C – Disbursements

	Total disbursements already incurred	Disbursements already incurred requesting creditors' approval
Period	3 October 2020 to 30 September 2021	3 October 2020 to 30 September 2021
<b>Total Amount \$ (excl GST)</b>	<b>\$28,460.96</b>	<b>\$26,499.75</b>
Data charges	<ul style="list-style-type: none"> <li>■ SAI Global Property Division Pty Ltd electronic searches</li> </ul>	<ul style="list-style-type: none"> <li>■ N/A</li> </ul>
Delivery & courier	<ul style="list-style-type: none"> <li>■ Delivery charges for delivery of old books and records</li> </ul>	<ul style="list-style-type: none"> <li>■ N/A</li> </ul>
Travel reimbursements	<ul style="list-style-type: none"> <li>■ Parking, tolls and travel reimbursements</li> </ul>	<ul style="list-style-type: none"> <li>■ N/A</li> </ul>
Technology charges	<ul style="list-style-type: none"> <li>■ Online hosting fees of \$35.00 per GB per month</li> <li>■ Processing inbound native files of \$175.00 per GB</li> <li>■ Email data and server searches and extractions</li> <li>■ Data collection charges</li> <li>■ Third party storage charges</li> </ul>	<ul style="list-style-type: none"> <li>■ Online hosting fees of \$35.00 per GB per month</li> <li>■ Processing inbound native files of \$175.00 per GB</li> <li>■ Email data and server searches and extractions</li> <li>■ Data collection charges</li> <li>■ Third party storage charges</li> </ul>

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Classification	Type	Total disbursements \$ (excl GST)	Total disbursements requiring creditor approval \$ (excl GST)
<b>External Non-Professional Fees</b>	Third party storage charges	930.27	-
	Parking, tolls and travel reimbursements	337.50	-
	Electronic searches fees	25.50	-
	Delivery charges for delivery of old books and records	667.94	-
<b>Internal Non-Professional Fees</b>	Technology - Online hosting charges	18,292.25	18,292.25
	Technology - Processing inbound native files	8,207.50	8,207.50
<b>Total</b>		<b>\$ 28,460.96</b>	<b>\$ 26,499.75</b>



## **Schedule D – Resolutions**

### **Resolution 1 – Remuneration for Corporate Finance & Restructuring from 3 October 2020 to 30 September 2021**

“That the remuneration of the Liquidators of A.C.N. 004 817 323 Pty Ltd (In Liquidation) ACN 004 817 323, their partners and staff, for the period 3 October 2020 to 30 September 2021, calculated at the hours spent at the rates detailed in the FTI Consulting Schedule of Standard Rates dated 1 April 2020, is approved for payment in the amount of \$582,074.45, exclusive of GST, and can be drawn from available funds immediately or as funds become available.”

### **Resolution 2 – Remuneration for Technology from 3 October 2020 to 30 September 2021**

“That the remuneration of the Liquidators of A.C.N. 004 817 323 Pty Ltd (In Liquidation) ACN 004 817 323, their partners and staff, for the period 3 October 2020 to 30 September 2021, with respect to services for the online hosting of records, be calculated at the hours spent at the rates detailed in the Schedule of FTI Consulting Schedule of Rates – Technology, is approved for payment in the amount of \$26,780.00, exclusive of GST, and can be drawn from available funds immediately or as funds become available.”

### **Resolution 3 – Disbursements from 3 October 2020 to 30 September 2021**

“The cost of the internal disbursements of the Liquidators of A.C.N. 004 817 323 Pty Ltd (In Liquidation) ACN 004 817 323, for the period 3 October 2020 to 30 September 2021 be calculated at the rates set out in the Schedule of FTI Consulting Disbursement Rates and is determined and approved for payment in the amount of \$26,499.75, exclusive of GST, and can be drawn from available funds immediately or as funds become available.”

## Schedule E – Explanation where remuneration previously approved

In our previous remuneration approval report of 12 October 2020, we requested prospective remuneration of \$300,000.00 and at the meeting of creditors convened for 29 October 2020, the Liquidators elected not to seek creditor approval for prospective remuneration at that time. As explained earlier, total remuneration incurred for the period 3 October 2020 to 30 September 2021 was \$633,415.00 (excluding GST), however we are only seeking approval of fees totalling \$608,854.45 (excluding GST). Further, as noted earlier, we expect that there will be future approval requests for remuneration post 1 October 2021.

Task	Fees already approved as at 12 October 2020 \$	Approval sought for work already done \$	Approval sought for future work \$	Total fees sought per task \$
Assets	\$ 50,840.00	\$ -	\$ -	\$ 50,840.00
Creditors	\$ 120,534.00	\$ 60,251.00	\$ -	\$ 180,785.00
Employees	\$ 131,355.00	\$ 252.00	\$ -	\$ 131,607.00
Trade on	\$ 60,280.50	\$ -	\$ -	\$ 60,280.50
Investigation	\$ 930,330.50	\$ 519,823.45	\$ -	\$ 1,450,153.95
Dividend	\$ 9,154.50	\$ -	\$ -	\$ 9,154.50
Administration	\$ 169,940.00	\$ 28,528.00	\$ -	\$ 198,468.00
<b>Total (ex GST)</b>	<b>\$ 1,472,434.50</b>	<b>\$ 608,854.45</b>	<b>\$ -</b>	<b>\$ 2,081,288.95</b>
<b>Total Remuneration previously approved</b>				<b>\$ 1,472,434.50</b>
<b>Difference (see below table for further breakdown)</b>				<b>\$ 608,854.45</b>

### Payment reconciliation

Total remuneration claimed	\$ 2,081,288.95
Amount paid to date	\$ 1,472,414.50
<b>Amount Outstanding</b>	<b>\$ 608,854.45</b>

In the below table we compare, on a task basis, the difference between our previous remuneration report and this report, together with explanations for the difference.

Task	Fees already approved as at 29 October 2020 \$	Approval sought for work already done \$	Difference	Reasons for difference
Assets	\$ 50,840.00	\$ 50,840.00	\$ -	<ul style="list-style-type: none"> <li>■ N/A</li> </ul>
Creditors	\$ 120,534.00	\$ 180,785.00	\$ 60,251.00	<ul style="list-style-type: none"> <li>■ Reviewing creditor claims</li> <li>■ Preparing reports to creditors</li> <li>■ Convening meetings of creditors</li> <li>■ Preparation of this remuneration report</li> </ul>
Employees	\$ 131,355.00	\$ 131,607.00	\$ 252.00	<ul style="list-style-type: none"> <li>■ Receive and follow up employee enquiries</li> <li>■ Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> <li>■ Correspondence with FEG</li> </ul>

## Remuneration Approval Report

Task	Fees already approved as at 29 October 2020 \$	Approval sought for work already done \$	Difference	Reasons for difference
Trade on	\$ 60,280.50	\$ 60,280.50	\$ -	<ul style="list-style-type: none"> <li>■ N/A</li> </ul>
Investigation	\$ 930,330.50	\$ 1,450,153.95	\$ 519,823.45	<ul style="list-style-type: none"> <li>■ Reviewing and assessing solvency position of the Company</li> <li>■ Compiling evidence in support of solvency position</li> <li>■ Reviewing creditor claims and quantifying insolvent trading claim</li> <li>■ Assessing Director's financial position</li> <li>■ Reviewing insurance policy and liaising with insurer regarding policy</li> <li>■ Liaising with solicitor regarding insolvent trading claim</li> <li>■ Finalising funding agreement</li> <li>■ Preparing and filing appropriate court material regarding formal legal proceedings</li> <li>■ Reviewing in excess of 300,000 documents in relation to and collating evidence identified in support of the statement of claim and solvency position of the Company</li> <li>■ Preparing and filing expert report and supporting annexures regarding the solvency position of the Company</li> <li>■ Corresponding with key stakeholders to assist in providing evidence with regards to the proceedings</li> <li>■ General Technology time to maintain the Company's books and records and to assist with various searches</li> </ul>
Dividend	\$ 9,154.50	\$ 9,154.50	\$ -	<ul style="list-style-type: none"> <li>■ N/A</li> </ul>
Administration	\$ 169,940.00	\$ 198,468.00	\$ 28,528.00	<ul style="list-style-type: none"> <li>■ ADG funding and reporting</li> <li>■ Preparation of monthly invoice for Liquidators' fees and disbursements</li> <li>■ Review of time incurred for reasonableness and efficiency</li> <li>■ Submission of payment requests for Liquidator's fees and disbursements</li> <li>■ Submission of payment requests for solicitor's fees and disbursements</li> <li>■ Monthly update to ADG</li> <li>■ Recording of invoices submitted and paid</li> <li>■ General correspondence with representatives of ADG</li> </ul>
<b>Total (ex GST)</b>	<b>\$ 1,472,434.50</b>	<b>\$ 2,081,288.95</b>	<b>\$ 608,854.45</b>	

We also make the following general comments regarding the progress of the Liquidation that have affected our previous remuneration estimate:

- The depth of the investigation for the insolvent trading claim has been significantly more extensive than initially anticipated, including:
  - Completing a significant discovery process which involved reviewing in excess of 300,000 physical and electronic records in order to identify, extract, collate and present documents relevant to the Company's financial position and evidencing of the various debts incurred by the Company to its creditors during the Relevant Period in support of the statement of claim and solvency position of the Company;
  - Filing an affidavit with the Court providing evidence of the debts incurred by the Company during the Relevant Period to its 47 largest creditors;
  - Preparing and filing a comprehensive expert evidence on the solvency position of the Company with the Court; and
  - Corresponding with key former employees and creditors to assist in providing evidence regarding the TWI claim;
  - Filing sworn affidavits by key former staff providing evidence as to the manner in which the Company was recording its financial transactions;
  - Filing affidavits obtained from three (3) major creditors evidencing the debts incurred to those creditors by the Company during the Relevant Period; and
  - Filing a Notice to Admit Facts and Documents in which the Liquidators requested that the Director admit each of the debts that were incurred by the Company to its 47 largest creditors

We are able to investigate to this level of depth due to receipt of indemnity funding from ADG, and we believe it will ultimately assist in providing a greater return to creditors.

We are currently requesting fee approval only for time and disbursements incurred to date. As we estimate that the total cost of the Liquidation will be \$2.5 million plus GST, we expect that there will be future approval requests for remuneration post 1 October 2021. As the Liquidation progresses, we will advise creditors and we may seek approval of further remuneration and provide details on the remuneration requested.

Note that the current estimated total cost of the Liquidation is subject to any further unforeseen investigations that may be required to prosecute the insolvent trading claim. However, the Liquidators consider that the bulk of their work in preparing for the insolvent trading claim, and thus their professional costs, have now been incurred. The matter will now proceed to mediation and/or trial, meaning that the vast majority of the prospective professional costs for the insolvent trading claim will be in respect of legal costs.

## Schedule F – Summary of receipts and payments

Opening Cash Balance as at 3 October 2020	\$ 1,756,791.59
<b>Receipts</b>	<b>\$</b>
Bank Charges Refund	67.01
GST Received	128,223.00
Indemnity Funding	842,006.53
Interest Income	890.87
<b>Total Receipts</b>	<b>\$ 971,187.41</b>
<b>Payments</b>	<b>\$</b>
Appointee Fees	331,918.00
Appointee Disbursements	23,136.45
Bank Charges	111.00
Counsel's Fees	18,373.48
GST Paid	79,841.22
Legal Fees	418,794.98
Legal Disbursements	3,858.59
Printing services*	5,374.87
<b>Total Payments</b>	<b>\$ 881,408.59</b>
<b>Closing Cash Balance as at 30 September 2021</b>	<b>\$ 1,846,570.41</b>

\*The Liquidators' previous remuneration report dated 12 October 2020 included a cheque payment for \$638.40 that was issued for printing services, however the cheque was never deposited by the printing company. Payment was instead made using an external bank account held by FTI Consulting. The funds from the cheque were subsequently returned to the Company. This period's printing services have been adjusted down to account for the returned funds.

## Schedule G

### FTI Consulting schedule of rates effective 1 April 2020 – Corporate Finance & Restructuring

Classification	Standard rates \$/hour*	General guide to classifications
Senior Managing Director/Appointee	720	Registered Liquidator and/or Trustee, with specialist skills and extensive experience in all forms of insolvency administrations. Alternatively, has proven leadership experience in business or industry, bringing specialist expertise and knowledge to the administration.
Managing Director	660	Specialist skills brought to the administration. Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee. May also be a Registered Liquidator and/or Trustee. Alternatively, has extensive leadership/senior management experience in business or industry.
Senior Director	580	Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee, where required. May also be a Registered Liquidator and/or Trustee or have experience sufficient to support an application to become registered. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Director	520	Significant experience across all types of administrations. Strong technical and commercial skills. Has primary conduct of small to large administrations, controlling a team of professionals. Answerable to the appointee, but otherwise responsible for all aspects of the administration. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Senior Consultant 2	470	Typically an Australian Restructuring Insolvency & Turnaround Association professional member. Well developed technical and commercial skills. Has experience in complex matters and has conduct of small to medium administrations, supervising a small team of professionals. Assists planning and control of medium to larger administrations.
Senior Consultant 1	430	Assists with the planning and control of small to medium-sized administrations. May have the conduct of simpler administrations. Can supervise staff. Has experience performing more difficult tasks on larger administrations.
Consultant 2	390	Typically Institute of Chartered Accountants in Australia qualified chartered accountant (or similar). Required to control the tasks on small administrations and is responsible for assisting with tasks on medium to large-sized administrations.
Consultant 1	360	Qualified accountant with several years' experience. Required to assist with day-to-day tasks under the supervision of senior staff.

## Remuneration Approval Report

Classification	Standard rates \$/hour*	General guide to classifications
Associate 2	335	Typically a qualified accountant. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 1	300	Typically a university graduate. Required to assist with day-to-day tasks under the supervision of senior staff.
Junior Associate	220	Undergraduate in the latter stage of their university degree.
Administration 2	220	Well developed administrative skills with significant experience supporting professional staff, including superior knowledge of software packages, personal assistance work and/or office management. May also have appropriate bookkeeping, accounting support services or similar skills.
Junior Accountant	170	Undergraduate in the early stage of their university degree.
Administration 1	185	Has appropriate skills and experience to support professional staff in an administrative capacity. May also have appropriate bookkeeping, accounting support services or similar skills.

*\* All rates listed above are exclusive of GST*

The FTI Consulting Standard Rates above apply to the Corporate Finance & Restructuring practice and are subject to periodical review.

## FTI Consulting schedule of rates – Technology

Classification	Standard rates \$/hour*	General guide to classifications
Managing Director	450	Management member with deep expertise (as needed) matter oversight
Senior Director / Director	400	Senior employee with significant specialist expertise and team leadership capabilities. Entity management, manages assignment schedules and resource allocation
Senior Consultant	360	Field leadership role, moderate level of technical and subject matter expertise; provides business system advise and consulting services
Consultant	335	Performs detailed data and systems analysis, identified risks, gathers additional data, interprets data and provides recommendations for improvements. Higher level technical skills, broader experience base, business process & industry knowledge.

\* All rates listed above are exclusive of GST

The FTI Consulting Standard Rates above apply to the Technology practice and are subject to periodical review.