

# Remuneration report

Stratocumulus Pty Ltd  
(Administrators Appointed) (the  
Company)

ACN 611 961 196

1. Remuneration declaration
2. Executive summary
3. Description of work completed / to be completed
4. Calculation of remuneration
5. Statement of remuneration claim
6. Remuneration recoverable from external sources
7. Disbursements
8. Summary of receipts and payments
9. Queries
10. Information sheets

## 1. Remuneration declaration

We, Martin Ford and David McEvoy of PPB Advisory, have undertaken a proper assessment of this remuneration claim for our appointment as joint and several Administrators of Stratocumulus Pty Ltd 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.

Dated this 22<sup>nd</sup> day of June 2017



**Martin Ford and David McEvoy**  
Administrators  
Stratocumulus Pty Ltd

## 2. Executive summary

To date, no remuneration has been approved and paid in this administration. This remuneration report details approval sought for the following fees:

Period	Report Reference	Amount (ex GST)
<b>Current remuneration approval sought:</b>		
<b>Voluntary Administration</b>		
Resolution 1: 26 May 2017 to 16 June 2017	3.1	\$1,420.50
Resolution 2: 17 June 2017 to 30 June 2017	3.2	\$1,000.00
<b>Liquidation</b>		
Resolution 3: 30 June 2017 to completion of the liquidation	3.3	\$15,000.00
* Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the administration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.		

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

Across the 12 entities in the Group, the Administrators:

- are seeking approval \$1.3m in fees
- have written off c.\$10k of their fees following a detailed review of timesheet entries
- have sold three of the Group's businesses, resulting in:
  - transfer of over 100 employees
  - transfer of over \$1.3m in employee entitlements
  - ongoing education for 2,500 students
- have dealt with thousands of individual enquiries from students, staff and suppliers
- have liaised extensively with a range of regulatory bodies to assist in facilitating data protection and student transition processes.

In our initial advice to creditors dated 29 May 2017, we provided an estimate of \$1.5m in costs to the date of the second meetings for the whole of the Group. A copy of this advice is included in the first report to creditors (included as Annexure D to this remuneration report).

### 3. Description of work completed

#### 3.1 Resolution SC 1

##### Summary of work undertaken by Martin Ford and David McEvoy, Administrators of the Company and their staff for the period 26 May 2017 to 16 June 2017

Task Area	General Description	Includes
<b>Creditors</b> <b>0.4 hours</b> <b>\$195.00</b>	Creditor reports	Prepare drafts of section 439A report
	Meeting of Creditors	Prepare meeting notices, proxies and advertisements Prepare meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Conduct first meeting of creditors Respond to stakeholder queries and questions immediately following meeting Prepare and lodge of minutes of meeting with ASIC
<b>Operations</b> <b>0.1 hours</b> <b>\$55.00</b>	Processing receipts and payments	Create MYOB accounting entity for company in advance of receiving or making payments
<b>Investigation</b> <b>0.3 hours</b> <b>\$142.50</b>	Conducting investigation	Collect company books and records Review and prepare summary of company's activities and history Conduct and summarise statutory searches
<b>Administration</b> <b>2.7 hours</b> <b>\$1,028.00</b>	Document maintenance/file review/checklist	File documents Update voluntary administration checklists
	Insurance	Obtain open cover policy for company
	Bank account administration	Prepare correspondence opening bank accounts
	ATO and other statutory reporting	Correspond with various statutory bodies notifying them of our appointment

### 3.2 Resolution SC 2

Summary of work to be undertaken by Martin Ford and David McEvoy, Administrators of the Company and their staff for the period 17 June 2017 to 30 June 2017

Task Area	General Description	Includes
<b>Creditors</b> <b>0.6 hours</b> <b>\$400.00</b>	Creditor reports	Finalise section 439A report in advance of second meeting of creditors on 30 June 2017
	Meeting of Creditors	Prepare notice of meeting, proxies and advertisements Liaise with Link Systems to arrange for delivery of notice of meeting to all known creditors Prepare meeting file, including agenda, attendance register, list of creditors, advertisement of meeting and draft minutes of meeting Conduct second meeting of creditors on 30 June 2017
<b>Investigation</b> <b>0.2 hours</b> <b>\$100.00</b>	Conducting investigation	Finalise preliminary investigation to be reported to creditors in s439A report Document claims that the liquidators may pursue (if appointed)
<b>Administration</b> <b>1.1 hours</b> <b>\$500.00</b>	Correspondence	Prepare and respond to correspondence as required
	Document maintenance/file review/checklist	Update VA checklist
	Insurance	Monitor insurance arrangements
	Bank account administration	Bank account reconciliation

### 3.3 Resolution SC 6

Summary of work to be undertaken by Martin Ford and David McEvoy, Liquidators of the Company and their staff for the period 30 June 2017 to conclusion of the liquidation

Task Area	General Description	Includes
<b>Investigation</b> <b>9.2 hours</b> <b>\$4,400.00</b>	Conducting investigation	Complete review and investigation of company's books and records Review Directors' RATA Liaise with directors regarding relevant transactions Investigate claims for insolvent trading (if identified) Investigate voidable transactions (if identified) Prepare investigation file Prepare and lodge supplementary report if required
	Examinations (if required)	Prepare brief to solicitor Liaise with solicitor(s) regarding examinations Attend examination Review examination transcripts Liaise with solicitor(s) regarding outcome of examinations and further actions available
	Litigation / Recoveries	Pursue voidable preferences (if identified) Pursue other recovery actions if identified, which may include: <ul style="list-style-type: none"> <li>• Prepare brief to solicitors</li> <li>• Liaise with solicitors regarding actions</li> </ul>

Task Area	General Description	Includes
		<ul style="list-style-type: none"> <li>Source litigation funding</li> <li>Attend to all aspects of litigation management</li> </ul>
	ASIC reporting	Prepare statutory investigation reports as required
<b>Administration</b> <b>32.2 hours</b> <b>\$10,600.00</b>	Document maintenance/file review/checklist	File documents Update checklists
	Insurance	Review and confirm adequacy of cover
	Bank account administration	Prepare correspondence closing accounts Bank account reconciliation
	ASIC Form 524 and other forms	Prepare and lodge ASIC forms including 505, 524, 911
	ATO and other statutory reporting	Prepare BAS
	Finalisation	Notify ATO of finalisation Cancel ABN / GST registration Complete checklists

#### 4. Calculation of remuneration

The calculation of remuneration schedules are attached as Annexures A, B and C.

We note that an incorrect schedule of hourly rates was provided in our First Report to creditors (attached as Annexure D). The correct rates for this engagement by staff classification are:

Position	Rate per hour (\$) (excl. GST)
Partner	675
Director	625
Senior Manager	550
Manager	475
Assistant Manager	445
Senior Consultant	400
Consultant	350
Graduate	275
Administration	160

## 5. Statement of remuneration claim

At the second meetings of creditors to be held on 30 June 2017, creditors will be asked to consider the following resolutions:

### **Resolution SC 1**

*“To approve the Administrators’ remuneration for the period 26 May 2017 to 16 June 2017 of \$1,420.50 plus GST, as set out in the Remuneration Report dated 22 June 2017.”*

### **Resolution SC 2**

*“To approve the Administrators’ remuneration for the period 17 June 2017 to 30 June 2017 up to a maximum of \$1,000.00 plus GST, as set out in the Remuneration Report dated 22 June 2017.”*

### **Resolution SC 6**

*“To approve the Liquidators’ remuneration for the period 30 June 2017 to the conclusion of the Liquidation up to a maximum of \$15,000.00 plus GST, as set out in the Remuneration Report dated 22 June 2017.”*

Future remuneration is approved subject to a maximum or cap. Sometimes the actual cost of the administration will exceed the maximum which has been approved, in which case, we may seek another resolution for additional remuneration. We will not pay any amount exceeding the maximum without this approval.

Where funds are available, we will usually pay approved remuneration at intervals not less than one month. Where funds are not available, remuneration will not be paid.

## 6. Remuneration recoverable from external sources

The Administrators have not received any funding from external sources to date.

## 7. Disbursements

Disbursements are divided into three types:

- Externally provided professional services – these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees – these are recovered at cost.
- 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.

We are not required to seek creditor approval for disbursements, but must account to creditors. No disbursements have been paid by the Administration to our firm to date.

Future disbursements incurred by our firm will be charged to the administration on the following basis:

Internal Disbursements		Rate (Excl GST)
Advertising		At cost
Courier		At cost
Photocopy/Printing	Black and white	\$0.10 per page
	Colour	\$0.50 per page
	A3 – Black and white	\$0.20 per page
	A3 – Colour	\$0.60 per page
Postage		At cost
Scans		\$0.05 per page
Staff vehicle use		At prescribed ATO rates

Rates applicable as at 1 January 2015

## 8. Summary of receipts and payments

We have not made any receipts or payments in this Administration to date.

## 9. Queries

Should you have any queries or require any further information, contact details for each stakeholder group are provided on the website: <https://www.ppbadvisory.com/creditor-information/v/485/careers-australia-group-limited>

## 10. Information sheets

Enclosed with the Report as Appendix E is the ASIC publication 'Insolvency Information for directors, employees, creditors and shareholders', which provides an index of all the information sheets that are available including information on 'Approving fees'. You can download these forms from [www.arita.com.au/insolvency-you/insolvency-explained/insolvency-fact-sheets](http://www.arita.com.au/insolvency-you/insolvency-explained/insolvency-fact-sheets).

# Administrators' Remuneration

25 May 2017 to 16 June 2017





**Stratocumulus Pty Ltd (Administrators Appointed)**
**Calculation of Remuneration**

Professional fees for work undertaken by Martin Ford, David McEvoy, their partners and staff during the Voluntary Administration process for the period 25 May 2017 to 16 June 2017

Position	\$/hours	Total	Total	Administration		Assets		Creditors		Employees		Investigation		Operations	
	(Ex GST)	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs
<b>Appointees</b>															
Martin Ford	675.0	67.5	0.1	67.5	0.1	-	-	-	-	-	-	-	-	-	-
David McEvoy	675.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Staff</b>															
Partner	675.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	625.00	187.50	0.3	62.50	0.1	-	-	62.50	0.1	-	-	62.50	0.1	-	-
Senior Manager	550.00	440.00	0.8	330.00	0.6	-	-	55.00	0.1	-	-	-	-	55.00	0.1
Manager	475.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assistant Manager	445.00	42.50	0.1	-	-	-	-	42.50	0.1	-	-	-	-	-	-
Senior Consultant	400.00	520.00	1.3	440.00	1.1	-	-	-	-	-	-	80.00	0.2	-	-
Consultant	350.00	35.00	0.1	-	-	-	-	35.00	0.1	-	-	-	-	-	-
Graduate	275.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undergraduate	275.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior Bookkeeper	160.00	96.00	0.6	96.00	0.6	-	-	-	-	-	-	-	-	-	-
Personal Assistant	160.00	16.00	0.1	16.00	0.1	-	-	-	-	-	-	-	-	-	-
Administration	160.00	16.00	0.1	16.00	0.1	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>1,420.50</b>	<b>3.5</b>	<b>1,028.00</b>	<b>2.7</b>	<b>-</b>	<b>-</b>	<b>195.00</b>	<b>0.4</b>	<b>-</b>	<b>-</b>	<b>142.50</b>	<b>0.3</b>	<b>55.00</b>	<b>0.1</b>
GST		142.05													
<b>Total (Including GST)</b>		<b>1,562.55</b>													

# Administrators' Remuneration

17 June 2017 to 30 June 2017

A large, bold, blue capital letter 'B' is positioned in the lower right quadrant of the page. The letter is a vibrant cyan color and has a thick, sans-serif font style.

**Stratocumulus Pty Ltd (Administrators Appointed)**
**Calculation of Remuneration**

Professional fees for work undertaken by Martin Ford, David McEvoy, their partners and staff during the Voluntary Administration process for the period 17 June 2017 to 30 June 2017

Position	\$/hours	Total	Total	Administration		Assets		Creditors		Employees		Investigation		Operations	
	(Ex GST)	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs
<b>Appointees</b>															
Martin Ford	675.00	250.00	0.4	100.00	0.1			150.00	0.2						
David McEvoy	675.00	250.00	0.4	100.00	0.1			150.00	0.2						
<b>Other Staff</b>															
Director	625.00	180.00	0.3	80.00	0.1			100.00	0.2						
Senior Manager	550.00	100.00	0.2									100.00	0.2		
Manager	475.00														
Assistant Manager	445.00														
Senior Consultant	400.00	120.00	0.3	120.00	0.3										
Consultant	350.00														
Graduate	275.00	100.00	0.4	100.00	0.4										
Senior Bookkeeper	160.00														
Personal Assistant	160.00														
Administration	160.00														
<b>Total</b>		<b>1000.00</b>	<b>2.0</b>	<b>500.00</b>	<b>1.1</b>	<b>-</b>	<b>-</b>	<b>400.00</b>	<b>0.6</b>	<b>-</b>	<b>-</b>	<b>100.00</b>	<b>0.2</b>	<b>-</b>	<b>-</b>
GST		100.00													
<b>Total (Including GST)</b>		<b>1,100.00</b>													

## Liquidators' Remuneration

30 June 2017 to completion of the liquidation



**Stratocumulus Pty Ltd (In Liquidation)**
**Calculation of Remuneration**

Professional fees for work undertaken by Martin Ford, David McEvoy, their partners and staff during the Liquidation process for the period 30 June 2017 to the completion of the Liquidation

Position	\$/hours	Total	Total	Administration		Assets		Creditors		Employees		Investigation		Operations	
	(Ex GST)	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs
<b>Appointees</b>															
Martin Ford	675.00	1,000.00	1.5	1,000.00	1.5										
David McEvoy	675.00	1,000.00	1.5	1,000.00	1.5										
<b>Other Staff</b>															
Director	625.00	3,000.00	4.8	2,000.00	3.2							1,000.00	1.6		
Senior Manager	550.00	1,500.00	2.8									1,500.00	2.7		
Manager	475.00	1,000.00	2.2	1,000.00	2.1										
Assistant Manager	445.00	1,500.00	3.4	1,500.00	3.4										
Senior Consultant	400.00	1,500.00	3.8									1,500.00	3.8		
Consultant	350.00	1,900.00	5.5	1,500.00	4.3							400.00	1.1		
Senior Bookkeeper	160.00	800.00	5.0	800.00	5.0										
Personal Assistant	160.00	800.00	5.0	800.00	5.0										
Administration	160.00	1,000.00	6.3	1,000.00	6.3										
<b>Total</b>		<b>15,000.00</b>	<b>41.8</b>	<b>10,600.00</b>	<b>32.2</b>	-	-	-	-	-	-	-	<b>4,400.00</b>	<b>9.2</b>	-
GST		1,500.00													
<b>Total (Including GST)</b>		<b>16,500.00</b>													

# Administrators' first report to creditors dated 29 May 2017



Our ref: 2.02 VA First Report to Creditors

29 May 2017

**To the creditor as addressed**

Dear Sir/Madam

**Careers Australia Group Limited and its subsidiaries referred to in Appendix A  
(All Administrators Appointed) (the Group or the Companies)**

**Appointment of Administrators**

We were appointed joint and several Administrators of 11 entities in the Group on 25 May 2017 pursuant to Section 436A of the *Corporations Act 2001 (the Act)*. On 26 May 2017, we were appointed joint and several Administrators to Stratocumulus Pty Ltd.

As Administrators we have assumed full control of the Group's affairs. We are urgently undertaking an assessment of the Group's financial position.

Proceedings against the Companies or its property cannot be commenced or continued during the administration period without leave of the court.

**This report details information relating to the following:**

1. First meetings of creditors
2. Creditor claims
3. Section 439A report to creditors and second meetings of creditors
4. Status of the businesses
5. Disclosure statement
6. Remuneration of Administrators
7. About PPB Advisory

**Appendices**

- A. Companies in Administration
- B. Form 529A – Notice of first Meeting of Creditors
- C. Proof of Debt form
- D. Form 532 - Appointment of Proxy
- E. ASIC publication – 'Insolvency Information for directors, employees, creditors and shareholders'
- F. Declaration of Independence, Relevant Relationships and Indemnities
- G. Remuneration and Disbursement Statement

## 1. First meetings of creditors

The Notice of First Meetings of Creditors for each company in the Group, Form 529A (Appendix B) is attached.

<b>Date:</b>	Tuesday, 6 June 2017
<b>Registration:</b>	1:30PM AEST
<b>Meeting time:</b>	3:00PM AEST
<b>Venue:</b>	Brisbane Convention & Exhibition Centre, Cnr Merivale & Glenelg Streets, South Bank, Brisbane, Queensland

On 29 May 2017, the Administrators' obtained orders from the Federal Court of Australia pursuant to Section 447A (1) of the Act permitting the Administrators to give notice of the meetings of creditors under Section 436E (3) of the Act electronically. A copy of the Orders is on the PPB Advisory website.

The first meetings are required to be held within eight business days after the appointment of the Administrators. The purpose of the meetings is to provide creditors with background to the appointment and for creditors to determine whether to appoint a Committee of Creditors for any of the Group companies to assist the Administrators, and if so, who are to be the Committee's members.

At the meetings, creditors may also, by resolution, remove the Administrators from office and appoint replacement Administrators.

In order to attend and vote at the meeting, creditors will need to complete the Proof of Debt Form (Appendix C) and where applicable, Proxy Form (Appendix D). A Proxy Form must be completed where a corporate creditor is attending or an individual creditor wants to appoint another person to act on their behalf at the meeting. A creditor may also choose to appoint the Chairman to vote on their behalf.

The completed Proof of Debt and Proxy Forms should be returned to Link Market Services by email to [careersaustralia@linkmarketservices.com.au](mailto:careersaustralia@linkmarketservices.com.au) prior to 12:00pm AEST, Monday, 5 June 2017.

A listing of known creditors as ascertained from each of the companies' records will be made available upon written request.

## 2. Creditor claims

For the purpose of voting at the meeting, you should lodge the Proof of Debt Form (Appendix C) for the amount of your claim as at the date of our appointment.

Employees are afforded priority pursuant to section 556 of the Act and rank ahead of ordinary unsecured creditors for claims against a company.

To assist creditors, employees, and shareholders to better understand the Voluntary Administration process, Australian Securities and Investments Commission (**ASIC**) has released a package of insolvency information sheets. These have the endorsement of the Australian Restructuring Insolvency & Turnaround Association (**ARITA**).

The ASIC publication 'Insolvency Information for directors, employees, creditors and shareholders' (Appendix E), which provides an index of the information sheets that are available, is enclosed. You can download these information sheets from ARITA's website at [www.arita.com.au/insolvency-you/insolvency-explained/insolvency-fact-sheets](http://www.arita.com.au/insolvency-you/insolvency-explained/insolvency-fact-sheets).



### **3. Section 439A report to creditors and second meetings of creditors**

As Administrators, we are required to investigate each company's business, property, affairs and financial circumstances in order to form an opinion as to whether it would be in the best interests of creditors:

- that the administration should end (and control of the company revert to its directors)
- that the company enter into a Deed of Company Arrangement or
- that the company be wound up, ie placed in liquidation.

Second meetings of creditors will be held to determine the future of each Group company. At the meetings creditors will vote for one of the above options. The second meetings of creditors must be held by 30 June 2017 unless an extension of the convening period is sought and approved by the Court.

A notice of the second meetings will be forwarded to all known creditors of each company in due course, together with a report from the Administrators pursuant to section 439 of the Act that will include:

- our opinion on the options available to creditors
- our recommendation on the future of each company
- our opinion on recoveries
- details of the meeting.

### **4. Status of the businesses**

As Administrators, we have assumed full control of the Group's affairs and the powers of the directors are currently suspended.

Due to the Group's financial position at the date of our appointment, we do not currently have sufficient funds available to continue trading the Group on a 'business as usual' basis. The Administrators will be assessing the financial position of the Group including any possibilities for resuming operations and/or selling the business and its assets.

Please immediately cancel any outstanding or unfulfilled orders placed by the Companies prior to our appointment.

Please immediately issue a final invoice/statement. Any amount owing to you at the date of our appointment will represent an unsecured claim against the respective company.

An owner or lessor of property that is used or occupied by, or is in possession of, the Group, cannot take possession of the property or otherwise recover it, without the Administrators' written consent or leave of the Court during the administration period.

If you have supplied goods to the Group on consignment, or have registered a security interest on the Personal Property Securities Register (**PPSR**), you will shortly receive a separate letter providing you with further instructions. Please contact Nick Charlwood (ncharlwood@ppbadvisory.com) if you do not receive this letter in the next few days.

The Administrators will make separate arrangements with individual suppliers on an as needs basis.

## **5. Disclosure statement**

Our Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**) is attached (Appendix F) in accordance with section 436DA of the Act. We have considered the disclosure requirements of the Code of Professional Practice for insolvency professionals issued by ARITA. Based on the information available to us, we are not aware of any reasons that would prevent us from accepting this appointment.

## **6. Remuneration of administrators**

Our Remuneration and Disbursement Statement which sets out the Administrators' rates and method of calculating remuneration and disbursements is attached (Appendix G).

## **7. About PPB Advisory**

PPB Advisory is a national firm operating throughout Australia, specialising in restructuring and insolvency. For further information regarding the firm and the professional background of the Administrators, please visit our website [www.ppbadvisory.com](http://www.ppbadvisory.com).

Yours faithfully



**David McEvoy and Martin Ford**  
Administrators

Enc

Date of appointment:	25 May 2017
Contact name:	Link Market Services
Telephone number:	1300 910 051
Email:	<a href="mailto:careersaustralia@linkmarketservices.com.au">careersaustralia@linkmarketservices.com.au</a>

# Companies in Administration



## Companies in Administration

### Careers Australia Group Limited and its subsidiaries (All Administrators Appointed)

Company Name	ACN	Appointment Date
Careers Australia Group Limited	122 171 840	25 May 2017
Australian School of Management Pty Ltd	138 545 605	25 May 2017
Australian College of Applied Education Pty Ltd	009 369 797	25 May 2017
Careers Australia College of Healthcare Pty Ltd	007 963 340	25 May 2017
Careers Australia Education Institute Pty Ltd	120 675 505	25 May 2017
Careers Australia Institute of English Pty Ltd	010 994 582	25 May 2017
Careers Australia Institute of Training Pty Ltd	122 082 204	25 May 2017
Cumulonimbus Investments Pty Ltd	169 444 213	25 May 2017
Global Learning Support Group Pty Ltd	169 155 480	25 May 2017
Stratocumulus Pty Ltd	611 961 196	26 May 2017
Today Corp Ltd	101 631 485	25 May 2017
Workstar Pty Ltd	097 871 933	25 May 2017

# Remuneration and Disbursement Statement

A large, bold, blue letter 'G' logo is positioned in the lower right quadrant of the page. The 'G' is a simple, sans-serif font with a thick stroke.

## Remuneration and disbursement statement

### Careers Australia Group Limited and its subsidiaries referred to in Appendix A (All Administrators Appointed) (the Group or the Companies)

#### Remuneration Method

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are:

#### 1. Time based / hourly rates

This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work, multiplied by the number of hours spent by each person on each of the tasks performed.

#### 2. Fixed Fee

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a practitioner will finalise an administration for a fixed fee.

#### 3. Percentage

The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.

#### 4. Contingency

The practitioner's fee is structured to be contingent on a particular outcome being achieved.

#### Method chosen

Given the nature of this administration we propose that our remuneration as Administrators be calculated on **Hourly Rates**. This is because:

- it ensures that creditors are only charged for work that is performed
- as Administrators, we are required to perform a number of tasks which do not necessarily relate to realisation of assets, for example responding to creditor enquires, reporting to ASIC and conducting investigations and
- generally, it is difficult to estimate with accuracy the total amount of fees necessary to complete all tasks required in the administration.

#### Explanation of Hourly Rates

The hourly rates charged by PPB Advisory effective from 1 December 2016 are set out within this remuneration report, together with a general guide showing the qualifications and experience of staff engaged in the administration.

The hourly rates charged encompass the total cost of providing professional services and are not comparable to an hourly wage.

#### Approval and payment of Remuneration

Remuneration is approved by a resolution of the creditors, a creditors' committee or a court.

Future remuneration is approved subject to a maximum or cap. Sometimes the actual cost of the administration will exceed the maximum which has been approved, in which case, we may seek another resolution for additional remuneration. We will not pay any amount exceeding the maximum without this approval.

Where funds are available, we will usually pay approved remuneration at intervals not less than one month. Where funds are not available, remuneration will not be paid.

### Estimate of Remuneration

Having considered the nature of the administration, likely tasks to be completed and complexity, we estimate our remuneration to be \$1.5m (exclusive of GST) for the period up to the second meeting of creditors.

### Disbursements

Disbursements are divided into three types:

- Externally provided professional services – these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees – these are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost, although some expenses 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.

We are not required to seek creditor approval for disbursements, but must account to creditors. Details of the basis of recovering internal disbursements in this administration are provided below. Full details of any actual costs incurred will be provided with future reporting.

### Basis of disbursement claim

Internal Disbursements		Rate (Excl GST)
Advertising		At cost
Courier		At cost
Photocopy/Printing	Black and white	\$0.10 per page
	Colour	\$0.50 per page
	A3 – Black and white	\$0.20 per page
	A3 – Colour	\$0.60 per page
Postage		At cost
Scans		\$0.05 per page
Staff vehicle use		At prescribed ATO rates

Rates applicable as at 1 January 2015

## Statement of Remuneration Policy

Insolvency Practitioners, in common with many professions, have traditionally charged for work done on the basis of hourly rates.

PPB Advisory supports the Code of Professional Practice for Insolvency Practitioners. In all matters undertaken by us we seek to charge an appropriate level of fees and expenses. They should be appropriate for us having regard to the complexity and demands of each assignment, and appropriate for our clients having regard to their objectives in seeking our assistance.

Accordingly, at all times when seeking approval for remuneration we will provide the following details:

- type of work undertaken by the Appointees and the firm's staff
- breakdown of the activity undertaken
- number of hours charged by each person
- hourly rate charged for each person
- total remuneration claimed
- basis of recovering disbursements.

A schedule detailing our rates to apply to administrations for the period commencing 1 December 2016 is set out below, together with general details of Staff Classifications.

<b>Position</b>	<b>Rate per hour (\$) (excl. GST)</b>
Partner	625
Director	550
Senior Manager	475
Manager	425
Assistant Manager	350
Senior Consultant	300
Consultant	275
Graduate	210
Undergraduate	190
Senior Bookkeeper	140
Bookkeeper	140
Personal Assistant	150
Administration	120



## PPB Advisory Classifications

Position	Experience and qualifications
<b>Partner</b>	Registered Liquidator, Official Liquidator and/or Trustee, bringing his or her specialist skills to the administration.
<b>Director/ Principal</b>	Minimum of twelve years insolvency experience, at least five years at manager level, qualified accountant and capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in his/her own right.
<b>Senior Manager</b>	More than seven years insolvency experience, more than three years at manager level, qualified accountant and capable of controlling all aspects of an administration. Experienced at all levels and considered very competent.
<b>Manager</b>	5 - 7 years' experience, qualified accountant, with well-developed technical and commercial skills. Should be constantly alert to opportunities to meet clients' needs and to improve the clients' future operation either by revenue enhancement or by reducing costs and improving efficiency. Supervises staff.
<b>Assistant Manager</b>	3 - 6 years' experience, will have conduct of minor administrations and experience in supervising staff, assists planning and control of medium to larger jobs.
<b>Senior Consultant</b>	1 - 4 years' experience, CA Program (or equivalent) would normally be completed during this period. Assists planning and control of small to medium sized jobs as well as performing some of the more difficult work on larger jobs.
<b>Consultant</b>	0 - 2 years, University graduate with little or no professional experience, required to assist in day to day fieldwork under supervision of more senior staff.
<b>Graduate</b>	Graduated from University with minimal insolvency experience. Required to assist in day to day field work and other routine tasks under supervision of more senior staff.
<b>Undergraduate</b>	Completed high school education and plans to undertake at least part-time degree/diploma, required to assist in administration and day to day field work under supervision or more senior staff.
<b>Bookkeeper</b>	Commercial experience gained in bookkeeping. May be a qualified accountant classification, would depend on experience, salary and complexity of work to be conducted.
<b>Personal Assistant</b>	Appropriate skills including machine usage and customer service, general administration duties on jobs.
<b>Administration</b>	Non-qualified, assists with general administration duties on jobs.

The above is taken as a general guide only. From time to time, there may be persons employed who, because of their skills and experience, are employed in positions where they may not necessarily meet all of the above qualifications