



Schedule 2 to the Corporations Act 2001, Section 70-50
Insolvency Practice Rules (Corporations) 2016, Section 70-45

DCP Company Limited (In Liquidation) (the Company)
ACN 619 866 072

Remuneration Approval Request

This report contains the following information:

- Part 1: Declaration
- Part 2: Executive summary
- Part 3: Initial remuneration notice
- Part 4: Remuneration
- Part 5: Disbursements
- Part 6: Circular regarding proposed liquidation
- Part 7: Summary of receipts and payments
- Part 8: Approval of remuneration and internal disbursements
- Part 9: Questions
- Schedule A: Resolution 1 details

Next steps for members:

- Please review the contents of this report, which sets out the proposals to be approved by members without a meeting.

1 Declaration

We, George Georges and John Lindholm of KPMG, have undertaken a proper assessment of this remuneration claim for our appointment as Liquidators of the Company in accordance with the Corporations Act 2001 (Cth) (**the Act**), the Australian Restructuring Insolvency & Turnaround Association (**ARITA**) Code of Professional Practice (**the Code**) 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 liquidation.

2 Executive summary

2.1 Summary of remuneration approval sought for the Company

To date, no remuneration has been approved and paid in respect of the liquidation of the Company.

This report details approval sought for the following remuneration:

Period	Amount (ex GST) \$
Current remuneration approval sought:	
<i>Resolution 1: Commencement of liquidation to completion</i>	23,000
Total current remuneration approval sought	23,000
Total past remuneration approved	0.00

* Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the liquidation. Should additional work be necessary beyond what is contemplated, further approval may be sought from members.

Please refer to Part 4 for full details of the calculation and composition of the remuneration approval being sought.

Please refer to Part 5 for full details of the calculation and composition of the internal disbursements approval being sought.

3 Initial remuneration notice

3.1 Remuneration methods

There are four basic methods that can be used to calculate the remuneration charged by an Insolvency Practitioner as follows:

3.1.1 Time based (hourly rates)

This is the most common method. The total fee charged is calculated by reference to the hourly or time unit rate charged for each person who carries out the work multiplied by the number of hours spent by each person on necessary work properly performed.

3.1.2 Fixed fee

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

3.1.3 Percentage

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

3.1.4 Contingency

The insolvency practitioner's fee is contingent on achieving a particular outcome.

3.2 Remuneration method chosen

Given the nature of this administration, we propose that the remuneration of the Liquidator be calculated using the Fixed fee method.

3.3 Explanation of hourly rates

The hourly rates for my remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the liquidation and the role they take. The hourly rates encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Rate \$/hour	Experience
Appointee / Partner	\$695.00	Registered Liquidator. Appointee bringing his or her specialist skills to the administration or insolvency task.
Director	\$625.00	Minimum of twelve years insolvency experience, at least five years at manager level, qualified accountant and capable of controlling all aspects of an administration.
Associate Director	\$575.00	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. Experienced at all levels and considered very competent. Control staff and their training.

Title	Rate \$/hour	Experience
Manager	\$525.00	6-7 years, qualified accountant, with well-developed technical and commercial skills. Self-sufficiently conducts small insolvency appointments and takes a supervisory role on work streams in larger matters.
Executive	\$450.00	2-4 years. Post graduate qualification (or equivalent) would normally be completed within 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.
Analyst	\$375.00	0-2 years. Completed an undergraduate degree. Post graduate qualification (or equivalent) will be commenced in this period. Assists senior staff members on aspects of the administration and completes administrative and statutory tasks independently.
Team Administrator	\$250.00	Appropriately experienced and undertakes support activities.

Notes:

- The hourly rates are exclusive of GST.
- The guide to staff experience is intended only as a general guide to the qualifications and experience of staff engaged in the liquidation. Staff may be engaged under a classification considered appropriate for their experience.
- Time is recorded and charged in six-minute increments.
- Member approval will be sought prior to the application of any new rates to this liquidation.

4 Remuneration

We will be seeking approval of the following resolutions with respect to remuneration. Details to support these resolutions are included in Part 4.2

4.1 Remuneration claim resolutions

Resolution 1:

"That the remuneration of the Liquidators, as set out in the Remuneration Approval Request dated 20 August 2021, for the period from date of liquidation to completion be fixed up to a maximum amount of \$23,000, plus any applicable GST, but subject to upward revision by resolution of members, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred."

4.2 Details of remuneration

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

4.2.1 Resolution 1: Beginning of Liquidation to completion

The below table sets out the expected costs for the major tasks likely to be performed by the Liquidator and their staff from the beginning of the Liquidation to completion, which is the basis of the Resolution 1 claim. Please refer to Schedule A- for further details with respect to the tasks likely to be performed.

Task	Hours	Amount \$
Members	6	3,000
Administration	47	20,000
Total	53	23,000

In preparing this report, we have made my best estimate at what we believe the liquidation will cost to complete and we do not anticipate that we will have to ask members to approve any further remuneration. However, should the liquidation not proceed as expected, we will advise members and we may seek approval of further remuneration and provide details on why the remuneration has changed.

4.3 Likely impact on dividends

The work undertaken by the Liquidators is necessary to progress the liquidation. The Liquidator's remuneration and disbursements are a priority expense that ranks ahead of the distribution of surplus funds to members. Any dividend that will ultimately be paid to members may be impacted by the realisations achieved by the Liquidators and the value of creditor claims required to be paid prior to any return to members.

5 Disbursements

5.1 Types of disbursements

Disbursements are divided into three types:

- Externally provided professional services. These are recovered at cost. An example is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees. These disbursements are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the liquidation, would generally be charged at cost; although if a data room is utilised, the fee will comprise an initial setup fee and then a fee based on the duration and size of the data room or the number of users per month. Certain services provided by KPMG may require the processing of electronically stored information into specialist review platforms. Where these specialist resources are utilised, the fee will be based on units (e.g. number of computers), size (e.g. per gigabyte) and/or period of time (e.g. period of hosting). The relevant rates for internal disbursements are set out below:

Disbursement type	Charges (excl GST)
Advertising	At cost
ASIC industry funding model levy – metric events	At prescribed ASIC rates
Couriers	At cost
Data room set-up	\$450.00
Data room hosting – Option A	Variable – see separate table below
Data room hosting – Option B (incl 100GB of data)	\$84.95 per user per month
eDiscovery services	Variable
Photocopying / printing (colour)	\$0.50 per page
Photocopying / printing (mono)	\$0.20 per page
Photocopying / printing (outsourced)	At cost
Postage	At cost
Searches	At cost
Staff travel reimbursement	Up to \$100/day
Staff vehicle use	At prescribed ATO rates
Storage and storage transit	At cost
Telephone calls	At cost

Note: Above rates are applicable for the financial year ending 30 June 2020. Disbursements charged at cost do not require creditor approval.

Data room hosting fees by size (MB)	Charges per month (excl GST)
0-300	\$950
300-1000	\$950 + \$2.50/MB
1000-5000	\$2,500 + \$1.25/MB
5000+	\$7,500 + \$0.60/MB

5.2 Disbursements paid from the liquidation to KPMG to date

There have been no disbursements paid to KPMG to date. Future disbursements provided by KPMG will be charged to the liquidation on the same basis as the table in Part 5.1.

6 Summary of receipts and payments

The liquidation has not commenced as yet. There have been no receipts or payments to date.

7 Approval of remuneration

An information sheet concerning the approval of remuneration in external administrations can be obtained from ASIC at www.asic.gov.au.

8 Questions

If you require further information in respect of the above, or have other questions, please contact Alexander Burrows of this office on 03 8663 8491 or aburrows2@kpmg.com.au.

The restructuring partners of KPMG are members of ARITA. KPMG follows the Code. A copy of the Code may be found on the ARITA website at www.arita.com.au.

An information sheet concerning approval of remuneration in external administrations can also be obtained from the Australian Securities & Investments Commission website at www.asic.gov.au.

Dated this 20th day of August 2021.



George Georges
Liquidator

Schedule A

DCP Company Limited – Resolution 1

The below table contains more detailed descriptions of the tasks performed within each task area performed by the Liquidator and their staff from the beginning of the liquidation to completion, which is the basis of the Resolution 1 claim in section 4.1.

Task area	General description	Includes
Members 6 hours \$3,000 (excl GST)	Member enquiries, requests and directions	<ul style="list-style-type: none"> – Receive and respond to member / creditor enquiries – Maintaining member / creditor request log – Review and prepare initial correspondence to members / creditors and their representatives – Documenting – Compiling information requested by members
	Member reports	<ul style="list-style-type: none"> – Preparing ADHOC general reports and convening meetings where required
	Dealing with proofs of debt	<ul style="list-style-type: none"> – Corresponding with OSR and ATO regarding proofs of debt when not related to a dividend
Administration 47 hours \$20,000 (excl GST)	Correspondence	<ul style="list-style-type: none"> – General correspondence – Administration reviews
	Document maintenance / file review / checklist	<ul style="list-style-type: none"> – Filing of documents – File reviews – Updating checklists
	Insurance	<ul style="list-style-type: none"> – Identification of potential issues requiring attention of insurance specialists
	ASIC forms	<ul style="list-style-type: none"> – Preparing and lodging ASIC forms – Correspondence with ASIC regarding statutory forms – Requesting statutory clearances – Requesting deregistration
	ATO and other statutory reporting	<ul style="list-style-type: none"> – Notification of appointment – Preparing BASs – Requesting statutory clearances – Liaising with the ATO on pre-appointment tax lodgements
	Finalisation	<ul style="list-style-type: none"> – Notifying ATO of finalisation – Cancelling ABN / GST / PAYG registration – Completing checklists – Finalising WIP
	Planning / review	<ul style="list-style-type: none"> – Discussions regarding status / strategy of administration

Task area	General description	Includes
	Books and records / storage	<ul style="list-style-type: none"><li data-bbox="890 342 1458 376">– Dealing with records in storage<li data-bbox="890 376 1458 416">– Sending job files to storage