



## Pre-appointment Proposed Basis of Remuneration Disclosure

Salmat Limited  
ACN 002 724 638  
(the Company)

### 1 Introduction

You have requested that Jason Preston and I consent to act as Members' Voluntary Liquidators of the Company. This information is to assist you with understanding how remuneration is calculated and paid in a liquidation.

Whilst we may provide you with an estimate of the cost of the liquidation in this document, we advise that the actual remuneration drawn in this liquidation will be subject to the approval of the shareholders and if applicable creditors, committee of creditors or court, upon the provision of a remuneration report in accordance with the requirements set down in the legislation and ARITA Code of Professional Practice.

Whilst we may have provided you with an estimate of the cost of the liquidation, the actual remuneration that is approved by shareholders may exceed this estimate and this higher amount can be approved by a resolution of the Companies at a general meeting or the Court.

### 2 Remuneration Methods

There are four basic methods that can be used to calculate the remuneration charged in a liquidation. They are:

#### 2.1 *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 at the time the work is carried out, multiplied by the number of hours spent by each person on each of the tasks performed.

#### 2.2 *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.

#### 2.3 *Percentage*

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

#### 2.4 *Contingency*

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

### 3 Method Proposed

Given the nature of this liquidation we propose that our remuneration will be calculated on a time basis which will be recorded in six minute increments. Details of the hourly rates for different levels of staff are included below. The complexity and demands of the liquidation will determine the staff to be utilised for this appointment.

We have chosen the time based method because:



- This method is considered to be most suitable for this appointment as it ensures creditors are only charged for work that is performed in the liquidation, which can be difficult to accurately estimate at the date of appointment.
- Even later than the date of appointment, it can be difficult to estimate the time that may be required in advance of the substantive work being undertaken (for example dealing with the disputed creditor). The time based method in this case again ensures that creditors are only charged for work that is actually performed in the liquidation.
- We have a time recording system that can produce a detailed analysis of time spent on each type of task by each individual staff member utilised in the liquidation.
- Time based remuneration calculates fees upon a basis of time spent at the level appropriate to the work performed.

Creditors will be advised of the proposed basis of remuneration in our initial remuneration notice to them.

#### **Estimate of the Cost of the Liquidation**

We estimate that this liquidation will cost between \$50,000 and \$200,000 (plus GST) to complete, subject to the following variables which may have a significant effect on this estimate and which we are unable to determine until we have commenced the liquidation:

- the number and value of claims that may be received in the liquidation and work that may be required to adjudicate on those claims for voting and/or dividend purposes;
- work that may be required to distribute funds to members including the potential need for multiple distributions;
- any possible legal action or litigation arising from any disputed creditor claims;
- realisation of any assets remaining upon liquidation; and
- any other matters which may be unknown at the time of appointment.

Should circumstances change and additional work is required by the liquidators, further fee approval will be sought.

#### **Explanation of Hourly Rates**

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





Title	Guide to qualifications and role	Hourly rate (excl GST)
Appointee/Partner	Registered liquidator, Chartered Accountant or equivalent and generally degree qualified with more than twelve years of experience. Leads assignments with full accountability for strategy and execution.	\$735
Director 1	Generally, Chartered Accountant or comparable qualification and degree qualified with more than ten years of experience, including four years of Director or equivalent experience. Autonomously leads complex insolvency appointments reporting to Appointee/Partner.	\$680
Director	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than nine years of experience. Autonomously leads insolvency appointments reporting to Appointee/Partner.	\$635
Senior Manager	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than seven years of experience. Self-sufficiently conducts small to medium insolvency appointments and leads major workstreams in larger matters.	\$580
Manager	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than five years of experience. Self-sufficiently conducts small insolvency appointments and takes a supervisory role on workstreams in larger matters.	\$550
Assistant Manager	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than three years of experience. Autonomously manages workstream activity within appointments.	\$480
Senior Accountant	Generally, degree qualified and undertaking Chartered Accountant's qualification or comparable relevant qualification with more than 16 months of experience. Completes tasks within workstreams and appointments under supervision.	\$435
Accountant	Generally, degree qualified and undertaking or about to undertake Chartered Accountant's qualification or comparable relevant qualification with less than one year of experience. Assists with tasks within workstreams and appointments under supervision.	\$350
Undergraduate/Cadet	Undertaking relevant degree. Assists with tasks within workstreams and appointments under supervision.	\$210
Practice Services Director	National Practice Service leaders, generally degree qualified with more than ten years of experience and reporting directly to partners. Technical experts in their specific areas and have team management responsibilities.	\$680



Title	Guide to qualifications and role	Hourly rate (excl GST)
Senior Treasury Staff	Appropriately experienced and undertakes senior Treasury activities such as oversight of the processing of payment of receipts and banking administration. May be responsible for day to day management of projects or operations and may have supervisory responsibility for junior staff.	\$445
Senior Client Administration and Treasury	Appropriately experienced and undertakes senior level administrative support activities or Treasury activities. May be responsible for day to day management of projects or operations and may have supervisory responsibility for junior staff.	\$350
Administration	Appropriately experienced and undertakes support activities, such as meeting co-ordination and preparation of materials where it is efficient and appropriate to do so.	\$200

McGrathNicol reviews its hourly rates on either 31 December or 30 June. Creditors will be advised of any change to the hourly rates for this liquidation.

Dated: 22 July 2020

Shaun Fraser  
Partner

#### Acknowledgement

To acknowledge that you have received and understood the information we have provided to you, please sign and date this document and return it to us on or before making the appointment.

Signature:

Name:

Peter Matych

Date:

28/07/2020