

**TELGO PTY LTD
(In Liquidation)**

ACN 009 285 625

ATF THE TELGO UNIT TRUST

ABN 17 435 964 867

Formerly trading as "Farmer Jacks Stratton"

Annual Report

16 August 2018

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Annexures

- A - Receipts & payments
- B - Liquidator's remuneration

1.0 Introduction

- 1.1 I refer to my Circulars to Creditors dated 30 May 2014, 18 August 2015, 10 August 2016 and 2 August 2017.
- 1.2 As you are aware, I was appointed Liquidator of Telgo Pty Ltd (“the company”) on 23 May 2014.
- 1.3 The purpose of this report is to provide an update on the progress of the liquidation in accordance with Section 508 of the Corporations Act 2001 (“the Act”). Despite its repeal, Section 508 of the Act continues to apply in respect of a liquidation with an annual reporting year commencing prior to 1 September 2017 but ending after 1 September 2017 (Section 1603 of the Act).

2.0 Receipts & payments

- 2.1 Annexure A sets out the receipts and payments in the liquidation of the company to date.

3.0 Asset realisations

- 3.1 Please refer to my previous Circulars to Creditors for a summary of my asset realisations. I provide the following additional information.
- 3.2 *HIH Casualty & General Insurance Ltd*
 - 3.2.1 The company is a creditor of HIH Casualty & General Insurance Ltd (In Liquidation and Subject to Schemes of Arrangement) (“HIH”) and is owed \$35,762.15 in respect of a public liability claim.
 - 3.2.2 To date, I have received \$4,797 in respect of dividends paid by HIH.
 - 3.2.3 The Liquidators of HIH have advised that they expect a final dividend to be paid in due course.

4.0 Secured creditors

- 4.1 At the date of my appointment, Metcash Trading Ltd and Bankwest held circulating and non-circulating security interests.
- 4.2 Bankwest, who held a second ranking circulating and non-circulating security interest, was paid in full purportedly by the guarantor(s) to the facility after the date of my appointment. I am currently confirming the payout of Bankwest’s facility.
- 4.3 I have engaged a lawyer to assist in dealing with the funds remaining in the liquidation given these security interests and in light of two recent judgments concerning the distribution of trust assets in a liquidation scenario.

5.0 Priority creditors

- 5.1 The directors' Reports as to Affairs ("RATAs") stated that the company's employees were owed a total of \$782,798 in respect of outstanding wages, annual leave, long service leave, pay in lieu of notice, redundancy and unpaid superannuation.
- 5.2 A number of the company's former employees lodged a claim with the Department of Jobs and Small Business ("the Department") for outstanding entitlements owed at the date of liquidation (excluding superannuation) under the Fair Entitlement Guarantee Act 2012. The Department remitted a total of \$495,159 to me in respect of these outstanding entitlements.
- 5.3 The Department now stands in the place of the former employees as a priority creditor in the liquidation for the amount of \$495,159.
- 5.4 It is likely that there may be sufficient funds available to pay a dividend to priority creditors of the company, subject to my lawyer's advice (see Paragraph 4.3).

6.0 Unsecured creditors

- 6.1 According to the directors' RATAs, the company had 73 unsecured creditors whose claims totalled \$2,582,007.
- 6.2 To date, I have received claims from 37 unsecured creditors totalling \$2,096,591. The Australian Taxation Office has lodged a Proof of Debt in the sum of \$415,719 and remains the major unrelated creditor of the company.
- 6.3 I consider it unlikely that there will be sufficient funds available to pay a dividend to unsecured creditors of the company.

7.0 Investigations

- 7.1 As you are aware, I have determined that the company traded while insolvent from 28 July 2013 and I am currently pursuing the directors for insolvent trading. I have engaged a lawyer to assist with the insolvent trading claim. My lawyer has advised that the matter noted at Paragraph 4.3 must first be resolved.
- 7.2 Please refer to my Circular to Creditors dated 18 August 2015 for a summary of my investigations into the company.

8.0 Liquidator's remuneration

- 8.1 Fees incurred in the liquidation for the period 23 May 2014 to 30 June 2018 are \$202,760.70 (excluding GST). See Annexure B.
- 8.2 At the meeting of creditors held on 16 June 2014, creditors approved Liquidator's fees to a limit of \$50,000 (excluding GST).
- 8.3 To date, I have drawn fees of \$37,381.90 (excluding GST).

9.0 Further work required

9.1 The following work needs to be undertaken before the liquidation can be finalised:

- Receipt the final dividend from HIH.
- Determine how to distribute the remaining funds in the liquidation.
- Pursue the insolvent trading claim.
- Payment of a dividend to priority creditors (if sufficient funds are available).

9.2 Once this work has been completed, I can proceed to finalise the liquidation. I estimate that the liquidation will remain ongoing for another year.

10.0 Annual General Meeting

10.1 Pursuant to Section 508(1) of the Act, if a creditors' voluntary winding up continues for more than one year, a Liquidator must either convene an Annual General Meeting or prepare a report and lodge it with ASIC.

10.2 In fulfilling my obligations as Liquidator of the company under Section 508 of the Act, I will lodge a copy of this report with ASIC. I have decided not to convene an annual meeting of creditors.

If you have any queries in relation to the above matters, please contact Shannon O'Connor or Melissa Ledger of this office.

Yours faithfully



JENNIFER E. LOW
Liquidator of
Telgo Pty Ltd

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Receipts & payments
for the period 23 May 2014 to 16 August 2018

Receipts	\$
Cash on hand	32,306
Pre-appointment debts	3,904
Sale of stock	83,624
Sale of plant and equipment	35,179
Shares (incl. dividends and sale of shares)	19,134
Unsecured dividend (HIH)	4,797
Interest income	1,395
Supplier refunds	2,249
Voidable transaction and unfair preference - vehicle	4,400
FEG advance (incl. Liquidator's fees)	496,494
	<u>683,482</u>
Payments	
Agent's fees	20
Agent's disbursements	40
Bank fees	283
Brokerage fees	300
Insurance	1,195
Legal fees	14,203
Mail redirection	160
Valuation fee	1,200
Utilities	2,889
Stocktake costs	1,940
Employee entitlements (incl. PAYG)	495,159
Secured creditor - non-circulating assets	15,835
Secured creditor - settlement costs	26,077
Liquidator's fees:	
Direct realisation fees - circulating assets	19,329
Direct realisation fees - non-circulating assets	12,718
FEG	1,335
General	4,000
Liquidator's disbursements:	
Advertisements	145
Facsimiles	45
Mail redirection	160
Printing & photocopying	554
Postage	467
Searches	206
Stationery	15
Storage	360
Telephone	96
Travel & accommodation	188
GST (net)	21
	<u>598,940</u>
Cash at bank	<u><u>84,542</u></u>

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**Liquidator's remuneration
for the period 23 May 2014 to 30 June 2018**

Staff Level	Hours	Sheridans Rate ¹ \$ / hr	Charge \$
Partner	32.6	524	17,080.80
Director	110.9	379	42,012.00
Senior Manager	23.2	380	8,818.40
Manager	17.5	301	5,267.50
Supervisor	12.8	265	3,388.70
Senior 1	329.1	232	76,193.30
Senior 2	22.0	221	4,860.40
Intermediate 1	193.6	171	33,068.20
Intermediate 2	3.8	175	665.00
Graduate	22.2	147	3,262.80
Secretary	61.1	133	8,143.60
Total fees incurred	828.8		202,760.70

¹ Rounded to the nearest dollar