

**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

2 August 2017

| Contents | Page |
|------------------------------|-------------|
| 1. Introduction | 3 |
| 2. Receipts & payments | 3 |
| 3. Asset realisations | 3 |
| 4. Secured creditors | 3 |
| 5. Priority creditors | 4 |
| 6. Unsecured creditors | 4 |
| 7. Investigations | 4 |
| 8. Liquidator's remuneration | 4 |
| 9. Annual General Meeting | 5 |

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 and 10 August 2016.
- 1.2 As you are aware, I was appointed Liquidator of Telgo Pty Ltd (“the company”) on 23 May 2014 pursuant to a resolution passed by the shareholders of the company to place the company into Creditors’ Voluntary Liquidation.
- 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”).

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 *Shares - MBL Trading Ltd (“MBL”)*
 - 3.2.1 As you are aware, the company held 11,605 shares with MBL. I realised \$9,284 from the sale of the shares.
 - 3.2.2 Prior to the sale of these shares, I received dividends totalling \$696 from MBL.
- 3.3 *HIH Casualty & General Insurance Ltd*
 - 3.3.1 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.
 - 3.3.2 To date, I have received \$4,797 in respect of dividends paid by HIH.
 - 3.3.3 The Liquidators of HiH have advised that they expect a final dividend to be paid in due course.

4.0 Secured creditors

- 4.1 I advise that Metcash Trading Ltd has a circulating and non-circulating security interest over the company’s assets.
- 4.2 I further note that BankWest Australia Ltd has a second ranking circulating and non-circulating security interest over the company’s assets.

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 Employment ("DoE") for outstanding entitlements owed at the date of liquidation (excluding superannuation) under the Fair Entitlement Guarantee Act 2012. The DoE remitted a total of \$495,159 to me in respect of these outstanding entitlements. After deducting PAYG, I forwarded the funds to the former employees.
- 5.3 The DoE 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 possible that there may be sufficient funds available to pay a dividend to priority creditors of the company.

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 major unrelated creditor of the company is the Australian Taxation Office, which has lodged a Proof of Debt in the sum of \$415,719.
- 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.
- 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 31 May 2017 are \$185,683.00 (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 Annual General Meeting

- 9.1 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.
- 9.2 As there are no resolutions to be voted on by creditors, I have decided not to convene an annual meeting of creditors pursuant to Section 508(1)(b)(i) of the Act.
- 9.3 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.

Should you have any queries in relation to the above matters, please do not hesitate to contact Shannon O'Connor or Melissa Ledger of this office.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'J. E. Low', with a stylized flourish at the end.

JENNIFER E. LOW
Liquidator of
Telgo Pty Ltd

TELGO PTY LTD
ACN 009 285 625
(In Liquidation)

Receipts & payments for the period 23 May 2014 to 2 August 2017

| | <u>\$</u> |
|------------------------------------------------------|----------------------|
| Receipts | |
| Cash on hand | 31,957 |
| 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 |
| Supplier refunds | 2,249 |
| Voidable transaction and unfair preference - vehicle | 4,400 |
| Interest income | 1,483 |
| FEG advance | 496,583 |
| GST (net) | 1 |
| | <u>683,311</u> |
| Payments | |
| Agent's fees | 20 |
| Agent's disbursements | 40 |
| Bank fees | 225 |
| Brokerage fees | 300 |
| Insurance | 1,195 |
| Legal fees | 10,805 |
| Mail re-direction | 160 |
| Valuation fee | 1,200 |
| Utilities | 2,889 |
| Stocktake costs | 1,940 |
| Employee entitlements (incl. PAYG) | 495,158 |
| Secured creditor - non-circulating assets | 15,835 |
| Secured creditor - settlement costs | 26,077 |
| Liquidator's fees: | |
| Direct realisation of circulating assets | 19,329 |
| Direct realisation of non-circulating assets | 12,718 |
| FEG | 1,335 |
| General fees | 4,000 |
| Liquidator's disbursements: | |
| Advertising | 145 |
| Fax | 44 |
| Photocopying | 10 |
| Postage | 467 |
| Printing | 544 |
| Searches | 206 |
| Stationery | 15 |
| Storage | 360 |
| Telephone | 96 |
| Travel & accommodation | 188 |
| Other | 160 |
| | <u>595,461</u> |
| Cash at bank @ 2 August 2017 | <u><u>87,850</u></u> |

TELGO PTY LTD
ACN 009 285 625
(In Liquidation)

Liquidator's remuneration incurred for the period 23 May 2014 to 31 May 2017

| Staff Level | Hours | Sheridans Rate ¹ \$ / hr | Charge \$ |
|----------------------------|--------------|-------------------------------------------|-------------------|
| Partner | 25.0 | 520 | 12,992.00 |
| Director | 110.9 | 379 | 42,012.00 |
| Senior Manager | 19.3 | 380 | 7,332.50 |
| Supervisor | 12.4 | 265 | 3,282.70 |
| Senior 1 | 318.5 | 231 | 73,617.50 |
| Senior 2 | 21.3 | 221 | 4,705.70 |
| Intermediate 1 | 193.6 | 171 | 33,068.20 |
| Graduate | 9.1 | 147 | 1,337.10 |
| Secretary | 55.2 | 133 | 7,335.30 |
| Total fees incurred | 765.3 | | 185,683.00 |

¹ Rounded to the nearest dollar