



SHERIDANS
CHARTERED ACCOUNTANTS

TROJAN HORSE INTERIORS PTY LTD

(In Liquidation)
ACN 108 042 520

Report to Creditors

Section 70-40
Insolvency Practice Rules (Corporations) 2016

25 January 2018

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Enclosures

- (i) Proof of Debt or Claim form

1. Introduction

- 1.1 I refer to my appointment as Liquidator of the company on 30 October 2017 and to my initial information for creditors dated 10 November 2017.
- 1.2 The purpose of this report is to provide creditors with an update on the progress of the liquidation in accordance with Section 70-40 of the Insolvency Practice Rules (Corporations) 2016, and to advise creditors of the likelihood that a dividend will be paid in the liquidation.

2. Receipts and payments

- 2.1 The following is a summary of receipts and payments in the liquidation to date:

	\$
Receipts	
Contribution	20,000
Sale of plant and equipment	16,761
Refund of vehicle licence	617
	37,378
Payments	
Agent's fees & disbursements	2,249
Bank fees	14
	2,263
Cash at bank as at 25 January 2018	35,115

3. Assets

- 3.1 The company's director gave an estimate in his Report as to Affairs ("RATA") of potential realisations. Set out below is a comparison of this estimate with the Liquidator's estimate and actual realisations to date.

	Ref	RATA estimate \$	Liquidator's estimate \$	Liquidator's realisations to date \$
Pre-appointment debts	3.2	5,732	5,732	-
Plant and equipment	3.3	25,000	16,761	16,761
		30,732	22,493	16,761

3.2 Pre-appointment debts

- 3.2.1 The company's records indicated that the company had an accounts receivable balance as at the date of liquidation of \$25,418.19.
- 3.2.2 On review of the accounts receivable balance and following discussions with the company's director, I have determined that most of the outstanding debts have either been paid or partly paid by debtors prior to my appointment, or the customer had been invoiced but the required work had yet to be undertaken by the company.
- 3.2.3 I estimate that I will realise \$5,732 from the company's one remaining pre-appointment debtor.

3. Assets (cont.)

3.3 Plant and equipment

3.3.1 The company's plant and equipment comprised two motor vehicles and a small amount of miscellaneous office and computer equipment.

3.3.2 The plant and equipment was collected by my agent and realised \$16,761 (excluding GST, less agent's fees and disbursements) at auction.

4. Priority creditors

4.1 Set out below is the director's estimate of the company's priority creditors compared to my estimate:

	RATA estimate \$	Liquidator's estimate \$
Annual leave	39,537	26,205
Long service leave	-	8,249
Pay in lieu of notice	19,135	30,296
Superannuation	26,224	34,752
	84,896	99,502

4.2 Four former employees have made a claim under the Fair Entitlements Guarantee Act 2012 ("FEG") and have been paid a total of \$18,528. FEG now has a subrogated priority claim in the liquidation in the amount of \$18,528.

4.3 If you were an employee of the company at the date that I was appointed, or you have previously been employed by the company, you may be a creditor of the company for any or all of the following debts: outstanding wages, annual leave, long service leave, pay in lieu of notice, redundancy and/or superannuation.

4.4 If you are owed accrued entitlements, you may be eligible for assistance under FEG. For further information regarding FEG, please call the FEG hotline: 1300 135 040 or go to the website: www.employment.gov.au/fair-entitlements-guarantee-feg. **Former employees have only 12 months from the date of liquidation to lodge a FEG claim and FEG has no discretion to extend this time.**

4.5 Please find enclosed a Proof of Debt or Claim form to enable priority creditors to lodge their claim against the company. Note that any FEG claim must be lodged separately with FEG.

5. Secured creditors

- 5.1 According to a search of the Personal Property Securities Register (“PPSR”) on 30 October 2017, the following parties have registered security interests against the company’s ACN:

Secured party	Details of charge
Bankwest	<p>Bankwest has a first ranking All Present and After-Acquired Property (“AllPAAP”) security interest registered on the PPSR in respect of loan facilities provided to the company. I have determined that Bankwest’s AllPAAP security interest is valid.</p> <p>Bankwest also held security over the director’s residential property. This property has been sold and the amount owed to Bankwest, being \$935,081, has been paid in full. Accordingly, the director has a subrogated claim in the liquidation.</p> <p>Given my estimate of asset realisations (see paragraph 3.1), I consider that the majority of the director’s subrogated claim will be unsecured.</p>
W.A. Partitioning (2006) Pty Ltd (“W.A.P”)	<p>W.A.P has a Purchase Money Security Interest and an AllPAAP security interest registered on the PPSR. I am currently awaiting further information from W.A.P’s lawyer in respect of the AllPAAP security interest.</p> <p>The amount owed to W.A.P at the date of liquidation was \$662,809. Given Bankwest’s first ranking AllPAAP security interest, I consider that W.A.P has an unsecured claim in the liquidation.</p>
Canon Finance Australia Pty Ltd (“Canon”)	<p>Canon has a Purchase Money Security Interest registered on the PPSR in respect of a printer being rented by the company.</p> <p>I determined that Canon’s security interest was valid. On 8 November 2017, Canon repossessed the printer.</p>
Capital Finance Australia Limited GJ & PG Craddock Hacost Pty Limited Collins Corporation (NSW) Pty Ltd Jaystar (NSW) Pty Ltd	There is no debt owed to these creditors.

6. Unsecured creditors

- 6.1 According to the director’s RATA, the company had 32 unsecured creditors, whose claims totalled \$1,629,185.
- 6.2 To date, I have received ten Proofs of Debt from unsecured creditors totalling \$1,109,766. On the basis of current information, I estimate that the total amount owed to unsecured creditors is \$2,690,436 (including secured creditor shortfalls).

6. Unsecured creditors (cont.)

- 6.3 From my investigations to date, The McRobert Ward Family Trust appears to be the only related party creditor of the company. This creditor has not yet submitted a Proof of Debt but was listed as being owed \$620,991 on the director's RATA. I note that there may be additional related party unsecured creditors that I have yet to identify.
- 6.4 Please find enclosed a Proof of Debt or Claim form to enable unsecured creditors to lodge their claim against the company.

7. Dividend

- 7.1 The likelihood that a dividend will be paid to creditors will be affected by a number of factors including:
- (i) The size and complexity of the administration.
 - (ii) The amount of assets realisable and the costs of realising those assets.
 - (iii) The statutory priority of certain claims and costs.
 - (iv) The value of various classes of claims including secured, priority and unsecured creditor claims.
 - (v) The volume of enquiries by creditors and other stakeholders.
- 7.2 At this stage of the liquidation, I consider that there will be insufficient funds available to pay a dividend to priority and unsecured creditors of the company.
- 7.3 However, the likelihood of a dividend is largely dependent on the outcome of my investigations into any possible recovery actions, if any (see Section 11).
- 7.4 If a dividend is payable, creditors will be contacted prior to payment of the dividend and will be asked to lodge a Proof of Debt. This will formalise creditors' claims against the company.

8. Reasons for the company's failure

- 8.1 The company's business ceased to trade on or around 30 October 2017.
- 8.2 From my preliminary inquiries to date (see Section 9), I consider that the reasons for the company's failure are likely to be as follows:
- (i) Inability to meet taxation liabilities;
 - (ii) Inability to service significant bank facilities;
 - (iii) Insufficient cash flow due to inadequate revenue to meet expenses; and
 - (iv) Poor strategic management of the business.

9. Inquiries undertaken to date

9.1 The following inquiries have been made to date:

- (i) Undertaking searches including a company search, PPSR search, vehicle search, director search and property search.
- (ii) Contacting the Sheriff's Office to determine whether any recovery action has been undertaken on behalf of creditors.
- (iii) Contacting the Child Support Agency, Centrelink and Workcover WA to determine the company's outstanding liabilities.
- (iv) Contacting the Office of State Revenue and the Australian Taxation Office ("ATO") to determine the company's outstanding tax-related liabilities.
- (v) Requesting that the ATO provide me with access to the company's taxation records via the Business Portal.
- (vi) Attending the company's former premises.
- (vii) Collecting and preparing a listing of the company's books and records.
- (viii) Reviewing the company's financial statements and draft accounts to determine whether there are any unaccounted for assets and/or liabilities.
- (ix) Reviewing the director's Report as to Affairs.
- (x) Verification of the validity of secured creditor PPSR registrations.
- (xi) General inquiries of the company's director regarding assets and liabilities.
- (xii) Inquiries regarding the sale of the company's plant and equipment.
- (xiii) Sending an initial notice to creditors, encouraging creditors to submit their claim against the company.
- (xiv) Inquiries regarding the company's accounts receivable balance.

10. Further inquiries that may need to be undertaken

10.1 The following further inquiries may need to be undertaken:

- (i) Extensive review of the company's books and records.
- (ii) Conducting an investigation into the company's affairs and the conduct of its officers.
- (iii) Determining whether there are any possible recovery actions (see Section 11).
- (iv) Further inquiries regarding the validity of secured creditor PPSR registrations.
- (v) Lodging a report with ASIC detailing my investigation findings.
- (vi) General ongoing inquiries of the company's director regarding assets and liabilities.

10.2 If creditors are aware of a particular matter that requires further investigation, please contact this office immediately.

11. Possible recovery actions

11.1 I am yet to uncover any possible recovery actions but note that the most common recovery actions available to a liquidator are as follows:

- (i) Insolvent trading.
- (ii) Unfair preferences.
- (iii) Uncommercial transactions.
- (iv) Unfair loans.
- (v) Unreasonable director-related transactions.

12. What happens next?

12.1 I will proceed with the liquidation, including:

- (i) Realising the remaining assets.
- (ii) Recovering any further available property.
- (iii) Completing my investigations into the company's affairs.
- (iv) Completing my reporting to the corporate insolvency regulator, the Australian Securities and Investments Commission.

12.2 I may write to creditors again with further information on the progress of the liquidation.

13. More information

13.1 Creditors can access information which may be of assistance on the following websites:

- (i) Sheridans at www.sheridansac.com.au/downloads/
- (ii) ARITA at www.arita.com.au/creditors
- (iii) ASIC at www.asic.gov.au (search for "insolvency information sheets")

If you wish to discuss the above matters, please contact Shannon O'Connor or Phillip Nguyen of this office.

Yours faithfully



JENNIFER E. LOW
Liquidator of
Trojan Horse Interiors Pty Ltd

TROJAN HORSE INTERIORS PTY LTD
ACN 108 042 520
(In Liquidation) ("the company")

FORMAL PROOF OF DEBT OR CLAIM

This is to state that the company was on 30 October 2017 and still is, justly and truly indebted to _____ for:

\$ _____ and _____ cents

Date	Consideration (how the debt arose)	Amount \$	Remarks (include details of voucher substantiating payment)

To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount \$	Due date

I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied. ①

I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied. ①

① *Delete both if this proof is made by the creditor personally. Otherwise, strike out or leave, as appropriate.*

Please ensure this proof is signed for completion, before lodgement.

Date: _____

Signature: _____

Name: _____

Occupation: _____

Creditor's address: _____

I nominate to receive electronic notification of notices or documents in accordance with Section 600G of the Corporations Act 2001 at the following email address:
