



SHERIDANS
CHARTERED ACCOUNTANTS

VARLEY FARMS PTY LTD

(In Liquidation)
ACN 128 630 964

Report to Creditors

Section 70-40
Insolvency Practice Rules (Corporations) 2016

17 April 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 Varley Farms Pty Ltd (“the company”) on 2 February 2018 and to my initial information for creditors dated 15 February 2018.
- 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 | 25,000 |
| | 25,000 |
| Payments | |
| Liquidator’s disbursements | |
| Advertisements | 71 |
| Facsimiles | 12 |
| Postage | 72 |
| Printing and photocopying | 89 |
| Searches | 98 |
| Stationery | 3 |
| Telephone | 8 |
| Liquidator’s fees | 16,275 |
| GST (net) | 1,663 |
| | 18,291 |
| Cash at bank as at 17 April 2018 | 6,709 |

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 \$ |
|---------------|-----|---------------------|--------------------------------|--|
| Cash at bank | 3.2 | 403 | Nil | Nil |
| Motor vehicle | 3.3 | 5,100 | Nil | Nil |
| | | 5,503 | Nil | Nil |

3.2 Cash at bank

I have determined that the company had a nil cash at bank balance at the date of liquidation.

3. Assets (cont.)

3.3 *Motor vehicle*

3.3.1 The company had a motor vehicle on finance, being a 2013 Volkswagen Amarok.

3.3.2 I have determined that this vehicle did not have any equity and therefore, disclaimed my interest in it.

3.3.3 It is my understanding that the director was to assume the finance agreement in order to obtain the vehicle. I am currently unaware as to whether this has occurred.

4. Secured creditors

4.1 The company's only secured creditor was BMW Australia Finance Limited with respect to the 2013 Volkswagen Amarok (see section 3.3).

5. Unsecured creditors

5.1 According to the director's RATA, the company had five unsecured creditors, whose claims totalled \$4,931,354.

5.2 I note that the Australian Taxation Office ("ATO") has submitted a Proof of Debt in the sum of \$10,162. However, there remain two income tax returns outstanding which the company's external accountant has undertaken to lodge.

5.3 I anticipate that the full extent of the ATO claim will be approximately equal to the RATA estimate of \$30,985.

5.4 On the basis of current information, I estimate that the total amount owed to unsecured creditors is \$5,130,406.

5.5 The following unsecured creditors appear to be related parties of the company:

- Hull Farming Pty Ltd
- William Hull

5.6 Please find enclosed a Proof of Debt or Claim form to enable any unsecured creditors who have not already done so to lodge their claim against the company.

6. Dividend

- 6.1 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.
- 6.2 Due to the quantum of asset realisations to date, and that there are no expected future realisations (see section 3), I consider it unlikely that a dividend will be paid to any class of creditor of the company.
- 6.3 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.

7. Reasons for the company's failure

- 7.1 I note that company's business ceased to trade on or around 31 January 2018.
- 7.2 From my preliminary inquiries to date (see section 8, below), I consider that the reasons for the company's failure are likely to be as follows:
- (i) Inability to generate contract income;
 - (ii) Inability to service significant levels of debt; and
 - (iii) Poor farming seasons resulting in low grain yields.

8. Inquiries undertaken to date

- 8.1 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 and Workcover WA to determine the company's outstanding liabilities.
 - (iv) Contacting the Office of State Revenue and the 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) Collecting and preparing a listing of the company's books and records.
 - (vii) Reviewing the company's financial statements and draft accounts to determine whether there are any unaccounted for assets and/or liabilities.
 - (viii) Reviewing the director's Report as to Affairs.

8. Inquiries undertaken to date (cont.)

- (ix) General inquiries of the company's director regarding assets and liabilities.
- (x) Sending an initial notice to creditors, encouraging creditors to submit their claim against the company.

9. Further inquiries that may need to be undertaken

9.1 I note 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 10, below).
- (iv) Lodging a report with ASIC detailing my investigation findings.
- (v) General inquiries of the company's director regarding assets and liabilities.

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

10. Possible recovery actions

10.1 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.

11. What happens next?

11.1 I will proceed with the liquidation, including:

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

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

12. More information

12.1 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 David Blanchett or Sarah Marsegaglia of this office.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Jennifer E. Low'. The signature is written in a cursive style with a large initial 'J' and a long horizontal stroke.

JENNIFER E. LOW
Liquidator of
Varley Farms Pty Ltd

VARLEY FARMS PTY LTD
ACN 128 630 964
(In Liquidation) ("the company")

FORMAL PROOF OF DEBT OR CLAIM

This is to state that the company was on 2 February 2018 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:
