



**SHERIDANS**  
CHARTERED ACCOUNTANTS

# **PROTECTION 1 PTY LTD**

(In Liquidation)  
ACN 091 343 967

## **Report to Creditors**

Section 70-40  
Insolvency Practice Rules (Corporations) 2016

**2 December 2019**

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<b>Contents</b>	<b>Page</b>
1 Introduction	3
2 Receipts and payments	3
3 Assets	3
4 Secured creditors	5
5 Priority creditors	6
6 Unsecured creditors	6
7 Dividend	6
8 Reasons for the company's failure	7
9 Inquiries undertaken to date	7
10 Further inquiries that may need to be undertaken	8
11 Possible recovery actions	8
12 What happens next?	8
13 More information	9

### **Enclosures**

- (i) Proof of Debt or Claim form

## 1. Introduction

- 1.1 I refer to my appointment as Liquidator of the company on 2 September 2019 and to my Initial information for creditors dated 13 September 2019.
- 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 of a dividend being paid in the liquidation.

## 2. Receipts and payments

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

	\$
<b>Receipts</b>	
Contribution	20,000.00
Accounts receivable	18,394.56
Cash at bank	4,989.93
Sale of business assets:	
Fixtures and fittings	3,000.00
Inventory	2,000.00
Motor vehicles	5,500.00
Intangible assets	2,250.00
	56,134.49
<b>Payments</b>	
Bank charges	21.20
Valuation fees	250.00
Secured creditor - non-circulating assets	5,250.00
Liquidator's fees:	
Direct realisations - circulating assets	5,500.00
Direct realisations - non-circulating assets	6,922.00
General	18,181.82
GST (net)	3,085.38
	39,210.40
<b>Cash at bank as at 2 December 2019</b>	<b>16,924.09</b>

## 3. Assets

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

	Ref	ROCAP estimate \$	Liquidator's estimate \$	Liquidator's realisations to date \$
Accounts receivable	3.2	35,000.00	Unknown	18,394.56
Cash at bank	3.3	Nil	4,989.93	4,989.93
Fixtures and fittings	3.4	1,000.00	3,000.00	3,000.00
Inventory	3.4	2,000.00	2,000.00	2,000.00
Intangible assets	3.4	Nil	2,250.00	2,250.00
Motor vehicles	3.4	3,000.00	5,500.00	5,500.00
		<b>41,000.00</b>	<b>Unknown</b>	<b>36,134.49</b>

### 3. Assets (cont.)

#### 3.2 Accounts receivable

- 3.2.1 The company's books and records showed a total accounts receivable balance of \$32,363.54 owing at the date of my appointment.
- 3.2.2 On review of the accounts receivable and following discussions with the company's director and customers, I determined that there were additional accounts receivable due to the company of \$11,927.20, resulting in a total accounts receivable balance of \$44,290.74.
- 3.2.3 To date I have collected \$18,394.56 from debtors of the company. However, I am currently investigating whether some payments received were mistakenly paid to the company.
- 3.2.4 My collection of the remaining accounts receivable is ongoing.

#### 3.3 Cash at bank

- 3.3.1 The company held one bank account with National Australia Bank ("NAB") at the date of appointment.
- 3.3.2 On 15 October 2019, I received \$4,989.93 from NAB, being the balance of the company's bank account on the date of my appointment. The company's bank account has now been closed.

#### 3.4 Sale of business assets

- 3.4.1 On 12 September 2019 I entered into a Sale of Assets agreement with Pro1 Security Pty Ltd ("Pro1") for the sale of the following assets:

	\$
Inventory	2,000.00
Fixtures and fittings (computer equipment and peripherals, office furniture, photocopier etc.)	3,000.00
Intangible items (customer list, business name, domain name, software licences, trademarks, telephone numbers, email addresses etc.)	2,250.00
Unencumbered motor vehicles:	
2000 BMW E39	1,000.00
2008 Hyundai i30	4,000.00
2001 Mitsubishi Lancer	500.00
	<b>12,750.00</b>

- 3.4.2 I note that Pro1 is a related entity; a recently registered company whose sole director is the company's director's wife.
- 3.4.3 I determined the appropriate value to be obtained for the assets sold after due consideration and obtaining appropriate independent valuations.
- 3.4.4 I received the total sale price of \$12,750.00, plus GST, from Pro1 on 12 September 2019.

### 3. Assets (cont.)

3.4.5 I note that the company owned an additional six motor vehicles subject to finance agreements. I determined that there was no equity and disclaimed my interest in these motor vehicles. It is my understanding that Pro1 has assumed a number of the respective finance agreements.

### 4. Secured creditors

4.1 According to a search of the Personal Property Securities Register (“PPSR”) on 14 August 2019, the following security interests were registered against the company’s ACN:

Secured party	Security interest	Comments
Central Security Distribution Pty Ltd	AllPaaP (Other goods)	No debt owed by the company.
Coates Hire Operations Pty Ltd	AllPaaP (Motor vehicle)	No equipment on hire with the company. Unsecured claim in the liquidation.
Esanda Finance Corporation Limited	AllPaaP (Commercial property)	No debt owed by the company. PPSR registration subsequently discharged.
Force Corp Pty Ltd	AllPaaP (Motor vehicle)	No debt owed by the company. PPSR registration subsequently discharged.
GCS Personnel Services Pty Ltd	AllPaaP (Motor vehicle, other goods and financial property)	No debt owed by the company. PPSR registrations subsequently discharged.
Konica Minolta Business Solutions Australia Pty Ltd	AllPaaP (Other goods)	No equipment on hire with the company. Unsecured claim in the liquidation.
Macquarie Bank Ltd	AllPaaP (Motor vehicle)	Negative equity in secured asset. Security interest was disclaimed.
National Australia Bank	AllPaaP (Commercial property)	No debt owed by the company.
Nissan Financial Services Australia Pty Ltd	AllPaaP (Motor vehicle)	Negative equity in secured asset. Security interest was disclaimed.
Onsite Rental Group Operations Pty Ltd	AllPaaP (Other goods)	No debt owed by the company. PPSR registration subsequently discharged.
Prospa Advance Pty Ltd	AllPaaP (Commercial property)	Valid security interest. Have been paid the proceeds from the sale of non-circulating assets.
Toyota Finance Australia Ltd	AllPaaP (Other goods)	No debt owed by the company. PPSR registration subsequently discharged.
Volkswagen Financial Services Australia Pty Ltd	AllPaaP (Motor vehicle)	Negative equity in secured asset. Security interest was disclaimed.
Westpac Banking Corporation	AllPaaP (Motor vehicle)	Negative equity in secured assets. Security interests were disclaimed.

AllPaaP = All present and after-acquired property

4.2 I have not identified any related party secured creditors.

## 5. Priority creditors

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

	ROCAP estimate \$	Liquidator's estimate \$
Wages	Nil	Unknown
Superannuation	244,779.99	187,924.66
Leave of absence	21,703.98	Unknown
	<b>266,483.97</b>	<b>Unknown</b>

- 5.2 I have not identified any related party priority creditors.
- 5.3 If you were an employee of the company at the date of liquidation, 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.
- 5.4 If you are owed accrued entitlements, you may be eligible for assistance under the Federal Government's Fair Entitlements Guarantee Act 2012 ("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](http://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.**
- 5.5 Please find enclosed a Proof of Debt or Claim form to enable any priority creditors who have not already done so to lodge their claim against the company. Note that any FEG claim must be lodged separately with FEG.

## 6. Unsecured creditors

- 6.1 According to the director's ROCAP, the company had 37 unsecured creditors, whose claims totalled \$273,151.11.
- 6.2 On the basis of current information, I estimate that the total amount owed to unsecured creditors is \$455,806.71.
- 6.3 I have not identified any related party unsecured creditors.
- 6.4 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.

## 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. Dividend (cont.)**

- 7.2 At this stage in the liquidation, it is unclear whether there will be a dividend payable to priority creditors of the company.
- 7.3 Given the large amount owed to priority creditors, I consider it unlikely that there will be sufficient funds available to pay a dividend to unsecured creditors of the company.
- 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 I note that company's business ceased to trade on or around 2 September 2019.
- 8.2 From my preliminary inquiries to date (see Section 9, below), I consider that the reasons for the company's failure are likely to be as follows:
- (i) Cash flow issues, in particular the inability to service its taxation liabilities; and
  - (ii) Poor economic conditions.

## **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 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) Reviewing the company's financial statements and draft accounts to determine whether there are any unaccounted for assets and/or liabilities.
  - (vii) Reviewing the director's Report on Company Activities and Property.
  - (viii) General inquiries of the company's director(s) regarding assets and liabilities.
  - (ix) Sending an initial notice to creditors, encouraging creditors to submit their claim against the company.

## 10. Further inquiries that may need to be undertaken

- 10.1 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 11, below).
  - (iv) Lodging a report with ASIC detailing my investigation findings.
  - (v) General inquiries of the company's director(s) regarding assets and liabilities.
- 10.2 If creditors are aware of a particular matter that requires investigation, please contact this office immediately.

## 11. Possible recovery actions

- 11.1 I have not yet determined 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, ASIC.
- 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/](http://www.sheridansac.com.au/downloads/)
- (ii) ARITA at [www.arita.com.au/creditors](http://www.arita.com.au/creditors)
- (iii) ASIC at [www.asic.gov.au](http://www.asic.gov.au) (search for “insolvency information sheets”)

If you wish to discuss the above matters, please contact Melissa Ledger or Shaun Carrington of this office.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Jennifer E. Low', written in a cursive style.

JENNIFER E. LOW  
Liquidator of  
Protection 1 Pty Ltd

**PROTECTION 1 PTY LTD**  
**ACN 091 343 967**  
**(In Liquidation) (“the company”)**

**PROOF OF DEBT OR CLAIM**

This is to state that the company was on 2 September 2019 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:

Email: \_\_\_\_\_