

JOHN D. WHOLAGAN PTY LTD

(In Liquidation)
ACN 066 668 586

Report to Creditors

Section 70-40
Insolvency Practice Rules (Corporations) 2016

25 May 2020

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- A Remuneration Approval Report

Enclosures

- (i) Notice of Proposal to Creditors - Current remuneration
- (ii) Notice of Proposal to Creditors - Future remuneration
- (iii) Notice of Proposal to Creditors - Disbursements
- (iv) Proof of Debt or Claim form

1. Introduction

- 1.1 I refer to my appointment as Liquidator of the company on 16 March 2020 and to my previous reports to creditors dated 24 March 2020 and 24 April 2020.
- 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, to advise creditors of the likelihood of a dividend being paid in the liquidation, and to seek approval of the Liquidator's remuneration.

2. Receipts and payments

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

	\$
Receipts	
Contribution	15,000.00
Payments	
Bank charges	5.20
Cash at bank as at 25 May 2020	14,994.80

3. Assets

- 3.1 The company's director estimated in his Report on Company Activity and Property ("ROCAP") that the company had no potential asset realisations.
- 3.2 I advise that I have not identified any potential assets of the company to date.

4. Unsecured creditors

- 4.1 According to the director's ROCAP, the company had three unsecured creditors, whose claims totalled \$112,347.
- 4.2 On the basis of current information, I estimate that the total amount owed to unsecured creditors is \$183,568.
- 4.3 The director has a subrogated claim in the liquidation in the sum of \$73,536 in relation to the company's legal fees and overdrawn bank account which have both been paid by the director.
- 4.4 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.

5. Dividend

- 5.1 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.
- 5.2 Given that there are no known realisable assets owned by the company, a dividend will only become payable if significant voidable transactions are uncovered and realised (see Section 6). I advise that at this stage in the liquidation, it is unlikely that a dividend will be paid to creditors.
- 5.3 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.

6. Investigations

- 6.1 Please refer to my Report to Creditors dated 24 April 2020 for details regarding the investigations tasks undertaken and types of recovery actions considered.
- 6.2 I note that company's business ceased to trade on or around 1 July 2016.
- 6.3 I advise that I have concluded my investigations into the failure of the company and the conduct of the director. I consider that the reason for the company's failure is the company's inability to meet or continue to defend a damages claim made by a former client of the company.
- 6.4 I have not identified any potential recovery actions, including insolvent trading.

7. What happens next?

- 7.1 I will proceed with the liquidation, including:
- (i) Completing my reporting to the corporate insolvency regulator, ASIC.
 - (ii) Finalising the liquidation and deregistering the company.

8. Liquidator's remuneration and disbursements

- 8.1 Please refer to Annexure B, Remuneration Approval Report, for details of the Liquidator's remuneration and disbursements.
- 8.2 In my Report to Creditors dated 24 March 2020 creditors were asked to vote on my proposed remuneration and internal disbursements via circular resolution on or before 17 April 2020.
- 8.3 As creditors failed to approve my remuneration and internal disbursements via circular resolution, I was required to call a meeting of creditors to seek approval of my remuneration and internal disbursements.
- 8.4 On 12 May 2020 I held a meeting of creditors. However, as only one creditor attended the meeting (by proxy) the meeting did not have a valid quorum. I was therefore unable to have my remuneration and internal disbursements approved at the meeting of creditors.
- 8.5 As at 30 April 2020 I have incurred fees in the liquidation of \$10,875.00 and internal disbursements of \$650.59.
- 8.6 Additional costs and disbursements will continue to be incurred in the conduct of the liquidation.
- 8.7 I propose to have my remuneration and internal disbursements approved by a proposal without a meeting. Three Notices of Proposal to Creditors are enclosed to approve:
1. My current outstanding remuneration up to 30 April 2020;
 2. My future remuneration to the conclusion of the liquidation; and
 3. My internal disbursements for the duration of the liquidation.
- 8.8 **I request that you return to this office the completed Notices of Proposal to Creditors no later than 4:00pm on Wednesday, 17 June 2020.**
- 8.9 Please note that it is in the best interests of the creditors of the estate to submit the Notices of Proposal. If my remuneration and disbursements are not approved, I will incur further remuneration in seeking the required approval, diminishing the funds available for a distribution to creditors.

9. More information

- 9.1 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 Melissa Ledger of this office.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'J. E. Low'. The signature is fluid and cursive, with a large initial 'J' and a distinct 'L' at the end.

JENNIFER E. LOW
Liquidator of
John D. Wholagan Pty Ltd

JOHN D. WHOLAGAN PTY LTD
ACN 066 668 586
(In Liquidation) (“the company”)

REMUNERATION APPROVAL REPORT

This Remuneration Approval Report provides you with the information you need to be able to make an informed decision regarding the approval of my remuneration for undertaking the liquidation of the company. This report has the following information included:

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Part 1: Declaration

I, Jennifer E. Low, of Sheridans, have undertaken a proper assessment of this remuneration claim for my appointment as Liquidator of the company in accordance with the law and applicable professional standards. I am satisfied that the remuneration claimed is in respect of necessary work to be properly performed in the conduct of the liquidation.

Part 2: Executive summary

To date, no remuneration has been approved or paid in this administration. This Remuneration Approval Report details approval sought for the following:

Period	Report reference	Amount (excl. GST) \$
Resolution 1: 16 March 2020 to 30 April 2020	Part 3	10,875.00
Resolution 2: 1 May 2020 to the conclusion of the liquidation*	Part 3	19,125.00
Resolution 3: All disbursements incurred in the liquidation	Part 4	N/A
* Approval for future remuneration sought is based on an estimate of the work necessary to the completion of the administration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.		

Please refer to the report section references detailed in the above table for full details of the calculation and composition of the remuneration approval sought.

Part 3: Remuneration

I note that the current remuneration approval sought does not differ from the estimate of costs provided in my Initial information to creditors dated 24 March 2020, which estimated a cost to completion of the liquidation of \$30,000.00 (excl. GST).

3.1 Remuneration claim resolutions

I will be seeking approval of the following resolution to approve my unpaid remuneration for the period 16 March 2020 to 30 April 2020:

That the Liquidator's unpaid remuneration calculated on the basis of time spent by the Liquidator and her staff, at the standard scale rates set by Sheridans for work of this nature, be approved for the period 16 March 2020 to 30 April 2020 in the sum of \$10,875.00 plus GST.

I will be seeking approval of the following resolution to approve my remuneration for the period 1 May 2020 to the conclusion of the liquidation:

That the Liquidator's future remuneration calculated on the basis of time spent by the Liquidator and her staff, at the standard scale rates set by Sheridans for work of this nature, be approved for the period 1 April 2020 to the conclusion of the liquidation to a limit of \$19,125.00 plus GST, and that the Liquidator be authorised to draw her fees on a monthly basis, or as required, beyond which further approval will be required in accordance with the Corporations Act 2001. The standard scale rates will be increased in accordance with the CPI at 1 August each year, rounded up to the nearest \$.

3.2 Details of remuneration

Resolution 1 - from 16 March 2020 to 30 April 2020

Task area	General description	Specific description
Creditors 14.6 hours \$4,037.50	Creditor enquiries	Receiving and following up creditor enquiries via telephone. Maintaining creditor enquiry register. Reviewing and preparing correspondence to creditors and their representatives via facsimile, email and post.
	PPSR	Search of the PPSR register. Notify PMSI creditors identified from PPSR register. Request PPSR registration be removed.
	Creditor reports	Prepare initial report to creditors. Prepare additional report to creditors to call meeting of creditors.
	Dealing with Proofs of Debt	Receipting and filing Proofs of Debt when not related to a dividend.
	Creditors' meetings	Preparing meeting notices, proxies and advertisement. Forwarding notices of meeting to all known creditors. Preparing meeting files, including agendas, certificates of postage, attendance registers, lists of creditors, reports to creditors, and minutes of meetings.
	Proposals to creditors	Preparing Notices of Proposal. Correspondence with creditors regarding Notices of Proposal. Reviewing votes and determining outcome of proposal. Preparation and lodgement of proposal outcome with ASIC.

Part 3: Remuneration (cont.)

Task area	General description	Specific description
Investigation 10.5 hours \$2,342.00	Conducting investigation	Collection of company books and records. Reviewing company's books and records. Review and preparation of company nature and history. Conducting and summarising statutory searches. Correspondence with pre-appointment accountant and solicitor regarding work completed for the company and books and records held. Correspondence with bank regarding bank account.
Administration 19.9 hours \$4,495.50	Correspondence	General correspondence.
	Document maintenance/file review/checklist	Filing of documents. Updating checklists.
	Insurance	Identification of potential issues requiring attention of insurance specialists. Correspondence with insurer regarding initial and ongoing insurance requirements. Correspondence with previous brokers.
	Bank account administration	Preparing correspondence opening and closing accounts. Requesting bank statements. Bank account reconciliations.
	ASIC Form 505, 5604 and other forms	Preparing and lodging ASIC forms including 505, 5022, 911, 5604 etc.
	ATO and other statutory reporting	Notification of appointment.
	Planning / Review	Discussions regarding status of administration.

Resolution 2 - from 1 May 2020 to the conclusion of the liquidation

Task area	General description	Specific description
Creditors \$5,000.00	Creditor enquiries, requests & directions	Receive and respond to creditor enquiries . Maintaining creditor request log. Review and prepare initial correspondence to creditors and their representatives. Considering reasonableness of creditor requests. Obtaining legal advice on requests. Documenting reasons for complying or not complying with requests or directions. Compiling information requested by creditors.
	Creditor reports	Preparing Statutory Report by Liquidator, investigation, meeting and general reports to creditors .
	Dealing with Proofs of Debt	Receipting and filing POD when not related to a dividend.
	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors. Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgement of minutes of meetings with ASIC. Responding to stakeholder queries and questions immediately following meeting.
	Proposals to creditors	Preparing proposal notices and voting forms. Forward notice of proposal to all known creditors. Reviewing votes and determining outcome of proposal. Preparation and lodgement of proposal outcome with ASIC.
Investigation \$5,000.00	Conducting investigation	Review and preparation of company nature and history. Preparation of comparative financial statements. Preparation of deficiency statement. Preparation of investigation file. Lodgement of investigation with ASIC. Preparation and lodgement of supplementary report if required.

Part 3: Remuneration (cont.)

Task area	General description	Includes
Administration \$9,125.00	Correspondence	General correspondence.
	Document maintenance/file review/checklist	First month, then six-monthly administration reviews. Filing of documents. File reviews. Updating checklists.
	Bank account administration	Preparing correspondence opening and closing accounts. Requesting bank statements. Bank account reconciliations. Correspondence with bank regarding specific transfers
	ASIC Form 5602 and other forms	Preparing and lodging ASIC forms including 5602, 5022, 5011 911 etc. Correspondence with ASIC regarding statutory forms.
	ATO and other statutory reporting	Preparing BAS.
	Finalisation	Notifying ATO of finalisation. Cancelling ABN / GST / PAYG registration. Completing checklists. Finalising WIP.
	Planning / Review	Discussions regarding status of administration.
	Books and records / storage	Dealing with records in storage. Sending job files to storage.

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Part 3: Remuneration (cont.)*Calculation of remuneration in respect of resolution 1:*

Employee	Position	\$ /hour (excl. GST)	Total Hrs	Total \$	Task area					
					Creditors		Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$
J. E. Low	Trustee	538	3.2	1,721.60	1.5	807.00	0.7	376.60	1.0	538.00
D. Blanchett	Senior Manager	381	0.4	152.40	-	-	-	-	0.4	152.40
M. Ledger	Supervisor	265	24.7	6,545.50	11.1	2,941.50	4.4	1,166.00	9.2	2,438.00
S. Carrington	Intermediate 2	175	0.2	35.00	-	-	0.2	35.00	-	-
J. Bai	Graduate	147	16.0	2,352.00	1.5	220.50	5.2	764.40	9.3	1,367.10
T. Cruise	Secretary	137	0.5	68.50	0.5	68.50	-	-	-	-
Total			45.0	10,875.00	14.6	4,037.50	10.5	2,342.00	19.9	4,495.50
GST				1,087.50						
Total (incl. GST)				11,962.50						
Average hourly rate				241.67		276.54		223.05		225.90

Part 3: Remuneration (cont.)

3.3 *Total remuneration reconciliation*

At this point in time I estimate that the total remuneration for this liquidation will be \$30,000, being the current approval amount being sought. This is consistent with the estimate provided in the Initial Remuneration Notice dated 24 March 2020.

In preparing this Remuneration Approval Report, I have made my best estimate of what I believe the liquidation will cost to complete. However, should the liquidation not proceed as expected, I will advise creditors and I may seek approval of further remuneration and provide details on why the remuneration has changed.

3.4 *Likely impact on dividends*

A Liquidator is entitled to receive remuneration for necessary work that has been properly performed in relation to the liquidation.

A Liquidator must distribute any property realised in accordance with the prescribed order and priorities set out by Section 556 of the Corporations Act 2001. Given that a Liquidator's remuneration is generally afforded priority ahead of any distribution to creditors, any such payment of remuneration approved by creditors will reduce the funds available for distribution to creditors.

The quantum (if any) of the dividend to creditors is ultimately impacted by the Liquidator's remuneration, the asset realisations achieved by the Liquidator and the value of creditor claims admitted to participate in the dividend.

3.5 *Remuneration recovered from external sources*

I received a contribution of 15,000 towards the estimated costs of the liquidation. This has been disclosed in my Declaration of Independence, Relevant Relationships and Indemnities.

Part 4: Disbursements

See my Initial Remuneration Notice dated 24 March 2020 for details of the types of disbursements.

I have undertaken a proper assessment of disbursements claimed for the company, in accordance with the law and applicable professional standards. I will be seeking approval of the following resolution to approve my internal disbursements for the period 16 March 2020 to the conclusion of the liquidation:

That the Liquidator's internal disbursements, charged at the standard rates set by Sheridans, plus any applicable GST, for work of this nature, be approved for the period 16 March 2020 to the conclusion of the liquidation, and that the Liquidator be authorised to draw her disbursements on a monthly basis, or as required. The standard rates will be calculated on a cost basis, or a reasonable estimate of cost, and may therefore be amended from time to time.

Part 5: Summary of receipts and payments

Please refer to Section 3.0 of my Report to Creditors dated 25 May 2020.

Part 6: Queries

If you have any queries in relation to the information in this report, please contact Melissa Ledger of this office.

General information is also available on the ARITA website at arita.com.au/creditors. ASIC also provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at asic.gov.au (search for "insolvency information sheets").

JOHN D. WHOLAGAN PTY LTD
ACN 066 668 586
(In Liquidation) ("the company")

NOTICE OF PROPOSAL TO CREDITORS

Proposal for creditor approval

That the Liquidator's future remuneration calculated on the basis of time spent by the Liquidator and her staff, at the standard scale rates set by Sheridans for work of this nature, be approved for the period 16 March 2020 to 30 April 2020 to a limit of \$10,875.00 plus GST, and that the Liquidator be authorised to draw her fees on a monthly basis, or as required, beyond which further approval will be required in accordance with the Corporations Act 2001. The standard scale rates will be increased in accordance with the CPI at 1 August each year, rounded up to the nearest \$.

Reasons for the proposal and likely impact on creditors if passed

The proposal is a request to creditors for approval of my prospective remuneration. If my remuneration is approved, I will draw these funds from current and future funds available. This will reduce the dividend payable (if any) to creditors of the company. Failure to approve remuneration via circular resolution means that I shall be required to call a meeting of creditors to seek approval of my remuneration. This action will result in additional fees and costs for which I shall seek approval.

Vote on proposal

Creditors have the option of approving, not approving or objecting to the proposal being resolved without a meeting of creditors. Please select the appropriate Yes, No or Object box referred to below:

- Yes ☐ I approve the proposal
No ☐ I do not approve the proposal
Object ☐ I object to the proposal being resolved without a meeting of creditors

Your claim against the company must be admitted by the Liquidator, for the purposes of voting, for your vote to count. Please select the option that applies:

- ☐ I have previously submitted a Proof of Debt and supporting documents
☐ I have enclosed a Proof of Debt and supporting documents with this form

Creditor details

Name of creditor: _____ ACN/ABN: _____

- ☐ I am not a related creditor of the company
☐ I am a related creditor of the company, relationship: _____

Address: _____

Name of creditor/authorised person: _____

Signature: _____ Date: _____

Please complete this document and return with any supporting documents by no later than 17 June 2020 for your vote to be counted, by email to general@sheridansac.com.au or by facsimile to (08) 9221 9340. Completed forms may also be sent by post to PO Box Z5209, Perth WA 6831, although you should ensure these are sent in time to arrive by the date the vote closes.

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NOTICE OF PROPOSAL TO CREDITORS

Proposal for creditor approval

That the Liquidator's future remuneration calculated on the basis of time spent by the Liquidator and her staff, at the standard scale rates set by Sheridans for work of this nature, be approved for the period 1 May 2020 to the conclusion of the liquidation to a limit of \$19,125.00 plus GST, and that the Liquidator be authorised to draw her fees on a monthly basis, or as required, beyond which further approval will be required in accordance with the Corporations Act 2001. The standard scale rates will be increased in accordance with the CPI at 1 August each year, rounded up to the nearest \$.

Reasons for the proposal and likely impact on creditors if passed

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- Yes ☐ I approve the proposal
No ☐ I do not approve the proposal
Object ☐ I object to the proposal being resolved without a meeting of creditors

Your claim against the company must be admitted by the Liquidator, for the purposes of voting, for your vote to count. Please select the option that applies:

- ☐ I have previously submitted a Proof of Debt and supporting documents
☐ I have enclosed a Proof of Debt and supporting documents with this form

Creditor details

Name of creditor: _____ ACN/ABN: _____

- ☐ I am not a related creditor of the company
☐ I am a related creditor of the company, relationship: _____

Address: _____

Name of creditor/authorised person: _____

Signature: _____ Date: _____

Please complete this document and return with any supporting documents by no later than 17 June 2020 for your vote to be counted, by email to general@sheridansac.com.au or by facsimile to (08) 9221 9340. Completed forms may also be sent by post to PO Box Z5209, Perth WA 6831, although you should ensure these are sent in time to arrive by the date the vote closes.

**JOHN D. WHOLAGAN PTY LTD
ACN 066 668 586
(In Liquidation) ("the company")**

NOTICE OF PROPOSAL TO CREDITORS

Proposal for creditor approval

That the Liquidator's internal disbursements, charged at the standard rates set by Sheridans, plus any applicable GST, for work of this nature, be approved for the period 16 March 2020 to the conclusion of the liquidation to a limit of \$2,500 plus GST, and that the Liquidator be authorised to draw her disbursements on a monthly basis, or as required. The standard rates will be calculated on a cost basis, or a reasonable estimate of cost, and may therefore be amended from time to time.

Reasons for the proposal and likely impact on creditors if passed

The proposal is a request to creditors for approval of my prospective internal disbursements. If the payment of my disbursements is approved, I will pay the disbursements from current and future funds available. This will reduce the dividend payable (if any) to creditors of the company. Failure to approve disbursements via circular resolution means that I shall be required to call a meeting of creditors to seek approval of my disbursements. This action will result in additional fees and costs for which I shall seek approval.

Vote on proposal

Creditors have the option of approving, not approving or objecting to the proposal being resolved without a meeting of creditors. Please select the appropriate Yes, No or Object box referred to below:

- Yes ☐ I approve the proposal
No ☐ I do not approve the proposal
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Your claim against the company must be admitted by the Liquidator, for the purposes of voting, for your vote to count. Please select the option that applies:

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☐ I have enclosed a Proof of Debt and supporting documents with this form

Creditor details

Name of creditor: _____ ACN/ABN: _____

- ☐ I am not a related creditor of the company
☐ I am a related creditor of the company, relationship: _____

Address: _____

Name of creditor/authorised person: _____

Signature: _____ Date: _____

Please complete this document and return with any supporting documents by no later than 17 June 2020 for your vote to be counted, by email to general@sheridansac.com.au or by facsimile to (08) 9221 9340. Completed forms may also be sent by post to PO Box Z5209, Perth WA 6831, although you should ensure these are sent in time to arrive by the date the vote closes.

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PROOF OF DEBT OR CLAIM

This is to state that the company was on 16 March 2020 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:
