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**Mackhaul Haulage Pty Ltd (In Liquidation)
ACN 150 219 471 (“the Company”)**

Liquidator’s Statutory Report to Creditors

Monday, 4 June 2018

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Introduction

I refer to my initial correspondence to creditors dated 29 March 2018 in which I advised you of my appointment as Liquidator and your rights as a creditor in the liquidation.

The purpose of this report is to:

- Provide you with an update on the progress of the liquidation; and
- Advise you of the likelihood of a dividend being paid in the liquidation.

I have relied on information provided from numerous sources to prepare this report, including:

- Discussions with the Company's Director, Burkit Ahmad;
- Discussions with the Company's Manager, Tanveer Ahmad;
- Information available from public sources, such as the Australian Securities and Investments Commission ("ASIC") and the Personal Property Securities Register ("PPSR"); and
- A review of the Company's books and records provided to date.

Company Background

The Company was incorporated on 2 April 2011 and operated from premises in Wishart, Queensland. I am advised by a representative of the Director that the Company operated alongside The Envirocivil Group Pty Ltd ("TEG") and MH Haulage Pty Ltd ("MHH") in the leasing of vehicles to various construction companies. For ease of reference, I have provided in Appendix B a diagram which shows the relevant entities.

Causes of the Company's Failure

At the height of operations, the Company employed 15 individuals and leased vehicles to a number of different construction sites. These vehicles were all subject to finance agreements with various financiers, including BMW Finance Australia and GoGetta Finance. The manager has advised that the profitability of the Company was contingent on good weather conditions and that a long wet season in 2017, along with the illness of the Director, resulted in a collapse of the business.

A Court application to wind the Company up was made on 10 May 2017 and subsequently dismissed on 20 October 2017.

On 1 February 2018 the ATO applied for an order to wind up the Company, leading to my appointment as Liquidator of the Company on 9 March 2018.

Update on the progress of the liquidation

Assets and liabilities

The Director of the Company is required to complete and provide to the Liquidator a statement about the Company's business, property, affairs and financial circumstances, also known as the Report as to Affairs ("RATA"). The RATA is a snapshot in time as at the date of my appointment of the assets and liabilities of the Company, disclosing book values and the Director's opinion on the estimated realisable value ("ERV") for assets.

On 9 March 2018, a written request was issued to the Director to complete the RATA for the Company. The RATA was subsequently provided to my office on 27 March 2018 and included in my initial advice to creditors.



Attached at Appendix A is an analysis of the RATA provided by the Director and a comparison to the assets and liabilities of the Company identified through my review of the company records and public database searches.

Plant and Equipment

A PPSR search revealed a Toyota Kluger in the possession of the Company was leased from BMW Finance Australia ('BMW'). I obtained a payout value from BMW which was substantially more than the estimated sales value provided to us by Gray's Auctioneers. The PPSR registration appeared valid and as there was no equity in the vehicle, I subsequently disclaimed the lease on 28 May 2018.

Debtors

The RATA provided by the Liquidator outlined two entities who owe a combined amount of \$363,000 to the Company. One of these entities is MHH, of which Burkit Ahmad is also a director. This amount relates to a loan of \$293,973.48 provided to MHH by the Company. A letter of demand has been issued to MHH.

Tanveer Ahmad has advised that MHH ceased trading around the same time as the Company, and is insolvent, though no Liquidator has been appointed to date. Searches conducted of publically available databases (land title and PPSR) did not identify any assets registered in MHH's name.

The second debtor is Gold Coast Courier Trucks Pty Ltd ("CGCT"), who owe the Company \$70,000. CGCT was placed into liquidation on 26 June 2017. The Liquidator of the company has since resigned and a strike-off action with ASIC is in progress. No recoveries are therefore available from CGCT.

Creditors will be updated should any recoveries be affected from MHH.

Receipts and Payments to date

There have been no receipts and payments in the liquidation as at the date of this report.

Investigations and possible recovery actions

Investigations undertaken

I have commenced my initial investigations into the affairs of the Company prior to my appointment and any potential recovery actions that may be available to the Liquidator to pursue.

To date, I have undertaken investigations regarding the causes behind the Company's failure and:

- Maintenance of Books and Records;
- Insolvent trading;
- Preferential payments and voidable transactions; and
- Uncommercial transactions and unfair loans.

My findings of these investigations are detailed below. Given the limited time that has passed in the liquidation, and that further investigations may be undertaken, the below findings are preliminary and may be subject to change.

Maintenance of Books and Records

The Company utilised Xero software to maintain its accounts. A preliminary review of the Xero accounts suggests the financial records may not be complete as the following amounts were not



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accounted for:

- The debt owed to the Australian Taxation Office;
- Drawings made by the director of the Company.

Insolvent trading

A preliminary review of the Company's books and records suggests that the Company started incurring losses from September 2017. Given the aforementioned deficiencies in the data contained in Xero, further investigations into the Company's financial position is required to establish a definitive date of insolvency.

As previously mentioned, Tanveer Ahmad has advised that from mid-2017, the Director suffered an illness which limited her influence in running the Company and that Tanveer Ahmad managed the Company's affairs. The exact nature of Mr Ahmad's role in the Company will be reviewed further in the context of potential defacto or shadow director activity.

Notwithstanding the above, my desire pursue an insolvent trading claim is predicated by the ability of the respondent to meet such a claim. In this regard, a land title search suggests that Tanveer Ahmad owns a property in Queensland which may be held jointly with the Director of the Company. The property is subject to a mortgage with Westpac and I am currently seeking further information regarding the extent of any equity in the property.

Voidable transactions

A preliminary review of the Company's books and records indicates a large intercompany loan between the Company and TEG, of which Burkit Ahmad is also Director. A trace of the pre-appointment bank statements will be conducted to determine the amount of funds paid to TEG in the relation back period.

Mr Ahmad advised that TEG ceased trading around the same time of the Company, and is insolvent, though no Liquidator has been appointed to date. Searches conducted of land title databases did not identify any real property registered in TEG's name. A number of PPSR entries remain registered against TEG and I am continuing to verify the financial position of it.

My desire to pursue any voidable transaction claims is predicated by the ability of the respondent to meet such a claim.

Further inquiries to be undertaken

Further investigations will be undertaken with respect to:

1. The date the Company became insolvent, and any insolvent trading;
2. Transactions between the Company and its related parties; and
3. Any other voidable transactions.

I will update creditors following my investigations, if necessary.

Once all investigations have been concluded, I will lodge a report pursuant to Section 533 of the Corporations Act (2001) with ASIC, which will occur prior to 9 September 2018.



Meetings held

To date, no meetings of the Company's creditors have been held and no remuneration has been sought.

Likelihood of a dividend

At the current time, there is not expected to be sufficient funds to pay a dividend to priority or unsecured creditors. However, if this changes and I do declare a dividend, any creditor whose claim has not yet been admitted will be contacted and asked to submit a proof of debt.

Cost of the liquidation

As previously advised in my initial information to creditors, I have estimated that my total remuneration for the external administration is \$10,000 - \$20,000 excluding GST.

As previously advised, there are currently no funds available to discharge any of the costs of the liquidation.

Having regard to the above, I have not sought approval for my remuneration from creditors.

What happens next in the liquidation?

I will proceed with the liquidation, including:

- Complete my investigations into the Company's affairs; and
- Complete my reporting to the corporate insolvency regulator, ASIC.

I expect to have completed the liquidation by 31 December 2018.

Compliance with best practice

I confirm that this report complies with the requirements in the Insolvency Practice Rules ("IPR"), specifically IPR 70-40, as well as the statements of best practice issued by the Australian Restructuring Insolvency and Turnaround Association ("ARITA") with regard to content of the Statutory Report by Liquidator.

Where can you get more information?

You can access information which may assist you on the following websites:

- ARITA at www.arita.com.au/creditors; and
- ASIC at www.asic.gov.au (search for "insolvency information sheets").

Should you have any queries with respect to the above, you may also contact Kegan Nash of my office on +61 7 3222 0244 or via email on kegan.nash@au.gt.com. There is also information about this liquidation on my firm's website at www.grantthornton.com.au.

Dated this 4th day of June 2018

Cameron Crichton
Liquidator

Appendix A

Assets and Liabilities comparison to RATA

	Director's Book Value	Director's ERV	Liquidator's ERV
Assets			
Sundry Debtors	363,000	Nil	Nil
Cash at Bank	3	3	Nil
Sub Total	363,003	3	Nil
Add: Assets subject to specific security interests	35,000	30,000	25,000
Less: Amounts Owing	(37,000)	(37,000)	(25,000)
Total Assets	361,003	(6,997)	Nil
Liabilities			
Amounts Payable in Advance of Secured Creditors	Nil	Nil	Nil
Amounts owing to Secured Creditors	Nil	Nil	Nil
Amounts owing to Preferential Creditors	Nil	Nil	133,942
Amounts owing to Partly Secured Creditors	Nil	Nil	Nil
Amounts Owing to Unsecured Creditors	1,361,698	1,361,698	671,242
Total Creditors	1,361,698	1,361,698	805,184
Total Surplus/(Deficiency)	(1,000,695)	(1,368,695)	(805,184)



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Appendix B

Diagram of Related Parties

