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**TFPM Investments Pty Ltd (In Liquidation)  
ACN 115827711 (the Company)**

**Liquidator's Statutory Report to Creditors**

Friday, 22 December 2017

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## Introduction

I refer to my initial correspondence to creditors dated 19 October 2017 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.
- Advise you of the likelihood of a dividend being paid in the liquidation.

The Liquidator has relied on information provided from numerous sources to prepare the report, including:

- Discussions with the Director of the Company - Andrew Kelly.
- Discussions with the landlord and tenants of the Company's premises
- Discussions with Secured Creditors.
- Information available from public sources, such as, Australian Securities and Investments Commission (ASIC) and the Personal Property Securities Register (PPSR).

## 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 29 September 2017 a written request was issued to the Director to complete the RATA for the Company.

Attached at **Appendix A** is an analysis of the assets and liabilities of the company, and comparison to the RATA as provided by the director.

### Trading outcomes

On 29 September 2017 the Liquidator undertook an urgent assessment of the ability of the business to continue to trade whilst an urgent sale campaign was commenced. After discussions with the Director, landlord and other stakeholders, the following observations were noted regarding the ability to trade:

- There was limited cash at bank to meet trading costs
- The tenancies were generating minimal income and future income potential was therefore minimal.
- The premises had significant potential health and safety risks for which there were no funds available to meet.
- On appointment the landlord terminated the lease. Accordingly, there was no possibility of continuing to trade the business.



## Receipts and Payments to date

To date there have been no receipts and payments in the liquidation.

## Investigations and possible recovery actions

### **PPSR Investigations**

Our initial PPSR review indicated that there was a number of security interests registered against the Company. The below table details these registrations.

Secured Creditor	No PPSR Registrations	No PMSIs	ALLPAAP Registrations	Most Recent Registrations
National Australia Bank Ltd	3	-	Yes	28/01/2014
Keno (QLD) Pty Ltd	2	1	No	26/02/2014
Silver Chef Rentals Pty Ltd	2	2	No	05/12/2012
Foster's Australia Ltd	1	1	No	01/02/2012
Gogetta Equipment Funding Pty Ltd	1	1	No	11/02/2012

I note that NAB holds a General Security Agreement (GSA) and that all other assets associated with security interests were discharged prior to appointment.

My investigations of the security interest included:

- Reviewing the registration on the PPSA;
- Reviewing terms and conditions of the agreement; and
- Correspondence with individuals with a registered security interest

Our initial inspection of the hotel premises observed that plant and equipment was in a dilapidated state and on the advice of agents, it was not considered commercial to remove any of the hotel's furniture, plant and equipment for sale. The director advised that all stock located on site was purchased from Grays online and was not subject to any of the above PMSI securities.

### **Investigations undertaken**

I have completed 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 the following investigations:

- What happened to the business of the Company
- If there were any potential insolvent trading claims or voidable transactions.

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.

### **What happened to the business of the Company**

The Company was incorporated on 18 August 2015 and its registered office is located at 44 King Street, Kingaroy, 4610, QLD.

The Company was the trustee for the Broadway Investment Trust. Kelly Witt Investments Pty Ltd a related Company of which I am also appointed as Liquidator is the trustee for the Kelly Witt Investment Trust.

The Kelly Witt Investment Trust and Broadway Investment Trust operated two pubs in Kingaroy as partners and were joint tenants on two leases; the relevant properties were located at:

- Club Hotel: 169 Kingaroy St, Kingaroy QLD
- Broadway: 151 – 163 Kingaroy St, Kingaroy QLD
- I am not aware of the Company trading any business or holding any assets in its own right



**Club Hotel**

- The Company in its capacity as trustee operated a hotel and bottle shop which was trading in a limited capacity up to the date of my appointment.
  - I was advised by the director that only casual staff were employed and that they had been advised by him not to return due to the liquidation.
  - There were a number of short term residential rooms rented and commercial subtenancies above the hotel.
  - The hotel premise was in a dilapidated state with limited stock.
  - I understand from my investigations and information available that the Company was unable to support trading expenses and external funding support was required.

**Broadway**

- The Company held a lease for a hotel which was not trading at the date of my appointment.
  - On appointment, the hotel was permanently closed and not in a tradeable condition.
  - There was no fit out, furniture or stock in place.
  - Significant capital expenditure would be required to bring the premises up to a reasonable functioning standard.
  - I was also advised that the lease was significantly held in arrears.
- I am currently unaware of any ability for the Company to meet lease commitments or required capital expenditure costs.

The Director did not provide any reasons for the Company's financial difficulties and the ultimate need to have the Company wound up.

I note the following reasons for the Company's financial difficulties and the ultimate need to have the Company wound up.

- Lack of ongoing capital and access to such
- Poor Cash flow
- Ongoing business model not consistent with market needs
- Economic conditions in location
- Non-payment of statutory debts
- Unprofitable trading

**Asset Realisations**

To date a number of steps have been taken to realise assets of the Company. On appointment the Company had in its possession a small inventory of stock. The following steps were undertaken to realise this stock.

- The stock was secured at the premises
- Stocktake of the stock was conducted;
- I liaised with valuers to determine the market value of the stock

After correspondence with valuers and potential sales agents it was determined that the transport costs to bring these assets to sale was of considerable value and could possibly exceed the realisable value of the stock itself. A sales agreement was struck with the landlord to sell the stock for \$7,135.00.

I have applied all realisations to date to Kelly Witt Investments Pty Ltd and not to TFPM Investments Pty Ltd for the following reasons:

- Stock onsite was addressed to the Kelly Witt Investments Pty Ltd;
- To minimise any professional costs; and
- Both Companies appear to have operated the business and as such both Companies would have a joint and several entitlement/ liability.

Our investigations determined that the Company is a creditor of Kelly Law Pty Ltd, a related party that is currently in a Deed of Company Arrangement. I am currently liaising with the deed



supervisor regarding the Company's claim. The Deed Administration Report advised that should a distribution occur it would likely be one cent on the dollar.

***Insolvent trading***

To date I have not been provided with the Company's books and records and therefore I am unable to review or accurately comment on the financial position of the Company.

***Voidable transactions***

My investigations have uncovered two potential preference claims totalling \$10,000.00. The payments relate to payments made to the director of the Company Andrew Kelly, on the 28 November 2016. Further investigations and enquiries are required into these transactions.

Other than the above voidable transactions I have not identified any further unfair preference claims, uncommercial transactions, unfair loans or unreasonable director-related transactions that are commercial to pursue.

***Further inquiries to be undertaken***

We will in the coming weeks submit our report to ASIC pursuant to s533 of the Act and I will liaise with them should a supplementary report be required. Should no further report be required I do not expect any further investigations to be undertaken for the following reason:

- There is no evidence of likely further recoveries for creditors.

## Meeting to be held

To date I have not been required to hold nor have I been requested to hold any meeting of creditors. Therefore, no meeting of creditors has been held.

***Likelihood of a dividend***

At the current time, there is not expected to be sufficient funds to pay a dividend to any class of creditor. 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***

At the current time I will not be seeking remuneration approval. If this is to change I will request a meeting of creditors be held as I am unable to pay my remuneration without the approval of creditors or the court.

## What happens next in the liquidation?

I will proceed with the liquidation, including:

- Recover any available property.
- Complete my investigations into the Company's affairs.
- Complete my reporting to the corporate insolvency regulator, ASIC.

If I receive a request for a meeting that complies with the guidelines set out in the initial information provided to you, I will hold a meeting of creditors.

## 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 and the Code of Professional Practice with regard to remuneration.



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## 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](http://www.arita.com.au/creditors)
- ASIC at [www.asic.gov.au](http://www.asic.gov.au) (search for "insolvency information sheets").

Should you have any queries with respect to the above, you may also contact Benjamin Sanders of my office on (07) 3222 0429 or via email on [benjamin.sanders@au.gt.com](mailto:benjamin.sanders@au.gt.com). There is also information about this liquidation on my firm's website.

Dated: Friday, 22 December 2017

A handwritten signature in black ink, appearing to read 'C. Crichton', with a long horizontal flourish extending to the right.

Cameron Crichton

Liquidator

### List of attachments

Appendix A - Assets and Liabilities comparison to RATA



# Appendix A

## Assets and Liabilities comparison to RATA

TFPM Pty Ltd - Report as to Affairs as at 29/09/2017	Directors' RATA		Liquidators
	Book Value (\$)	ERV (\$)	ERV (\$)
<b>Assets</b>			
Interest in land	-	-	-
Sundry Debtors	-	-	-
Cash on Hand	250	250	-
Cash at Bank	3,500	3,500	-
Stock on hand	20,000	20,000	-
Work in Progress	-	-	-
Plant and Equipment	40,000	40,000	-
Other Assets	18,300	18,300	-
Sub Total	82,050	82,050	-
Assets subject to specific charges			
Less amounts owing to secured creditors	155,000	155,000	155,356
Total Estimated Realisable Value	-	-	(155,356)
<b>Liabilities</b>			
Amount payable in advance of secured creditors	-	-	-
Amounts owing for employee entitlements	-	-	-
Amounts owing and secured by debenture or floating charge over assets	-	-	-
Preferential claims ranking behind creditors as	-	-	-
Partly Secured Creditors	-	-	-
Unsecured Creditors	1,884,300	-	1,883,000
Total Amounts Claimed	-	-	1,883,000
Contingent Assets	-	-	-
Contingent Liabilities	-	-	-
<b>Estiamted Surplus/ (deficiency)</b>	<b>(1,957,250)</b>	<b>(72,950)</b>	<b>(2,038,356)</b>