

RSM Bird Cameron Partners

Chartered Accountants

JESSA NOMINEES PTY LTD

(IN LIQUIDATION)

ACN: 126 197 804 ("the Company")

As trustee for the S & M Family Trust ABN: 95 783 139 313

Formerly trading as "Domenic Scullino

Hair Stylist" At Whitford City Westfield WA; and as

Franchises of 'Hughes – Chauffers Cars, Limousines
& Coaches'

REPORT TO CREDITORS

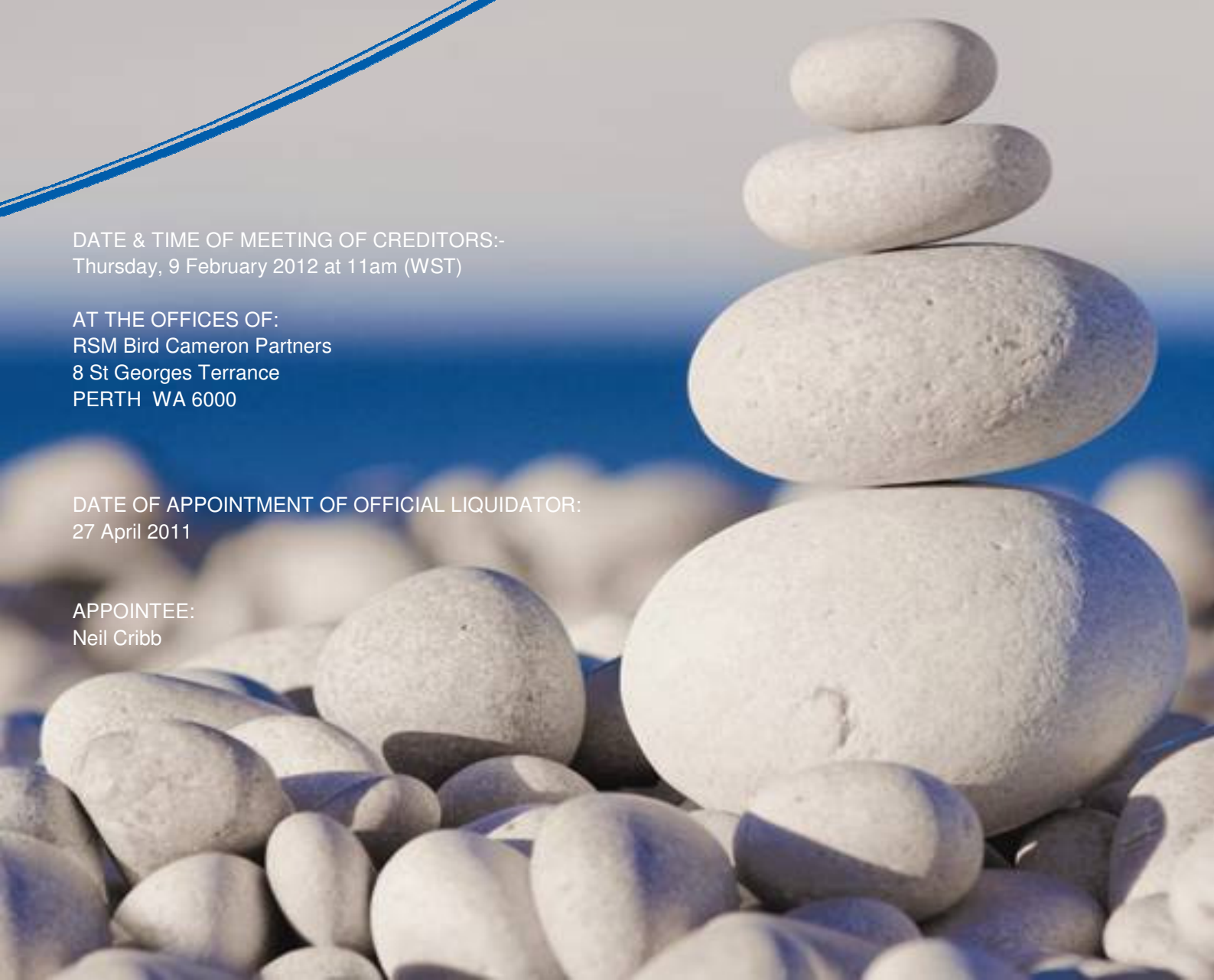
24 January 2012

DATE & TIME OF MEETING OF CREDITORS:-
Thursday, 9 February 2012 at 11am (WST)

AT THE OFFICES OF:
RSM Bird Cameron Partners
8 St Georges Terrace
PERTH WA 6000

DATE OF APPOINTMENT OF OFFICIAL LIQUIDATOR:
27 April 2011

APPOINTEE:
Neil Cribb



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1. Introduction

I was appointed as Official Liquidator of the Company pursuant to an Order of the Federal Court of Australia on 27 April 2011. The application for the winding up of the Company was made by the Deputy Commissioner of Taxation (**DCT**).

I also refer to my circular to creditors dated 23 June 2011 wherein I provided my Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**). Please find attached as Annexure A an updated format of my DIRRI, however there have been no changes regarding my independence.

A summary of the pertinent aspects of the winding up of the Company are as follows:

- I have received an incomplete Report as to Affairs (**RATA**), director questionnaire and a quantity of books and records relating to the Company.
- The incomplete RATA includes one asset being \$1,500 as cash at bank. The RATA does not include any liabilities.
- My investigations revealed the directors of the Company failed to fully disclose the assets of the Company. These findings have given rise to claims against various parties. These claims are outlined in Section 2 – Executive Summary.
- As required by section 477(2B) of the Act, at the upcoming creditors meeting, I will seek creditor approval to settle claims on terms that extend for a period exceeding 3 months. Details are provided in Section 7 - Settlement of Claims.
- The likelihood of any return to creditors is dependent on the successful recovery of these claims against various parties including the directors of the Company, and possibly other claims subject to creditor funding. Further comment is made in Section 9 and in Annexure B.
- I have reported the findings of my investigations to the Australian Securities and Investments Commission (**ASIC**) pursuant to section 533 of the Corporations Act 2001 (**the Act**). The ASIC has advised that it will not undertake an investigation at this time.
- The detailed findings of my investigations are set out in the body of this report.

The directors of the Company have not provided any explanation for the reasons for the financial difficulties of the Company in the director's questionnaire.

In my opinion, the causes of failure include poor strategic management of the business and poor financial control including lack of records, trading losses, undercapitalisation and inadequate cash flows and high cash use, particularly the re-directing of receipts and profits from franchise operations.

RSM Bird Cameron Partners

Chartered Accountants

I am calling a meeting of creditors to consider the progress of the winding up, to approve my remuneration, to seek creditor approval to settle the claims and to consider the other matters outlined in the attached agenda. The meeting will be held on Thursday, 9 February 2012 at 11 am (WST).

Creditors who wish to attend are requested to arrive prior to the commencement of the meeting to allow for a review of their paperwork and completion of the attendance register. Corporate creditors are advised that a Proxy Form must be completed and signed by a director. Creditors are advised that all Proofs of Debt and Proxy Forms must be forwarded to my office no later than 4.00pm the day prior to the meeting. They can be submitted via facsimile or email alan.chau@rsmi.com.au.

If creditors have any information which may assist my investigations, or should they wish to discuss the possibility of funding further investigations and possible recovery actions, they should consider attending the forthcoming meeting or otherwise contact Mr Alan Chau of my office within 21 days of the date of this report on telephone number (08) 9261 9100 or facsimile number (08) 9261 9340.

There are a number of information sheets published by ASIC and the Insolvency Practitioners Association of Australia (**IPA**) outlining the rights and responsibilities of creditors along with information regarding the liquidation process generally may be downloaded from http://www.rsmi.com.au/services/turnaround_and_insolvency.html or www.asic.gov.au. A summary of these information sheets is enclosed.

2. Executive Summary

The S & M Family Trust (**Trust**) was created on 15 April 2002 with Mr Samir Saad, a director of the Company (**Mr S Saad**), appointed as the Trustee. On 17 October 2007, Mr S Saad retired as Trustee of the Trust and the Company was appointed as Trustee of the Trust. At the date of my appointment the Company was the current trustee (**Trustee**).

The Directors failed to disclose a term deposit and the ownership of two (2) franchises.

Domenic Scullino Hair Stylist

On or around December 2006, the then trustee purchased a business known as 'Domenic Scullino Hair Stylist' trading at Whitford City Westfield WA (**Hairdressing Business**). I have been advised that the total purchase price was \$220,000 however I have not received a copy of the relevant sale of business contract.

The Hairdressing Business was sold on 1 March 2011 to Georgetto Pty Ltd (**Georgetto**), for the total consideration of \$10,000. Georgetto's directors are Mr S Saad's children. Please refer to Section 4.2.2 & Section 6.1.2 of this report for further details.

I have made a claim against Mr S Saad in relation to funds held to secure a Bank Guarantee provided to Westfield Group Limited (**Westfield**), The guarantee funds were not replaced by Georgetto following the sale (**Bank Guarantee Claim**).

An offer from Mr S Saad to settle the Bank Guarantee Claim for \$15,000 has been received. Details are provided in Section 7.

Hughes Franchises

In a meeting held at my office on 4 May 2011 with the directors of the Company, Mr S Saad and Mrs Manal Saad (**the Directors**), and the brother of Mr S Saad, Mr Rimon Saad (**Mr R Saad**), I was advised that the Company had previously owned a 'Hughes – Chauffers Cars, Limousines & Coaches' (**Hughes**) franchise and which had been sold to Mr R Saad on 31 March 2009 for \$45,000. This assertion was partially supported by the latest prepared Financial Statements as at 30 June 2009.

However, following further enquiries made of the franchisor of Hughes, Ground Transport Solutions Pty Ltd (**GTS**), I was advised by GTS that the Trustee was the current owner of two (2) Hughes franchises and that both the franchises were still operating.

I immediately advised GTS to suspend all disbursements in relation to both franchises.

On 19 December 2011 I met with the directors of GTS where I was provided with copies of the relevant franchise agreements which evidenced that:-

- On 4 May 2006 the then Trustee purchased a Hughes Franchise for \$45,000 plus GST (**Franchise #320**); and
- On 8 August 2007 the Trustee purchased another Hughes franchise, for \$25,000 plus GST (**Franchise #216**).

On 20 December 2011, GTS formally terminated the Franchise Agreements, effective immediately.

Despite Mr R Saad's assertions that he owns both the Hughes franchises, no evidence, including GTS sanctioning, has been provided. Accordingly, the Trustee is, and has always been, the legal owner of the Hughes franchises.

Mr R Saad, and possibly other related parties, have been in control of and / or benefitted from the franchises during the time when the Company was Trustee and since the liquidation of the Company.

Consequently, I have asserted significant claims against Mr R Saad and possibly other related parties regarding the diversion of profits from the operation of the Hughes franchises during the time in which the Trustee was entitled to the profits (**Hughes Claim**).

I have received an offer from Mr R Saad to settle the Hughes Claim in the amount of approximately \$74,000. Details are outlined in Section 7.

3. Statutory Information

The statutory information for the Company is set out below. This information was obtained from a search of the ASIC database.

Company name (including former names)	Jessa Nominees Pty Ltd (In Liquidation)	
ACN	126 197 804	
ABN	As trustee for the S & M Family Trust – ABN: 95 783 139 313	
Registered Office Address	75A Pearl Parade Scarborough WA 6019	
Principal Place of Business	75A Pearl Parade Scarborough WA 6019	
Date of incorporation	26 June 2007	
Registered Charges	N/A	
Directors	Manal Saad Samir Saad	
Related Entities	N/A	
Authorised & issued share capital	2 ordinary shares fully paid	
Shareholder	Manal Saad	1 Ordinary share fully paid
	Samir Saad	1 Ordinary share fully paid

4. Financial Information

4.1 Books and Records

I have received a quantity of books and records from the Directors and from the Company's accountant. The books and records provided include the management accounts for the financial year ended 30 June 2009.

The Company maintained computerised accounting records utilising the MYOB accounting software package. The record keeping software tracks all aspects of the transactions of the Company and accordingly maintains account balances of items such as creditors, cashbooks, payroll etc. The management accounts were prepared up to 30 June 2009.

A review of the books and records received by my office indicates that numerous material records are not within my possession including, contracts of sale regarding the Hairdressing Business, a quantity of bank statements and cheque books, correspondence with Westfield regarding the Hairdressing Business, supporting transactional details following 30 June 2009 and details regarding the Hughes franchises.

Section 286 of the Act requires a Company to keep written financial records that correctly record and explain its transactions, financial position and performance that would enable true and fair financial statements to be prepared and audited. This section also requires a Company to retain its financial records for a period of seven (7) years after the transactions covered by the records are completed.

At this stage, I have received insufficient records to consider that the Company has complied with Section 286 of the Act in relation to maintaining its books and records, particularly as they do not appear to properly account for the Company's interest in the Hughes franchises. I have reported this breach of the Act to the ASIC.

4.2 Report as to Affairs

On 28 April 2011, I requested a RATA and questionnaire detailing the assets and liabilities of the Company and circumstances leading to the winding up of the affairs of the Company from the Directors of the Company. On 19 May 2011 I received an incomplete RATA and director questionnaire.

I hereby provide the following summary of the RATA, indicating the book value and estimated realisable value (**ERV**) and also my opinion regarding the likely ERV based on my enquiries conducted to date.

	Notes	Book Value \$	ERV \$	Liquidator's ERV \$
ASSETS				
Cash at Bank	4.2.1	1,500	1,500	15,735
Plant & Equipment	4.2.2	Nil	Nil	Nil
Other Assets	4.2.3	Nil	Nil	Nil
Total Assets		1,500	1,500	15,775
LIABILITIES				
Trade Creditors	4.2.4	Nil	Nil	304,815
Statutory Liabilities	4.2.5	Nil	Nil	154,354
Employee Entitlements	4.2.6	Nil	Nil	26,638
Total Liabilities		Nil	Nil	485,807
Surplus / (Deficiency)		1,500	1,500	(470,032)

Note: - The above financial analysis does not include the costs of the winding up.

4.2.1 Cash at Bank

The Company previously operated bank accounts with National Australia Bank (**NAB**) and Westpac Banking Corporation (**Westpac**).

NAB

NAB has advised that it holds 4 accounts as summarised below:-

Account Type	Amount \$
Business Cheque Account	735 CR
Term Deposit	17,040 CR
Guarantee By Bank	14,768 DR
Market Rate Facility	43,486 DR

Table 1 – Summary of NAB bank accounts

I have requested that the Business Cheque Account be closed and NAB has advised it will remit the balance of the account to my office.

NAB is an unsecured creditor in respect of the Market Rate Facility debt. I have been advised that the loan was originally taken out in or around February 2006 in the approximate amount of \$70,000.

A Bank Guarantee was provided to Westfield in the amount of \$14,768 in respect of the Hairdressing Business. A Term Deposit was held in support of the Guarantee. The Term Deposit will not be released until and only upon being returned by Westfield. Westfield has declined to assist as the Guarantee is held in the

name of the previous trustee, Mr S Saad. Following a number of demands for assistance, Mr S Saad has made an offer to settle the matter (refer Section 7).

Westpac

I am aware that the Company previous operated a Westpac bank account when it operated a Hughes franchise, however it has since been closed. To date, Westpac have yet to respond to my requests to confirm the status of this account.

4.2.2 Plant and Equipment

The RATA does not include any plant and equipment (**P&E**).

The Financial Statements as at 30 June 2009 includes a Depreciation Schedule with a Closing Written Down Value (**CWDV**) of \$42,855 and which related to the Hairdressing Business. Of this amount, \$38,483 relates to the P&E component of the original Hairdressing Business purchased in 2006.

As detailed above, the Hairdressing Business was sold on 1 March 2011 for \$10,000. My investigations confirm that an amount of \$10,000 was received by the Company in relation to the sale. I have received a copy of the relevant Sale of Business Contract with an independent valuation of the assets sold. The valuation lists the assets sold with an auction value of \$3,330 inclusive of GST. The Directors have advised that a proportion of the P&E in the books were attached to the leased premises and as such are not removable or saleable without giving rise to a damages claim by the landlord.

The Financial Statements as at 30 June 2009 also includes a 2003 Toyota Tarago Wagon and a Trailer with a total CWDV of \$6,647. I have formally written to the Directors requesting the status / sale details of these assets however I am yet to receive a formal response.

4.2.3 Other Assets

The Directors did not include any other assets in their RATA.

My investigations have identified a term deposit and two (2) franchises as noted above, and possible loan accounts owed by Mr R Saad and Mr S Saad.

Creditors with any information regarding other assets are requested to contact my office with such information as a matter of urgency.

Related Party Loans

Mr R Saad

The Balance Sheet as at 30 June 2009 records a loan owing by Mr R Saad in the amount of \$30,236. Mr R Saad has advised that this balance relates to the franchise he purports to have purchased for \$45,000. The Company records indicate that a loan of \$45,000 was entered on 31 March 2009 and I have been provided with a signed document seeking to evidence the sale on this date.

Mr R Saad has asserted that he has since fully repaid this Loan. However, from the records in my possession I have been unable to confirm the repayment of the loan and despite my requests, Mr R Saad has not yet provided me with sufficient evidence that the loan has been fully repaid.

Notwithstanding the above, as previously noted both Hughes franchises remain the property of the Company. Accordingly, I am of the view that the purported sale giving rise to the loan balance did not in fact eventuate and a debt is therefore not owed by Mr R Saad.

Mr S Saad

The Balance Sheet as at 30 June 2009 records two (2) loans owing by Mr S Saad in the amount of \$42,700 (re Ground Transport) and \$92,187 (re Hair Dresser Shop).

I have written to Mr S Saad demanding that he repays the loans or provide sufficient evidence that the loans have been since been repaid. I have not received a formal response.

I am aware that the mortgagor of the Directors' property has exercised its power of sale in relation to the mortgage over the property and advised that there would not be any equity available. Accordingly, I hold reservations regarding the ability of the Directors to repay the loan accounts, if any exist, and the matter is uncommercial to pursue.

In any case, the claims against Mr S Saad are now resolved in the terms of the settlements outlined in Section 7.

4.2.4 Trade Creditors

The RATA did not include any trade creditors.

I have received a claim from T.W Cash in the amount of \$128,000. This claim relates to an unsecured loan in the amount of \$100,000 on 26 November 2007. The Directors have advised that the funds were used to fund the purchase of the Hairdressing Business.

The Financial Statements as at 30 June 2009 includes an amount of \$131,471 owed to Quantum Credit (**Quantum**). The Directors have advised that this amount relates to an original loan of \$100,000 in or about November 2007 which was also used to purchase the Hairdressing Business and for working capital purposes. To date, Quantum have not submitted a claim with my office, however I have included the amount of \$131,471 as a liability of the Company.

I have also received a claim in the amount of \$1,858 from the Company's pre-appointment accountants for unpaid services.

4.2.5 Statutory Liabilities

The DCT has submitted a formal proof of debt (**POD**) in the amount of \$154,354 for outstanding Income Tax and GST liabilities. However no BAS returns or Income Tax returns have been lodged since 30 June 2009.

4.2.6 Employee Entitlements

There were no employee liabilities listed in the Directors RATA.

The DCT has submitted a Proof of Debt (POD) in the amount of \$26,638 comprising:-

- \$19,388 in respect of outstanding Superannuation Guarantee Charge (**SGC**) for the period of 1 April 2007 to 30 June 2009; and
- \$7,250 for SGC interest and charges.

Employees who have unpaid employee entitlements may be eligible to claim for assistance from the General Employee Entitlement and Redundancy Scheme (**GEERS**). GEERS is a basic payment scheme established to assist employees who have lost their employment due to the liquidation or bankruptcy of their employer and who are owed certain entitlements.

The scheme covers capped unpaid wages, annual and long service leave, capped payment in lieu of notice and capped redundancy pay. Please note that unpaid superannuation contributions are not covered by this scheme.

Employees should communicate directly with GEERS regarding any application regarding the above. GEERS information and applications forms may be downloaded from www.deewr.gov.au/geers. Initial Enquiries.

5. Initial Enquiries

5.1 Investigations

I have undertaken various searches as set out below:-

- Bank account searches were conducted with numerous financial institutions to ascertain whether the Company held any bank accounts. No accounts were identified as a result of these enquiries other than with those held with NAB and Westpac as detailed above.
- Property searches have not identified any properties in the name of the Company.
- Motor Vehicle searches do not indicate any vehicles registered in the name of the Company.
- A search of the state Sheriff's Office indicates that the Sheriff does not hold any goods, monies or unexecuted warrants or writs for the six months prior to my appointment.
- Searches of the state Office of State Revenue and ASIC websites have not identified any unclaimed monies in the Company's name.
- An ASIC personal name search of the Directors indicates that they are not current directors of any other registered Company.
- A search of the National Personal Insolvency Index confirms that the Directors are not bankrupt.
- A search made pursuant to the Freedom of Information Act was made of the Australian Taxation Office.

5.2 Report to ASIC

I am required to lodge a report with ASIC pursuant to Section 533 of the Act in circumstances where a past or present officer may have been guilty of an offence, or if it is unlikely that the Company will be able to pay its unsecured creditors more than 50 cents in the dollar.

I confirm that such a report is required in this case as it appears that there will not be a dividend to creditors of more than 50 cents in the dollar.

I have lodged my report accordingly. The ASIC have recently advised that it does not intend to undertake further investigations in this matter at this time.

6. Voidable Transactions, Insolvent Trading and Director Duties

Pursuant to Part 5.7B of the Act, a liquidator may void certain transactions of a company in respect of money, property or other benefits for the benefit of creditors. Such voidable transactions may consist of:

6.1 Voidable Transactions

6.1.1 Unfair Preference (Section 588FA)

These are transactions between the Company and a creditor resulting in the creditor receiving more than the creditor would receive if the transactions were set aside and the creditor claimed for this amount in the winding-up. Any such voidable transactions must arise in the period beginning six months prior to the relation back day and ending on the date of liquidation.

Based on the investigations conducted to date I have identified payments to at least one party which have characteristics of preference payments. I am still investigating the merits of a potential claim and have written to the party requesting further details of transactions and correspondence between the parties. I will update creditors in due course in this regard.

6.1.2 Uncommercial Transactions (Section 588FB)

These are transactions entered into that a reasonable person would not have entered into having regard to the benefit to the Company, the detriment to the Company and the benefit to the other parties involved in the transaction. In this instance, it is not necessary for a creditor to be a party to the transaction. Such transactions are only voidable if the Company was insolvent at the time of the transaction.

As detailed in Sections 2 & 4.2.2 of this report, the Hairdressing Business was sold shortly prior to my appointment to a company whose directors are the children of the Directors. I note that the sale was supported by a formal valuation and the records in my possession indicate that Hairdressing Business was trading a loss at least up to 30 June 2009 indicating minimal goodwill value, if any.

From the records available to me, I do not consider the sale to be uncommercial and will not be undertaking further action.

However, should creditors have any additional information or wish to provide funds for further investigations in the matter, they are requested to contact my office within 21 days of this report.

6.1.3 Insolvent Transactions (Section 588FC)

These transactions are unfair preferences or uncommercial transactions (refer above) entered into when the Company was insolvent or became insolvent as a result of entering into the transaction. Only unfair preferences which have occurred within six months of the relation back day and uncommercial transactions which have occurred within two years of the commencement of the liquidation can be recovered.

Based on records available and from the investigations conducted to date I have not identified any insolvent transactions other than those noted above in Section 6.1.1.

6.1.4 Unfair Loans to a Company (Section 588FD)

These transactions are those representing loans made to the Company where interest or other charges on the loan were extortionate. These transactions can be recovered regardless of when they were entered into.

Based on records available and from the investigations conducted to date I have not identified any unfair loans.

6.1.5 Unreasonable Director-Related Transactions (Section 588FDA)

These are transactions that a reasonable person in the Company's circumstances would not have entered into having regard to the benefit to the Company (and other parties to the transaction) and the detriment to the Company. These transactions may be voided if they occurred within four years of the relation back day.

A review of the Company's bank statements identified a large number of payments being paid directly to the Directors' personal property mortgage account. My initial review identified an amount of at least \$58,200 paid to this account in the period of August 2010 to the date of my appointment. I subsequently lodged a caveat over the Directors' property to protect the interests of creditors.

However, on 26 September 2011 I was advised that the mortgagor was exercising its power of sale in relation to the mortgage over the Directors' property and that there would not be any equity available to satisfy that claim. Accordingly, the caveat was removed. Public searches indicate that the Directors' do not own any other real property.

The records of the Company refer to loans owed by Mr Saad and Mr R Saad. Further commentary is provided at Section 4.2.3.

6.1.6 Related Party Transactions (Section 588FE(4))

These transactions are those representing insolvent transactions (unfair preferences or uncommercial transactions) with a related party within four years prior to the relation back day.

Please refer to the Executive Summary, Section 4.2.2 and 4.2.3.

6.1.7 Transactions Entered into for the Purpose of Defeating Creditors (Section 588FE(5))

These transactions are those representing insolvent transactions (unfair preferences or uncommercial transactions) entered into for the purpose of defeating, delaying or interfering with the rights of creditors within ten years prior to the commencement of the liquidation.

Based on records available and from the investigations conducted to date I have not identified any transactions entered into for the purpose of defeating creditors other than possibly the transactions

relating to the Hughes claim. In any case such claims are resolved upon the settlement detailed in Section 7 being concluded.

Should creditors have any information regarding voidable transaction, they are requested to contact my office as a matter of urgency.

6.2 Insolvent Trading

In the following circumstances, directors may be personally liable for insolvent trading by the Company:

- A person is a director at the time a company incurs a debt;
- The Company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- At the time the debt was incurred, there were reasonable grounds to suspect that the Company was insolvent;
- The director was aware such grounds for suspicion existed; and
- A reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director or holding company can establish:

- There were reasonable grounds to expect that the Company was solvent and they actually did so expect;
- They did not take part in management for illness or some other good reason; or,
- They took all reasonable steps to prevent the Company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

It is my preliminary view, based on the financial statements summarised below, that the Company may have been balance sheet and cash flow insolvent from at least 1 July 2008. As shown below, the Company was both balance sheet insolvent and operated with a working capital deficiency from at least 1 July 2008.

Working capital is representative a company's capacity to meet its current liabilities by the application of its current assets. A shortfall in current assets to meet current liabilities is an indicator of cash flow insolvency. A decline in the working capital position is often a pre-cursor to insolvency.

	as at 30/06/2007	as at 30/06/2008	as at 30/06/2009
	\$	\$	\$
Current Assets	72,850	75,571	186,760
Current Liabilities	108,422	140,750	195,940
Working Capital	(35,572)	(65,179)	(9,180)
Current Ratio	0.67	0.54	0.95
Non-Current Assets	285,726	273,045	216,024
Non-Current Liabilities	250,134	241,965	244,396
Net Assets / (Liabilities)	20	(34,099)	(37,553)

Table 2: Summary of Financial Position

Table 2 shows that the Company incurred losses for the financial years ended 30 June 2008 and 30 June 2009. Those losses largely arose because revenue from the sale income was insufficient to meet the operation costs.

	Year-Ended 30/06/2007	Year-Ended 30/06/2008	Year-Ended 30/06/2009
	\$	\$	\$
Income	287,123	414,358	381,890
Expenses	279,969	448,477	385,344
Net Profit / (Loss)	7,155	(34,119)	(3,454)
Retained Profit / (Accumulated Loss)	Nil	(34,119)	(37,553)

Table 3: Summary of Financial Performance

The financial records were not adequately maintained after 1 July 2009. This lack of records has hindered my ability to investigate the affairs of the Company following 1 July 2009. Section 588E(4) of the Act provides the basis for the presumption of insolvency due to the failure to keep books and records.

Importantly, the commerciality of quantifying and pursuing an insolvent trading claim or claims is dependent upon the capacity of those persons to pay, and the associated costs and potential benefits of such proceedings.

As advised in Section 6.1.5 above, the mortgagor of the Directors' property advised that it was exercising its power of sale in relation to the mortgage over the property and that there would not be any equity after repayment of the mortgage. Further, I am not aware of the Director's owning any other real property assets.

From meetings held with the Directors and from discussions with Mr R Saad, I hold reservations regarding the ability of the Directors to meet any insolvent trading claim, if made.

6.3 Directors Duties

In the course of my investigations, I have considered whether there have been any breaches by the Directors and/or officers in the conduct of their duties pursuant to the Act.

Pursuant to Section 9 of the Act, an officer is defined to include a director, secretary or a person participating in decision making that affects the whole or a substantial part of the business of the corporation or a person in accordance with whose instructions or wishes the directors of the corporation are accustomed to act.

Pursuant to Part 2D.1 of the Act, officers of a company have duties to ensure that:-

- Section 180 – They exercise their powers and discharge their duties with due care and diligence;
- Section 181 – They act in good faith;
- Section 182 – They do not use their position to gain an advantage; and
- Section 183 – They do not misuse company information to gain an advantage.

The directors and officers of a company are subject to a civil duty of care and discipline as provided for in Section 180(1) of the Act. Subsection 180(c) provides that a director or other officer who makes a “business judgement” is taken to have met the requisite statutory duty and the equivalent requirements in Common Law and in Equity, in respect of the judgement if they:-

- Make the judgement in good faith for a proper purpose;
- Do not have a material personal interest in the subject matter of the judgement;
- Inform themselves about the subject matter of the judgement to the extent they would reasonably believe to be appropriate; and
- Rationally believe that the judgement is in the best interest of the Company.

From the information available and on the basis of my investigation of the Company’s affairs to date, I believe the Directors have breached various duties. Any such breaches have been reported to the ASIC.

Indeed, the Directors have not been forthcoming regarding the Company’s assets. Notwithstanding these findings, any such claims are now resolved in the terms of the settlements outlined in Section 7.

7. Settlement of Claims

As outlined in the Executive Summary and other parts of the report, numerous claims exist against various parties.

Offers of settlement have been negotiated with Mr S Saad and Mr R Saad. These offers are considered fair and reasonable given I am otherwise without funds to pursue such claims and other possible claims, and have been agreed by me subject to the agreement of creditors.

In this regard, Section 477(2B) of the Act requires a liquidator to obtain the agreement of the creditors to enter into an arrangement of more than 3 months.

Accordingly, at the forthcoming meeting of creditors I will be seeking a resolution that I be authorised to conclude agreements as outlined in this report.

Details of the proposals follow for your consideration.

Bank Guarantee Claim

The value of the claim is limited to the amount held in support of the guarantee by NAB and currently totals \$17,040.

Following the issue of a number of demands to Mr S Saad to assist with the release of the guarantee funds held by NAB, Mr S Saad has offered to settle the claim for \$15,000 comprising ten (10) monthly payments of \$1,500 commencing on 31 January 2012.

Mr R Saad has agreed to meet any shortfall in the payments made by Mr S Saad as part of the settlement of the Hughes Claim (refer below)

I have agreed to this negotiated settlement given it represents almost full value, albeit over 10 months and hereby recommend your vote in favour of the agreement.

Hughes Claim

The Hughes Claim is limited to the estimated profits of the franchises not received by the Trustee.

The state of the books and records, including incomplete records and records not in my possession, and the lack of funds, has not assisted in the determination of such claims. However based on an average gross income calculated from past remittances provided by GTS and applying estimated costs, I estimated the total quantum of the claim in respect of both franchises may be approximately \$215,000.

The negotiated settlement resulting in the presentation of the accepted offer (subject to creditor approval), was reached taking into account the position taken by GTS regarding the franchises, the unknown financial position of

Mr R Saad, and other commercial factors including the lack of available funds and the need to work with GTS and Mr R Saad to ensure settlement monies are available.

The offer comprises the payment of approximately \$74,000 by way of:-

1. An amount of \$2,000 per month to be paid by GTS directly to Jessa Nominees Pty Ltd (In Liquidation) for 29 months, making payment of \$58,000 over that period, allocated as follows:-
 - 1.1. \$800 per month from the franchise currently known as Number 216; and
 - 1.2. \$1,200 per month from the franchise currently known as Number 320.
2. The above arrangement will commence for payments made by GTS from March 2012;
3. 1 and 2 above are the subject of an Irrevocable Undertaking that has been provided to GTS to disburse the funds to me and only to be withdrawn with my written consent;
4. Some of the monies currently payable by GTS up to and including close of business 19 December 2011 are to be paid to Jessa Nominees Pty Ltd (In Liquidation) comprising the following:-
 - 4.1. Monies earned in November 2011 being due and payable on 15 January 2012 and totalling \$8,521. This amount was received on 16 January 2012; and
 - 4.2. Monies earned up to close of business 19 December 2011 being due and payable on 15 February 2012 and totalling approximately \$7,600.
5. Should Mr S Saad fail to meet the terms of his agreement, payments not made by Mr S Saad will be added to the payments due under the Hughes Claim settlement by way of additional monthly payments.

Importantly, the above agreements are in full and final settlement of all claims that the Company and / or I have as liquidator against Mr S Saad, Mr R Saad and other family members.

I recommend that creditors resolve to allow me to enter into and conclude the agreements as outlined above.

8. Options for Funding Further Investigations

Options for funding for further investigations are as follows:

8.1 Litigation – Funding by Litigation Funder

A litigation funder is an organisation that can provide funds to meet the costs of legal actions including the costs of solicitors, barristers and insolvency practitioners as well as providing indemnities for any adverse costs should such legal action prove to be unsuccessful. Litigation Funding allows practitioners to initiate actions that would otherwise not be possible due to lack of funds.

In return for the funder being exposed to the risk of being unsuccessful, the funder will charge an additional “risk premium” in addition to his costs if successful. This premium is usually within the range of 15% to 50% of the gross amount awarded. Considering the risks involved, a funder is only likely to be willing to fund actions that have a high probability of success and are likely to result in a substantial return.

8.2 Funding from Creditors

Part 5.9 of the Act provides that an application may be made to the Court to summon a person for examination who may be able to provide information about the Company’s examinable affairs. The examination is conducted before a Court and the examinee is required to provide evidence on oath and / or produce books and records relating to the Company’s examinable affairs.

Creditors should be aware that the Liquidation currently has insufficient funds to enable me to make such an application for an examination. Accordingly, if I am to conduct further investigations and enquiries, including an examination of the officers and other parties, I will require creditors or other parties to provide the requisite funding so that I may satisfactorily progress matters. Should creditors wish to provide funding for my investigations/public examination, I request they confirm their intention in writing to me within 21 days from the date of this Report.

8.3 Assetless Administration Fund

The Assetless Administration Fund (“AA Fund”) was established by the Federal Government and is administered by ASIC. It finances preliminary investigations and reports by liquidators into the failure of companies with few or no assets, where it appears to ASIC that enforcement action may result from the investigation and report. A particular focus of the AA Fund is to curb fraudulent phoenix activity. The AA Fund enables a liquidator to carry out a proper investigation and report, which then helps ASIC decide whether to commence enforcement action (e.g. director banning under section 206F of the Act). Consideration has been given to lodging an application for funding an investigation into the affairs of the Company and the conduct of the director and at this stage I do not intend to request funding.

9. Expected Return to Creditors

9.1 Expected Return to Creditors

The expected return to creditors is dependent on the successful recoveries of the claims I have as Liquidator of the Company.

There is not expected to be a distribution to unsecured creditors. Any distribution to priority creditors is dependent on the successful recoveries of possible voidable transactions.

Attached as Annexure B is a summary of the estimated dividend to creditors on a high / low basis.

9.2 Receipts and Payments

Attached as Annexure C are my receipts and payments as Liquidator. Creditors are advised that a detailed account of the Liquidator's receipts and payments is lodged with ASIC every six months from the date of my appointment as required by s539 of the Act. A copy may be obtained through ASIC or inspected during normal office hours at the offices of RSM Bird Cameron Partners.

10. Liquidator's Remuneration

At the forthcoming meeting, creditors will be asked to approve my remuneration as Official Liquidator. Enclosed as Annexure D is a Remuneration Report detailing the activities performed, calculation of remuneration, statement of remuneration claim and an explanation of the methods available.

The information provided in this report is to enable creditors to consider the appropriateness of the remuneration claim being made.

Professional fees for work done by my staff and myself are calculated on a time basis in accordance with the appropriate hourly rates set from time to time by RSM Bird Cameron Partners applicable to staff of various levels of experience and skill. Such fees will be drawn on a periodic basis, if and when funds become available.

For the purpose of this administration any increase in rates for the stated positions will be not more than 10% per annum of that disclosed in the attached remuneration report, without further approval by creditors.

The IPA has produced a document entitled "Creditor Information Sheet: Approving Remuneration In External Administrations" that can be downloaded from the IPA website, www.ipaa.com.au or www.rsmi.com.au. ASIC also publish information regarding remuneration approval and is obtainable from www.asic.gov.au.

Creditors should contact Alan Chau of my office on (08) 9261 9180 if they require further information concerning my remuneration claim.

11. Notice of Meeting

Please refer to the Notice of Meeting attached. I advise that a meeting of creditors of the Company will be held on Thursday, 9 February 2012 at 11am (WST) at the offices of RSM Bird Cameron Partners. Please arrive at the venue with sufficient time to sign the attendance register before the commencement of the meeting.

You do not have to attend this meeting. Non-attendance will not affect the validity of your claim against the Company. You can nominate the Chairman or someone else to attend and vote on your behalf. The Chairman will vote on all resolutions under special proxies as directed by you. Please note that the Chairman may not otherwise vote on any resolution where the Chairman has, or may have, a fiduciary or beneficial interest in the outcome of the particular resolution.

11.1 Proxy Form (Form 532)

Please note that corporate creditors or members must submit a proxy if they intend to vote at the meeting. A Company may execute a document without a common seal if the document is signed by two directors of the Company; or a director and a Company secretary of the Company; or for a proprietary Company that has a sole director who is also the sole Company secretary - that director. A Company with a common seal may execute a document if the seal is fixed to the document and the fixing of the seal is witnessed by two directors of the Company; or a director and a Company secretary of the Company; or for a proprietary Company that has a sole director who is also the sole Company secretary - that director.

The appointment of a proxy must be by an instrument in accordance with Form 532 (enclosed). Proxy forms, or facsimile copies of proxy forms, must be lodged with me at least 15 minutes prior to the meeting. Where a facsimile copy of a proxy is lodged, the original must be lodged within 72 hours after receipt of the faxed copy. A person claiming to be an attorney of a creditor must show the instrument by which he or she was appointed attorney to the chairperson.

11.2 Formal Proof of Debt (Form 535)

Creditors wishing to attend and vote at the meeting should complete and lodge a Formal Proof of Debt form in accordance with the attached Form 535, together with all supporting documentation in respect of the claim, with our office prior to the meeting. Any creditor that does not provide sufficient documentation to evidence their claim may be ineligible to vote at the meeting.

11.3 Committee of Inspection

In accordance with the provisions of the Act, creditors may appoint a Committee of Inspection. I note that currently there is no Committee of Inspection. Should creditors wish to create a Committee, I request written nominations be provided for the issue to be discussed at the forthcoming meeting.

12. Disclaimer

This report and my preliminary investigations into the affairs of the Company have been prepared and conducted from the available books and records provided to me as well as communications with the Company's directors and their advisers. Whilst I have endeavoured to determine the accuracy or otherwise of the information provided I am unable to warrant the accuracy, completeness or reliability of such information. I have not conducted a detailed investigation nor have I audited the Company's financial affairs.

This report is not to be considered legal advice to creditors. Accordingly, creditors should consider seeking their own advice in relation to the matters contained within this report.

Dated this 24th day of January 2012.



NEIL CRABB
Official Liquidator

Annexure A – Declaration of Independence, Relevant Relationships and Indemnities

This document requires the Practitioner appointed to an insolvent entity to make declarations as to:

- A. their independence generally;
- B. relationships, including
 - i. the circumstances of the appointment;
 - ii. any relationship with the Insolvent and others within the previous 24 months;
 - iii. any prior professional services for the Insolvent within the previous 24 months;
 - iv. that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of myself, my partners, RSM Bird Cameron Partners, RSM Bird Cameron, RSM Bird Cameron Financial Services Pty Limited and RSM Bird Cameron Corporate Pty Limited.

A. Independence

I, Neil Cribb, of RSM Bird Cameron Partners have undertaken a proper assessment of the risks to my independence prior to accepting the appointment as Official Liquidator of the Company in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to my independence. I am not aware of any reasons that would prevent me from accepting this appointment.

B. Declaration of Relationships

i. Circumstances of Appointment

I was approached to act as Official Liquidator by the Deputy Commissioner of Taxation (“the Petitioning Creditor”) and after undertaking the abovementioned assessment, I signed a consent to act. I was subsequently appointed as Official Liquidator by the Federal Court of Australia on 27 April 2011.

ii. Relevant Relationships with the Insolvent

Neither I nor my firm have, or have had within the preceding 24 months, any relationships with the Company, any associate of the Company, any former insolvency practitioner appointed to the Company or any person or entity that has a charge on the whole or substantially the whole of the Company’s property, that should be disclosed.

iii. Prior Professional Services to the Insolvent

Neither I nor my firm have provided any professional services to the Company in the previous 24 months.

iv. Relevant Relationships with the Petitioning Creditor

I and other partners of my firm are on a panel of practitioners maintained by the Petitioning Creditor for selection for appointment. This is a purely professional relationship based on the quality of service and expertise provided.

I and other partners in my firm have over the past two 24 months consented to act at the request of the Petitioning Creditor in a number of administrations of insolvent entities. The Petitioning Creditor (who is unsecured) shares a common interest with other unsecured creditors to the extent they might benefit from any recoveries made in the administration.

In these circumstances I consider that such dealings will not influence my ability to fully comply with the statutory and fiduciary obligations associated with the liquidation of the Company in an objective and impartial manner.


v. No Other Relevant Relationships to Disclose

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, any associate of the Company, any former insolvency practitioner appointed to the Company or any persons or entity that has a charge on the whole or substantially the whole of the Company's property that should be disclosed.

C. Indemnities and Up-Front Payments

I have not been indemnified in relation to this administration, other than any indemnities that I may be entitled to under statute and I have not received any up-front payments in respect of my remuneration or disbursements.

Dated this 24th day of January 2012



NEIL CRABB
Official Liquidator

Notes:

1. *If circumstances change, or new information is identified, I am required under the IPA Code of Professional Practice to update this Declaration and provide a copy to creditors with my next communication as well as table a copy of any replacement declaration at the next meeting of the Company's creditors.*
2. *Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.*

Annexure B – Dividend Estimate

Dividend Analysis as at 24 January 2012 (ex GST)

	Estimated Dividend (Low) \$	Estimated Dividend (High) \$
Assets		
Net Cash at Bank from Realised Assets	9,361	9,361
Liquidator recoveries - Ground Transport	65,517	65,517
Liquidator recoveries - Bank Guarantee	15,000	15,000
	<u>89,878</u>	<u>89,878</u>
Total Assets Available for Distribution	89,878	89,878
Voidable Transactions	Nil	20,000
Total Funds Available for Distribution	89,878	109,878
Distribution per s556(1) of Corporations Act		
Petitioning Creditors Costs	1,157	1,157
Liquidator's Remuneration from 27 April 2011 to 17 January 2012	49,212	49,212
Liquidator's Disbursements from 27 April 2011 to 17 January 2012	2,487	2,487
Estimated Future Liquidator's Remuneration from 18 January 2012	40,000	29,986
Estimated Future Liquidator's Disbursements from 18 January 2012	2,500	2,500
	<u>95,356</u>	<u>85,342</u>
Estimated Funds Available for Dividends	Nil	24,536
Priority Creditors	26,638	26,638
Estimated funds available for Unsecured Creditors	Nil	Nil
Ordinary Unsecured Creditors	459,169	459,169
	<u>459,169</u>	<u>459,169</u>
Dividend Estimate - Priority Creditors (cents/\$)	Nil	0.92
Dividend Estimate - Ordinary Unsecured Creditors (cents/\$)	Nil	Nil

Annexure C – Receipts and Payments

RECEIPTS	Amount (\$)
Cash at Bank	734.53
Bank Interest	0.19
Settlement of Liquidator Claims	8,521.12
Sundry Income - No GST	330.00
Total Receipts	9,585.84
PAYMENTS	
Bank Charges	12.50
Legal Fees	193.00
GST Receivable	19.30
Total Payments	224.80
Balances in Hand	9,361.04

Annexure D – Remuneration Report

1. *Initial Advice to Creditors*

1.1 **Remuneration Methods**

There are four basic methods that can be used to calculate the remuneration charged by an insolvency Practitioner. They are:

- **Time based / hourly rates**

This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.

- **Fixed Fee**

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a Practitioner will finalise an administration for a fixed fee.

- **Percentage**

The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.

- **Contingency**

The practitioner's fee is structured to be contingent on a particular outcome being achieved.

1.2 **Method chosen**

Given the nature of this administration I propose that our remuneration be calculated on time based / hourly rates. This is because:

- This method reflects our practice of assigning staff at the appropriate level to conduct the necessary work. Individuals are required to record the nature of the work performed at intervals of six minutes. This method ensures creditors are only charged for work that is performed and provides complete transparency.
- Fixed fee and Percentage method are inappropriate as I am unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this administration. In addition I am required to perform a number of tasks which do not relate to the realisation of assets, e.g., statutory obligations, responding to creditor queries, and reporting to ASIC.

It is proposed that the remuneration of the Liquidator be calculated on an hourly basis at the hourly fees charged by RSM Bird Cameron Partners.

1.3 Explanation of Hourly Rates

The current rates for my remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services.

Classification	Guide to Level of Insolvency Experience	Rate per Hour \$
Appointee	Registered Liquidator / Trustee. Partner bringing his / her specialist skills to the administration or insolvency task.	530
Principal/ Director	Qualified. 12+ years experience. Capable of controlling all aspects of an administration and/or insolvency task.	450
Senior Manager	Typically qualified, 7+ years experience. Well developed technical and commercial skills. Assist appointee in the planning and control of all administrations and/or insolvency tasks. Responsible for supervision of junior staff.	365
Manager	Typically qualified, 6-7 years experience. Well developed technical and commercial skills. Assist appointee in the planning and control of all administrations and/or insolvency tasks. Responsible for supervision of junior staff.	300-320
Supervisor	4-6 years experience. Qualified or almost completed CA/CPA/IPAA. Conduct of small appointments, assists in planning and control of medium to larger appointments. Also supervises junior staff.	230-270
Senior 1	2-4 years experience, undertaking CA/CPA/IPAA. Assist planning and control of small to medium jobs and performs some more difficult tasks on larger jobs. Assists in supervision of junior staff.	215
Senior 2	1-3 years experience, undertaking CA/CPA/IPAA, Assist in day to day fieldwork of administrations and/or insolvency tasks under supervision of more senior staff.	170
Intermediate 1	1-2 years experience, graduate, undertaking CA/CPA/IPAA. Assist in day to day fieldwork of administrations and/or insolvency tasks under supervision of more senior staff.	160
Intermediate 2	0-2 years experience, typically will have graduated. Assist in day to day fieldwork of administrations and/or insolvency tasks under supervision of more senior staff.	130
Secretary	Assists all levels of staff undertaking general administrative and secretarial duties.	185
Treasury	Responsible for integrity of all aspect of cash receipts and payments, bank account reconciliations, preparation of statutory lodgements with ATO and ASIC	150
Junior/Filing Clerk	Data input, computer skills and filing. Maintains data entry into specialised insolvency computer system, including receipts and payments and financial information, also prepares bank reconciliations, Form 524's and BAS returns.	70

Notes:

1. The scale of fees is intended to be a guide as to the qualifications and experience of the staff engaged. In some instances staff may be engaged under an appropriate classification principally due to experience.
2. The term "Qualified" means that the staff member has completed either the Institute of Chartered Accountants in Australia or Certified Practicing Accountants in Australia's education program and/or the Insolvency Practitioners Association of Australia's education program.
3. Time spent on matters is recorded and charged in 6 minute intervals.
4. The above rates are effective as at .
5. The above rates exclude Goods and Services Tax.

2. Declaration

I, Neil Cribb have undertaken a proper assessment of this remuneration claim for my appointment as Official 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, that has been properly performed in the conduct of the administration.

I also declare that all disbursements made in the course of the administration were necessary and proper.

3. Description of Work

Remuneration charges incurred for the period 27 April 2011 to 17 January 2012 is for the following tasks:

Task Area	\$ (GST Exclusive)
Assets	5,223.50
Creditors	6,336.00
Trade On	264.00
Investigation	26,328.50
Administration	11,060.00
Total	49,212.00

The tasks undertaken have included:

ASSETS

- Debtors / Loans
 - Issuing demands to related parties regarding Loans
- Plant & Equipment
 - Issuing demands to Directors regarding possible vehicles
 - Review of sale of business contract & Company depreciation schedule
- Other Assets
 - Tasks associated with realising other assets, i.e funds held to secure Bank Guarantee
 - Liaising with Westfield & Directors regarding above
- Sale of Business as a Going Concern
 - Meeting with GTS & negotiations regarding possible sale of Franchises

CREDITORS

- Creditor Enquiries
 - Receive and follow up creditor enquiries via telephone
 - Maintaining creditor enquiry register
 - Review and prepare correspondence to creditors and their representatives via facsimile, email and post
- Creditor reports
 - Preparing report to creditors, associated investigations, relevant attachments
- Dealing with proofs of debt
 - Receipting and filing POD's when not related to a dividend
 - Corresponding with OSR and ATO regarding POD's when not related to a dividend

TRADE ON

- Processing receipts and payments
 - Entering receipt and payments into accounting system

INVESTIGATION

- 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
 - Preparation of comparative financial statements
 - Preparation of deficiency statement
 - Review of specific transactions and liaising with directors regarding certain transactions
 - Liaising with Directors regarding certain transactions including sale of Hairdressing Business
 - Preparation of investigation file
 - Lodgement of investigation with the ASIC
- Litigation / Recoveries
 - Correspondence with and meeting Ground Transport regarding Hughes franchises
 - Negotiations with all parties regarding settlement of Hughes Claim including meetings with the Directors & Mr R Saad
 - Preparing brief to solicitors regarding lodgement of caveat on Directors Property and removal of caveat
- ASIC reporting
 - Preparing statutory investigation reports

ADMINISTRATION

- Correspondence
 - General correspondence
- Document maintenance/file review/checklist
 - First month, then six monthly administration review
 - Filing of documents
 - File reviews
 - Updating checklists
- Insurance
 - Identification of potential issues requiring attention of insurance specialists
 - Correspondence with insurer regarding initial and ongoing insurance requirements
 - Reviewing insurance policies
 - Correspondence with previous brokers
- Bank account administration
 - Preparing correspondence opening and closing accounts
 - Requesting bank statements
 - Bank account reconciliations
 - Correspondence with bank regarding specific transfers
- ASIC Form 524 and other forms
 - Preparing and lodging ASIC forms including 505, 524, etc
- ATO and other statutory reporting
 - Notification of appointment
 - Preparing BAS'
- Planning / Review
 - Discussions regarding status of administration
- Books and records / storage
 - Dealing with records in storage
 - Sending job files to storage

4. Calculation of Remuneration

Period From 27 April 2011 to 17 January 2012

Employee	Position	Average \$ / hour (ex GST)	Total actual hours	Total (\$)	Task Area				
					Assets (\$)	Creditors (\$)	Trade on (\$)	Investigation (\$)	Administration (\$)
Greg Dudley	Partner	530.00	0.4	212.00				212.00	
Neil Cribb	Partner	529.06	25.4	13,438.00	4,132.50	105.50		5,929.00	3,271.00
Timothy Thurbin	Manager	320.00	0.1	32.00				32.00	
Lalitha Samykanno	Manager	260.00	0.2	52.00					52.00
Nicholas Kidziak	Supervisor	265.84	82.9	21,958.00	1,026.00	5,181.00		14,257.00	1,494.00
Alan Chau	Intermediate 2	127.47	95.7	12,198.50	65.00	976.00	234.00	5,508.50	5,415.50
Dominique Cussons	Intermediate 2	130.00	0.8	97.50					97.50
Hayley Forshaw	Secretary	150.00	4.3	645.00				390.00	255.00
Simone Steele	Secretary	150.00	1.1	165.00			30.00		135.00
Tarryn Thiele	Secretary	147.00	0.5	73.50		73.50			
Terri Hoy	Secretary	182.50	1.0	182.50					182.50
Malini Tanabalan	Junior/Filing Clerk	68.70	2.3	158.00					158.00
TOTAL (excluding GST)		229.59	214.4	49,212.00	5,223.50	6,336.00	264.00	26,328.50	11,060.00

GST \$4,921.20

TOTAL (including GST) **\$ 54,133.20**

4.1 Future Fees

Future remuneration is sought in respect of the Liquidation which is summarised as follows.

Task Area	\$
Assets	1,719
Creditors	8,220
Employees	700
Trade On	3,124
Investigation	5,619
Dividend	1,839
Administration	8,766
Total	29,986

This prospective fee approval is to be considered by creditors and will be subject to a cap, which represents the estimated fees based on the best assessment of the work to be undertaken. In the event that there is additional work that is required then a further meeting will be convened to consider a further approval. Fees approved prospectively will be drawn as incurred.

This estimate of the work to be performed for the period 14 January 2012 onwards by major task area, is as follows:

ASSETS

- Debtors / Loans
 - Tasks regarding related party Loans
- Plant & Equipment
 - Tasks regarding possible vehicle & trailer
- Other Assets
 - Tasks associated with realising other assets, i.e funds held to secure Bank Guarantee
 - Liaising with Westfield / Directors / NAB regarding above

CREDITORS

- Creditor Enquiries
 - Receive and follow up creditor enquiries via telephone
 - Maintaining creditor enquiry register
 - Review and prepare correspondence to creditors and their representatives via facsimile, email and post
- Creditor reports
 - Preparing Reports, investigation, attachments
- Dealing with proofs of debt
 - Receipting and filing POD's when not related to a dividend
 - Corresponding with OSR and ATO regarding POD's when not related to a dividend
- Meeting of Creditors
 - 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

TRADE ON

- Processing receipts and payments
 - Entering receipt and payments into accounting system

INVESTIGATION

- Conducting investigation
 - Reviewing company's books and records as required
 - Review of specific transactions and liaising with directors regarding certain transactions as required
 - Liaising with directors regarding insolvent trading claim as required
 - Further investigations of and pursuing preference payments as required
- Litigation / Recoveries
 - Preparing brief to solicitors if required
 - Liaising with solicitors regarding recovery actions
 - Attending to negotiations if required
 - Attending to settlement matters
- ASIC reporting
 - Liaising with ASIC as required

DIVIDENDS

- Processing proofs of debt – If required
 - Preparation of correspondence to potential creditors inviting lodgement of POD
 - Receipt of PODs
 - Maintain POD register
 - Adjudicating PODs
 - Request further information from claimants regarding POD
 - Preparation of correspondence to claimant advising outcome of adjudication
- Dividend procedures – If required
 - Preparation of correspondence to creditors advising of intention to declare dividend
 - Advertisement of intention to declare dividend
 - Obtain clearance from ATO to allow distribution of company's assets
 - Preparation of dividend calculation
 - Preparation of correspondence to creditors announcing declaration of dividend
 - Advertise announcement of dividend
 - Preparation of distribution
 - Preparation of dividend file
 - Preparation of payment vouchers to pay dividend
 - Preparation of correspondence to creditors enclosing payment of dividend

ADMINISTRATION

- Correspondence
 - General correspondence
- Document maintenance/file review/checklist
 - First month, then six monthly administration review
 - Filing of documents
 - File reviews
 - Updating checklists
- Bank account administration
 - Preparing correspondence closing accounts
 - Requesting bank statements
 - Bank account reconciliations
 - Correspondence with bank regarding specific transfers
- ASIC Form 524 and other forms
 - Preparing and lodging ASIC forms including 505, 524, 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

4.2 Disbursements

Disbursements are divided into three types: **A, B1, B2**.

- A** Disbursements are all externally provided professional services. These are recovered at cost. An example of an A disbursement is legal fees.
- B1** B1 disbursements are externally provided non-professional costs such as travel, accommodation and search fees. B1 disbursements are recovered at cost.
- B2** Disbursements are internally provided non-professional costs such as photocopying, printing and postage. B2 disbursements are generally charged at cost; though some expenses such as telephone calls, photocopying and printing are charged at a rate which recoups both variable and fixed costs.

Creditor approval is not required for disbursements, however, creditors have the right to question the incurring of disbursements and may challenge disbursements in court.

The following table summarises the disbursements that have been incurred or are anticipated by my firm and are yet to be paid (Excluding GST).

Description	Type	Incurred \$	Estimated Future Disbursements \$
Legal Fees	A	900.00	Nil
Advertising, ASIC fees, bank fees, courier, search and storage fees	B1	1,219.74	1,500
Faxes, photocopying and postage	B2	346.76	1,000
Total		2,486.54	2,500

5 Supporting Information

5.1 Statement of Remuneration Claim

The resolutions sought from creditors in respect of the Liquidator's remuneration are specified below and also in the notice of meeting. It is noted that no fees have previously been approved and at this stage it is not anticipated that further fee approval will be required, subject to the disclosure noted above.

Resolutions regarding remuneration to be considered by creditors at the forthcoming meeting are:

1. To consider and if thought fit resolve that the past remuneration of the liquidator, his partners and staff, for the period from 27 April 2011 to 17 January 2012 be fixed and approved in the sum of \$49,212 (plus GST and disbursements) calculated on a time basis and charged at the hourly rates of RSM Bird Cameron Partners applicable to the classifications, qualifications and experience of the persons performing the work.
2. **To consider and if thought fit resolve that the future remuneration of the liquidator, his partners and staff, for the period from 18 January 2012 be fixed and approved up to a capped amount of \$29,986 (plus GST and disbursements) calculated on a time basis and charged at the hourly rates of RSM Bird Cameron Partners applicable to the classifications, qualifications and experience of the persons performing the work, and that such remuneration may be drawn on a regular basis if and when funds become available, and should the liquidator's fees exceed this amount, he is entitled to seek further and additional fee approval from the creditors.**

For the purposes of this administration any increase in the hourly rates for the specified positions will not be more than 10% per annum of that disclosed in the attached remuneration report without further approval by creditors.

Creditors are advised that they have the right to obtain further information regarding remuneration which can be requested from my office in writing. Creditors are advised that a remuneration information sheet is available at <http://www.asic.gov.au/infosheets>.

FORM 529

CORPORATIONS ACT 2001

Subregulation 5.6.12(6)

NOTICE OF MEETING OF CREDITORS

JESSA NOMINEES PTY LTD

(IN LIQUIDATION)

ACN 126 197 804

AS TRUSTEE FOR THE S & M FAMILY TRUST

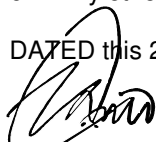
FORMERLY TRADING AS "DOMENIC SCULLINO HAIR STYLIST" AT WHITFORD CITY WESTFIELD WA; AND AS FRANCHISES OF "HUGHES – CHAUFFERS CARS, LIMOUSINES & COACHES"

NOTICE is hereby given that a meeting of the creditors of the Company will be held at RSM Bird Cameron Partners located at 8 St Georges Terrace, Perth WA, on Thursday, 9 February 2012 at 11am (WST).

AGENDA

1. To discuss the Report to Creditors and receive an update and consider the position of the winding up.
2. To authorise the Liquidator to enter into agreements for the purposes of Section 477(2B) of the Corporations Act as specified in the Report to Creditors dated 24 January 2012.
3. To consider and if thought fit resolve that the past remuneration of the liquidator, his partners and staff, for the period from 27 April 2011 to 17 January 2012 be fixed and approved in the sum of \$49,212 (plus GST and disbursements) calculated on a time basis and charged at the hourly rates of RSM Bird Cameron Partners applicable to the classifications, qualifications and experience of the persons performing the work.
4. To consider and if thought fit resolve that the future remuneration of the liquidator, his partners and staff, for the period from 18 January 2012 be fixed and approved up to a capped amount of \$29,986 (plus GST and disbursements) calculated on a time basis and charged at the hourly rates of RSM Bird Cameron Partners applicable to the classifications, qualifications and experience of the persons performing the work, and that such remuneration may be drawn on a regular basis if and when funds become available, and should the liquidator's fees exceed this amount, he is entitled to seek further and additional fee approval from the creditors.
5. To consider:
 - a. whether a committee of inspection should be appointed; and
 - b. where a committee of inspection is to be appointed:
 - i. the numbers of committee members to represent the creditors and the contributories, respectively; and
 - ii. the persons who are to be committee members representing creditors and contributories, respectively.
6. Any other business which may properly be brought before the meeting.

DATED this 24th day of January 2012.



NEIL CRABB
Official Liquidator

Telephone conference facilities will be available at the meeting. Please note under Corporations Regulations 5.16.13A:

- (a) A person, or the proxy or attorney of a person, who wishes to participate in the meeting by telephone must give to the liquidator, not later than the second-last working day before the day on which the meeting is to be held, written statement setting out:
 - (i) the name of the person and of the proxy or attorney (if any); and
 - (ii) an address to which notices to the person, proxy or attorney may be sent; and
 - (iii) a telephone number at which the person, proxy or attorney may be contacted; and
 - (iv) any facsimile transmission number to which notices to the person, proxy or attorney may be sent.
- (b) A person, or the proxy or attorney of a person, who participates in the meeting by telephone must pay any costs incurred by the person, proxy or attorney in participating and is not entitled to be reimbursed for those costs from the assets of the Company.

Proxies to be used at the meeting should be lodged at the office of the Liquidator by 4.00pm on the day prior to the meeting. A corporation may only be represented by proxy or by an attorney appointed pursuant to Corporations Regulations 5.6.28 and 5.6.31A respectively or, by a representative appointed under Section 250D of the Corporations Act 2001. In accordance with Regulation 5.6.23(1) of the Corporations Regulations, creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the Company with the Liquidator.

FORM 535
CORPORATIONS ACT 2001

Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

ACN 126 197 804

To the Official Liquidator of **Jessa Nominees Pty Ltd (In Liquidation) As Trustee for the S & M Family Trust**

1. This is to state that the Company was, on **27 April 2011** ⁽¹⁾ and still is, justly and truly indebted to ⁽²⁾

for
dollars and cents.

Particulars of the debt are:

Date	Consideration ⁽³⁾	Amount \$	GST included \$	Remarks ⁽⁴⁾

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following.⁽⁵⁾
- 3.^{(6)*} 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, still remains unpaid and unsatisfied.
- 3.^{(6)*} I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this day of 2012

Signature of Signatory
 NAME IN BLOCK LETTERS
 Occupation
 Address
 Email..... Phone.....

See Directions overleaf for the completion of this form

OFFICE USE ONLY

POD No:		ADMIT - Ordinary	\$
Date Received:	/ /	ADMIT - Preferential	\$
Entered into IPS/Computer:		Reject	\$
Amount per RATA	\$	H/Over for Consideration	\$
PREP BY/AUTHORISED		TOTAL PROOF	\$
DATE AUTHORISED	/ /		

Directions

- * Strike out whichever is inapplicable.
- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
- (2) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
- (3) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of", "moneys advanced in respect of the Bill of Exchange".
- (4) Under "Remarks" include details of vouchers substantiating payment.
- (5) Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

Date	Drawer	Acceptor	Amount	Date Due
\$	¢			

-
- (6) If proof is made by the creditor personally, strike the two (2) paragraphs numbered 3.

Annexures

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
- B. An annexure to a form must:
 - (a) have an identifying mark;
 - (b) and be endorsed with the words:

"This is the annexure of (insert number of pages) pages marked (insert an identifying mark) referred to in the (insert description of form) signed by me/us and dated (insert date of signing); and
 - (c) be signed by each person signing the form to which the document is annexed.
- C. The pages in an annexure must be numbered consecutively.
- D. If a form has a document annexed the following particulars of the annexure must be written on the form:
 - (a) the identifying mark; and
 - (b) the number of pages.
- E. A reference to an annexure includes a document that is with a form.

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY
CREDITORS MEETING

**JESSA NOMINEES PTY LTD
(IN LIQUIDATION)
ACN 126 197 804**

**AS TRUSTEE FOR THE S & M FAMILY TRUST
FORMERLY TRADING AS "DOMENIC SCULLINO HAIR STYLIST" AT WHITFORD CITY WESTFIELD WA; AND AS
FRANCHISES OF "HUGHES – CHAUFFERS CARS, LIMOUSINES & COACHES"**

*I/*We (1)
of
a creditor of **Jessa Nominees Pty Ltd (In Liquidation)**, appoint (2)
.....
or in his or her absence
as *my/our

CIRCLE EITHER:-

* *'general proxy'* to vote at the meeting of creditors to be held on Thursday, 9 February 2012 at 11am (WST), or at any adjournment of that meeting in respect of all matters [**Do not complete resolutions below**].

-OR-

** *'special proxy'* to vote at the meeting of creditors to be held on Thursday, 9 February 2012 at 11am (WST), or at any adjournment of that meeting in the matter detailed below on the proposed resolutions [**Complete resolutions below**]:- (3)

Resolution	For	Against	Abstain
1. To authorise the Liquidator to enter into an agreement on the Company's behalf for a period of more than 3 months, for the purposes of Section 477(2B) of the Corporations Act as specified in the Report to Creditors dated 24 January 2012.			
2. To consider and if thought fit resolve that the past remuneration of the liquidator, his partners and staff, for the period from 27 April 2011 to 17 January 2012 be fixed and approved in the sum of \$49,212 (plus GST and disbursements) calculated on a time basis and charged at the hourly rates of RSM Bird Cameron Partners applicable to the classifications, qualifications and experience of the persons performing the work.			
3. To consider and if thought fit resolve that the future remuneration of the liquidator, his partners and staff, for the period from 18 January 2012 be fixed and approved up to a capped amount of \$29,986 (plus GST and disbursements) calculated on a time basis and charged at the hourly rates of RSM Bird Cameron Partners applicable to the classifications, qualifications and experience of the persons performing the work, and that such remuneration may be drawn on a regular basis if and when funds become available, and should the liquidator's fees exceed this amount, he is entitled to seek further and additional fee approval from the creditors.			

DATED this day of 2012.

Signature

CERTIFICATE OF WITNESS

This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.

I, of

certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:

* Strike out if inapplicable

1. If a firm, strike out "I" and set out the full name of the firm.
2. Insert the name, address and description of the person appointed.
3. If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.



ASIC

Australian Securities & Investments Commission

Insolvency Information for Directors, Employees, Creditors and Shareholders

ASIC has 11 insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Insolvency Practitioners Association (IPA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

List of information sheets

- Insolvency: a glossary of terms
- Voluntary administration: a guide for creditors
- Voluntary administration: a guide for employees
- Liquidation: a guide for creditors
- Liquidation: a guide for employees
- Receivership: a guide for creditors
- Receivership: a guide for employees
- Insolvency: a guide for shareholders
- Insolvency: a guide for directors
- Independence of external administrators: a guide for creditors
- Approving fees: a guide for creditors

Important note: The information sheets contain a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. These documents may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

Getting copies of the information sheets

To get copies of the information sheets, visit ASIC's website at www.asic.gov.au/insolvencyinfosheets. The information sheets are also available from the IPA website at www.ipaa.com.au. The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.