



STATUTORY REPORT TO CREDITORS

MILLBROOK HOMES PTY LTD (IN LIQUIDATION)

FORMERLY TRADING AS "ELDERTON LUXURY HOMES"

ACN: 163 257 467

ABN: 31 163 257 467

22 September 2023

JONATHON KEENAN & PETER KREJCI

Joint & Several Liquidators



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INTRODUCTION

We refer to our initial report to creditors dated 10 July 2023 in which our appointment as Liquidators of the Company was advised along with your rights as a creditor in the liquidation.

The purpose of this report is to provide creditors with information regarding the following:

- ▲ The estimated amount of asset and liabilities of the Company;
- ▲ An update on the progress of the Liquidation and further actions that may need to be undertaken;
- ▲ What happened to the business;
- ▲ The likelihood of creditors receiving a dividend before the affairs of the Company are fully wound up; and
- ▲ Possible recovery actions.

This report should be read in conjunction with the initial report. If you have any questions relating to the liquidation in general, or specific questions relating to your position, please do not hesitate to contact this office.

COMPANY DETAILS

Name	Millbrook Homes Pty Ltd (In Liquidation)
Incorporated	11 April 2013
ACN	163 257 467
Registered Office	Level 12 60 Castlereagh Street Sydney NSW 2000
Trading Address	16 Ernesta Place Bella Vista NSW 2153

LIQUIDATORS

Name	Jonathon Keenan Peter Krejci
Date Appointed	26 June 2023

ADMINISTRATION CONTACT

Name	Nicole Feng
Email	nfeng@brifnsw.com.au
Phone	02 8263 2300

Glossary of Common Acronyms & Abbreviations

ABN	Australian Business Number
ACN	Australian Company Number
Act	Corporations Act 2001 (Cth)
ARITA	Australian Restructuring Insolvency and Turnaround Association
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
Bluestone Developments	Bluestone Developments Pty Ltd
CVL	Creditors Voluntary Liquidation
Company	Millbrook Homes Pty Ltd (In Liquidation)
DIRRI	Declaration of Independence, Relevant Relationships & Indemnities
Department	Department of Employment and Workplace Relations
Director	Richard Louis Whitehead
Elderton Homes	Elderton Homes Pty Ltd
FEG	Fair Entitlements Guarantee
Firm	BRI Ferrier
HBCF	Home Building Compensation Fund
IPR	Insolvency Practice Rules (Corporations) 2016
IPS	Insolvency Practice Schedule (Corporations)
NAB	National Australia Bank
POD	Proof of Debt
PPE	Property, Plant and Equipment
PPSR	Personal Properties Securities Register
RBP	Relation Back Period
ROCAP	Report on Company Activities and Property
SOA	Summary of Affairs
WIP	Work In Progress

EXECUTIVE SUMMARY

Peter Krejci and I were appointed Joint and Several Liquidators of the Company by a resolution of its members passed at a duly convened member's meeting held on 26 June 2023 pursuant to Section 491 of the Act.

This report has been prepared pursuant to Insolvency Practice Rule 70-30 and Section 497 of the Corporations Act. You have received this Report because we are aware that you may have a creditor claim and/or the books and records of the Company identified you as a creditor.

We provide below a summary of investigations into the Company's affairs and the potential outcomes for creditors.

The Company was incorporated on 11 April 2013, and provided design and construction services for luxury residential homes in Greater Sydney. The Company operated from a partially completed Display Home at 16 Ernesta Place, Bella Vista NSW 2153, which is owned by a related entity, R Whitehead Investments Pty Ltd.

We are advised that financial issues arose progressively given the deteriorating market conditions affecting building companies that operated on fixed price contracts, having regard to increases in material and labour costs. Those financial issues escalated with the collapse of the related business, Elderton Homes, in late 2022. This in turn, resulted in restrictions being applied to the Company's builder licence and insurance arrangements, which meant the Company could not enter into new construction projects, rather only complete existing works.

The deteriorating cashflow position significantly limited the volume of construction work that could be completed, reducing revenues accordingly. The Director sought professional advice in respect of Safe Harbour protection, whilst he attempted to sell the business. Unfortunately, no sale was completed, and the Director took steps to wind down trading operations. Ultimately the Company was placed into Liquidation in June 2023.

At the time of our appointment, there were six (6) current building contracts with incomplete builds at varying stages, and eight (8) completed properties with reported defect issues that the Company was working to rectify. As the Company could not trade, we terminated all staff and issued disclaimer notifications to all current customers/owners following our appointment. Clients have been encouraged to take steps to complete their projects with replacement builders and to pursue claims under their insurance policies with the iCare HBCF. We have assisted clients with access to information where possible.

The Company had minimal assets on our appointment, consisting of cash at bank of \$35K and certain motor vehicles worth \$45K. In addition, we have recovered a minor amount from cancelled insurance policies. Collectively, those funds will be insufficient to discharge the costs of the Liquidation, claims from former employees and NAB secured creditor claim. There does not appear to be any further realisable assets, although we are conducting further investigations into potential Company interest in the partially completed Display Home.

The liabilities of the Company may be in the order of \$4M, represented by employee claims of \$45K, NAB as secured creditor for \$50K, trade creditors of \$899K, potential damages claims from clients of \$1.34M, loans from related parties of \$1.5M and ATO debt of \$143K. Accordingly, without recoveries being made (discussed below), there does not appear to be funds available to provide any meaningful return to creditors.

Our preliminary investigations indicate that the Company became insolvent on or around June 2022, and the management accounts report that the position deteriorated thereafter, in particular when the Elderton Homes business collapsed in December 2022. It appears that the Company continued to trade up to our appointment, via accessing credit with suppliers and making progress claims with clients. Accordingly, there is a potential insolvent trading claim to pursue against the Director.

However, having regard to the Safe Harbour defence likely to be asserted by the Director in respect of the period March to June 2023, the value of the claim may be reduced to around \$1.34M. We have made enquiries with the Director as to his personal financial capacity, and have requested that he complete a statutory declaration of personal assets and liabilities. Based on our independent enquiries, we have concerns as to his capacity to satisfy a meaningful judgement against him. We have also identified certain potential preferential payment transactions totalling \$103K which we intend to pursue, subject to obtaining sufficient evidence and funding (if necessary).

Our review of the historical financial statements has also identified that the Company reported a material asset “Work In Progress – Display” as \$1.5M as at June 2022. The Company’s management accounts also indicates that this WIP asset was written off in February 2023. The Director has advised that this was not a Company asset, however was unable to adequately explain why it was reported and subsequently written off in recent months. It is possible that the financial statements were incorrectly reported, and/or that the asset was in some way impaired due to the Elderton Homes collapse. We intend to investigate this asset further, should it be available for the benefit of creditors.

We will report our findings on potential offences to ASIC on a confidential basis in the coming weeks. ASIC may request that we undertake further investigations and reporting in due course.

As a preliminary step, it may be appropriate to run short-form public examinations of the Director and key parties, to test any defences and determine commercial standing of the potential defendant(s). If any creditors wish to provide funding to conduct further investigations, and/or to run public-examinations or litigation, they ought to contact our office by no later than 31 October 2023. Otherwise, we may explore any commercial settlement options in due course.

Having regard to Section 561 of the Act, priority (employee) creditors are anticipated to receive a partial return from the available circulating assets (cash at bank and sundry refunds). Furthermore, the secured creditor NAB, is anticipated to receive a partial return from the realisation of the Company’s non-circulating assets (vehicles). However, noting that the vast majority of claims are from unsecured creditors, and any return to that class would be contingent on successfully pursuing recoveries via litigation, such as the aforementioned potential insolvent trading and preferential payment claims. Our estimates contained herein are illustrative only, as the timing and outcomes from litigation are unknown at this time.

In summary, we estimate the returns to creditors may be as follows:

Return to Creditors	High	Low
	Cents in the \$	
Secured Creditors	58	53
Priority Creditors	100	48
Unsecured Creditors	12	Nil

Please note these figures are estimates only, and the actual results may vary materially.

Absent any recovery actions being pursued with funding, this Liquidation may remain open for another six (6) to twelve (12) months. If any creditors have information relevant to the Liquidation, they are encouraged to contact our office without delay, such that it may assist our investigations and/or improve the prospects of recovery for creditors.

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1. BASIS OF REPORT

This report has been prepared primarily from information received from the Company's Director and accountant.

In order to complete this report and in conducting our investigations, we have also utilised information from:

- ▲ ASIC;
- ▲ The books and records of the Company;
- ▲ Discussions with the Director and advisors;
- ▲ The ROCAP and questionnaire forms completed by the Director;
- ▲ Extracts from public information databases;
- ▲ Correspondence with creditors.

2. DISCLAIMER

An investigation of the Company's affairs has been conducted and this report and the statements made herein have been prepared based upon available books and records, information provided by the Company's Director and from our own enquiries.

Whilst we have no reason to doubt the accuracy of the information provided or contained herein, we reserve the right to alter our opinions or conclusions should the underlying data prove to be inaccurate or materially change after the date of this report.

Neither we, nor any member or employee of BRI Ferrier accepts responsibility in any way whatsoever to any person in respect of any errors in this report arising from incorrect information provided to us, or necessary estimates and assessments made for the purposes of the report.

This report is not for general circulation, publication, reproduction or any use other than to assist creditors in evaluating their position as creditors of the Company and must not be disclosed without the prior approval of the Liquidators.

Creditors should consider seeking their own independent legal advice as to their rights and options available to them.

Should any creditor have material information in relation to the Company's affairs which they consider may impact on our investigations or report, please forward details in writing as soon as possible.

3. DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

We confirm that our DIRRI as previously circularised has not been amended.

4. CORPORATE INFORMATION

The following information has been extracted from ASIC records as at the date of our appointment:

Date of Incorporation	11 April 2013
Type of Company	Australian Proprietary Company
Class	Limited by Shares
Registered Office	Level 12 60 Castlereagh Street Sydney NSW 2000
Principal Place of Business	16 Ernesta Place Bella Vista NSW 2153

OFFICER	START DATE	CEASE DATE	POSITION(S)
Richard Louis Whitehead	11/04/2013	Current	Director
	11/04/2013	Current	Secretary

SHAREHOLDERS	SHARE TYPE	NO. OF SHARES	SHAREHOLDING (%)	BENEFICIALLY OWNED
Richard Louis Whitehead	Ordinary	810,000	100	Yes

5. LEGAL PROCEEDINGS

Pursuant to Section 500(2) of the Act, our appointment as Liquidators automatically stays any current legal proceedings against the Company.

Creditors cannot commence or continue proceedings against the Company without our written consent or without leave of the Court. We are not aware that the Company is involved in any legal proceedings.

6. COMPANY BACKGROUND AND EVENTS LEADING TO OUR APPOINTMENT

The following information was obtained from our enquiries with the current Director, advisors and Company records provided to the Liquidators.

- ▲ The Company was incorporated on 11 April 2013 and operated a construction business providing design and construction services for luxury residential homes in Greater Sydney.
- ▲ At the time of our appointment, the Company operated from a partially completed display home at 16 Ernesta Place, Bella Vista NSW 2153 which is owned by a related entity, R Whitehead Investments Pty Limited.
- ▲ Historically the Company operated within a broader group, the primary business of which was Elderton Homes. The group shared certain facilities and services historically.
- ▲ We are advised that the Company's financial issues arose progressively given the deteriorating market conditions affecting the construction sector, particularly with the Company operating on fixed price contracts in an environment where material and labour costs increased significantly in recent years. Attempts were made to negotiate variations on the contracts with clients, with some success.
- ▲ It appears that the Company continued to experience long-term impacts beyond Covid-19, including labour shortages and supply chain delays. These factors along with wet weather conditions in FY2022 dramatically affected the Company's revenue, which halved from FY2021.
- ▲ These issues escalated with the collapse of the related business, Elderton Homes, in December 2022. As a result, restrictions were applied to the Company's builder licence and insurance arrangements, which meant the Company could not enter into new construction projects, rather only complete existing works.
- ▲ The Company implemented three rounds of redundancy from 2019, where staff numbers were approximately sixty (60) at that time which then reduced over time to five (5) employees remaining at the time of our appointment.

- ▲ The Company and Director sought professional advice in respect of the Safe Harbour regime in March 2023 and appointed RSM as Safe Harbour advisors. The Restructuring Plan involved trying to sell the business in which the purchaser would take over the client contracts and complete the work. A targeted Information Memorandum was issued to a select group of builders and there were various discussions with interested parties, however it did not progress to a sale or any offers.
- ▲ It became apparent that the sale campaign was unsuccessful in early June 2023. The Director took steps to wind down trading operations and the Company ceased formal trading shortly thereafter.
- ▲ We were appointed Liquidators of the Company on 26 June 2023.

7. REASONS FOR FAILURE

As discussed above, the Director has advised the reason for failure was due to significant increases in material and labour costs and the restrictions applied to the Company's licence and insurance arrangements with HBCF.

We agree with the above, however we also note that the collapse of the Elderton Homes business in December 2022 was a critical event which substantially impacted the Company, with the loss of shared facilities and services. The restrictions applied to the Company's licence and insurance arrangements were a direct result of the administration of Elderton Homes. We note that the Voluntary Administrators of Elderton Homes concluded that that entity had encountered financial difficulties and had likely become insolvent some months prior to their appointment in December 2022.

8. HISTORICAL FINANCIAL INFORMATION

We have reviewed the Company's management accounts for FY2019 to FY2022, and the part periods ended 31 December 2022 and 26 June 2023.

We note that the Company previously reported on a consolidated basis with Elderton Homes and used the same accounting software, Timberline. After Elderton Homes was placed into voluntary administration in December 2022, the Company switched to Xero. We are advised by the Director that Timberline and the supporting ledgers for the management accounts for FY2019 to FY2022 are no longer available.

Therefore, we have attempted to conduct our investigation based on the available management accounts in Xero and made enquiries with the external accountant.

8.1 BALANCE SHEETS

Attached as **Annexure "C"** is a comparative analysis of the Balance Sheets for the abovementioned periods.

We make the following commentary on the comparative Balance Sheets:

- The Company's reported net assets position deteriorates from a surplus at June 2019 of \$1M to a deficiency of \$1.5M by June 2023. Note that this does not include the projected full value of the liabilities.
- Current assets are substantially represented by work in progress, debtors and inventory historically, which significantly deteriorates in FY2023, along with cash reserves. This is consistent with the trading and cashflow difficulties during that time.
- We understand that the "Work In Progress – Jobs" balance is supposed to reflect the value of client work completed but not billed. We have not been provided records to interrogate this asset historically. We note that the reported value remains steady during FY2023 at \$891K, however our investigations indicate that this is likely inaccurate, as it is not recoverable.
- The "Work In Progress – Display" asset appears to be a disputed asset according to the Director. Whilst it was recorded historically, the \$1.7M asset was written off by way of a journal entry posted in February 2023. That journal entry also reduced Unearned Revenue liability by \$1.7M, however without explanation. We are making further enquiries with the Director and external accountant in respect of these transactions and potential asset recovery.
- The Director operated several entities with separate construction/development businesses, including Elderton Homes and Bluestone Developments. It appears the Company had various loans with these entities historically. We note that the reported loan owed to Elderton Homes for \$1.5M at June 2022, appears to become a debtor of \$54K owed to the Company by June 2023. This transaction is particularly curious as that Elderton Homes collapsed into Voluntary Administration in December 2022, and the reduction in the loan would indicate that the unsecured debt was repaid at a time when that entity was arguably insolvent. The Director was unable to provide an explanation as to how or why these loans were repaid, arguably at a time when the Company was also in financial distress itself. We note that the Elderton Homes debtor is now unrecoverable due to the compromise triggered under the Deed of Company Arrangement entered into by that entity. We also note that an additional loan with related entity, Bluestone Developments, arises during that same FY2023 period. We are making further enquiries with the Director and external accountant in respect of loans.

8.2 PROFIT AND LOSS STATEMENTS

Attached as **Annexure "D"** is a comparative analysis of the Profit and Loss Statements for the abovementioned periods.

We make the following commentary on the comparative Profit and Loss Statements:

- Contract Revenue has been in decline since FY2020. We are advised by the Director, that this was due to flow-on effects from the COVID-19 pandemic, including labour shortage and supply chain issues and wet weather conditions causing delays. We note that whilst the revenues halved in FY2022 and FY2023, the operating expenses remained at approximately \$2M per year, substantially contributing to the net losses during those periods.
- The gross profit margins appears to track at around 11%-13% between FY2020 to FY2023. However, based on the potential client claims of \$1.3M, the gross profit margins appear to be

substantially overstated, in respect of FY2023 (and possibly earlier given the age of those projects).

- Significant expenses are recorded historically under “Admin – Drafting & Estimating” and “Admin – Elderton Homes”. We understand from the Director, that these expenses relate to charges for shared services with related entities operating the Elderton Homes business.
- Wages and salaries increased from \$331K in FY2021 to \$500K in FY2022 and further increased to \$821K leading up to our appointment. We are advised by the Director that there have been three rounds of redundancy implemented by the Company since 2019, where staff numbers were approximately 60 at that time which then reduced over time to 5 staff (including the Director) at the time of our appointment.
- In FY2021, the Company reports that it was the beneficiary of debt forgiveness of \$1.1M. The Director was unable to explain how or why this occurred. We are making further enquiries in this regard.
- In terms of overall profitability, the Company reports a break-even position in FY2019. Thereafter, the Company traded at a substantial loss, only mitigated by the \$1.1M debt forgiveness in FY2021. We again note that if the potential client liabilities are brought to account in the P&L, to the actual losses would increase further.

9. CURRENT FINANCIAL POSITION

Below is our analysis of the current financial position of the Company, with regard to the Director’s SOA, available financial records and our enquiries to date.

Millbrook Homes Pty Ltd (In Liquidation) A.C.N. 163 257 467 Summary of Director's Report on Company Activities and Property				
	Report Reference	Book Value as at 26/06/2023 (\$)	Director's ERV (per ROCAP)	Liquidators' ERV as at 26/06/2023 (\$)
Assets				
Cash and Cash Equivalents	9.1.1	38,449	35,000	35,000
Plant and Equipment / Furniture & Fixture	9.1.2	91,026	-	-
Motor Vehicle	9.1.3	66,739	80,000	41,362
Inventory/Work In Progress	9.1.4	1,377,365	-	-
Debtor	9.1.5	33,744	-	-
Other Assets	9.1.6	173,151	-	-
Intangible Assets	9.1.7	94	-	-
Tax Assets	9.1.8	126,441	-	-
Total Assets		1,907,008	115,000	76,362
Liabilities				
Secured Creditors	9.2.1	37,996	45,000	50,188
Priority Creditors	9.2.2	100,746	45,841	45,841
Unsecured Creditors				
Related Party Loan	9.2.3	1,492,045	1,548,943	1,548,943
Trade Creditors	9.2.4	785,566	785,566	899,318
Client Liability	9.2.5	829,185	-	1,343,163
Australian Taxation Office	9.2.6	108,058	214,917	143,123
Total Liabilities		3,353,596	2,640,267	4,030,576
Estimated Net Asset / (Deficiency)		(1,446,588)	(2,525,267)	(3,954,214)

9.1 ASSETS

9.1.1 Cash and Cash Equivalents

We understand that the Company had two (2) bank accounts with NAB with funds totalling \$35K, which has been secured. These funds were transferred to our trust account prior to our appointment (as disclosed in our DIRRI) and has now been transferred to the Liquidation bank account.

On appointment, we contacted major financial institutions notifying them of the Liquidation and requesting information regarding any other bank accounts held in the name of the Company. No further bank accounts have been identified based on responses received to date.

9.1.2 Plant and Equipment/Office Equipment

The Company's management accounts reported PPE and office furniture with a book value, after depreciation, of \$91K.

The majority of this balance relates to office furniture for \$89K, which the Director advised had been located at an office in Castle Hill, NSW, and had been abandoned as a result of the Elderton Homes collapse. We also attended the Company's office premises, an incomplete display home located at Bella Vista, NSW, which had a minimal amount of sundry office equipment. We are advised by the

Director that these assets were owned by a related entity rather than the Company. We note that those assets were of limited commercial value, having regard to any removal and realisation costs.

Our correspondence with the Director indicates that sundry computer equipment used by the staff was initially located in Bella Vista and then relocated to the Company's external IT support, Adroit Support. Based on our enquiries, those sundry IT assets were uncommercial to realise.

9.1.3 Motor Vehicles

A search of the Transport NSW database indicated that the Company was the registered owner of three (3) motor vehicles and a box trailer. One vehicle, a 2021 Mazda BT-50 was subject to finance with NAB, with NAB confirming the payout figure for the contract was approximately \$39K.

We engaged O'Maras (in alliance with GraysOnline) to conduct an independent valuation of the vehicles and on this basis, we determined that the payout figure would likely exceed the estimated realisable value of the Mazda BT-50 vehicle. Accordingly, we disclaimed the Company's interest in the finance contract with NAB.

We instructed O'Maras to collect the other vehicles and box trailer and proceeded to sell these assets via online auction. The vehicles sold for \$48K (incl. GST) and after realisation costs of \$7K (incl. GST), we have recovered \$41K (incl. GST). We note that NAB are the first ranking secured creditor with an AllPAAP security interest. Following numerous correspondence, we have received NAB's security documentation which, from our review. It appears that NAB may have a validly registered security interest as the first ranking secured creditor, and therefore the proceeds, less our realisation costs (including our professional time, insurance, etc) will be available to NAB to partially discharge their secured debts in due course.

9.1.4 Inventory/Work In Progress

The Company's management accounts reported inventory valued at \$486K and Work In Progress valued at \$891K.

The Company ceased trading prior to our appointment, and could not complete the remaining six (6) building contracts. Our enquiries to date, including high-level review of the projects, indicates that the Work In Progress is not a realisable asset. The Director provided an estimated assessment of the respective contracts on our appointment, which indicates that all projects will suffer losses to complete. This is not uncommon in the current market, where fixed price construction contracts have been unprofitable due to market movements. Having regard to the information from the Director and feedback from the clients, it also appears that that the Company may have invoiced for works not yet completed, or that were subject to contested defects.

The Director advised the Company never purchased any inventory, instead Elderton Homes purchased and supplied same to the Company, for which the Company paid Elderton Homes a management fee. Noting that Elderton Homes was placed into Voluntary Administration and has ceased to trade, we expect that the inventory asset is an accounting error, and is not realisable in the circumstances. We are advised by the Director that all invoices had been raised with clients prior to our appointment, and there was no realisable inventory that could be recovered from the various sites.

9.1.5 Debtors

The Company's management account reported a trade debtor of \$33K owing at our appointment. This relates to a progress claim issued to a client with an incomplete build, and the client objects that they owe the Company. As mentioned above, it is estimated all clients may have creditor claims against the Company in due course, as a result of the completion of their projects. Therefore, this minor debtor is likely to be unrecoverable.

9.1.6 Other Assets

There are several accounts including accruals, prepayments, wages clearing and contract assets reported in the management accounts totalling \$173K. Of this balance, \$106K relates to contract assets which appears to relate to the incomplete client contracts and is not recoverable in these circumstances. In relation to other accounts, these are accounting entries which are not realisable assets available for the benefit of creditors.

9.1.7 Intangible assets

Intangible assets appears to relate to various software used by the Company. This class of assets is not recoverable.

9.1.8 Tax Assets

The Company's management account reported \$126K of tax assets, however the ATO has lodged a creditor claim in the Liquidation. Therefore, this asset is not realisable.

9.12 LIABILITIES

9.2.1 Secured Creditors

A search of PPSR shows seven (7) parties have a registered security interest over the Company. The table below provides a summary of the amounts claimed by the respective PPSR creditors.

Secured Party Group	Administrators' Amount (\$)	ERV
ATF Services Pty Ltd		107.25
Holcim (Australia) Pty Ltd		TBA
The Trustee For Imperium Home Solutions Australia Unit Trust		TBA
Kingspan Water & Energy Pty Limited		TBA
Masterwall N.S.W. Pty Ltd		TBA
Corinthian Industries (Australia) Pty Ltd		10,876.14
National Australia Bank Limited		39,311.98
Total		TBA

We provide our comments as follows:

- ATF Services registered a security interest in respect of the supply of temporary fencing to various clients' sites and have provided an outstanding invoice for \$107.25. We have recommended clients to contact ATF Services if they wished to continue the arrangement for temporary fencing.

- ▶ Corinthian Industries registered a security interest in respect of the supply of doors for various clients and have advised their outstanding claim is \$10,876.14. It is unlikely that Corinthian Industries will be able to recover their doors, to the extent that they are already installed on clients' sites.
- ▶ As mentioned previously, NAB is the first ranking secured creditor with a registered security interest over all the Company's assets. We have received the security documentation confirming the validity of their security, however their total debt is unclear, as it was cross-guaranteed by Elderton Homes.
- ▶ Further, NAB have a registered security interest over the 2021 Mazda BT-50 and, as discussed previously, we determined that the payout figure of \$39K for the finance contract would likely exceed the estimated realisable value of the vehicle.
- ▶ We have not received confirmation from other secured parties regarding their security interests.

9.2.2 Priority Creditors

As detailed in our previous report to creditors, at the time of our appointment the Company had five (5) employees, including the Director. All employment was terminated effective 26 June 2023.

We have verified the outstanding employee entitlements (except for the Director as he is an excluded employee) based on the Company's records for the Department in administering the FEG scheme. We understand that the Department is currently in the process of reviewing claims submitted by employees and once this process is finalised, the Department will be in a position to make payments to eligible employees in respect of their entitlements.

Our assessment indicates that outstanding entitlements in relation to annual leave are approximately \$34K, subject to adjudication under the FEG scheme. We are awaiting adjudication by the Department in respect of any outstanding payment in lieu and redundancy entitlements.

Should you wish to obtain further information or make a claim for outstanding employee entitlements, the Department may be contacted on 1300 135 040. Alternatively, you may visit their website at: <https://www.dewr.gov.au/fair-entitlements-guarantee>

9.2.3 Related Party Loans

The Director has disclosed in the ROCAP that the Company owes a total of \$1.5M to related entities. We understand these loans were advanced to the Company to assist with day-to-day expenses, which is not unusual for related entities operating in a group, particularly where there are shared services with Elderton Homes.

These debts appear fairly accurate to the extent that the Company's management accounts are reconciled, however the Director has not provided any supporting documentation in relation to these debts, and the related entities have not lodged any claims in the Liquidation in relation to these debts.

9.2.4 Trade Creditors

Based on the Company's management accounts and creditor claims lodged to date, trade creditors may be owed approximately \$899K. The balance of trade creditors appear to be various suppliers and

debts incurred in the ordinary course of business. We understand that certain sub-contractors may have been reengaged on client projects, either directly by clients or via replacement builders.

Should creditors, who have not already done so, wish to lodge their claim with this office, please complete the Formal Proof of Debt form, attached as **Annexure “A”**, and return same together with documentary evidence to support your claim.

9.2.5 Client Liability

As previously discussed, there were six (6) current building contracts with incomplete builds at varying stages. As the Company had ceased trading and was unable to perform under the contracts, pursuant to Section 568 of the Act, we disclaimed our interest in these contracts on the basis that they are onerous obligations. The Director provided an estimated calculation of the milestone payments from clients and completion of the project, which indicates the potential liability owed to clients is \$1.3M at the time of our appointment.

However, we note that this calculation does not include the full costs to complete the projects in current market conditions, which are likely to be substantial as the clients have had to seek an alternate builder to take over from the Company. We have encouraged clients to review their insurance policies with the iCare Home Building Compensation Fund, which may be accessible to assist with funding a portion of the costs to complete. Until the builds are completed, it is difficult to quantify the claims from clients at this stage.

iCare have also contacted our office to register their interest as an unsecured creditor of the Company in respect of claims submitted in respect of the Home Building Compensation Fund and advised that the potential exposure could be as much as \$5.44M. We understand that this claim would include other building contracts which were completed prior to our appointment, and note that there have been allegations of defective work performed by the Company by some former clients. Once iCare have assessed and finalised these claims, we anticipate a Formal Proof of Debt form will be lodged, although this may take some time.

9.2.6 Australian Taxation Office

The Director has disclosed in the ROCAP that the ATO are owed approximately \$215K. The ATO has lodged the claim of \$143K as at our date of appointment however the claim will likely increase if various outstanding returns are lodged in due course. This work will be undertaken if there are sufficient funds recovered to pay a dividend to unsecured creditors.

10. EXPLANATION OF DEFICIENCY

Attached as **“Annexure E”** is the deficiency statement. The deficiency statement indicates that the Company had a net deficiency to creditors and shareholders in the order of \$4.7M, before the costs of the Liquidation, attributable to the following:

Summary of Deficiency	Amount (\$)
Accumulated Losses	2,256,588
Loss on Realisation of Assets	1,830,646
Unreported Liabilities	676,980
Estimated Net Deficiency	4,764,214

The majority of the deficiency relates to the accumulated losses incurred by the Company and unrecoverable value in the reported inventory/work in progress assets.

11. INVESTIGATIONS AND RECOVERY ACTIONS

As Liquidators, we are required to review certain transactions to determine whether or not claims for statutory recoveries may be made for the benefit of creditors. Attached as “**Annexure H**” is the ARITA creditor information sheet on Offences, Recoverable Transactions and Insolvent Trading.

Whilst a potential claim may be identified having regard to the Company’s records, any net recovery ultimately depends upon:

- ▲ The costs involved in pursuing a claim; and
- ▲ The capacity of the defendant to meet such a claim.

11.1 INVESTIGATIONS UNDERTAKEN

During the course of these investigations, we have:

- ▲ Reviewed management accounts maintained electronically on Xero;
- ▲ Written to the relevant authorities requesting information required for investigations;
- ▲ Carried out ASIC and other searches available to me in relation to the Company;
- ▲ Ascertained by inquiring with the Director regarding the history of the Company and nature of its business and circumstances leading to its failure;
- ▲ Performed a review of the available bank statements to identify potential preferences, uncommercial transactions, and unfair loans (sections 588FA, 588FB, 588FD and 588FE of the Act).

11.2 BOOKS AND RECORDS

Section 286 of the Act requires a company is to keep written financial records that:

- ▲ correctly record and explain its transactions, financial position and performance; and
- ▲ would enable true and fair financial statements to be prepared and audited.

The failure to maintain books and records in accordance with Section 286 of the Act may allow a Liquidator to presume the Company was insolvent throughout the period the books and records were not maintained (Section 588E of the Act).

As discussed previously in the report, Timberline and the supporting ledgers for the management accounts for FY2019 to FY2022 are no longer available, which has made it difficult for us to conduct further investigations. We have made enquiries with the external accountant for further information. However, we are of the view that at the relevant periods before our appointment, the Company kept books and records in compliance with Section 286 of the Act.

12. FINDINGS AND RECOVERY ACTIONS

12.1 INSOLVENT TRADING

Pursuant to Section 588G of the Act, a director may be personally liable for insolvent trading by a company where:

- ▲ 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 Act 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 Act where a director 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.

Our assessment has been based on the information available to us from the Company's records, from information provided by the Director and on the basis of separate investigations of the Company's affairs. Based on our investigations, the Company has reported a net asset surplus until FY2022.

However, a more accurate assessment of a Company's insolvency is the cash flow test. Accordingly, it is our preliminary view that the Company was insolvent on a cash flow basis from at least June 2022.

We provide below the basis of our view:

12.2 INSOLVENCY ANALYSIS

12.2.1 Working Capital Analysis

A working capital analysis is generally based on a review of the Company's financial records and management accounts to determine whether there were sufficient current assets to meet current liabilities, including any adjustments to the reported current assets and current liabilities.

The working capital analysis has been prepared based on our review of the Company's management accounts. Our investigations of the historical accounts indicates that there are four key adjustments necessary based on the Company's circumstances:

	Year Ended 30-Jun-19 (\$)	Year Ended 30-Jun-20 (\$)	Year Ended 30-Jun-21 (\$)	Year Ended 31/6/2022 (\$)	Year Ended 31-Dec-22 (\$)	Period Ended 26-Jun-23 (\$)
Working Capital Analysis						
Current Assets	4,119,072	3,656,113	2,507,666	3,867,413	3,608,683	2,027,805
Current Liabilities	3,061,868	3,474,506	2,245,007	2,619,719	3,502,094	2,163,140
Net Working Capital	1,057,204	181,606	262,659	1,247,695	106,589	(135,335)
Current Assets	4,119,072	3,656,113	2,507,666	3,867,413	3,608,683	2,027,805
Less: Inventory	-	-	-	-	(486,265)	(486,265)
Less: Work In Progress - Jobs	-	-	-	-	-	(891,100)
Less: Work In Progress - Display	(876,655)	(876,655)	(923,696)	(1,449,796)	(1,720,640)	-
Adjusted Current Assets	3,242,417	2,779,458	1,583,970	2,417,617	1,401,778	650,440
Current Liabilities	3,061,868	3,474,506	2,245,007	2,619,719	3,502,094	2,163,140
Add: Client Liability	-	-	-	-	-	513,979
Adjusted Current Liabilities	3,061,868	3,474,506	2,245,007	2,619,719	3,502,094	2,677,119
Adjusted Net Working Capital	180,549	(695,049)	(661,037)	(202,101)	(2,100,316)	(2,026,679)
Current Asset Ratio	1.35	1.05	1.12	1.48	1.03	0.94
Adjust current asset ratio	1.06	0.80	0.71	0.92	0.40	0.24

Inventory

As previously discussed in the report, the Company's management account records inventory of \$486K as at our appointment. The Director advised the Company never purchased any inventory, instead Elderton Homes purchased and supplied same to the Company, for which the Company paid Elderton Homes a management fee. Accordingly, we have removed this balance from the Current Assets balance during FY2023.

Work In Progress – Jobs

As previously discussed in the report, the Work In Progress balance is not recoverable as the six (6) building contracts were incomplete as at our appointment. As such, we have removed this balance from the Current Assets balance at our appointment.

Work In Progress – Display

As previously discussed in the report, the Director advised that the Company has no ownership interest in the display home property and a manual journal was posted in February 2023 to write-off the asset. Accordingly, we have removed this balance from the Current Assets balance historically.

Client Liability

As previously discussed in the report, six (6) contracts are incomplete as at our date of appointment. Two (2) contracts started in FY2021, three (3) contracts started in FY2022 and one (1) contract started in FY2023. Based on the information provided by the Director, the estimated client liability may be approximately \$1.3M as at our appointment. Unearned revenue reflects clients' liability and as such, unearned revenue is understated by \$513K. We note that we have not been provided project assessments historically, and therefore we have not adjusted unearned revenue figures from those reported in the accounts prior to FY2023.

Based on the above adjustments, the Company reports a working capital deficiency after FY2020. However, it continued to trade for several years beyond that point, using existing reserves and funding from within the broader group. The Working Capital deficiency deteriorates materially after June 2022, where the largest business in the group, Elderton Homes, collapsed into Voluntary Administration in December 2022 and ceased to trade.

Accordingly, it is our preliminary view that the Company became insolvent on a cashflow basis from around June 2022, and its financial position deteriorated materially thereafter.

12.2.2 Indicators of Insolvency

In addition, we have observed the following facts relevant to the insolvency of the Company:

- The Company's revenue halved during FY2022, likely as a consequence of the financial impact of Covid-19, escalating building costs and suppressed demand for luxury homes;
- The Company incurred a substantial trading loss of \$1.6M in FY2022 and further \$1.3M during FY2023;
- The Company's tax liabilities owed to the ATO increased from October 2022, leading to a payment arrangement with the ATO in March 2023 which the Company defaulted in May 2023;
- The related entity, Elderton Homes, was placed into Voluntary Administration on 12 December 2022, which led to a condition placed on the Company's contractor license where it was unable to enter into new contracts that required insurance under the HBCF; and
- The Director sought to access the Safe Harbour regime, due to the Company's actual or perceived insolvency in March 2023.

These factors support our preliminary view, that the Company has been insolvent on a cash flow basis since June 2022, and did not return to solvency thereafter.

12.2.3 Potential Amount of Claim

Determining the value of an insolvent trading or breach of duty claim will generally involve a forensic review of the debts incurred after the date on which it can be maintained that the Company was insolvent.

Our preliminary view is that the Company was insolvent on a cash flow basis since 30 June 2022.

Our review of the Company's management accounts and creditor claim information indicates that approximately \$2.2M in debts were incurred after 30 June 2022. We note that a large portion of this potential claim is represented by the estimated calculation of client liability in respect of the incomplete contracts.

12.2.4 Defences Available

A defence is available under the Act where a director 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;
- They took all reasonable steps to prevent the company incurring the debt; or
- If the Director availed themselves of the protections under the Safe Harbour regime.

We are advised that on or around 6 March 2023, the Company appointed RSM as Safe Harbour advisors and accordingly, the Company enacted the Safe Harbour provisions from this date. We have received some documents from the Director and RSM in respect of the Restructuring Plan and Better Outcome assessment, which involved taking steps to sell the business.

We are advised by the Director that a targeted Information Memorandum was issued to a select group of builders and the Company had progressed various discussions with 5 interested parties. However, ultimately the discussions did not proceed to receiving any offers and the Director determined that the sale campaign was unlikely to achieve a successful sale in early June 2023. As such, the Director subsequently took steps to appoint us as Liquidators.

Based on our preliminary review of the documentation available, it appears that the Director may be able to argue a Safe Harbour defence applies should an insolvent trading claim be brought. However, we note that the Safe Harbour assessment assumes some fairly robust and optimistic scenarios in selling the business, particularly with regards to the recovery rates of the asset, which did not eventuate. Further, the “Work In Progress – Display” asset was included in this assessment, which the Director has advised is not an asset of the Company. We understand an amended assessment was conducted, however we have not been provided all supporting documents for that amended assessment. Ultimately, RSM formed a view that the Restructuring Plan was likely to result in a better outcome than immediate winding up, and prima facie, this appears reasonable. If claims are to be pursued via litigation, then it would be prudent to test the Safe Harbour assessment and reasonableness of the Restructuring Plan, via a public examination as an initial step.

Our preliminary view is that the Company may have been insolvent from 30 June 2022. As such, if the Safe Harbour defence is valid, then there is still a period where a potential insolvent trading claim could be pursued in respect of any debts incurred between 30 June 2022 and 6 March 2023. Our preliminary assessment of such a claim may be valued at approximately \$1.3M, which largely represents the potential loss suffered by clients on incomplete contracts and certain statutory creditors. The quantum of any claim would need to be assessed in detail, if an insolvent trading claim is to be pursued.

12.2.5 Recovery of Claim

In respect of considering whether an insolvent trading or breach of duty claim could be pursued, a Liquidator would need to have regard to the financial position of the potential defendant, being the Director, Mr Richard Whitehead.

Property searches in NSW have been conducted on the Director, which indicates that he is not the current registered proprietor of any real property. We have requested the Director complete a statutory declaration in respect of his personal financial position, however this has not been provided to date. Our enquiries indicate that the Director does not have substantial financial means available to him, where his broader business group (including Elderton Homes) has collapsed. As such, we have serious concerns as to the commercial value of pursuing claims against the Director.

If an insolvent trading claim is to be pursued, further investigation and evidence will be required before commencing litigation. That would likely require a public examination, which involves compelling parties to produce documentation relevant to the Company’s affairs (including personal financial information) and summoning parties to Court to ask questions about the Company’s affairs under oath. As there are insufficient funds in the Liquidation, we would require creditor funding to pursue further action, including conducting a public examination and, if justified, commencing litigation.

As an alternative, we can consider selling the causes of action on a commercial basis, to obtain a return in a quicker timeframe, usually at a substantial discount given the risk being transferred.

If any creditors wish to provide funding to conduct further investigations, and/or run public-examinations or litigation, they ought to contact our office by no later than 31 October 2023. Otherwise, we may explore any commercial settlement options in due course.

13. VOIDABLE TRANSACTIONS

Voidable transactions include transactions such as unfair preferences, uncommercial transactions, unfair loans, unreasonable director related transactions and circulating security interests created within six months before the relation-back day, which is the date of the appointment of the Liquidator.

These transactions usually relate to the period six (6) months prior to the date of our appointment; however, in certain circumstances, this period can be extended to four (4) years in relation to transactions with related entities and up to ten (10) years if the transactions were entered into with related parties with the intention of fraud.

13.1 UNFAIR PREFERENCES

An unfair preference results when the Company and a Creditor are parties to a transaction(s) and the Creditor receives more than it would receive if the transaction(s) are set aside, and the Creditor proved for the debt in the winding up. If it is ultimately determined that certain payments are potentially recoverable as unfair preferences, it would be necessary to establish:

- ▲ that the Company was insolvent at the time the payments were made; and
- ▲ that the recipient had reasonable grounds to suspect that the Company was insolvent at that time or would become insolvent as a result of the payment.

The clawback provisions available to the Liquidators relate only to payments to unrelated parties made within six (6) months from the date of our appointment, if the Company is insolvent at that time, as the RBP.

We have identified payments to the ATO in the amount of \$103K over the past six (6) months, including payments that form part of a payment arrangement, which could be pursued as an unfair preference. Further investigations will be undertaken, prior to issuing demands on the ATO.

In addition, we have identified various payments to a related party totalling \$30K over the past six (6) months. Further investigations are required to determine whether these can be pursued as unfair preference payments, and if they are commercial to pursue.

13.2 UNCOMMERCIAL TRANSACTIONS

A transaction is considered uncommercial if it is made at a time when the Company is insolvent, and it may be expected that a reasonable person in the Company's circumstances would not have entered into the transaction having regard to:

- ▲ The benefits or detriment to the Company of entering into the transaction; and
- ▲ The prospective benefits to other parties to the transaction.

Our preliminary investigations have not identified any uncommercial transactions.

13.3 UNFAIR LOANS (S588FD)

A loan is unfair if it is made to a Company at extortionate interest rates or the charges in relation to the loan are extortionate. In considering whether interest and charges are extortionate, regard must be had to the following:

- Risk the lender is exposed to;
- Value of the security;
- Term;
- Repayment schedule; and
- Amount of loan.

Our preliminary investigations have not identified any unfair loans.

13.4 DISCHARGE OF RELATED PARTY DEBTS (S588FH)

A transaction is considered to have discharged a related party's debt if funds from the Company are used to pay that Creditor which has had the effect of discharging, to the extent of a particular amount, a liability (whether under a guarantee or otherwise) of a related entity the Company.

Our preliminary investigations have not identified any such payments.

13.5 TRANSACTIONS FOR THE PURPOSE OF DEFEATING CREDITORS (S588FE)

Transactions involving the removal or concealment of assets of the Company for the purpose of preventing the Liquidators from realising their value are voidable transactions and are recoverable by Liquidators. These actions may constitute fraud by the director or any other person.

Our preliminary investigations have not identified any such transactions.

13.6 UNREASONABLE DIRECTOR RELATED TRANSACTIONS (S588FDA)

A transaction is an unreasonable Director-related transaction of the Company if:

- The transaction is a payment, a conveyance, transfer or disposition of property, the issue of securities, or incurring of an obligation to make a payment, disposition or issue by the Company.
- The transaction is to a Director or close associate of the Director or for their benefit.
- A reasonable person in the Company's circumstances would not have entered into the transaction having regard to the benefit or detriment to the Company or other parties involved in the transaction.

As mentioned previously, it appears there was "Work In Progress – Display" asset which was historically recorded with a value of \$1.7M and written off by way of a journal entry posted in February 2023. We are making further enquiries with the Director and external accountant, however in the absence of appropriate explanation, this may be considered an unreasonable director-related transaction or alternatively, a breach of duty claim. We note that the recoverable value of the claim is

currently unknown, as the Display Home in Bella Vista is only partially complete, and title is held by another related entity. Furthermore, the Director may not have significant personal financial capacity, however this is still being investigated.

13.7 CIRCULATING SECURITY INTERESTS CREATED WITHIN SIX MONTHS BEFORE THE RELATION-BACK DAY (S588FJ)

A circulating security interest in property of the company created within six months before the relation-back day may be void against a Liquidator. However, circulating security interests that are created within this period for consideration paid at or after the date of creation remains valid.

We have not identified any such security interests that may be void as against a liquidator.

14 SUMMARY OF POTENTIAL OFFENCES

In summary, we consider there are various potential contraventions of the Act as follows:

Section	Potential Offence Identified	Summary of Offence
180	Failure to exercise reasonable care and diligence in discharge of Director's duties	Insolvent Trading
182	Improper use of position	Apparent write-off of Work In Progress – Display asset
588FDA	Unreasonable director-related transactions	Apparent write-off of Work In Progress – Display asset
588G	Director's duty to prevent insolvent trading	Insolvent Trading

15 RECEIPTS AND PAYMENTS

The receipts and payments up to date of this report are attached as “**Annexure B**”.

16 ESTIMATED RETURN TO CREDITORS

The likelihood of a dividend being paid to creditors will be affected by a number of factors including:

- ▲ the size and complexity of the administration.
- ▲ the amount of voidable transactions recovered and the costs of these recoveries;
- ▲ the statutory priority of certain claims and costs;
- ▲ the value of various classes of claims including secured, priority and unsecured creditor claims; and
- ▲ the volume of enquiries by creditors and other stakeholders.

Set out in “**Annexure F**” is an analysis of the estimated returns that may be available to creditors in the Liquidation with optimistic and pessimistic scenarios. The quantum of the return to creditors will be dependent on the voidable transactions and insolvent trading claim discussed previously. Please note these figures are estimates only, and the actual results may vary materially.

In summary, we estimate the returns to creditors as follows:

Return to Creditors	High	Low
	Cents in the \$	
Secured Creditors	58	53
Priority Creditors	100	48
Unsecured Creditors	12	Nil

The timing of a dividend from the Company will depend on whether funding is provided to pursue the abovementioned recoveries, which if pursued may take twelve (12) to eighteen (18) months. Creditors will be kept apprised in future reports.

17 MATTERS OUTSTANDING

The outstanding matters in the administration are:

- Further enquiries with the Director and external accountant regarding various queries on management accounts;
- Pursue voidable transactions and insolvent trading claim, if funded;
- Lodge statutory report with ASIC and await response;
- Conduct further investigations, if necessary, subject to further information from creditors and funding;
- Correspondence with creditors;
- Statutory lodgements; and
- Finalisation.

Absent any recovery actions being pursued with funding, this Liquidation may remain open for another six (6) to twelve (12) months.

18 CONCLUSION

It would be appreciated if you would consider the matters detailed in this report and please write to this office setting out full particulars if you are:

- Aware of any errors in the information contained within this report including the non-disclosure of any divisible assets; and
- Have any information that you consider is relevant for creditors' decision making or relevant information that may help assist the liquidator's investigations into the affairs of the Company.

Creditors should however, maintain their records in relation to the affairs of the Company and advise this office of any change of address.

Additional general information regarding liquidations which may be of assistance, is available from the following websites:

- ARITA at www.arita.com.au/creditors ; and
- ASIC at www.asic.gov.au (search for "insolvency information sheets"), also attached as "Annexure G" to this report.

Any further reports will only be issued as considered appropriate.

Should you require assistance in completing the relevant forms or have any queries, please contact Nicole Feng of this office via email at nfeng@brifnsw.com.au

Any further reports will be issued as considered appropriate.

Yours faithfully,

MILLBROOK HOMES PTY LTD (IN LIQUIDATION)

A handwritten signature in black ink, appearing to read 'Jonathon Keenan', written in a cursive style.

JONATHON KEENAN

Joint and Several Liquidator

The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark grey background, with a green diagonal stripe on the right side.

BRI Ferrier

**Millbrook Homes Pty Ltd
(In Liquidation)
ACN 163 257 467**

**Annexure "A"
Form 535 Formal Proof of Debt or
Claim**

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Joint and Several Liquidators of Millbrook Homes Pty Ltd (In Liquidation) ACN 163 257 467

1. This is to state that the company was, on 26 June 2023 ⁽¹⁾ and still is, justly and truly indebted to⁽²⁾

.....
(‘Creditor’)

.....
of (full address)

for \$.....dollars and.....cents.

Particulars of the debt are *(please attach documents to support your claim e.g. purchase orders, invoices, interest schedules)*:

Date	Consideration ⁽³⁾ state how the debt arose	Amount \$ (Incl. GST)	Remarks ⁽⁴⁾ include details of voucher substantiating payment

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:

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 \$ c	Due Date

☐ I am **not** a related creditor of the Company ⁽⁵⁾

☐ I am a related creditor of the Company ⁽⁵⁾
relationship:

3A. ^{(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.

3B. ^{(6)*} I am the creditor's agent authorised 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.

<input type="checkbox"/>	The External Administrators' (whether as Voluntary Administrators/Deed Administrators/Liquidators) will send and give electronic notification of documents in accordance with Section 600G of the Corporations Act 2001 to the following email address:		
	Contact Name:		
	Email Address:		

DATED this.....day of.....202...

NAME IN BLOCK LETTERS

Occupation.....

Address.....

Signature of Signatory

OFFICE USE ONLY

POD No:		ADMIT (Voting / Dividend) - Ordinary	\$
Date Received:		ADMIT (Voting / Dividend) – Preferential	\$
Entered into CORE IPS:		Reject (Voting / Dividend)	\$
Amount per CRA/RATA	\$	Object or H/Over for Consideration	\$
Reason for Admitting / Rejection			
PREP BY/AUTHORISED		TOTAL PROOF	\$
DATE AUTHORISED / /			

Proof of Debt Form 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) Related Party / Entity: Director, relative of Director, related company, beneficiary of a related trust.
 - (6) If the Creditor is a natural person and this proof is made by the Creditor personally. In other cases, if, for example, you are the director of a corporate Creditor or the solicitor or accountant of the Creditor, you sign this form as the Creditor's authorised agent (delete item 3A). If you are an authorised employee of the Creditor (credit manager etc), delete item 3B.

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:
 - i) "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.

The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark grey background, with a green triangle on the right side.

BRI Ferrier

**Millbrook Homes Pty Ltd
(In Liquidation)
ACN 163 257 467**

**Annexure "B"
Summary of Receipts & Payments**

Summarised Receipts & Payments

Millbrook Homes Pty Ltd

(In Liquidation)

Transactions From 26 June 2023 To 21 September 2023

A/C	Account	Net	GST	Gross
74	Cash at Bank	35,000.00	0.00	35,000.00
77	Plant & Equipment	44,029.09	4,402.91	48,432.00
89	Liquidator Indemnity	50,000.00	0.00	50,000.00
Total Receipts (inc GST)		\$129,029.09	\$4,402.91	\$133,432.00
130	Agents/Valuers Fees (1)	6,427.40	642.74	7,070.14
138	Insurance of Assets	311.88	31.19	343.07
162	Stamp Duty	13.85	0.00	13.85
Total Payments (inc GST)		\$6,753.13	\$673.93	\$7,427.06
Balance in Hand - By Bank Account				
212	Cheque Account			126,004.94
				\$126,004.94

The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark grey background, with a green triangle on the right side.

BRI Ferrier

**Millbrook Homes Pty Ltd
(In Liquidation)
ACN 163 257 467**

**Annexure "C"
Comparative Balance Sheets**

Millbrook Homes Pty Ltd (In Liquidation) A.C.N. 163 257 467 Balance Sheet For the Financial Years Ended 30 June 2019 to 30 June 2022 and Part-Year Ended 26 Jun 2023						
	Year Ended 30-Jun-19 (\$)	Year Ended 30-Jun-20 (\$)	Year Ended 30-Jun-21 (\$)	Year Ended 30-Jun-22 (\$)	Year Ended 31-Dec-22 (\$)	Period Ended 26-Jun-23 (\$)
ASSETS						
Current Assets						
Westpac Business Account	10.74					38,286.77
NAB Account	41,904.84	1,033,685.69	251,610.84	715,769.78	174,502.74	233,713.79
Trade Debtors	963,764.93	565,794.00	435,338.00	939,340.01	172,470.00	33,743.50
Other Debtors	9,454.68					
Prepayments	24,422.52	7,955.38	4,617.91	14,686.00	37,034.12	37,034.12
Borrowing Costs	416.66	250.00				
Accruals					20,471.67	20,471.67
Contract Assets			346,534.32	7,469.84	106,199.11	106,199.11
Inventory					486,264.67	486,264.67
Work In Progress - Jobs	1,898,843.58	707,896.34	355,956.32	563,885.49	891,100.19	891,100.19
Work In Progress - Display	876,655.00	876,655.00	923,696.00	1,449,796.00	1,720,640.00	
GST Input Tax Credits	224,291.47	255,569.72	189,912.19	164,909.37		126,440.54
BAS Clearing Account		3,206.62				
Income Tax Payable	79,307.56	205,100.00	0.00	0.00		
FBT Receivable						
Wages Clearing				11,556.77		3,424.76
Suspense						6,022.73
Total Current Assets	4,119,071.98	3,656,112.75	2,507,665.58	3,867,413.26	3,608,682.50	2,027,804.85
Non-Current Assets						
Office Furniture at Cost	26,892.63	26,892.63	26,892.63	33,263.63	107,484.99	107,484.99
Less: Accum Depreciation	(9,537.83)	(12,201.92)	(14,848.64)	(17,558.80)	(18,714.48)	(18,714.48)
Plant & Equipment at Cost	42,352.06	44,624.79	44,624.79	44,624.79	47,358.42	47,358.42
Less: Accum Depreciation	(20,428.07)	(29,363.53)	(36,990.08)	(41,093.49)	(45,103.40)	(45,103.40)
Intangible Assets	3,006.82	3,006.82	3,006.82	3,006.82	3,006.82	3,006.82
Less: Accum Depreciation	(689.05)	(1,268.49)	(1,703.07)	(2,454.78)	(2,912.94)	(2,912.94)
Motor Vehicles at Cost	247,054.78	149,611.69	134,729.35	145,201.33	145,201.33	167,019.51
Less: Accum Depreciation	(124,680.44)	(92,533.09)	(113,971.35)	(89,327.85)	(100,280.05)	(100,280.05)
Loan - Elderton Holdings	1,298,166.94	408,332.62	508,693.31			
Loan - Bluestone Developme				101,042.64		
Loan - White Square Proper	94,242.08					
Loan - Elderton Homes	547,568.27					53,897.25
Total Non-Current Assets	2,103,948.19	497,101.52	550,433.76	176,704.29	136,040.69	211,756.12
TOTAL ASSETS	6,223,020.17	4,153,214.27	3,058,099.34	4,044,117.55	3,744,723.19	2,239,560.97
LIABILITIES						
Current Liabilities						
Less - Unearned Revenue	2,217,613.40	2,006,245.99	1,223,767.14	1,843,404.36	2,549,824.59	829,184.59
GST Collected	247,658.17	310,136.17	148,461.04	170,953.73	(159,826.14)	0.00
BAS Clearing Account	9,869.00		0.00	0.00	104,066.00	108,057.72
FBT Receivable	275.07	0.00	0.00	0.00		
Payroll Deductions		0.00	0.00	0.00		
Superannuation Payable	5,526.40	2,923.06	3,032.70	4,276.91		
PAYG Withholding Payable	16,416.00	8,164.00	9,016.00	8,762.00	3,130.00	76,565.00
Provision for Annual Leave	28,888.25	147,785.84	182,364.88	15,488.05	17,605.74	17,605.74
Provision for Long Service	10,078.18	54,162.06	55,790.71	0.00		
Trade Creditors	525,543.98	945,089.21	622,574.21	576,833.54	955,027.76	785,566.37
NAB Visa - 7079					2,353.44	9,067.47
NAB Visa - 7924					25,459.64	224,484.34
Rounding					1.36	1.18
Superannuation Payable					13,898.98	6,575.33
Suspense					(6,022.73)	
Wages Payable - payroll					(3,424.76)	
Loan - Renee Whitehead						106,032.00
Total Current Liabilities	3,061,868.45	3,474,506.33	2,245,006.68	2,619,718.59	3,502,093.88	2,163,139.74
Non-Current Liabilities						
Loan - Bluestone Developme	34,223.16				1,439,910.65	1,439,910.65
Loan - Drafting & Estimati	1,965,620.04					
Loan - Elderton Homes				1,527,930.97	(53,897.25)	
Loan - Toyota Hilux DYU03R	47,148.00	31,432.00	18,416.97			
Less: Unexpired Interest	(2,628.16)	(1,285.50)	(368.39)			
Loan - Toyota Hilux - DFX7	35,783.63					
Less: Unexpired Interest	(2,704.36)					
Loan - Toyota Hilux DHW083	44,091.00	26,454.60				
Less: Unexpired Interest	(2,221.33)	(828.04)				
Loan - Toyota Hilux CVC42C	980.36					
Less: Unexpired Interest	(5.52)					
Loan - Toyota Hilux CXF86G	8,291.16					
Less: Unexpired Interest	(29.56)					
Loan - Mazda BT-50 YKX98Y				57,502.91	46,410.73	40,672.79
Less: Unexpired Interest Mazda BT-50				(3,444.19)		(2,677.12)
Total Non-Current Liabilities	2,128,548.42	55,773.06	18,048.58	1,581,989.69	1,432,424.13	1,477,906.32
TOTAL LIABILITIES	5,190,416.87	3,530,279.39	2,263,055.26	4,201,708.28	4,934,518.01	3,641,046.06
NET ASSETS	1,032,603.30	622,934.88	795,044.08	(157,590.73)	(1,189,794.82)	(1,401,485.09)
EQUITY						
180,000 Ordinary Shares	180,000.00	180,000.00	180,000.00	810,000.00	810,000.00	810,000.00
Retained Earnings	992,795.63	1,023,227.20	442,934.88	615,044.08	(967,590.73)	(967,590.73)
Prior Year Income Tax Expe	(170,623.90)	(208,604.80)	0.00	0.00		0.00
Net Income (Loss)	30,431.57	(371,687.52)	172,109.20	(1,582,634.81)	(1,032,204.09)	(1,288,997.36)
TOTAL EQUITY	1,032,603.30	622,934.88	795,044.08	(157,590.73)	(1,189,794.82)	(1,446,588.09)

The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark grey rectangular background. A green triangle is positioned at the bottom right corner of the grey rectangle.

BRI Ferrier

**Millbrook Homes Pty Ltd
(In Liquidation)
ACN 163 257 467**

**Annexure "D"
Comparative Profit and Loss
Statements**

Millbrook Homes Pty Ltd (In Liquidation) A.C.N. 163 257 467 Comparative Profit and Loss Statements For the Financial Years Ended 30 June 2019 to 30 June 2022, Part-Year Ended 31 Dec 2022 and Part-Year Ended 26 Jun 2023						
	Year Ended 30-Jun-19 (\$)	Year Ended 30-Jun-20 (\$)	Year Ended 30-Jun-21 (\$)	Year Ended 30-Jun-22 (\$)	Part Period 31-Dec-22 (\$)	Part Period 26-Jun-23 (\$)
Income						
Contract Revenue	7,246,266.55	11,926,513.18	9,025,867.27	4,411,776.47	2,235,207.37	5,147,355.86
Supplier Rebates	411.18	11,389.16	644.80	11,385.85	(195.00)	(195.00)
Interest Rec'd - Westpac Rese	842.47	-	1,045.62	-	921.00	-
Interest Rec'd - Elderton Hom	-	42,308.46	-	-	-	-
Interest Rec'd - Elderton Hol	-	63,919.20	-	-	-	-
Interest Rec'd - WhiteSquare	-	480.12	-	-	-	-
Interest Rec'd - NAB Reserve	1,530.93	379.03	2,302.96	2,390.07	-	-
Fringe Benefits Contributions	4,223.64	5,631.00	1,760.00	-	-	-
Sundry Income	22,181.82	45,562.00	55,098.00	57,628.50	-	-
Interest Income	-	-	-	-	-	922.29
Total Income	\$ 7,275,456.59	\$ 12,096,182.15	\$ 9,086,718.65	\$ 4,483,180.89	\$ 2,235,933.37	\$ 5,148,083.15
Cost of Sales						
Cost of Sales	5,340,682.05	10,525,577.10	8,101,150.02	4,000,878.63	2,297,431.25	4,514,000.58
Total Cost of Sales	5,340,682.05	10,525,577.10	8,101,150.02	4,000,878.63	2,297,431.25	4,514,000.58
Gross Profit	\$ 1,934,774.54	\$ 1,570,605.05	\$ 985,568.63	\$ 482,302.26	\$ (61,497.88)	\$ 634,082.57
Expenses						
Admin - Drafting & Estimating	637,602.64	494,293.03	566,028.47	956,095.63	350,160.00	350,460.00
Admin - Elderton Homes	139,829.78	149,271.41	105,965.00	231,127.16	81,918.00	81,918.00
Accounting Fees	7,210.00	13,068.00	35,153.00	8,971.00	3,890.00	37,703.00
Audit Fees	3,750.00	-	-	-	-	-
Bank Charges	3,561.44	3,919.62	1,327.99	1,385.20	1,010.82	1,012.02
Mastercard Expenses	-	-	-	777.09	-	-
Legal Fees	800.00	17,386.37	28,873.86	8,391.00	-	33,457.26
Entertainment	2,718.65	4,103.69	902.91	2,549.39	447.37	722.37
Equipment Consumables	-	-	64.00	-	-	164.95
Tools & Hardware	1,760.68	9,098.96	3,032.40	8,300.40	3,927.00	5,281.73
Telephone & Mobiles	545.40	677.09	586.36	1,567.11	231.00	3,132.11
Postage & Stationery	1,850.61	577.03	419.70	155.88	78.00	861.54
IT Expenses	1,484.94	15,111.55	2,555.39	844.16	20,045.48	44,791.81
Interest Paid - Tax Office	-	3,244.16	-	-	-	-
Interest Paid - NAB Equipment	3,629.15	2,735.95	1,941.28	1,596.68	766.00	766.00
Interest Paid - Westpac Equip	2,055.21	1,205.58	-	-	-	-
Interest Paid - Elderton Home	(8,294.60)	-	-	-	-	-
Interest Paid - NAB 0157	-	-	-	21,187.17	34,280.00	34,280.00
Interest Paid - Elderton Hold	(53,112.79)	-	-	-	-	-
Interest Paid - Drafting & Es	51,807.81	65,189.20	-	-	-	-
Interest Paid - White Square	(2,788.59)	-	-	-	-	-
Building Contracts Stationery	345.50	-	120.90	-	256.00	345.54
Licences	183.40	1,470.56	553.55	2,073.85	1,257.38	2,104.53
Printing	3,121.23	12,141.45	1,132.76	1,737.81	-	-
Subscriptions & Membership	2,310.57	2,254.55	3,132.72	4,103.63	1,438.44	3,537.03
Donations	3,140.00	-	-	-	-	-
Marketing - Sponsorships	2,272.73	-	-	-	-	-
Insurance - General	16,237.50	21,933.24	25,710.48	62,994.47	21,183.00	33,726.58
Staff & Client Amenities	1,185.44	413.23	267.19	4,763.49	308.74	1,088.17
Uniforms	2,983.43	1,414.08	1,865.97	172.00	541.00	541.00
Training & Seminars	12,684.08	6,996.90	36.36	2,588.90	-	421.27
WHS - Training & Expense	1,558.14	-	-	-	-	-
Depreciation	51,541.56	45,333.26	18,852.24	29,744.42	16,576.00	16,576.00
Display Homes	174,067.35	179,843.13	192,275.00	208,651.07	63,882.46	104,609.15
Rent - Storage	9,507.46	6,266.56	3,080.85	2,721.81	1,372.55	2,845.98
Gifts	-	-	2,906.76	1,332.58	295.45	386.36
Fines	3,012.00	-	-	-	-	-
Consultant Fees	29,160.00	46,191.94	37,256.82	7,525.00	15,782.50	60,626.10
House Designs	2,400.00	2,750.00	-	-	-	-
Annual Leave Provision	(48,837.59)	118,897.59	34,579.04	(37,795.61)	2,118.00	2,118.00
Long Service Leave Provision	10,078.18	44,083.88	1,628.65	(184,871.93)	-	-
Other Payroll Costs	(979.90)	-	-	-	-	-
Payroll Tax	19,553.11	14,420.56	16,331.20	13,680.78	12,293.00	12,293.00
Staff Recruitment	68,946.50	1,730.00	15,758.75	22,268.75	-	25,919.13
Subcontractors	-	-	32,615.00	-	-	-
Superannuation - SGC	40,730.34	35,337.76	31,474.04	42,995.11	27,287.50	81,434.25
Superannuation - Salary Sacri	-	-	-	15,600.00	9,800.00	9,800.00
Wages & Salaries	446,816.08	396,695.62	331,307.57	500,249.81	250,859.63	821,759.65
Wages - After Tax Car Allowan	-	-	10,384.74	4,903.90	-	-
Wages - After Tax Fuel Allowa	4,541.57	830.78	-	-	-	-
Wages - After Tax Misc Reimbu	-	221.40	-	-	-	-
Wages - Before Tax JobKeeper	-	0.08	-	-	-	-
Workers Compensation	11,209.56	(3,171.32)	12,505.80	13,392.06	5,727.00	5,728.02
Advertising & Marketing	9,283.50	2,285.46	4,350.27	9,055.04	-	5,033.18
Marketing - Public Relations	1,800.00	-	-	-	-	-
Marketing - Flyer Print & Dis	-	-	543.55	-	-	-
Marketing - Digital Advertisi	27,392.12	28,054.00	37,686.36	35,218.91	16,120.00	16,120.00
Marketing - Brochures	-	60.00	2,054.00	2,687.23	355.00	355.00
Referral Fees	-	3,000.00	-	-	-	-
Marketing - Creative Design	600.00	-	900.00	1,080.00	1,800.00	3,765.00
Marketing - Advertising	29,818.48	22,507.06	-	580.00	5,033.18	112.00
Marketing - Printing	-	-	-	-	188.00	188.00
Marketing - Signage	1,465.00	70.00	4,721.10	1,673.17	87.00	1,013.39
Client Handover Packs	2,302.75	1,746.37	1,290.90	634.52	419.00	419.00
Cleaning	12,020.00	14,610.00	13,238.18	10,460.00	-	-
Rates - Water	879.82	1,794.63	773.73	870.29	-	-
Electricity & Gas	8,340.97	4,289.61	5,525.28	3,850.33	-	-
MV Charges - Insurance	-	7,157.64	3,536.80	2,524.33	2,070.00	2,047.69
MV Charges - Toyota Hilux CXL	-	-	307.27	5,319.85	2,635.00	8,415.50
MV Charges - Toyota Hilux DYU	2,115.33	7,739.23	8,618.15	9,801.54	1,945.40	5,164.17
MV Charges - Toyota Hilux DHW	15,647.70	14,084.61	1,283.65	-	-	-
MV Charges - Toyota DFX79E	10,438.25	4,397.45	-	-	-	-
MV Charges - Trailer	332.83	2,579.23	263.16	1,046.95	-	498.32
MV Charges - Holden DHW083 -	1,325.39	-	-	-	-	-
MV - Toyota CVC42C	-	-	-	421.73	-	-
MV - Mazda BT-50 YKX9	-	-	-	5,610.75	3,095.48	8,219.24
MV Charges - Toyota CZ193X	130.00	-	-	-	-	-
Tolls & Parking	10,437.12	8,357.70	11,224.59	9,825.35	5,750.94	13,451.50
Travelling Expenses	3,276.85	550.97	348.77	-	527.09	675.57
Borrowing Costs	83.34	166.66	250.00	-	-	-
Filing Fees - ASIC	263.00	267.00	273.00	657.00	-	957.00
Fringe Benefits Tax	1,777.07	2,164.42	613.82	943.29	-	-
Profit/Loss on Sale of Asset	(2,770.36)	(17,040.35)	28,176.21	-	-	-
Settlements	-	-	202,272.72	-	-	-
Debt Forgiveness	-	-	(1,141,095.79)	-	-	-
Sundry Expenses	-	-	(63.00)	97.38	89.76	89.76
Maintenance - Warranty Work	105,205.24	117,513.99	105,739.96	800.00	2,113.64	61,839.88
Merchant Fees	-	-	-	-	20.84	1,532.88
Fuel	-	-	-	-	333.56	7,721.97
Council Fees / Permits / Levies	-	-	-	-	390.00	5,050.33
Total Expenses	1,904,342.97	1,942,292.57	813,459.43	2,064,937.07	970,706.21	1,923,079.93
Profit / (Loss) Before Income Tax	30,431.57	(371,687.52)	172,109.20	(1,582,634.81)	(1,032,204.09)	(1,288,997.36)
Income Tax Expense	-	-	-	-	-	-
Profit / (Loss) After Income Tax	30,431.57	(371,687.52)	172,109.20	(1,582,634.81)	(1,032,204.09)	(1,288,997.36)

The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark grey background, with a green diagonal stripe on the right side.

BRI Ferrier

**Millbrook Homes Pty Ltd
(In Liquidation)
ACN 163 257 467**

**Annexure "E"
Deficiency Statement**

Millbrook Homes Pty Ltd (In Liquidation)
A.C.N. 163 257 467
Summary of Director's Report on Company Activities and Property

	Report Reference	Book Value as at 26/06/2023 (\$)	Director's ERV (per ROCAP)	Liquidators' ERV as at 26/06/2023 (\$)	Deficiency (\$)
Assets					
Cash and Cash Equivalents	9.1.1	38,449	35,000	35,000	
Plant and Equipment / Furniture & Fixture	9.1.2	91,026	-	-	
Motor Vehicle	9.1.3	66,739	80,000	41,362	
Inventory/Work In Progress	9.1.4	1,377,365	-	-	
Debtor	9.1.5	33,744	-	-	
Other Assets	9.1.6	173,151	-	-	
Intangible Assets	9.1.7	94	-	-	
Tax Assets	9.1.8	126,441	-	-	
Total Assets		1,907,008	115,000	76,362	
Liabilities					
Secured Creditors	9.2.1	37,996	45,000	50,188	
Priority Creditors	9.2.2	100,746	45,841	45,841	
Unsecured Creditors					
Related Party Loan	9.2.3	1,492,045	1,548,943	1,548,943	
Trade Creditors	9.2.4	785,566	785,566	899,318	
Client Liability	9.2.5	829,185	-	1,343,163	
Australian Taxation Office	9.2.6	108,058	214,917	143,123	
Total Liabilities		3,353,596	2,640,267	4,030,576	
Estimated Net Asset / (Deficiency)		(1,446,588)	(2,525,267)	(3,954,214)	3,954,214

Millbrook Homes Pty Ltd (In Liquidation)
A.C.N. 163 257 467
Deficiency Statement

		Amount (\$)	Amount (\$)
Deficiency of Assets to Liabilities			3,954,214
Add: Loss of Share Capital			810,000
Estimated Total Deficiency of Assets to meet Liabilities			4,764,214
These losses are represented by:			
a) Accumulated Losses			
Accumulated Losses as at 26 June 2023		967,591	
Current Year Loss		1,288,997	2,256,588
b) Estimated Loss on Realisation of Assets			
	Book Value as at 26/06/2023	Liquidator's EV (\$)	Loss on Realisation (\$)
Asset			
Cash and Cash Equivalents	38,448.75	35,000.00	3,448.75
Plant and Equipment / Furniture & Fixture	91,025.53		91,025.53
Motor Vehicle	66,739.46	41,361.86	25,377.60
Inventory/Work In Progress	1,377,364.86	-	1,377,364.86
Debtor	33,743.50	-	33,743.50
Other Assets	173,151.21	-	173,151.21
Intangible Assets	93.88	-	93.88
Tax Assets	126,440.54	-	126,440.54
Total	1,907,008	76,362	1,830,646
c) Increase in Creditor Claims not disclosed in Balance Sheet			
	Book Value as at 26/06/2023	Liquidator's EV (\$)	Unreported Liabilities (\$)
Liabilities			
Secured Creditors	37,995.67	50,188	12,192
Priority Creditors	100,746.07	45,841	(54,905)
Unsecured Creditors	-	-	-
Related party loan	1,492,045.40	1,548,943	56,898
Trade creditors	785,566.37	899,318	113,752
Client's liability	829,184.59	1,343,163	513,979
ATO	108,057.72	143,123	35,065
Total	3,353,596	4,030,576	676,980
Deficiency as Above			4,764,214

The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark grey rectangular background. A green triangle is positioned at the bottom right corner of the rectangle.

BRI Ferrier

**Millbrook Homes Pty Ltd
(In Liquidation)
ACN 163 257 467**

**Annexure "F"
Estimated Outcome Statement**

Millbrook Homes Pty Ltd (In Liquidation) A.C.N. 163 257 467 Estimated Outcome Statement				
	Book Value as at 26/06/2023 (\$)	Director's ERV (per ROCAP)	Liquidation	
			High (\$)	Low (\$)
Non-Circulating Assets				
Plant and Equipment / Furniture & Fixture	91,026	-	-	-
Motor Vehicle	66,739	80,000	41,362	41,362
Inventory / Work In Progress	1,377,365	-	-	-
<i>Less: Costs of Realisation & Distribution</i>	-	-	(15,000)	(15,000)
<i>Less: Return to NAB</i>	-	-	(26,362)	(26,362)
Surplus/(Deficiency) from Non-Circulating Assets			-	-
Circulating Assets				
Cash and Cash Equivalents	38,449	35,000	35,000	35,000
Debtor	33,744	-	-	-
Other Assets	173,151	-	-	-
Intangible Assets	94	-	-	-
Tax Assets	126,441	-	-	-
Insurance Refund	-	-	8,943	8,943
<i>Less: Costs of Realisation & Distribution</i>	-	-	(20,000)	(20,000)
<i>Less: Return to Priority Creditors</i>	-	-	(23,943)	(23,943)
Surplus/(Deficiency) from Circulating Assets			-	-
Surplus/(Deficiency) from Asset Realisations	1,907,008	115,000	-	-
Recoveries in Liquidation				
Indemnity Funds			50,000	50,000
Voidable Transactions			103,612	-
Insolvent Trading Claims			1,343,163	-
Total Recoveries			1,496,776	50,000
Less: Administration Costs				
Liquidators' Remuneration (Estimate)			250,000	150,000
Liquidators' Disbursements (Estimate)			2,000	1,000
Insurance Broker's Fee			357	357
Legal Costs			300,000	-
Litigation Funder Premium (30%)			434,033	-
Total Administration Costs	1,907,008	115,000	986,390	151,357
Estimated Surplus Available for Secured Creditors			510,386	(101,357)
Secured Creditor Claims (Estimated)				
Residual Secured Creditors Claims	37,996	45,000	23,826	23,826
Total Secured Creditor Claims	37,996	45,000	23,826	23,826
Estimated Surplus Available to Priority Creditors			486,560	(125,183)
Residual Priority Creditors Claims	100,746	45,841	10,177	26,057
Total Priority Creditor Claims	100,746	45,841	10,177	26,057
Estimated Surplus Available to Unsecured Creditors			476,383	(151,240)
Unsecured Creditors				
Related Party Loan	1,492,045	1,548,943	1,548,943	1,548,943
Trade Creditors	785,566	785,566	899,318	899,318
Client Liability	829,185	-	1,343,163	1,343,163
Australian Taxation Office	108,058	214,917	143,123	143,123
Shortfall for Secured Creditors Claims	-	-	23,826	23,826
Total Liabilities	3,492,338	2,731,108	3,958,374	3,958,373
Estimated Net Asset / (Deficiency)	(1,585,330)	(2,616,108)	(3,481,991)	(4,109,613)
Return to Creditors			High	Low
			Cents in the \$	
Secured Creditors			58	53
Priority Creditors			100	48
Unsecured Creditors			12	Nil

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BRI Ferrier

**Millbrook Homes Pty Ltd
(In Liquidation)
ACN 163 257 467**

Annexure "G"
ASIC Information Sheet – Insolvency
Information for Directors,
Employees, Creditors and
Shareholders



ASIC

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

This information sheet (INFO 39) lists ASIC's information sheets for directors, employees, creditors and shareholders affected by a company's insolvency.

We have produced these with endorsement from the Australian Restructuring Insolvency & Turnaround Association (ARITA).

The information sheets give a basic understanding of the three most common company insolvency procedures – liquidation, voluntary administration and receivership – as well as the independence requirements for external administrators and approving external administrator remuneration. There is also a glossary of commonly used insolvency terms.

List of information sheets

- [INFO 41](#) Insolvency: A glossary of terms
- [INFO 42](#) Insolvency: A guide for directors
- [INFO 43](#) Insolvency: A guide for shareholders
- [INFO 45](#) Liquidation: A guide for creditors
- [INFO 46](#) Liquidation: A guide for employees
- [INFO 54](#) Receivership: A guide for creditors
- [INFO 55](#) Receivership: A guide for employees
- [INFO 74](#) Voluntary administration: A guide for creditors
- [INFO 75](#) Voluntary administration: A guide for employees
- [INFO 84](#) Independence of external administrators: A guide for creditors
- [INFO 85](#) Approving fees: A guide for creditors

Where can I get more information?

Further information is available from the [ARITA website](#). The ARITA website also contains the [ARITA Code of Professional Practice for Insolvency Practitioners](#).

This is **Information Sheet 39 (INFO 39)** updated on 1 September 2017. Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

Last updated: 01/09/2017 10:57

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BRI Ferrier

**Millbrook Homes Pty Ltd
(In Liquidation)
ACN 163 257 467**

**Annexure "H"
ARITA Information Sheet –
Offences, Recoverable Transactions
and Insolvent Trading**

Creditor Information Sheet

Offences, Recoverable Transactions and Insolvent Trading



Offences

A summary of offences under the Corporations Act that may be identified by the administrator:

180	Failure by company officers to exercise a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties.
181	Failure to act in good faith.
182	Making improper use of their position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of the officer's position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for a proper purpose. Use of position or information dishonestly to gain advantage or cause detriment. This can be a criminal offence.
198G	Performing or exercising a function or power as an officer while a company is under administration.
206A	Contravening a court order against taking part in the management of a corporation.
206A, B	Taking part in the management of corporation while being an insolvent, for example, while bankrupt.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of an auditor.
314-7	Failure to comply with requirements for the preparation of financial statements.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to the administrator.
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.

Recoverable Transactions

Preferences

A preference is a transaction, such as a payment by the company to a creditor, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant period for the payment commences six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Where a creditor receives a preference, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under the Corporations Act.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into, having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and,
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the period is four years and if the intention of the transaction is to defeat creditors, the period is ten years.

The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only must be entered into before the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

Liquidators have the power to reclaim '*unreasonable payments*' made to directors by companies prior to liquidation. The provision relates to payments made to or on behalf of a director or close associate of a director. The transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges over company property are voidable by a liquidator:

- circulating security interest created within six months of the liquidation, unless it secures a subsequent advance;
- unregistered security interests;
- security interests in favour of related parties who attempt to enforce the security within six months of its creation.

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 can establish:

- there were reasonable grounds to expect that the company was solvent and they 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.

Important note: This information sheet contains 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. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.