



STATUTORY REPORT TO CREDITORS

J&D CHARMING GROUP PTY LTD (IN LIQUIDATION)

ACN: 647 679 963

ABN: 93 647 679 963

27 February 2024

**PETER KREJCI
LIQUIDATOR**

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INTRODUCTION

I refer to my initial report to creditors dated 22 December 2023 in which my appointment as Liquidator 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.

Creditors can find copies of all previous reports on this matter on our website.

- ▲ BRI Ferrier <https://briferrier.com.au/>

COMPANY DETAILS

Name	J&D Charming Group Pty Ltd (In Liquidation)
Incorporated	4 February 2021
ACN	647 679 963
Registered Office	692 Slopes Road, The Slopes NSW 2754
Trading Address	692 Slopes Road, The Slopes NSW 2754

LIQUIDATOR

Name	Peter Krejci
Date Appointed	28 November 2023

ADMINISTRATION CONTACT

Name	Sushma Mandira
Email	smandira@brifnsw.com.au
Phone	02 8263 2322

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GLOSSARY OF COMMON ACRONYMS & ABBREVIATIONS

ABN	Australian Business Number
ACN	Australian Company Number
Act	Corporations Act 2001 (Cth)
ANZ	Australia & New Zealand Banking Group Limited
ARITA	Australian Restructuring Insolvency and Turnaround Association
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
Charming	Charming Plumbing Pty Ltd (Deregistered)
CL	Court Liquidation
Company	J&D Charming Group Pty Ltd (In Liquidation)
DEWR	Department of Employment and Workplace Relations
DCoT	Deputy Commission of Taxation
Director/ Mrs Charman	Joanne Maree Charman
Director's Husband/ Mr Charman	Dylan Gregory Charman
DIRRI	Declaration of Independence, Relevant Relationships & Indemnities
Department	Department of Employment and Workplace Relations
FEG	Fair Entitlements Guarantee
Firm	Novabrif Pty Ltd trading as BRI Ferrier New South Wales
iCare	Workers Compensation Nominal Insurer
Initial Report	Initial Report to Creditors dated 22 December 2023
IP	Intellectual Property
IPR	Insolvency Practice Rules (Corporations) 2016
IPS	Insolvency Practice Schedule (Corporations) 2016
MP	Market Price
NSW	New South Wales
Petitioning Creditor	iCare
POD	Proof of Debt
PPSR	Personal Properties Securities Register
RBA	Running Balance Account
RBP	Relation Back Period
ROCAP	Report on Company Activities and Property
SGC	Superannuation Guarantee Charge
Slopes Property	692 Slopes Road, The Slopes NSW 2754
SOA	Summary of Affairs

EXECUTIVE SUMMARY

As you are aware, I was appointed Liquidator of the Company pursuant to an Order of the Supreme Court of NSW. The Petitioning Creditor in this matter is iCare who in their proof of debt advised of a debt of \$21,851.16.

This report has been prepared in accordance with Rule 70-40 of the Insolvency Practice Rules to provide creditors with an update on the developments of this Liquidation. I provide hereunder a summary of my preliminary investigations into affairs of the Company to date, the potential return for creditors and the conduct of the Liquidation over the past three (3) months.

As advised in my Initial Report to Creditors, the Company was incorporated on 4 February 2021 and operated a plumbing business from 692 Slopes Road the Slopes NSW 2754, a property which Mr. Charman is the sole owner of.

In respect of the Company's financial position, the Company's assets are comprised of cash at bank of circa \$4K, two (2) motor vehicles valued at circa \$97K (that were transferred to related parties two weeks prior to the winding up of the Company for no consideration), unidentified office furniture and equipment which I have yet to receive details on from Mr. Charman, and Company IP. The motor vehicles currently remain the major asset of the Company and I have engaged lawyers to seek legal advice to recover these assets. This is discussed further in section 9 of this report.

In terms of liabilities, my enquiries have identified debts totalling \$188K, represented by secured creditor claims of \$14K, statutory creditor claims of \$123K and trade creditor claims of \$50K. I have not been provided the Company books and records and have sought the assistance of the ASIC to obtain same. Should no records be forthcoming, a Liquidator, by virtue of Section 588E of the Act, can pursue the Director for the outstanding debts by way of a potential insolvent trading claim. My investigations into the Company Bank Statements have also identified additional breaches committed by the Director which I deem commercially viable to pursue. Please refer to Section 13 of this report where I have detailed my findings in this regard.

Please be advised that my investigations are preliminary and such claims will require further investigations, evidence, and funding to pursue. As such, creditors are invited to provide funding to run a public examination, pending the outcome of the public examination, pursue claims identified. Absent any funding, I may seek a commercial settlement of the claim, which typically involves a discount.

I have prepared and lodged with ASIC a report pursuant to Section 533(1) of the Act. This report to ASIC is a legislative requirement in liquidations where potential offences and breaches of the Act by Directors and Officers of the Company have been identified and/or the estimated return to unsecured creditors is less than fifty (50) cents in the dollar. Subject to ASIC's response, I do not intend to prepare any further report to ASIC.

My current estimates indicate that any return to Priority and Unsecured Creditors is contingent on pursuing and successfully recovering claims against the Director for disposal of assets, breach of duties, debtor claims and/or insolvent trading. I will likely require funding to pursue such claims. Should any creditor have any relevant information which may assist my investigations or potential asset recoveries, or wish to fund my further investigations, they should contact my office by no later than 15 March 2024. Otherwise, absent any substantive new information, finalisation

of this Liquidation could take six (6) to twelve (12) months, or a lesser timeframe, if a commercial settlement of the abovementioned claims is achieved.

1. BASIS OF REPORT

This report has been prepared primarily from information received from the Company's officers.

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

- ▲ ASIC;
- ▲ Extracts from public information databases;
- ▲ Correspondence with creditors; and
- ▲ Documents obtained from the ATO in relation to the Company.

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 my own enquiries.

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

Neither I, 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 me, 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 Liquidator.

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 my investigations or report, please forward details in writing as soon as possible.

3. DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS, AND INDEMNITIES

I confirm that my DIRRI as previously circularised has not been amended.

4. CORPORATE INFORMATION

The following is a summary of the Company's statutory and business details obtained from the ASIC database and the Personal Property Securities Register ("PPSR") database:

4.1 COMPANY DETAILS

Company Name	J&D Charming Group Pty Ltd
Registered Address	692 Slopes Road The Slopes NSW 2754
Principal Place of Business	692 Slopes Road The Slopes NSW 2754
Incorporation Date	4 February 2021
ABN	93 647 679 963
ACN	647 679 963

4.2 COMPANY OFFICE HOLDERS

Name	Position	App Date	Cease Date
Joanne Maree Charman	Director and Secretary	04/02/2021	Current

4.3 SHAREHOLDINGS

Name	Company	Share Class	No. of Shares	Fully Paid Up	Status
Joanne Maree Charman	J&D Charming Group Pty Ltd	ORD	100	Yes	Current

4.4 RELATED PARTIES AND ASSOCIATES

4.4.1 JOANNE MAREE CHARMAN

A directorship search was undertaken in respect to the Company's Director and my investigations indicate that the Director held roles in the following entities:

Company	Status	ACN	Position	Start Date	Cease Date
J&D Charming Group Pty Ltd	Registered (In Liquidation)	647 679 963	Current Director / Secretary	04/02/2021	-

4.4.1 DYLAN GREGORY CHARMAN

I have reason to believe Mr. Charman acted as a potential shadow director of the Company for the following reasons:

- Documentation received from ANZ have revealed Mr. Charman to be a signatory to the Company bank accounts.

- ▲ Revenue NSW searches conducted indicate Mr. Charman held a plumbing license on 18 February 2021. There were no other employees of the Company that I have been made aware of who would be qualified to hold such a license.
- ▲ Conversations with creditors confirm Mr. Charman to be the main contact person of the Company.
- ▲ Company Bank Statements record loans made by Mr. Charman to keep the operations of the business afloat.

As such, I have conducted a Directorship Search in respect to Mr. Charman and summarised the same below:

Company	Status	ACN	Position	Start Date	Cease Date
Charming Plumbing Pty Ltd	Deregistered (ASIC Strike off Action)	608 078 173	Former Director	07/09/2015	05/02/2018

5. LEGAL PROCEEDINGS

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




Creditors cannot commence or continue proceedings against the Company without my written consent or without leave of the Court.

I am not aware that the Company is involved in any other legal proceedings.

6. COMPANY BACKGROUND AND EVENTS LEADING TO MY APPOINTMENT

The following information was obtained from enquiries with the Director and information obtained from third parties by me.





- ▲ The Company operated a business providing plumbing services in NSW.
- ▲ Mrs Joanne Maree Charman was the sole director and shareholder of the Company having been appointed director since the Company's incorporation. Her husband, Mr. Charman, though not the Director or Secretary of the Company, is the current owner of the Company's Principal Place of Business detailed in the ASIC Search.
- ▲ Investigations into the historical directorships of the Company Officers summarised above reveals that Mr. Charman was a director of an entity, Charming Plumbing Pty Ltd (Deregistered) in 2018. Charming operated out of the same principal place of business and offered similar services to third parties as the Company currently in Liquidation.

-  iCare served the Company with a Statement of Claim on 8 September 2022 for unpaid Workers Compensation Insurance premiums which led to a Creditor Statutory Demand being served on 13 July 2023 and thereafter an application to wind the Company up in insolvency. Mr Charman advised in his conversation with my office that the Company commenced trading in February 2021 but after incurring trading losses the Company was unable to comply with the statutory demand. Mr Charman further advised that at the time of the Statutory Demand was served he had intended to seek professional assistance in order to avoid the winding up of the Company.
-  To date, both the Director and Mr. Charman have not attended my office for a scheduled meeting nor submitted a ROCAP or books and records to my office pursuant to section 475(4) of the Act. A failure to submit a ROCAP and books and records within the required time frame is a breach of the Act and I have sought the assistance of ASIC to obtain compliance from the Director.
-  My investigations have revealed Mrs. Charman, Mr. Charman, and Ms. Danyka Charman to be the signatories to the Company bank accounts. Investigations into the role assigned to Ms. Danyka Charman in the Company's operations are continuing.

7. REASONS FOR FAILURE

In telephone conversations with Mr. Charman at my appointment, Mr. Charman advised that the Company suffered trading losses in the few months prior to my appointment and the reason for failing to comply with iCare's statutory demand was because the Company had insufficient funds to pay same.

Upon investigations into the Company's Bank Statements, I have identified the following preliminary reasons for the Company's failure:

-  Poor financial control, including maintenance of books and records of the Company. I have observed that the Company was continually late in lodging returns with the ATO since its incorporation. I have also observed a delay in payments to iCare and non-lodgement of wage declarations with iCare which appears to indicate that the Company had not maintained up-to-date books and records.
-  Poor strategic management of the business. I have identified a series of payments to related parties while statutory debts remained unpaid indicating that the Director preferred his interests over the Company.
-  Insufficient cash flow or high cash use. The Company's bank statements show periodical deposits and withdrawals by Mrs. Charman and Mr. Charman, both personal and wages, which decreased in the during 2022 but nonetheless continued.
-  Trading losses. The Company's Bank Statements indicate a drop in revenue generated by the Company during 2023 which was around the time Mr. Charman advised that the Company faced trading losses and he was required to loan funds to the Company to keep the business trading.

8. HISTORICAL FINANCIAL INFORMATION

The Director has not provided me with any Company's books and records and as such, I am unable to prepare comparative financial statements.

9. CURRENT FINANCIAL POSITION

As at the date of writing I have received no books and records from the Director and as such, I base my analysis of the current financial position of the Company with available records and my enquiries to date.

J&D Charming Group Pty Ltd (In Liquidation) ACN 647 679 963 Summary of Director's Report on Company Activities and Property				
	Report Reference	Director's ERV (per ROCAP) (\$)	Proof of Debt (as at 28.11.2023) (\$)	Liquidator's ERV (\$)
Assets				
Cash and Cash Equivalents	10.1	Nil	Nil	4,674.36
Motor Vehicle	10.2	Nil	Nil	Nil
Real Property	10.3	Nil	Nil	Nil
Total Assets		Nil	Nil	4,674.36
Liabilities				
Petitioning Creditor Costs	11.1	Nil	8,421.10	8,421.10
Priority Creditors	11.2	Nil	14,939.19	14,939.19
Secured Creditors	11.3	Nil	Nil	Nil
Unsecured Creditors:				
iCare	11.4	Nil	21,851.16	21,851.16
ATO	11.4	Nil	93,744.05	93,744.05
Austec Pty Ltd	11.4	Nil	49,287.94	49,287.94
JJ's Waste & Recycling	11.4	Nil	108.55	108.55
Total Liabilities		-	188,351.99	188,351.99
Estimated Net Asset / (Deficiency)		-	(188,351.99)	(183,677.13)

10. ASSETS

10.1 CASH AT BANK / CASH ON HAND

My investigation to date identified four active bank accounts held with ANZ with a gross balance of \$2,669.43 up until the date of my appointment. I note, however, that the bank balances had increased to \$4,674 on the date the funds were transferred to the Liquidation bank account approximately three

months post my appointment. I was able to recover the balance in full and have requested ANZ to provide me with bank statements up until the date of transfer of funds to an account controlled by me.

I believe there to be no further recoveries expected from any bank account.

10.2 MOTOR VEHICLES

A search of the Roads and Maritime Services database indicates that the Company was the registered owner of a Jayco Caravan in Feb 2022 and Toyota Corolla in December 2022. The search results detail that the registration of both were transferred prior to my appointment. My review of the Company's bank account identified payments made by the Company totalling \$91,064.77 for the Caravan and \$8,630.84 for the Corolla., I have conducted a vehicle buyer search on the vehicle number plates which has revealed that the vehicles were transferred to Mrs. Charman and Ms. Danyka Charman, respectively. I engaged O'Maras to conduct a desktop valuation of the assets who have advised that the vehicles have a realisable value of \$97K.

My review of Company bank statements identified deposits of \$107K with corresponding withdrawals of \$97K to the benefit of Mrs. Charman as per the narrations contained in the bank statements. I understand Mrs Charman is now the registered owner of the Caravan. With regards to Ms Danyka Charman, who the current registered owner of the Corolla, Company bank statements detail withdrawals of \$13K to Ms Danyka's benefit with no corresponding deposits. I am currently seeking legal advice to recover these assets for the benefit of creditors. I will keep creditors updated on the progress of the same in my next report. I have written to Mr. Charman and Mrs. Charman to enquire if the Company was paid valuable consideration for the vehicles and if not, I have asserted the Company's right for the return of the assets including re-registration of the assets to the Company as the rightful owner of same. To date, I have not received a response from either party.

10.3 REAL PROPERTY

A search of the NSW Land Titles Office database reveals that the Company is not the owner of any real property in NSW.

11. LIABILITIES

11.1 PETITIONING CREDITOR COSTS

The Petitioning Creditor's costs in respect to this matter were determined by the Court at a fixed amount of \$8,421. Pursuant to Section 556(1)(b) of the Act, these costs are afforded a statutory priority over all other unsecured claims and costs incurred in the Liquidation, once expenses incurred in "preserving, realising or getting in" property of the Company are discharged.

11.2 PRIORITY CREDITORS

At this stage, I have not officially recorded any outstanding employee entitlements that the Company owes.

As mentioned above, Mr Charman stated that he, Mrs. Charman, and two apprentices were the sole employees of the Company as at the date of my appointment and they were owed wages and other entitlements. Given that I was not provided any details of the employees and/or their outstanding entitlements when requested, I have addressed termination letters effective from the date of my appointment to Company staff and have requested Mrs. Charman to circulate the letter to employees.

If any other employees with outstanding entitlements become known to me, they are eligible to apply to the Federal Government, which has established a safety net scheme known as the Fair Entitlements Guarantee scheme ("FEG"), for payment of their outstanding entitlements. FEG is administered by the Attorney General's Department ("the Department") for eligible employees who have been terminated as a result of their employer's insolvency and are owed entitlements.

In order for an employee to be eligible to claim outstanding entitlements under FEG:

- The employee must be an Australian citizen or permanent resident (contact FEG for further details); and
- The end of their employment must be due to the insolvency of the employer; or have occurred less than six (6) months before the appointment of an insolvency practitioner; or occurred on or after the appointment of an insolvency practitioner.

Employees may submit claims in respect of the following entitlements, provided they are entitled to claim under their respective industrial instrument, contract of employment or by any other means:

- Up to thirteen (13) weeks unpaid wages for the period ending at the earlier of the date on which employment ended or the appointment of an insolvency practitioner;
- Unpaid annual leave and long service leave;
- Up to a maximum of five (5) weeks unpaid payment in lieu of notice;
- Up to a maximum of four (4) weeks redundancy entitlement for each completed year of service.

In calculating employee entitlements payable under the scheme, the maximum annual wage applies.

FEG will not cover:

- Outstanding superannuation entitlements;
- Entitlements such as rostered days off unless the relevant legislation, award, statutory agreement, or written contract of employment provides they are payable upon termination of employment; and
- Employee entitlements of the Directors and relatives of the Director as defined by the *Corporations Act 2001*.

To obtain further information, the Department may be contacted on 1300 135 040 or alternatively, please visit their website at: <https://www.ag.gov.au/industrial-relations/fair-entitlements-guarantee>.

11.3 SECURED CREDITORS

A search of the PPSR indicates that there is one security interest registered on the PPSR against the Company.

Registration Number	Secured Party	Start Date	Collateral Class
202111250058732	Grahamme Cook Plumbing Supplies Sales Pty Limited	25/11/2021	All PAP

Upon appointment, I wrote to Grahamme Cook Plumbing Supplies regarding their security interests registered against the Company. Grahamme Cook Plumbing Supplies have responded confirming that the Company owes it \$14,939.19 as at the date of appointment and records of the Company's PPSR reveal they continue to hold a valid All-PAP registration against the Company. I have requested both Grahamme Cook Plumbing Supplies and the Director to provide me with a copy of the security agreement/credit application executed, however am yet to receive a response.

11.4 UNSECURED CREDITORS

As previously noted, my investigations to date have identified four (4) unsecured creditors. I provide details into their claim as follows:

- ▲ iCare lodged a POD in the amount of \$21,851 relating to unpaid insurance premiums since October 2020. As no actual declarations have been lodged for the period May 2021 to April 2022, I believe that iCare's claim will increase upon provision of these figures and lodgement of the 2023 wage declarations.
- ▲ The DCoT lodged a POD in the amount of \$93,744 relating to income tax and running balance account deficits. As there are numerous outstanding lodgements due to the DCoT, the DCoT's claim against the Company will likely increase upon lodgement of these documents.
- ▲ Austec Pty Ltd has lodged a POD in the amount of \$49,288 relating to outstanding payment of plumbing supplies since January 2022.
- ▲ JJ's Waste Recycling has lodged a POD in the amount of \$108 relating to outstanding payment for waste disposal services provided to the Company since November 2022.

To determine the true value of outstanding liabilities as at the date of my appointment, I have written to several suppliers identified in the Company Bank Statements to advise me of their potential claims against the Company.

I encourage any creditors who have not already done so, to lodge their creditor claims with this office. In this regard, please complete the Formal Proof of Debt form, attached as "**Annexure A**", and return the same together with documentary evidence to support your claim.

12. INVESTIGATIONS

As Liquidator, I am 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 C**” 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.

12.1 INVESTIGATIONS UNDERTAKEN

During the course of these investigations:

- ▲ No books and records of the Company have been submitted for my review;
- ▲ I carried out ASIC and other searches available to me in relation to the Company; and
- ▲ 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).

12.2 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).

Upon appointment, I requested the Company's Director, via email address provided to me by Mr. Charman, to submit a ROCAP and deliver up all Company books and records to enable the Liquidator to conduct a thorough investigation into the affairs of the Company. To date, I have not received any response from either the Director or Mr. Charman. Given that the Liquidator has no records from the Director to determine if the Company complied with Section 286 of the Act, the Company is presumed to be insolvent from the date of its incorporation pursuant to Section 588E of the Act.

12.3 RISK OF LITIGATION ACTIONS GENERALLY

Part 5.7B of the Act gives Liquidators the right to commence certain legal proceedings to recover money, property, or other benefits for the benefit of the Unsecured Creditors of a company.

Creditors should note that recovery actions:

- ▲ have the potential to increase the pool of funds available to Creditors;

- are usually expensive, lengthy and have unpredictable outcomes;
- should not be commenced unless defendants have the financial resources to satisfy any judgement; and
- must be funded out of the Company's existing assets or, where such assets do not exist, by Creditors or by external litigation funders (who are likely to require a significant share of the proceeds of any judgement as a condition of funding the litigation).

12.4 PROVING INSOLVENCY

Recovery actions under Part 5.7B of the Act, including unfair preferences, uncommercial transactions, and insolvent trading, require the Liquidators to demonstrate that the Company was insolvent at the time of the transaction. Proving insolvency may be a complex, lengthy and a costly exercise.

13. FINDINGS AND RECOVERY ACTIONS

13.1 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.

Upon review of the Company bank statements, the Company prima facie does not appear to have generated sufficient cash flow to fund the operations of the business as evidenced by:

- Non-payment of iCare and DCoT debt incurred in 2021:
- The overdrawn fees applied against the Company's bank account; and
- Loans made to the Company by the Director and her husband.

Pursuant to Section 588E of the Act, it is presumed the Company was insolvent since its incorporation in February 2021 to the date of my appointment. Accordingly, I estimate an insolvent trading claim can be brought against the Director(s) at a minimum of \$188K, representing the current loss to creditors. However, I expect the claim to increase upon lodgement of outstanding BAS's and Tax Returns to the DCoT and wages declarations to iCare.

My investigations indicate Mr. Charman owns a property in New South Wales. As I believe Mr. Charman to be a shadow Director of the Company, I intend to write to Mr. Charman issuing a demand for payment of the insolvent trading claim as he would be equally liable as a shadow Director for debts incurred by the Company since incorporation.

14. 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 my 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.

As the Director failed to provide sufficient Company's books and records, I was unable to conduct any comprehensive investigations into potential voidable transactions. However, a review of the ANZ bank statements indicates there to be potential voidable recovery claims against the Director for unfair preferences, uncommercial transactions, unreasonable director related transactions and creditor defeating dispositions. I provide a detailed explanation into each of these transactions below.

14.1 UNFAIR PREFERENCES (588FA)

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 Liquidator relate only to payments to unrelated parties made within six (6) months from the date of my appointment if the Company is insolvent at that time.

I note that pursuant to S588FE(2D) (4) of the Act clawback provisions available to the Liquidator extend to four (4) years from the RBP for transactions to related-party creditors.

From my review of the Company's ANZ bank statements from February 2021 to appointment, I have identified \$90K worth of payments that could be potential unfair preferences made to individuals related to the Director, Ms Danyka Charman and Mr Jesse Charman. I also believe the transfer of Motor Vehicles to related parties may be an unfair preference on the basis that the value of the vehicles may have been set-off against the Directors loan accounts. I am currently seeking legal advice on the recoverability of these assets.

14.2 UNCOMMERCIAL TRANSACTIONS (S588FB)

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.

As mentioned in 14.1, the preference payments and transfer of motor vehicles to related parties meet the requirements of S588FB.

14.3 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.

On review of the Company's bank statements, I have identified personal withdrawals of approx. \$1M, including "home loan" repayments of circa \$41K, payments to Mr. Charman of circa \$33K and payments to Mrs. Charman of \$97K which could be argued by them as the payment of their wages. However, given that Mr. Charman held a plumbing licence since incorporation, I have no reason to believe why Mrs. Charman would have received wage payments of \$97K. I note that preference payments of \$90K to related parties and transfer of motor vehicles valued at \$97K also meet the requirements of S588FDA.

I have engaged solicitors to provide legal advice in respect to the sale of Company vehicles and have written to Mr. Charman and Mrs. Charman to provide me with their explanations for such transactions, however, I have not received a response to date.

14.4 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.

I have not identified any such transactions to date.

14.5 CREDITOR-DEFEATING DISPOSITIONS (S588FDB)

A disposition of company's property is a creditor-defeating disposition if the consideration payable to the company for the disposition was less than the market value of the property and if the disposition has the effect of preventing the property from becoming available for the benefit of the company's creditors in the winding-up of the company.

I believe the transfer of Motor Vehicles to related parties two weeks prior to the issuance of Court Orders to wind the Company to be a creditor defeating disposition as the vehicles value at least \$97K and I have not noted any credits in in the bank statements for receipt of sale proceeds.

15. SUMMARY OF POTENTIAL OFFENCES

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

Breach	Commentary
s180—Failure to exercise due care and diligence (civil)	Payments made to related parties over statutory payments. Transfer of the registration of the motor vehicles. Non lodgement with the DCoT of BAS and income tax returns. Non lodgement of the wage's declarations with iCare.
s181(1)—Absence of good faith or proper purpose (civil)	Same as above
s182 - Use of Position	The Director used her position for her personal gain and advantage and for individuals related to her by transferring significant sums of money to them and transferring Company vehicles to their personal names. The Director has also used the Company's bank account for personal expense withdrawals.
s286 (civil)/ —Failure to maintain adequate financial records	As we have not been provided with the Company's books and records, our preliminary view is that the Company has failed to maintain sufficient books and records to meet the requirements of Section 286 of the Act.
S588G(2) - Trading whilst insolvent (civil)	As the Director has failed to provide the Company's books and records, as per section 588E(4) of the Act, failure to maintain books and records allows for a presumption that the Company was insolvent from the date of its incorporation.
S530A/B – Officers to help Liquidator/Director obligation to provide books and records	530B Notices issued to Director has not been actioned to date and Mr. Charman has failed to assist the Liquidator in my investigations into the Company's affairs.

16. RECEIPTS AND PAYMENTS

I attach a summary of receipts and payments as **Annexure B** to this report.

17. 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.

At this stage, there have been minimal recoveries in the Liquidation, and I have been unable to discharge my costs in full. Unless I am funded to undertake identified recoveries, there will not be any dividends available for any class of creditors in this Liquidation.

If any parties are interested in funding the Liquidation to pursue these recoveries, or alternatively, wish to acquire these actions to pursue themselves, please contact this office immediately.

18. REMUNERATION OF LIQUIDATOR

On 22 December 2023, I asked creditors to approve my remuneration of \$49,538.00 (excl. GST) which comprised of work completed for the period 28 November 2023 to 17 December 2023 for \$9,538.00 (excl. GST) and future work for the period 18 December 2023 to the conclusion of the Liquidation for \$40,000.00 (excl. GST). Both resolutions have been approved by the creditors.

I am now asking creditors to approve my remuneration of \$11,000.00 (excl. GST).

Details of work completed for the period 28 November 2023 to 25 February 2024 are summarised as follows:

- ▲ Requests to the Director to complete a ROCAP and provide documents relating to the Company;
 - ▲ Reviewing Company bank statements in detail due to a lack of books and records;
 - ▲ Calculating the actual outstanding liabilities based on bank statements;
 - ▲ Correspondence with ASIC to seek Director compliance with ROCAP and Company Books and Records;
 - ▲ Conducting investigations into the sale of Company Vehicles and liaising with lawyers regarding the potential merit of recovering the assets;

- Conducting investigations in relation to the insolvent trading claims and investigation of the Director's asset position;
- Preparing and Lodging with ASIC a report pursuant to Section 533(1) of the Act.

Creditors are referred to the following items set out at the Remuneration Approval Report attached as **Annexure D**:

- The spreadsheet which sets out the calculation of remuneration by appointee, employee and position for the work undertaken by myself and my staff for the period 28 November 2023 to 25 February 2024;
- A summary sets out a general description of additional necessary work carried out for the period 26 February 2024 to conclusion of the Liquidation.

It is my intention to seek approval from creditors with respect to my remuneration incurred for the sum of \$12,000.00 for the period 28 November 2023 to the conclusion of the Liquidation. Attached as **Annexure E** is a copy of the Proposals without Meeting forms. These forms need to be returned to my office by **close of business, 20 March 2024**.

19. MATTERS OUTSTANDING

The outstanding matters in the administration are:

- Continue investigations into the transactions identified in the Company bank statements;
- Liaise with solicitors regarding the recoverability of claims against the Director;
- Correspondence with creditors;
- Statutory lodgements and general administrative matter; and
- Finalise.

Subject to the timing of the finalisation of the above matters and any unforeseen circumstances, I currently estimate that the administration will be finalised within 6 - 12 months.

20. 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 D** to this report.

Should you require assistance in completing the relevant forms or have any queries, please contact the Administration Contact shown at page 1 of this report.

Any further reports will be issued as considered appropriate.

Yours faithfully,

J&D CHARMING GROUP PTY LTD (IN LIQUIDATION)

A handwritten signature in black ink, appearing to read 'PETER KREJCI', is written over the printed name.

PETER KREJCI
LIQUIDATOR



J&D Charming Group Pty Ltd
(In Liquidation)
ACN 647 679 963
ABN 93 647 679 963

Annexure "A"
Formal Proof of Debt

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Liquidator of J&D Charming Group Pty Ltd (In Liquidation) ACN 647 679 963 / ABN 93 647 679 963

1. This is to state that the company was, on 28 November 2023, ⁽¹⁾ and still is, justly and truly indebted to⁽²⁾ (full name):

.....
(‘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.

The External Administrators' (whether as Voluntary Administrators/Deed Administrators/Liquidators) will send and give electronic notification of documents in accordance with Section 600G and 105A of Corporations Act 2001. Please provide your email address below:

Contact Name:

Email Address:

DATED this day of 2024

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.



J&D Charming Group Pty Ltd
(In Liquidation)
ACN 647 679 963
ABN 93 647 679 963

Annexure "B"
Summary of Receipts and Payments

Summarised Receipts & Payments

J&D Charming Group Pty Ltd
(In Liquidation)
Transactions From 28 November 2023 To 27 February 2024

A/C	Account	Net	GST	Gross
74	Cash at Bank	4,674.36	0.00	4,674.36
Total Receipts (inc GST)		\$4,674.36	\$0.00	\$4,674.36
Total Payments (inc GST)		\$0.00	\$0.00	\$0.00
Balance in Hand - By Bank Account				
212	Cheque Account			4,674.36
				\$4,674.36



J&D Charming Group Pty Ltd
(In Liquidation)
ACN 647 679 963
ABN 93 647 679 963

Annexure "C"
Remuneration Approval Report

Remuneration Approval Report

J&D Charming Group Pty Ltd
(In Liquidation)

ACN 647 679 963
ABN 93 647 679 963

27 February 2024

Peter Krejci
Liquidator

Novabrif Pty Ltd ABN 61 643 013 610
Level 26, 25 Bligh Street, Sydney NSW 2000
GPO Box 7079, Sydney NSW 2001
Phone (02) 8263 2333
Email: info@brifnsw.com.au
Website: www.briferrier.com.au



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1. EXECUTIVE SUMMARY

On 22 December 2023, I asked creditors to approve my remuneration of \$49,538.00 (excl. GST) which comprised of work completed for the period 28 November 2023 to 17 December 2023 for \$9,538.00 (excl. GST) and future work for the period 18 December 2023 to the conclusion of the Liquidation for \$40,000.00 (excl. GST). Both resolutions have been approved by the creditors.

I am now asking creditors to approve my further remuneration of \$11,000.00 (excl. GST).

Details of remuneration can be found in section 3 of this report.

I am asking creditors to approve my remuneration via a proposal without a meeting.

I estimate the total cost of this Liquidation will be approximately \$60,538.00 (excl. GST). This has increased from my previous estimate of \$49,538.00 for the following reasons:

- Requests to the Director to complete a ROCAP and provide documents relating to the Company;
- Reviewing Company bank statements in detail due to a lack of books and records;
- Calculating the actual outstanding liabilities based on bank statements;
- Correspondence with ASIC to seek Director compliance with ROCAP and Company Books and Records;
- Conducting investigations into the sale of Company Vehicles and liaising with lawyers regarding the potential merit of recovering the assets;
- Conducting investigations in relation to the insolvent trading claims and investigation of the Director's asset position;
- Preparing and Lodging with ASIC a report pursuant to Section 533(1) of the Act.

I anticipate that this is my final remuneration approval request. If further information is provided by creditors and additional work is required, then I will seek further remuneration approval from creditors as necessary in due course.

2. DECLARATION

I, Peter Krejci of BRI Ferrier, have undertaken an assessment of this remuneration and disbursement claim in accordance with the law and applicable professional standards. I am satisfied that the remuneration and disbursements claimed are necessary and proper.

I have reviewed the work in progress report for the Liquidation to ensure that remuneration is only being claimed for necessary and proper work performed and no adjustment was necessary.

3. REMUNERATION SOUGHT

The remuneration I am asking creditors to approve is as follows:

For	Period	Amount \$ (excl. GST)	Rates	When it will be drawn
Future Work	28 November 2023 to Conclusion	\$11,000.00	Provided in my Initial Remuneration Notice dated 22 November 2023	It will be drawn when approved and funds are available, and it is incurred
TOTAL		\$11,000.00 (excl. GST)		

Details of work completed for the period 28 November 2023 to 25 January 2024 and future work to be undertaken for the period 26 January 2024 to conclusion are included in **Schedule A**.

Schedule B includes a breakdown of time spent by staff members on each major task for completed work.

Actual resolutions to be put to creditors by way of a proposal are included at **Schedule C** for your information. These resolutions also appear in the proposal without a meeting form provided to you.

4. PREVIOUS REMUNERATION APPROVALS

The following remuneration approvals have previously been approved by creditors:

Means of Approval	For	Period	Amount Approved (excl. GST) (\$)	Amount Paid (excl. GST) (\$)
Proposal Without Meeting	Work completed	28 November 2023 to 17 December 2023	\$9,538.00	\$0.00
	Future Work	18 December 2023 to Conclusion	\$40,000.00	\$0.00
	TOTAL		\$49,538.00	\$0.00

I am now seeking approval for a further \$11,000.00 (excl. GST) in the Liquidation which will bring the total remuneration claimed in the Liquidation to \$60,538.00 (excl. GST).

A detailed explanation is at **Schedule E** of this report.

5. LIKELY IMPACT ON DIVIDENDS

The Liquidator is entitled to be fairly remunerated for undertaking statutory and other duties, including reporting obligations in acting as an external administrator. The remuneration and disbursements of the Liquidator have a priority ranking ahead of creditors.

I am unable to pay my remuneration without the approval of the Committee of Inspection, Creditors, or the Court. Approval by Creditors is efficient and timely and less costly than an application to the Court.

However, any dividend will ultimately be impacted by the realisations achieved by the Liquidator and the value of creditor claims admitted to participate in the dividend. The likely impact of approval of remuneration and disbursements on dividends to creditors is that it will reduce such dividends.

6. SUMMARY OF RECEIPTS & PAYMENTS

A summary of the receipts and payments for the Liquidation as of 27 February 2024 is attached as **Annexure "B"** to the Statutory Report to Creditors.

7. QUERIES & INFORMATION SHEET

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

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

- ▲ ARITA at www.arita.com.au/creditors
- ▲ ASIC at <http://www.asic.gov.au> (search for INFO 85).

Further supporting documentation for my remuneration claim can be provided to creditors on request.

8. ATTACHMENTS

Schedule A – Details of work

Schedule B – Time spends by staff on each major task

Schedule C – Resolutions

Schedule D – Disbursements

Schedule E – Explanation where remuneration already approved

SCHEDULE A – DETAILS OF WORK

Company	J&D Charming Group Pty Ltd (In Liquidation)	Period From	28 November 2023	To	Conclusion
Practitioner	Peter Krejci	Firm	BRI Ferrier		
Administration Type	Court Liquidation				

		Tasks	
		Work already completed (excl. GST)	Future work (excl. GST)
Period		28 November 2023 to 25 February 2024	26 February 2024 to Conclusion
Amount to be approved (excl. GST)		\$35,946.00	\$11,000.00
Task Area	General Description		
Assets		6.6 hours \$4,538.00	\$2,200.00
	Assets Subject to Specific Charges	Review Motor Vehicle Searches for potential assets of the business Liaising with valuers regarding the potential value of motor vehicles belonging to the business Conduct and review Vehicle Buyer Searches to identify the purchasers of Company vehicles Discussion with secured creditor regarding non-payment of plumbing supplies Discussion with solicitors regarding assets and the potential for a recovery on the matter	Discussion with solicitors regarding assets and the potential for a recovery on the matter Pursuing recovery of motor vehicle proceeds from the Director
	Leasing	Correspondence with landlord Reviewing lease agreement	
	Plant and Equipment	Internal discussion regarding Company furniture and fittings and the potential for a recovery on the matter	
	Other Assets	Correspondence with banks Conducting unclaimed money search	Tasks associated with realising other assets

Task Area	General Description		
Creditors		15.5 hours \$7,240.00	\$3,300.00
	Creditor Reports	Preparing Initial Report to Creditors Preparing annexures to Initial Report to Creditors Preparing Statutory Report by Liquidator Preparing annexures to Statutory Report	Complete and Issue Statutory Report to Creditors Prepare further reports to creditors
	Secured Creditor Reporting	Notifying PPSR registered creditors of appointment Correspondence with secured creditor regarding security interest against the Company	
	Proposal to Creditors	Preparing proposal notices and voting forms Forward notice of proposal to all known creditors Reviewing votes and determining outcome of proposal Preparation and lodgement of proposal outcome with ASIC	Preparing proposal notices and voting forms Forward notice of proposal to all known creditors Reviewing votes and determining outcome of proposal Preparation and lodgement of proposal outcome with ASIC
	Creditor Enquiries	Receive and respond to creditor enquiries Maintaining creditor request log Compiling information requested by creditors Review and prepare correspondence to creditors and their representatives	
Investigation		39.2 hours \$19,242.00	\$4,400.00
	Conducting Investigation	Conducting initial investigations in relation to the Company's business and affairs Conducting and summarising statutory searches Review of the Company's bank statements to conduct investigations Review and preparation of narrative of business nature and history	Detailed investigations to identify potential voidable transactions and consider potential recovery actions to be taken

Task Area	General Description		
		<p>Conducting investigations to identify potential voidable transactions and consider potential recovery actions to be taken</p> <p>Preparation of investigation file</p> <p>Preliminary investigations to identify potential voidable transactions and consider potential recovery actions to be taken</p> <p>Conducting further investigations with respect to solvency position of the Company and considering whether any potential insolvent trading claim exists</p> <p>Liaising with Director regarding certain transactions</p>	
	Litigation/Recoveries	<p>Internal meetings to discuss status of litigation</p> <p>Preparing brief to solicitors</p> <p>Liaising with solicitors regarding recovery actions with respect to assets</p>	<p>Correspondence with solicitors regarding potential claims</p> <p>Attending to negotiations</p> <p>Attending to settlement matters</p>
	ASIC reporting	<p>Preparing statutory investigation reports</p> <p>Lodgement of investigation with the ASIC</p> <p>Liaising with ASIC to receive assistance in obtaining reconstruction of financial statements, Company's books and records and Report on Company Affairs and Property</p>	
Employees		0.1 Hours 73.00	\$0.00
	Employees enquiries	<p>Preparation of letters to employees advising of their termination and entitlement options available</p>	<p>Receive and follow up employee enquiries via telephone</p> <p>Maintain employee enquiry register</p>

Task Area	General Description		
			Review and prepare correspondence to creditors and their representatives via facsimile, email and post Receive and prepare correspondence in response to employee's objections to leave entitlements
	Workers compensation claims	Liaising with insurers and solicitors regarding claims	Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements Correspondence with previous brokers
Administration		12.4 hours \$4,853.00	\$1,100.00
	Bank account administration	Preparing correspondence opening accounts Preparing bank opening accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers Prepare receipts and payment vouchers	Preparing correspondence closing accounts Bank account reconciliations Prepare receipts and payment vouchers
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 533 and 5022	Preparing and lodging ASIC forms including 507, 5601, 5602, 5022
	ATO and other statutory reporting	Notification of appointment Preparing and Lodging BAS Liaising with ATO regarding request for documents	Liaising with ATO regarding request for documents Preparing and Lodging BAS
	Correspondence	Correspondence to Directors regarding their obligations ,ROCAP and requesting delivery of the Company's books and records	General correspondence with stakeholders
	Document maintenance/file review/checklist	Filing of documents File review Updating checklists	Filing of documents File review Updating checklists
	Insurance	Initial correspondence with insurer regarding insurance requirements	Correspondence with Insurance broker regarding ongoing insurance requirements (if required)

Task Area	General Description		
	Planning / Review	Discussions regarding status of administration	Discussions regarding status of administration

SCHEDULE B – TIME SPENT BY STAFF ON MAJOR TASKS (COMPLETED WORK)

J&D Charming Group Pty Ltd (In Liquidation)
ACN 647 679 963
For the period 28 November 2023 to 25 February 2024

Staff Classification	Name	Hourly Rate \$	Administration		Assets		Creditors		Employees		Investigation		Total	Sum of Net WIP
			Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointee	Peter Krejci	730.00	1.2	876.00	3.9	2,847.00	0.8	584.00	-	-	5.8	4,234.00	11.7	8,541.0
Principal	David Cocker	730.00	1.8	1,314.00	2.0	1,460.00	4.3	3,139.00	0.1	73.00	5.8	4,234.00	14.0	10,220.0
Senior Manager	Katherine La	590.00	0.2	118.00	-	-	-	-	-	-	-	-	0.2	118.0
Supervisor	Ethan Wang	480.00	-	-	-	-	1.1	528.00	-	-	11.3	5,424.00	12.4	5,952.0
Senior 2	Joshua Coorey	380.00	-	-	-	-	-	-	-	-	0.5	190.00	0.5	190.0
Intermediate 1	Sushma Mandira	330.00	2.9	957.00	0.7	231.00	7.7	2,541.00	-	-	15.2	5,016.00	26.5	8,745.0
Intermediate 2	Zachary George	280.00	1.2	336.00	-	-	-	-	-	-	-	-	1.2	336.0
Intermediate 2	Mankirth Mandair	280.00	0.7	196.00	-	-	1.6	448.00	-	-	-	-	2.3	644.0
Senior Administration	Sarita Gurung	240.00	2.0	480.00	-	-	-	-	-	-	-	-	2.0	480.0
Senior Administration	Andrea Moulikova	240.00	0.2	48.00	-	-	-	-	-	-	0.6	144.00	0.8	192.0
Senior Administration	Sonia Stelmach	240.00	2.2	528.00	-	-	-	-	-	-	-	-	2.2	528.0
Grand Total			12.4	4,853.00	6.6	4,538.00	15.5	7,240.00	0.1	73.00	39.2	19,242.00	73.8	35,946.00
													GST	3,594.60
													Total (incl. GST)	39,540.60
Average rate per hour				391.37		687.58		467.10		730.00		490.87		487.07

SCHEDULE C – RESOLUTIONS

I will be seeking approval of the following resolutions to approve my remuneration. Details to support these resolutions are included in section 3 and in the attached Schedules.

Resolution 1: Liquidator's Remuneration for the period 28 November 2023 to Conclusion

"That the remuneration of the Liquidator, his partners and staff not previously approved for the period 28 November 2023 to the conclusion of the Liquidation, be calculated on a time basis in accordance with the rates of charge annexed to the Liquidator's Initial Report to Creditors dated 22 December 2023 and approved to an interim cap of \$11,000.00 (excl. GST), and that the Liquidator be authorised to draw that amount as and when incurred."

[This area is intentionally left blank]

SCHEDULE D – DISBURSEMENTS

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation, and search fees. These are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally charge at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

I advise that, to date, I have paid the following disbursements incurred during this Liquidation out of BRI Ferrier:

External Disbursements:

I am not obliged to seek creditor approval for disbursements paid to third parties, but must account to creditors, this includes providing details of the basis of charging for these types of disbursements to creditors as part of the Remuneration Approval Report. I have incurred the following disbursements paid to third parties:

Disbursement Type	Rate	Amount (\$, excl GST)
Externally provided non-professional costs		
Roads and Maritime Services Search Fee	At cost	\$25.00
ABR Searches	At cost	\$260.75
TOTAL		\$285.75

Creditors have previously approved payment of my disbursements in the amount of \$1,000.00. As I have sufficient approval remaining to draw any disbursements I may incur in the near future, I will not be seeking further approval from creditors for internal disbursements.

Future disbursements provided by my Firm will be charged to the administration on the following basis:

Disbursement Type	Rate (excl GST)
Externally provided professional services	At cost
Externally provided non-professional costs	At cost
Internal disbursements	
ASIC charges for appointments and notifiable events	At cost
Faxes and Photocopying	\$0.25 per page
Postage	At cost
Staff vehicle use	In accordance with ATO mileage allowances

SCHEDULE E – EXPLANATION WHERE REMUNERATION ALREADY APPROVED

As detailed in Section 4 of this report, on 22 December 2023, creditors approved my retrospective and prospective remuneration totalling \$49,538.00 (excl. GST).

I suspect my remuneration will exceed this cap, and, in this report, I am now seeking approval of a further capped amount of \$60,538.00 in respect of additional remuneration incurred/to be incurred.

To assist creditors with understanding how the total remuneration has incurred, the table below shows remuneration to date, including the current claim, divided by task categories.

Task	Fees already approved as at 27 January 2024 (excl. GST) \$	Approval sought for future work (excl. GST) \$	Total per task (excl. GST) \$
Assets	11,165.00	2,200.00	13,365.00
Creditors	10,066.00	3,300.00	13,366.00
Investigation	14,176.00	4,400.00	18,576.00
Employees	4,000.00	-	4,000.00
Administration	10,131.00	1,100.00	11,231.00
TOTAL	49,538.00	11,000.00	60,538.00
Total remuneration previously approved			49,538.00
Difference (see table below for further explanation)			11,000.00
Payment Reconciliation:			
TOTAL (incl. amount claimed now)			60,538.00
Amount paid to date			-
Amount outstanding (incl. amount claimed now)			60,538.00

In the table below I compare, on a task basis, the difference between my previous remuneration report and this report, together with explanations for the difference.

Task	Fees already approved as at 27 January 2024 (excl. GST) \$	Total task (from previous table) (excl. GST) \$	Difference \$	Reason for differences
Assets	11,165.00	13,365.00	2,200.00	Additional time has been incurred in relation to the following: - Search for unclaimed monies - Correspondence with banks - Requesting and reviewing bank statements for Company's pre-appointment account - Requesting and reviewing Vehicle Ownership Searches and Buyer Searches to identify who the Company vehicles were sold to

Creditors	10,066.00	13,366.00	3,300.00	<p>Additional time has been incurred in relation to the following:</p> <ul style="list-style-type: none"> - Correspondence with creditors regarding Company's affairs - Preparing and finalising Statutory report to Creditors - Preparing and finalising annexures in support of Report to Creditors - Receive and respond to creditor enquiries - Reviewing votes and determining outcome of proposal - Preparation and lodgement of proposal outcome with ASIC
Investigation	14,176.00	18,576.00	4,400.00	<p>Further time costs have been incurred with respect to the following matters:</p> <ul style="list-style-type: none"> - Conducting initial investigations in relation to the Company's business and affairs - Conducting detailed investigations into the Company Bank Statements - Conducting investigations to identify potential voidable transactions and consider potential recovery actions to be taken - Conduct further investigation in relation to the date of insolvency - Conduct further investigation in relation to the insolvent trading claims and investigation of the Director's asset position - Liasing with Director regarding transactions noted in the Company Bank Statements
Employees	4,000.00	4,000.00	-	No additional time incurred
Administration	10,131.00	11,231.00	1,100.00	<p>Additional time has been incurred in relation to the followings:</p> <ul style="list-style-type: none"> - Preparing and lodging ASIC forms - Correspondence with Tax Office - Filing of documents - Quarterly BAS lodgements - Monthly Bank Reconciliations - Discussion regarding status of liquidation, procedural requirements, priority milestones and future direction <p>Increase in Administration costs correlates highly with the length of time for which the Liquidation runs. Therefore, some more additional time is expected to be</p>

				incurred leading up to the finalisation of the Liquidation
TOTAL	49,538.00	60,538.00	11,000.00	



J&D Charming Group Pty Ltd
(In Liquidation)
ACN 647 679 963
ABN 93 647 679 963

Annexure "D"
Proposal without Meeting Forms

NOTICE OF PROPOSAL TO CREDITORS

Dated: 27 February 2024

Voting Poll Closes: 20 March 2024

J&D CHARMING GROUP PTY LTD (IN LIQUIDATION)
ACN 647 679 963
ABN 93 647 679 963
("the Company")

Proposal No. 1 for creditor approval

"That the remuneration of the Liquidator, his partners and staff, not previously approved, for the period 28 November 2023 to the conclusion of the Liquidation, be calculated on a time basis in accordance with the rates of charge annexed to the Liquidator's Initial Report to Creditors dated 22 December 2023 and approved to an interim cap of \$11,000.00 (excl. GST), and that the Liquidator be authorised to draw that amount as and when incurred."

Reasons for the proposal and the likely impact it will have on creditors if it is passed

- A Liquidator is entitled to be fairly remunerated for undertaking statutory and other duties, including reporting obligations in acting as a liquidator.
- I am unable to pay my remuneration without the approval of the Committee of Inspection (if one has been appointed), Creditors, or the Court.
- Approval by Creditors is efficient and timely and is less costly than an application to the Court.
- Approval of my remuneration will allow me to progress further investigations in a timely manner to ensure the prospect of any dividends can be maximised.

Vote on the Proposal No. 1

Please select the appropriate Yes, No or Object box referred to below with a ☒ to indicate your preferred position.

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

For your vote to count, your claim against the Company must have been admitted for the purposes of voting by the Liquidator. Please select the option that applies:

- ☐ I have previously submitted a proof of debt form and supporting documents
- ☐ I have **enclosed** a proof of debt form and supporting documents with this proposal form

Creditor details

Name of creditor

Address

ABN (if applicable)

Contact number

Email address

☐

I am **not** a related creditor of the Company

☐

I am a related creditor of the Company*

relationship: _____

*eg Director, relative of Director, related company, beneficiary of a related trust.

**Name of creditor
/authorised person:**

Signature:

Date:

For your vote to count, you **must complete** this document and return it together with any **supporting documents** by no later than close of business on **20 March 2024**, by email to Sushma Mandira at smandira@brifnsw.com.au. Should you have any queries in relation to this matter, please contact Sushma Mandira on (02) 8263 2322.

BRI FERRIER
Level 26
25 Bligh Street
Sydney NSW 2000



J&D Charming Group Pty Ltd
(In Liquidation)
ACN 647 679 963
ABN 93 647 679 963

Annexure "E"
ARITA Information Sheet
Proposals without a Meeting

Information sheet: Proposals without meetings

You may be a creditor in a liquidation, voluntary administration or deed of company arrangement (collectively referred to as an external administration).

You have been asked by the liquidator, voluntary administrator or deed administrator (collectively referred to as an external administrator) to consider passing a proposal without a meeting.

This information sheet is to assist you with understanding what a proposal without a meeting is and what your rights as a creditor are.

What is a proposal without a meeting?

Meetings of creditors were previously the only way that external administrators could obtain the views of the body of creditors. However, meetings can be very expensive to hold.

A proposal without a meeting is a cost effective way for the external administrator to obtain the consent of creditors to a particular course of action.

What types of proposals can be put to creditors?

The external administrator is able to put a range of proposals to creditors by giving notice in writing to the creditors. There is a restriction under the law that each notice can only contain a single proposal. However, the external administrator can send more than one notice at any single time.

What information must the notice contain?

The notice must:

- include a statement of the reasons for the proposal and the likely impact it will have on creditors if it is passed
- invite the creditor to either:
 - vote yes or no to the proposal, or
 - object to the proposal being resolved without a meeting, and
- specify a period of at least 15 business days for replies to be received by the external administrator.

If you wish to vote or object, you will also need to lodge a Proof of Debt (POD) to substantiate your claim in the external administration. The external administrator will provide you with a POD to complete. You should ensure that you also provide documentation to support your claim.

If you have already lodged a POD in this external administration, you do not need to lodge another one.

The external administrator must also provide you with enough information for you to be able to make an informed decision on how to cast your vote on the proposal. With some types of proposals, the law or ARITA's Code of Professional Practice sets requirements for the information that you must be provided.

For example, if the external administrator is asking you to approve remuneration, you will be provided with a Remuneration Approval Report, which will provide you with detailed information about how the external administrator's remuneration for undertaking the external administration has been calculated.

What are your options if you are asked to vote on a proposal without a meeting?

You can choose to vote yes, no or object to the proposal being resolved without a meeting.

How is a resolution passed?

A resolution will be passed if more than 50% in number and 50% in value (of those creditors who did vote) voted in favour of the proposal, but only so long as not more than 25% in value objected to the proposal being resolved without a meeting.

What happens if the proposal doesn't pass?

If the proposal doesn't pass and an objection is not received, the external administrator can choose to amend the proposal and ask creditors to consider it again or the external administrator can choose to hold a meeting of creditors to consider the proposal.

The external administrator may also be able to go to Court to seek approval.

What happens if I object to the proposal being resolved without a meeting?

If more than 25% in value of creditors responding to the proposal object to the proposal being resolved without a meeting, the proposal will not pass even if the required majority vote yes. The external administrator will also be unable to put the proposal to creditors again without a meeting.

You should be aware that if you choose to object, there will be additional costs associated with convening a meeting of creditors or the external administrator seeking the approval of the Court. This cost will normally be paid from the available assets in the external administration.

This is an important power and you should ensure that it is used appropriately.

Where can I get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding external administrations and insolvency.

This information is available from ARITA's website at artia.com.au/creditors.

ASIC also provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at asic.gov.au (search for "insolvency information sheets").

**For more information, go to www.arita.com.au/creditors.
Specific queries should be directed to the external administrator's office.**



J&D Charming Group Pty Ltd
(In Liquidation)
ACN 647 679 963
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Annexure "F"
ARITA Information Sheet
Offences, Recoverable Transactions
and Insolvent Trading

Voluntary Administration

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.
588G	Incurring liabilities while insolvent
588GAB	Officer's duty to prevent creditor-defeating disposition
588GAC	A person must not procure a company to make a creditor-defeating disposition
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.
596AB	Entering into an agreement or transaction to avoid employee entitlements.

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.

Creditor-defeating disposition

Creditor-defeating dispositions are the transfer of company assets for less than market value (or the best price reasonably obtainable) that prevents, hinders or significantly delay creditors' access to the company's assets in liquidation. Creditor-defeating dispositions are voidable by a liquidator.

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 or from members of a corporate group (Contribution Order).

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.

Queries about the voluntary administration should be directed to the administrator's office.



J&D Charming Group Pty Ltd
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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.