



**Northside Shuttle Pty Ltd
(In Liquidation)
A.C.N 611 398 013
("the Company")**

hogan  **sprolles**

Statutory Report to creditors

26 August 2022

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1. Executive Summary

1.1 Liquidator's appointment

I was appointed Liquidator of the Company on 11 May 2022 pursuant to a resolution passed by the Company's members.

This report should be read in conjunction with my initial report to creditors dated 24 May 2022.

1.2 Purpose of this report

The purpose of this report is to:

- provide you with an update on the progress of the liquidation;
- advise you of the likelihood of a dividend being paid in the liquidation; and
- seeking approval for Liquidator's remuneration and disbursements.

If you have not already done so, creditors are requested to complete and submit to this office a proof of debt form (attached as **Annexure A**).

Creditors have the right to request a meeting that complies with the guidelines set out in the ARITA information sheet "Creditors Rights in Liquidation" as attached as **Annexure B**. I do not propose to hold a meeting of creditors at this time.

1.3 Summary of investigations

Based on my review of the Company's books and records and investigations to date, I have identified the following recovery actions available for me to pursue. Further details of my investigations are detailed in section 5 of this report.

Offences/recovery action	Corporations Act	Parties	Claim (\$)
Unfair Preference	S588FA	Australia Taxation Office ("ATO")	11,250
Related party loan	S588FE	Pisamai Petr	Uncertain
Insolvent trading	S588G	Jonathan Petr ("the Director")	Nil

2. Update on the Liquidation

2.1 Company Background

The Company was incorporated on 18 March 2016. In January 2019 the Company purchased a business for \$300k which provided airport shuttle services based in Cromer NSW 2099. The Company employed 4 full time/part time employees and 14 casual employees during its period of trading. The Company also engaged third party subcontractors to provide its services.

On 30 March 2020 due to Covid-19 pandemic and NSW government implementing restrictions on closing the borders and shutting down airports, the company suffered a significant decline in

revenue. The Company was unable to generate income during this period and ultimately made all the employees redundant and paid out their entitlements in April 2020.

There was no active employee other than the Director as at the date of my appointment. I understand the company ceased to trade prior to my appointment on or around November 2020.

The Company's financial position deteriorated since April 2020 onwards and was unable to pay off its debts. Subsequently, I was appointed liquidator on 11 May 2022.

Below is a summary of the ASIC extract of the Company:

Company Details		
Registration Date	18 March 2016	
Registered Office	Equil Advisory Pty Ltd, Level 7, 2 Bulletin Place Sydney NSW 2000	
Principal Place of Business	79 Hewlett Street, Bronte NSW 2024	
Director	Appointed	Ceased
Jonathan James Petr	14/12/2018	-
Secretary	Appointed	Ceased
Jonathan James Petr	14/12/2018	-
Share Structure	Amount Paid	Amount Unpaid
20 Ordinary Share	\$20.00	\$0.00
Current Shareholders	Shares Held/Type	Fully Paid
Jonathan James Petr	20	Yes

2.2 Progress of the Liquidation

Since the date of my appointment, I have attended to the following matters:

- I received a completed a Report on Company Affairs and Property ("**RoCAP**") from the Director.
- I was provided access to the Company's accounting system, Xero.
- Requested documents of the Company's books and records from the director and the Company's accountant.
- Obtained information regarding the Company from the Australian Taxation Office pursuant to Freedom of Information Act.
- Reviewed the Director's loan accounts.
- Conducted my preliminary investigations into the affairs of the business and potential voidable transactions that are available to the liquidator.

3. Estimated Position Statement

Below is a summary of the assets and liabilities extracted from the directors Report on Company Affairs and Property (“RoCAP”) and my estimate of the likely realisable value of the Company’s assets and liabilities.

Estimated Position	Notes	ROCAP ERV (\$)	Liquidation ERV (\$)
Assets Subject to Security Interest			
Secured creditor & PPSR	3.1	-	-
Assets			
Cash at Bank	3.2	Nil	Nil
Director Loan	3.3	154,260	Nil
Voidable transactions	3.4	-	11,250
Liabilities			
Less: Approved Appointees Fees and disbursements	3.5	-	12,100
Less: Further Appointee Fees	3.5	-	22,587
Total surplus/deficiency for priority creditors		154,260	(23,437)
Less : Employee Entitlements			
Superannuation	3.6	6,860	20,301
		6,860	20,301
Total surplus/deficiency to unsecured creditors		147,400	(43,738)
Unsecured creditors			
ATO	3.7	139,482	140,414
Other Creditors		527	1,059
Related Parties			
Loan - Pisamai Petr		41,213	41,213
Jonathan Petr		-	31,075
Total Unsecured Creditors		181,222	213,761
Total surplus/deficiency before costs		(33,822)	(257,498)

Notes

Note 1 Secured Interest Parties

The Company’s ASIC Search revealed that there is not any secured interest registered under the name of the Company.

Note 2 Cash at Bank

I understand the Company held two accounts with the Australia and New Zealand Bank Group (“ANZ”). At the date of my appointment, the balance for the two accounts were nil.

Note 3 Director Loan

Based on my investigations, it appears there were incorrect entries applied to the account for employee and subcontractor payments totalling \$154,260. Accordingly, there is no director loan recoverable and the Company owes the Director \$25,715. Please refer to section 5.3(d) of this report for further details.

Note 4 Voidable Transactions

Please refer to section 5.3 of this report.

Note 5 Liquidators’ Costs

On 16 June 2022, I received remuneration and disbursements approval from the creditors via proposal without a meeting of \$10,000 and \$1,000 excluding GST respectively. I will be seeking additional fees approval for incurred fees and fees for further investigations. Please refer to section 7 of this report and the Remuneration Report enclosed as **Annexure E** for further details.

Note 6 Priority Creditors (Employee Entitlements) Distribution

Employees claims are afforded priority over the claims of other unsecured creditors pursuant to section 556 of the Act and the circulating security interests held by secured creditors pursuant to section 561 of the ACT.

My investigations revealed that the Company employed 4 full time/part time employees and 14 casual employees including the Director to carry out the shuttle business. Due to the negative impact of Covid on business revenue, the Company had no choice but to reduce trade and made redundant all the employees in FY21. According to the Company books and records, annual leave and redundancy was paid out.

As to the date of my appointment, the Company has no employees other than the Director. There were insufficient funds to meet the director’s wages.

Below were the outstanding employee entitlements on the date of my appointment according to the Company’s books and records.

Entitlement	RoCAP (\$)	Estimated Amount (\$)
Superannuation	Nil	18,801
Jonathan Petr – excluded employee	6,860	1,500
Total	6,860	20,301

In addition, pursuant to Section 556(1A) of the Corporations Act 2001, the priority unsecured entitlements of employees who are directors and relatives of directors are capped at the amount

of \$2,000 for wages and superannuation and \$1,500 for leave and termination entitlements. The balance of the entitlements ranks as an unsecured creditor claim.

Note 7 Unsecured Creditors

My investigations and proof of debts received to date consist of the following creditors:

Creditors	Projected Claim (\$)
ATO	140,414
Transport for NSW	1,059
Related party loan - Pisamai Petr	41,213
Related party – Jonathan Petr	31,075
Total	213,761

The Company's records indicated that there are 4 ordinary unsecured creditors with claims estimated at \$213,761 of which two (2) related creditor's totalling \$72,288.

I advise the above list might change pending on further documents and proof of debts received from creditors.

4. Financial Analysis

The financial reports have been extracted for the periods FY19 to YTD FY22 from the Company's management account Xero. I advise FY19 covers the period from 1 December 2018 to 30 June 2019 and YTD22 covers the period 1 July 2021 to the date of my appointment on 11 May 2022.

4.1 Profit and Loss

Profit and Loss	FY19 Financials (\$)	FY20 Financials (\$)	FY21 Financials (\$)	YTD FY22 (\$)
Operating Income				
Sales	309,793	516,178	5,375	-
Other Income				
JobKeeper	-	3,000	7,500	-
Total Income	309,793	519,178	12,875	
Operating Expenses				
Consulting & Accounting	2,225 1%	400 0%	- -	32,714 51%
Contractors	107,080 36%	108,669 18%	6,328 -	3,000 5%
Motor Vehicle Expenses	8,771 3%	39,453 7%	8,752 18%	6,752 11%
Rent	4,756 2%	9,527 2%	- -	- -
Superannuation	10,803 4%	25,684 4%	1,729 4%	- -
Travel - National	18,032 6%	43,347 7%	1,818 4%	213 0%
Wages and Salaries	113,714 38%	288,500 49%	18,200 38%	- -
Website Expenses	11,200 4%	19,200 3%	5,609 12%	19,702 31%
Others	19,284 7%	58,626 10%	5,940 12%	1,305 2%
	295,865	593,407	48,376	63,685
EBITDA	13,927	(74,229)	(35,501)	(63,685)
Interest Income			1,081	-
Interest Expense	3,328	1,998	1,423	2
Income Tax Expense	6,801		-	-
Net Profit/(Loss)	3,798	(76,227)	(35,842)	(63,687)

My Comments on the comparative profit and loss statement is as follows:

- The Company derived its revenue from providing shuttle bus services to the airport. The business ceased on or about November 2020.
- The Company operated at a net profit during FY19 of \$3.7K however was loss making from FY20 due to the negative impact of Covid-19, Australian government restriction and airports closure since March 2020.
- The Company employed employees and other sub-contractors for its services. During FY19 and FY20, the Company incurred wages and contractors fees which comprised of 75% and 67% of the total costs respectively.

- Due to Covid-19 pandemic and the restrictions enforced by the Australia Government on travel domestically and internationally, the Company was not able to survive and terminated the employees due to redundancy.
- In FY YTD22, the Company incurred around \$32K in accounting fees and maintaining the XERO management account.
- During FY20 and FY21, the Company received \$11,500 from the ATO for Job Keeper payment
- A search on RMS indicated the Company held a vehicle 2014 Toyota Hiace. However, my investigations indicate the vehicle was purchased by the director personally and registered under the Company's name. Since then, the vehicle was on sold to a third party. The Company has no claim to the company and utilise the vehicle in its operations.

4.2 Balance Sheet

Balance Sheet	FY19 Financials (\$)	FY20 Financials (\$)	FY21 Financials (\$)	YTD FY22 Management (\$)
Current Assets				
Bank account	17,312	8,564	7,086	-
Non-current Assets				
Loan - Jonathan Petr	34,092	80,089	8,721	(25,715)
Total Assets	51,404	88,653	15,807	(25,715)
Current Liabilities				
Trade Creditors	2,448	31,829	11,250	-
ATO - Integrated Client Account	31,007	95,546	94,145	86,209
Superannuation Payable	14,131	33,686	18,663	18,801
	47,586	161,061	124,058	105,009
Non-current Liabilities				
Loan - Pisamai Petra	-	-	-	41,213
Total Liabilities	47,586	161,061	124,058	146,222
Net Assets	3,819	(72,408)	(108,251)	(171,938)

My comments on the comparative Balance Sheet are as follows:

- The Company was asset deficit from FY20.
- The Company's main liability was in relation to statutory obligations, I have received a proof of debt from ATO in the amount of \$140,413.68.

- In YTD FY22, the Company received \$45K loan from the related party to support its working capital.
- The Company recorded \$18,801 in superannuation liability in FY YTD22 for outstanding superannuation payable for former employees and the director.
- The Company's balance sheet recorded loan to the Director during FY19 and FY21, my investigation reveals that the loan was in relation to wages payment and business expenses. During FY20, the Director has been injecting funds to the Company which reduced his loan account to negative \$25,715 as at the date of my appointment.

5. Investigations

5.1 Company books and records

Liquidators are required to provide an opinion as to whether the Company's books and records are maintained in accordance with Section 286 of the Act for a period of seven years. The Act requires that a company maintain financial records that correctly record and explain its transactions, financial position and performance, and enable true and fair financial statements to be prepared.

Failure to maintain books and records may give rise to a presumption of insolvency pursuant to Section 588E of the Act. This presumption may be relied upon by the Liquidator in an application for compensation for insolvent trading and other actions for recoveries pursuant to Part 5.7B of the Act from the directors and related parties.

To date, I have been provided with the following books and records:

- Completed Report on Company Activities and Property ("RoCAP");
- Completed Summary of Affairs;
- Access to Xero file;
- Xero management accounts and financials reconciled to date of my appointment;
- Bank statements provided by ANZ for the period 21 April 2021 to 18 May 2022;
- Australia Taxation Office ("ATO") documentation including the Income Tax Assessment; and the Integrated Client Account statements;
- Tax returns for FY20 and FY21

Given the above, I am of the view that the Company's books and records may not be kept in a manner that complies with Section 286 of the Act. I would have expected the Company to have also maintain the following documents:

- Copy of the business purchase contract
- Loan document with Pisamai Petr;
- Contracts with employees/contractors;
- Contracts for services provided;
- Receipts and payments;

- Payroll records and correspondence with employees such as termination notices; and
- Documentation with respect to the vehicles/buses that the Company was using and the current status of those vehicles

5.2 Reasons for Failure

The Director has disclosed in the completed RoCAP that the reason for the business's failure was due to the impact of the Covid-19 pandemic and Australian Government restrictions on domestic and international travel commencing in March 2020 through to the date of my appointment, slowing sales to an unsustainable level. Further to the director's reasons for the business failure, also attributed to the following:

- Inadequate working capital since FY21;
- Unable to meet its statutory and super obligations from February 2020;

5.3 Recoveries, offences and voidable transactions

The liquidator is required to complete and lodge a report with the ASIC pursuant to Section 533 of the Act where it appears to the liquidator that a past or present officer of the Company may have been guilty of an offence in relation to the Company and in other limited circumstances. I intend to lodge a report pursuant to this section of the Act.

Pursuant to Part 5.8B of the Act, a liquidator is permitted to recover transactions that appear to be voidable transactions in respect of money, property or other benefits.

To the extent that information has been available, I have conducted the following preliminary investigations in relation to recoveries, offences and voidable transactions:

- Review books and records to determine whether any creditors have been preferred over the general body of creditors as a result of any transaction during the relation back period, being 7 November 2021 to 11 May 2022.
- Review the movement of related party loan accounts 4 years prior to the appointment of the liquidator to identify any related parties preference payment;
- Investigation into insolvent trading claim;
- Investigations into the Director's misconducts and breaches of directors duties;

Based on my review of the Company's books and records, I am of the view that the Company was insolvent since April 2020. Please refer to section 5.4 for insolvency analysis.

a) Unfair preferences (Section 588FA)

Unfair preferences are transactions between the Company and a creditor resulting in the creditor receiving more than the creditor would receive if the transaction were set aside and the creditor was to prove for this amount in the winding-up. Voidable transactions must have taken place in

the period beginning six (6) months prior to the relation back day and ending on the date of liquidation, being 11 November 2021 to 11 May 2022.

There are a range of defences that may be available, and it would be necessary to establish that the Company was insolvent at the time the payments were made, and the recipient had reasonable grounds for suspecting that the Company was insolvent at that time or would become insolvent.

Based on the Company books and records available to me, I have identified the below payments to ATO during the relation back period which may constitute unfair preference. These payments appear to be unfair preferences subject to section 588FA of the Act, which we will pursue for repayment.

Date	Description	Amount (\$)
30-Nov-21	Tax office payment	2,000
15-Dec-21	Tax office payment	9,250
Total		11,250

My review of the records also identifies payments made to the accountant in the amount of \$25K during the relation back period. The payments were made to complete the Company's three years accounts up to date and preparation of ATO lodgements. Without these payments to the accountant, the accounts would not have been up to date and the management accounts would not be a true reflection the Company's financial position and the quantum owed to ATO would be unknown. As such, the claim for unfair preference would not be commercial to pursue.

b) Uncommercial Transactions (Section 588FB)

Section 588FB of the Corporations Act provides for transactions that were not beneficial or detrimental to the Company as being void. The transaction must have occurred when the Company was insolvent or would become insolvent.

Based on my review of the books and records of the Company, I have not identified any transactions that would be subject to this Section of the Act.

c) Unfair Loans (Section 588FD)

Section 588FD of the Act provides for loans to be voided in circumstances where interest or charges are considered extortionate.

Based on my review of the books and records of the Company, I have not identified any transactions that would be subject to this Section of the Act.

d) Unreasonable Director-Related Transactions (Section 588FDA)

Section 588FDA of the Corporations Act provides for transactions where 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, detriments and respective benefits to other parties.

As mentioned in section 4.2 above, the Director has been providing fund to the Company in support of its working capital since Covid-19 pandemic during FY20. The loan account consequently reduced to negative \$25,715 as at the date my appointment and accordingly there is no transaction that is subject to this Section of the Act.

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

Section 588FE(4) of the Act provides for payments to related parties may be voided where the Company was insolvent at the time of the transaction or entered during the 4 years ending on the relation back day, being 11 May 2022.

Shortly prior to my appointment as liquidator, the Director withdrew 5K from the Company's bank account to reduce the existing related party loan in April 2022. Given that the payment was made shortly prior to my appointment as Liquidator, it would have expected that the Director was aware of the insolvency of the Company. As such, the payment may be subject to potential preference under this section of the Act.

The likelihood of return of the related party loans is uncertain and further investigations is required to establish the commerciality of the recoveries. Creditors will be notified should there be any material updates.

5.4 Insolvent Trading (Section 588G)

Section 588G of the Act provides that a company's director(s) has a duty to protect a company from incurring debt when there are reasonable grounds for suspecting that the company will be unable to pay its debts as and when they fall due. Section 588M of the Act provides that a liquidator is able to recover 'damages' from the director(s) of an insolvent company, in an amount equal to the loss or damage suffered by the Company as a result of a breach of duty.

Section 95A(1) of the Corporations Act 2001 provides a definition of a solvent entity as follows: *"A person is Solvent if, and only if, the person is able to pay all of its debts, as and when they become due and payable"*

An insolvent entity is defined under Section 95A(2) of the Corporations Act 2001 as:

"A person which is not Solvent is Insolvent"

Section 588V of the Corporations Act states that a holding company can be liable for insolvent trading claims against a liquidator if:

1. The corporation is the holding company of the Company at the time the debts were incurred by subsidiary; and
2. The Company is insolvent at that time; and
3. There were reasonable grounds for suspecting that the Company is insolvent or would become insolvent; and
4. The holding company or at least one of its directors were aware of the grounds for suspecting insolvency

Indicators of Insolvency

I am of the view that the Company became insolvent from or around April 2020 having regard to the statutory definition of Solvency pursuant to section 95A(1), section 286 and 588E of the Act and the information available to date.

a) **Presumption of Insolvency**

Pursuant to Section 286 of the Act, the Company is required to maintain financial records that would:

- correctly record and explain its transactions and financial position and performance; and
- would enable true and fair financial statements to be prepared and audited for the period of 7 years.

Failure to maintain sufficient books and records will give rise to presumption of insolvency throughout the period. As mentioned in section 5.1 above, we have not received company books and records that I would reasonably assume a company of that nature would possess, and therefore I am unable to make further commentaries in respect of the adequacy of the books and records pursuant to Section 286 of the Act.

b) **Cash flows test**

According to the Company's management account, the Company cash flows shown sign of deficit from April 2020 and the bank cash balance has been deteriorating from December 2020 onwards.

c) **Balance sheet test/working capital**

The balance sheet test is commonly used in assessing a company's solvency as it reviews whether a company has sufficient realisable assets to meet its liabilities. Based on review of the records, the Company's monthly management account discloses adjusted net assets deficit since FY19 and working capital deficit since commencement. Evidencing liquidity issues.

d) **Ongoing Loss**

The monthly management account reveals that the Company was trading at consecutive monthly loss during February to June 2020 and again from October 2020 onwards.

e) **Failure to lodge Commonwealth and State taxes**

The Australian Taxation Office ("ATO") advised that the Company has yet to lodge payment summaries for FY21. The ATO has submitted a POD claim in respect to the income tax liability, superannuation guarantee charges and running balance account totalling \$140,413. Below is the table indicating the movement in the ATO's debt for the previous three (3) financial years.

ATO	Jun-19	Jun-20	Jun-21	YTD FY22
Running Account Balance (\$)	-	31,829	11,250	94,980
Income Tax amounts	-	35,569	47,339	38,523
SGC	-	-	-	6,911
Total		67,398	58,590	140,414

According to the ATO records, the Company was in a payment plan with the ATO and was making regular \$2K monthly contribution to the ATO from August 2020 to December 2021, reducing the ATO RBA balance from \$31K to \$11K.

The Company's ATO debt balance increased significantly in FY22 when the June 2019 quarter BAS and June 2020 quarter BAS were lodged in December 2021. Subsequently, the Company had no capacity to meet its statutory liabilities due to limited income and defaulted its payment plan payment.

f) Increase in related-party loans to the Company

A review of the Company's record indicated the Company had received \$45,000 from its related parties, Pisamai Petr during October and November 2021 to meet its working capital. The balance of the loans reduced to \$41,213 which may constitute voidable related party transaction as discussed in 5.3e) above.

5.4.1 Insolvent Trading Quantum/Claim

- On 24 March 2020, the Coronavirus Economic Response Package Omnibus Bill 2020 was implemented and specifically section 588GAAA was introduced into the Corporations Act 2001 temporary relief for financially distressed businesses. This amendment provides relief for directors from potential personal liability for insolvent trading.
- On 7 September 2020, the Australian Government announced that the temporary relief would be extended until 31 December 2020. Accordingly, the liquidator will not have any ability to pursue the director for insolvent trading for this period.
- Pursuant to section 588GAAA(i) the director would be protected from any insolvent trading claim for any debt incurred in the ordinary course of business during the relief period.
- Accordingly, are granted relief from personal liability for insolvent trading pursuant to the Coronavirus Economic Response Package Omnibus Bill 2020 and section 588GAAA of the Act.

The insolvent trading claim after taking consideration the Covid-19 relief is estimated to be **\$89,962** and consists of the following debts incurred:

Creditors	Amount (\$)	Related Party
ATO	74,564	
Point to Point Commission	398	
Psamai Petr	15,000	Yes
Total	89,962	

At this stage, it is in my opinion that it would not be commercial to pursue the insolvent trading claim against the Company giving consideration when the business commenced trading and the significant impact of Covid-19 pandemic and the Australian Government restrictions that were enforced.

Further investigations would be required to establish the commerciality of the recovery. As there are insufficient funds to meet my time costs in this liquidation, if creditors wish to fund me to pursue the insolvent trading claim, please contact my office by 19 September 2022. Creditors will be notified should there be any material updates.

5.4.2 Insolvent Trading Defences

There are several defences available to a director pursuant to section 588FGB of the Act include:

- if it is provided that, at the payment time, the person had reasonable grounds to expect, and did expect, that the company was solvent at that time and would remain solvent if the payment was made.
- had reasonable grounds to believe, and did believe:
 - that a competent and reliable person (*the other person*) was responsible for providing to the first-mentioned person adequate information about whether the company was solvent; and
 - that the other person was fulfilling that responsibility.
- expected, on the basis of information provided to the first-mentioned person by the other person, that the company was solvent at that time and would remain solvent even if it made the payment.
- because of illness or for some other good reason, the person did not take part in the management of the company at the payment time.
- the person took all reasonable steps to prevent the company from making the payment; or there were no such steps the person could have taken.

When making my assessment of the Company's insolvency I would also consider the common law principles, some of which include:

- Whether or not a company is insolvent for the purposes of the Corporations Act, ss95A, 459B, 588FC or 588G(1)(b) is a question of fact to be ascertained from the consideration of the company's financial position taken as a whole.
- In considering the company's financial position, the court must have regard to the commercial realities. Commercial realities will be relevant in considering what resources are available to the company to meet its liabilities as they fall due, whether the resources other than cash are realisable by sale or borrowing upon security, and when such realisation are achievable.

- The conclusion of insolvency ought to be clear from a consideration of the debtor's financial position in its entirety and generally speaking ought not to be drawn simply from evidence of temporary lack of liquidity. It is the debtor's inability, utilising such cash resources as he has or can command through the use of his/her assets, to meet his/her debts as they fall due which indicates insolvency.

Director's personal financial position

The following shows the Director's directorship and real property held according to ASIC searches.

Company	Position	Commenced	Ceased
Northside Shuttle Pty Ltd	Director & Secretary	14 December 2018	-
AsIn Pty Ltd	Director & Secretary	25 October 2018	-

Shareholdings	Shares	Fully Paid	Status
Northside Shuttle Pty Ltd	20 Ordinary Shares	Yes	Current

According to the NSW Land title search the Director currently own a mortgaged property in NSW.

Further investigations would be required to establish the commerciality of the recovery. Creditors will be notified should there be any material updates.

5.5 Breach of Directors Duties

Section 180 to 183 of the Act sets out duties and powers of directors and officers of a company to enable Director's act in the interest of the Company. The duties include:

- Section 180 – Care and Diligence
- Section 181 – Good Faith
- Section 182 – Use of Position
- Section 183 – Use of Information

Section 180 – Care and Diligence

Pursuant to section 180 of the Act a director or other officer of a corporation must exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would exercise if they:

- (a) were a director or officer of a corporation in the corporation's circumstances; and
- (b) occupied the office held by, and had the same responsibilities within the corporation as, the director or officer.

The courts have found that where a director breaches the duty of care and diligence in the performance of their duties, an action can be brought under the tort of negligence.

My investigations and enquiries as at the date of this report does not identify any breaches of this section of the Act.

Section 181 – Good Faith

Pursuant to Section 181 of the Act, a director or other officer of a corporation must exercise their powers and discharge their duties:

- a) in good faith in the best interest of the corporation; and
- b) for a proper purpose

My investigations and enquiries as at the date of this report does not identify any breaches of this section of the Act.

Section 182 – Use of Position

Pursuant to Section 182 of the Act, a director or other officer or employee of a corporation must not improperly use their position to:

- a) Gain advantage for themselves or someone else; or
- b) Cause detriment to the corporation.

Further to the points outlined in this report, my investigations into the nature and history of Company are ongoing to identify any personal advantages and detriments to the Company.

If creditors have any information which may assist my investigations, please email Christine Xiao of my office at cxiao@hogansproawles.com.au or by phone on 02 8020 5858.

6. Receipts and Payments

Following are the receipts and payments in the liquidation to date:

Receipts and Payments For the period 11 May 2022 to 25 August 2022	
Receipts	\$ incl GST
Cash at bank	10,000
Total Receipts	10,000
Payments	
Liquidator's remuneration	9,881
Liquidator's disbursements	119
Total Payments	10,000
Cash at Bank	NIL

7. Costs of the Liquidation

Following my previous report to creditors 11 April 2022, the remuneration of \$10,000 (excl GST) and internal disbursements of \$1,000 (excl GST) were approved by creditors on 9 May 2022. As at the date of my report, I have incurred time costs of \$19,516.08 excluding GST and have drawn \$9,090.91 (exc GST).

I am seeking further approval of my proposed remuneration as set out in the enclosed remuneration report (Annexure E), via the following circular resolutions:

- Approve the retrospective remuneration of the Liquidator for \$10,533.47 exclusive GST (**Annexure C**);
- Approve the future remuneration of the Liquidator of \$10,000 exclusive GST (**Annexure D**)

The total remuneration for this appointment is estimated to be \$30,533.47 (excluding GST). The time costs incurred exceeded the initial costs for the following reasons:

- Attending to unfair preference recovery, reviewing and preparing supporting documentation
- Correspondence with the Company's accountant and investigation time spent in relation to director loan accounts.
- Various correspondence with third parties regarding specific transactions of the Company.
- Preparation of additional reports to creditors
- Procedure of dividends distribution (If any)

8. What happens next?

I will proceed with the liquidation, including, but not limited to:

- Proceed with recovery actions as identified in the report;
- Finalising my investigations;
- Completing my reporting to the corporate insolvency regulator, ASIC; and
- Any other matters relevant to the liquidation.

If I receive a request for a meeting that complies with the guidelines set out in the ARITA information sheet "Creditors Rights in Liquidation" as attached at **Annexure B**, I will hold a meeting of creditors.

As I currently hold limited funds in the liquidation, it is likely that funding would be required to conduct public examinations and pursue the potential recoveries outlined above. I will write to creditors providing and update and formally requesting funding should it be required subject to any offer of settlement.

In the interim, if creditors have any further information that would assist in my investigation or wish to fund the liquidation, please contact Christine Xiao of this office on (02) 8020 5858 or by email on cxiao@hogansprowles.com.au.

I anticipate completing this liquidation within the next three (3) to six (6) months.

9. Where can you get more information?

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

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

If you have any queries, you can contact my office and speak with Christine Xiao of this office on (02) 8020 5858 or by email on cxiao@hogansprowles.com.au.

Yours faithfully

Northside Shuttle Pty Ltd (In Liquidation)



Michael Hogan
Liquidator