

**Hume Homes Pty Ltd (Controllers Appointed)
(In Liquidation)
(the “Company”)****ACN 162 843 585
ABN 36 162 843 585****File details**

Name of Liquidator:	Aaron Lucan
Date of Appointment:	14 October 2024
Trading Name:	N/A
Is the Company still trading?	No
Directors Names:	RANA, Wajahat Ali & JAWAID, Muhammad Khurram & AZIZ, Kashif
File Contact:	Nisha Patel (02) 8844 1209 nisha.patel@worrells.net.au

What should you do?

You should now:

- Read my report and attached information.
- Submit your proof of debt if you have not already – using the online form on our website or by emailing the completed in Appendix C.
- Advise me if you are interested in providing indemnity funding.

Will a dividend be paid to unsecured creditors?

It is unlikely a dividend will be paid to any unsecured creditors. Please refer to section 3 – Financial Position for more information about how this was determined.

If I need you to take any further action, I will write and ask you.

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File information



Our [website](#) hosts up-to-the minute file information.

Enter: **HUME HOMES PTY LTD (CONTROLLERS APPOINTED)**

Password: **wp35396**

An annual administration return will be lodged with ASIC within 3 months of the anniversary of the appointment which also provides information on the

Independence



We are independent and act in the interests of all creditors.

Our declaration of independence, relevant relationships and indemnities (DIRRI) can be found in in our initial notice via the File Information page. There have been no changes to the DIRRI.

Proof of debt



Lodge your proof of debt online from the File Information page. You'll receive a confirmation email with a copy of your proof of debt.

Email updates



Subscribe to email communication and regular updates via the File Information page. You can also ask file-specific questions within the File Information page.

The Corporations Act 2001 allows us to email reports and notices to creditors where we have an email address. We must nominate a physical address when we send electronic communications. Our nominated address is the physical address of my office as noted on my firm letterhead.

Please also notify us of any potential matters you believe we should investigate.

[ASIC](#) and [ARITA](#) have Guides to assist directors, shareholders, creditors, and employees of companies in external administration. We suggest creditors refer to these guides (and our factsheets) to understand more about insolvency processes and requirements and when considering resolutions for the approval of remuneration.

Enquiries:

Nisha Patel

(02) 8844 1209

nisha.patel@worrells.net.au

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1 Overview

This report to creditors concerns the Liquidation of Hume Homes Pty Ltd (Controllers Appointed) which commenced on 14 October 2024.

1.1 Background

I refer to my Initial Advice to Creditors provided to creditors on 28 October 2024 ('Initial Advice').

Qartaba Homes Group ('the Group')

I was also appointed liquidator of the following related parties in the Group:

COMPANY	ACN	Appointment
Qartaba Homes Pty Ltd (Receivers and Managers Appointed)	147 630 948	Administrator; Subsequently Liquidator
Epping Developers Pty Ltd	614 422 132	Administrator; Subsequently Liquidator
Hume Homes Pty Ltd (Controllers Appointed)	162 843 585	Liquidator
Kembla Homes Pty Ltd (Receiver and Manager Appointed)	606 850 444	Liquidator
Austral Developers Pty Ltd	614 196 593	Liquidator
Tarneit Developers Pty Ltd (Receivers and Manager Appointed)	614 421 322	Liquidator
Schofields Developers Pty Ltd (Receiver and Manager Appointed)	627 707 377	Liquidator
Hills District Developers Pty Ltd (Receivers and Managers Appointed)	628 710 092	Liquidator
Bligh Street Pty Ltd (Receivers and Managers Appointed)	613 948 084	Liquidator
Nepean Developers Pty Ltd	657 614 590	Liquidator
Qartaba Investment Holding Pty Ltd	624 734 890	Liquidator

The Group was founded in 2010 as a 'Halal-friendly' developer and became a well-known for offering interest-free land and land and building packages through an instalment plan model.

The Group purchased a range of development sites in New South Wales, Victoria and Queensland, with projects either operating on a purely commercial basis, or having a mix of commercial sites and instalment plan sites. The Group structured its instalment plan contacts on a cost basis, with purchasers paying a portion of the purchase price of the land and the development costs based on their blocks proportion of the total development. The intention was the other blocks in the development that were sold at commercial rates would subsidise the instalment purchasers and allow the Group to sustainably complete projects.

However, a number of factors caused the Group's developments to be less profitable than originally anticipated, including:

- Delays in projects due to slow approval processes.
- Delays in projects due to the impact of the COVID-19 pandemic and related restrictions.
- Initial budgets and costings based on overly optimistic timelines.
- Increases in costs as a result of the delays.
- Excessive borrowing, often at relatively high interest rates.
- The Group taking on too many projects at once.

As a result of these issues, the Group's was not sustainable and the Directors entered into a number of recurring loans to provide cashflow while the Group attempted to finish its numerous ongoing developments. Ultimately, the Group took on too much debt and was unable to complete projects with sufficient speed to avoid insolvency.

Enforcement by Secured Creditors

All of the Group's major assets are subject to at least one registered security interest and/or registered mortgage. With respect to each of the Group's major assets the first ranking secured creditor has appointed a Receiver, Controller, or the Mortgagee has entered into possession. As a result, I do not have control of the realisation process for the majority of the Group's assets.

I have been in contact with each of the secured creditors, and where relevant their appointees, to request information relating to their security, the debt owed, the status of their realisation program, and the likelihood of a surplus being available.

I have varying levels of cooperation from the various secured creditors and their appointees, with some providing full disclosure, and other providing only very limited information.

Assets and Liabilities of the Group

My investigations into the Group's assets and liabilities are ongoing. The Group has a complex structure with significant dealings between the related companies. The Group also has a number of secured creditors with facilities that are cross collateralised across some or all of the group companies.

As noted above, I have received varying level of information from the Group's secured creditors, and where relevant their appointees, accordingly, I do not currently have enough information to determine the financial position of each company in the Group.

I anticipate that it will take some time to complete my investigations and determine the final asset and liability position of each company in the Group.

Reasons for Insolvency

The Directors have not yet to complete a Report on Company Assets and Property (ROCAP), however, in interviews that have advised that the main reasons for the insolvency of the Group are:

- Delays in projects due slow approval processes.
- Delays in projects due to the impact of the COVID-19 pandemic and related restrictions.
- Increases in costs as a result of the delays.
- Inability to obtain further finance to allow the Group to complete existing projects.

My investigations indicate that while the reasons the Directors have cited contributed to the insolvency of the Group, there were other significant contributing factors, including:

- Poor budgeting and financial management.
- Excessive reliance on credit and overborrowing.
- A lack of accurate financial Information.
- The Group taking on too many projects at once.

Hume Homes Pty Ltd

The Company was incorporated on 27 October 2021 as a special purpose entity to purchase and develop land located at 71 – 73 Boundry Road, Box Hill and 121 – 123 Boundry Road, Box Hil (the “**Property**”). I understand from discussions with the Directors that the development was substantially complete by the time of my appointment.

Controllors were appointed to the Property prior to my appointment in May 2024. I understand that the Controllors are in the process of realising the remaining lots subject to their appointment.

1.2 Note to creditors whose debts are guaranteed by other parties

If your debt is guaranteed by another party, and your guarantee contains a clause restricting that other party from proving their debt (if they have one) in this administration until your debt is paid, you must provide this office with a copy of that guarantee document before any meeting of creditors or payment of dividend.

1.3 Investigations

A large part of my role is to conduct the investigations into various matters. This report is partly to advise creditors on whether there would be amounts recovered for Insolvent Trading and Preferential Payment should those actions be available.

	Yes	No
Have I established an initial date of insolvency?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Have I found any potential Void Transactions?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Have I found a potential Insolvent Trading claim?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Have I found any offence committed by the officers of the Company?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

We are also required to examine whether there were any offences committed by the directors of the Company and report our findings to the Australian Securities and Investments Commission (ASIC). The results of these examinations are also set out in this Report. To date no report has been issued to the ASIC.

1.4 Inquiries undertaken to date, further enquiries to be made and possible recovery actions.

Part of my role is conducting investigations into various matters and to advise creditors on whether there would be amounts recovered for any voidable transactions or insolvent trading.

I am also required to examine possible offences and report my findings to the Australian Securities and Investments Commission (ASIC).

Details of the inquiries undertaken to date, further enquiries to be made and possible recovery actions are set out in section 5.

2 Statutory and Appointment Information

Company Name:	Hume Homes Pty Ltd (Controllers Appointed)
ACN	162 843 585
ABN	36 162 843 585
Liquidator:	Aaron Lucan
Date of Appointment:	14 October 2024
Trading Name:	N/A
Directors Names:	Rana, Wajahat Ali & Jawaid, Muhammad Khurram & Aziz, Kashif
Secretary:	Wajahat Ali Khan Rana
Shareholders:	Muhammad Khurram Jawaid; Wajahat Ali Khan Rana; Kashif Aziz
Date of Incorporation:	14 March 2013
Registered Office:	149 Riverstone Road Riverstone NSW 2765
Principal Place of Business:	149 Riverstone Road Riverstone NSW 2765
Registered Security Interests:	<ul style="list-style-type: none"> - Mercedes-Benz Financial Services Australia Pty Ltd - Australian Secure Capital Fund Ltd - The Trust Company (Pta) Limited - Grosvenor Street Services Pty Ltd - Bizcap Au Pty Ltd - Amal Security Services Pty Limited - Shabnam Rana
Acting as Trustee?	N/A
Related Parties:	See Section 1.1 of this report

3 Financial Position

Financial Position Summary

The following tables summarise the results of our preliminary investigations into the financial position of the Company. A potential dividend is set out at the end of the financial position statement table.

	Note	Books and Records	Low Estimate	High Estimate
		\$	\$	\$
Tangible Assets				
Interest in Land (Equity)	1	40,735,225	0	TBD
Debtors	2	11,340,483	0	TBD
Cash at Bank	3	9,250	0	0
Plant and Equipment	4	0	0	0
Motor Vehicles (Equity)	5	0	0	0
Other Assets	6	0	0	0
Total Tangible Assets		52,084,958	0	0
Upfront Indemnity	7	N/A	0	10,000
Voidable Transactions	8	N/A	0	0
Insolvent Trading	9	N/A	0	TBD
Total Resources Available		52,084,958	0	10,000
Priority Creditors				
Wages and Superannuation (including SGC)		8,951	8,951	8,951
Annual Leave & Long Service Leave (LSL)		0	0	0
Redundancy & Pay in Lieu of Notice (PILN)		0	0	0
Total Priority Creditors	10	8,951	8,951	8,951
Non Priority Creditors				
Non-Priority Creditors	11	80,000,794	88,202,844	88,202,844
Insolvent Transaction Claims	8	N/A	0	TBD
Total Non Priority Creditors		80,000,794	88,202,844	88,202,844
Secured Creditors	12			
Total Resources Available			0	10,000
Less				
Appointee's expenses			1,250	1,250
Cost of Liquidation			55,000	55,000
Available for Distribution			0	TBD
Available for Wages & Superannuation			-	TBD
Dividend for Wages & Superannuation			0 Cents/\$	TBD
Available for Non Priority Creditors			-	TBD
Dividend to Non Priority Creditors			0 Cents/\$	TBD

3.1 Financial Position Notes

1. Interest in Land

The Company owned and developed real property located at 171 – 73 Boundry Road, Box Hill and 121 – 123 Boundry Road, Box Hil (“**Property**”). I have conducted land title searches in New South Wales and Victoria under the Company’s name and confirm that the Company does not own any other real property.

The Company was in the process of completing a residential subdivision on the Property prior to my appointment. I understand from discussions with the Directors that the development is largely completed.

Grosvenor Street Services Pty Ltd as trustee for the Box Hill Security Trust (“**Grosvenor**”) holds a first mortgage on the Property. In September 2023, the Grosvenor advanced \$46,282,000 to the Company. As at 30 September 2024, the balance owed to the Grosvenor was approximately \$53,040,898.

Grosvenor appointed Controllers to 95 lots owned but the Company in May 2024 and I understand they are undertaking a sale program. To date the Controllers have not provided me with details information about their sale program or the timeline for completion of the program.

Upon completion of the sale program, I will obtain records from the R&M so that I can determine that the sale process undertaken was appropriate and that the price obtained was the best reasonably possible in the circumstances.

A further update will be provided upon the conclusion of the sales campaign.

Registered Caveats

Most of the Company’s properties have a number of caveats registered against them with regard to guarantees given by the Company to other companies in the Group. Caveats have been registered by the following lenders:

- Australian Secure Capital Fund Ltd
- Bizcap AU Pty Ltd
- Balanced Securities Limited
- AMAL Security Services Pty Ltd

I have not yet undertaken an assessment to determine whether these caveats are valid and enforceable. Further, as sale programs for the majority of the Groups assets are still ongoing, I am unable to determine if it is likely that these lenders will suffer shortfalls from the sale of their primary securities that will lead to them making a claim against the Company’s Property.

Customer Instalment Contracts

The Company’s financial accounts record payments totalling \$20,954,087 made to the Company from Customers under instalment contacts. These claims are potentially secured claims subject to a purchaser’s lien and I note that a number of customers have lodged caveats against the Company’s Property.

In the event that there is a recovery in this matter, I will obtain legal advice on this issue and, if appropriate pay creditors entitled to a lien in priority to other unsecured creditors.

2. Debtors

Intercompany Loans

The Company’s financials show intercompany loan as following:

Receivables	Owed to the Company (\$)	Owed by the Company (\$)
Hume Homes	506,650	138,863
Qartaba Homes	5,611,261	17,196,186
Hume Estate Agent	10,000	0
Tarneit Developer	185,000	0
Epping Developers	14,000	59,602
9th Avenue Pty Ltd	1,288,699	0

Kembla Homes	355,100	134,800
Jade Homes	1,354,000	120,000
Total Receivables	9,324,710	17,649,450

The Company's MYOB records have not been fully reconciled, and as a result, I am unable to provide an accurate assessment of the balance of the intercompany loan accounts at this stage.

I have not yet determined the final asset and liability position for each of the Group Companies. Accordingly, at this stage the potential recovery from these loans is not known.

3. Cash at Bank

The Director advised that the Company operates a bank account with CBA.

I have written to CBA requesting details of any account operated by the Company. CBA confirmed that the Company held accounts with them with a credit balance of \$12. It is not commercial to collect such a small amount.

Therefore, there will be no recovery from this source.

4. Plant and Equipment

My investigations did not locate any Plant and Equipment owns by the Company.

5. Motor Vehicles (Equity)

A motor vehicle search through transfer for NSW identifies a motor vehicle registered under the Company's name, being 2018 Mercedes-Benz GLE350D (the "**GLE350D**").

My Investigation is as follows:

Description	Estimated Value (\$)	Payout(\$)	Estimated Net Equity (\$)
2018 GLE350D	35,000	53,400	0

Please refer to the secured creditor section for further information about the vehicle.

6. Other Assets

My searches and investigations have not identified any other assets owned by the Company.

These searches include:

- Title searches in New South Wales
- Motor vehicle searches
- ASIC searches
- Share registry searches
- Bank searches
- PPSR searches

7. Upfront Indemnity

As disclosed in my Declaration of Independence, Relevant Relationships and Indemnities annexed to my Initial Advice dated 28 October 2024, the Directors agreed to provide an indemnity up to a cap of \$10,000 in the event that the assets of the Company are insufficient to pay my remuneration and expenses in full. To date I have not received any upfront indemnity paid into my nominated trust account.

8. Voidable Transactions

The preliminary results of our investigations into voidable transactions are set out in section 4 of this report.

9. Insolvent Trading

Details regarding our investigations into insolvent trading are set out in the section 4 of this report.

10. Priority Creditors

Under the Act, employee entitlements have a priority over other unsecured creditors. The Company's records disclose that there are outstanding employee entitlements of approximately \$8,951. Those outstanding employee entitlements have differing priorities of payment in the case of a dividend payment to employees. The employee entitlement debts are broken up below in the order of priority as follows:

Wages and superannuation (including SGC)	\$ 8,951
Annual Leave & Long Service Leave (LSL)	\$ 0
Redundancy & Pay in Lieu of Notice (PILN)	\$ 0

I am currently reviewing the Company's books and records to verify amount owing to employees.

The Australian Taxation Office will lodge a claim on behalf of employees for any outstanding superannuation, including the relevant superannuation guarantee and interest charges. Employees should refer to the Fair Entitlements Guarantee Section below with respect to any outstanding wages, leave and termination entitlements.

Employee Entitlements & the Fair Entitlements Guarantee (FEG)

If it is expected that insufficient funds will be recovered to enable a full distribution to employees, the Fair Entitlements Guarantee ("FEG") scheme may be of assistance to employees.

The FEG scheme assists employees with outstanding entitlements that become due because of employers becoming insolvent. However, assistance under the FEG scheme can only be obtained once the Company has been placed into liquidation.

The scheme provides assistance with regard to the following employee entitlements:

- up to a maximum of 13 weeks unpaid wages for the period prior to the appointment of the Liquidator;
- unpaid annual leave;
- unpaid long service leave;
- up to a maximum of 5 weeks unpaid payment in lieu of notice; and
- up to a maximum of 4 weeks unpaid redundancy entitlement for each completed year of service.

If employees need to contact the FEG department, their details are as follows:

Website: www.dewr.gov.au/fair-entitlements-guarantee
 E-Mail: feg@dewr.gov.au
 Phone: 1300 135 040

In the event that it is established that there are outstanding employee entitlements my office will be liaising with the FEG department to assist with the calculation and verification of entitlements. In the interim, employees should contact us with details of their outstanding entitlements.

11. Unsecured Creditors

A list of the other known non priority creditors is as follows:

Creditor Name	Estimated Debt Amount (\$)	Related (Y/N)
9th Avenue Pty Ltd (In Liquidation) c/- Worrells	1,480	Y
Abdul Hameed Kherkhah, Rahima Kherkhah, Nazia Afzali, Dewa Kherkhah	TBD	N
Adnan Syed Muhammad and Mehwish Jabeen	1,000,000	N
Afroza Hussain	TBD	N
AL Ameen Investments	TBD	N
Aliya Batool Kazmi and Tehseen Mujtaba Punjwani	TBD	N
Ammra Hamid	905,000	N
Anwar Ali	TBD	N
Asher Sami & Fareha Ahmad	TBD	N
Ashraf Md uddin & Akhter Jahan as Trustees for Beisnillah Super Fund	TBD	N

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Ashraf Sidiq	TBD	N
Atiqur Rahaman	246,900	N
Austral Developers Pty Ltd (In Liquidation) c/- Worrells	503,720	N
Australian Taxation Office (Insolvencies)	39,968	N
Azaz Un Nabi & Aamina Un Nabi As Trustee For Un Nabi Superfund - Duplicate	TBD	N
Azaz Un-Nabi & Aamina Un-Nabi	972,800	N
Bligh Street Pty Ltd (Receivers and Managers Appointed) (In Liquidation) c/- Worrells	272,500	Y
Epping Developers Pty Ltd (In Liquidation) c/- Worrells	272,878	Y
Farhan Adeel Khalil & Samreen Irfan	TBD	N
Fawwad Qaiser	TBD	N
Glo-Commerce Pty Ltd as trustee for Khurshid and Sabrin Family Super Fund	TBD	N
Habib Rehman	TBD	N
Iqbal and Associates Pty Ltd As Trustees For Iqbal Associates Superannuation Fund	TBD	N
Ishfana Zainul Karachiwala and Rashida Abbas Ratlamwala	TBD	N
Jawairia Anas Zia	395,900	N
Kaleem Ahmed Mirza, Idrees Ahmed Khan , Ayesha Idrees Khan & Raheela Mirza as Trustees for Future Benefit Superfund	269,000	N
Kembla Homes Pty Ltd (Receiver and Manager Appointed) (In Liquidation) c/- Worrells	357,000	Y
Leith Sabri and Nafisath Banu Ali	396,553	N
Mariam Sultani	TBD	N
Masood Ali Ansari and Faiza Ilyas As Trustees of Ansari & Family Superfund	TBD	N
Md Nazmul Hasan , Mir Mahabub Hossain and Iqram Ahmed Dhali	TBD	N
Md Nazmul Huda, Maimuna Musarrat	TBD	N
Meena popal	TBD	N
Mehwish Fakhar and Fakhar Masud	TBD	N
Mohamad Ausif Niyasudeen, Mohamad Ausif Niyasudeen & Nasreen Bano ATF Nasreen & Ausif Family Super Fund	TBD	N
Mohammad Salim Olime	TBD	N
Moin and Sajeda Mansuri Family Superfund	930,000	N
Mosin Russell	900,000	N
Muhammad Asif, Muhammad Khurram & Mansoor Ali as Trustees for Umberalla Super Fund	TBD	N
Muhammad Awais Ansari	935,000	N
Muhammad Shakibur Rahman and Sadia Hossain	TBD	N
Muhammad Waqas and Sofia Sidiq	TBD	N
Mujtaba Abbas Punjwani & Tehseen Mujtaba Punjwani as Trustee of Punjwani Super Fund and Syed Zaim Raza Kazmi & Aliya Batool Kazmi as trustee of Kazmi's Super Fund	1,000,000	N
Mumtaz Hussain	TBD	N
Munira Abbas	TBD	N
Nabila Sidiq	TBD	N
Nadeem Ahmed Mirza and Muzaffar Mirza as Trustees for WHM Superannuation Fund	286,000	N
Nadeem Raza	TBD	N
Nadeem Raza - Duplicate	TBD	N
Nahid Azad , Masud Hossain & Ishmam M Masud as Trustees of Al Falah Super Fund	TBD	N
Nasir Mahmood Khan	1,000,000	N
Nauman Ahmad Shah , Tanzeel ur Rehman, Noman Jaffery and Tanveer Sattar As Trustees For Nooray Butayr Super Fund, Nauman Ahmad Shah, Tanzeel Ur Rehman	TBD	N
Nawab Taimur Ahmed and Moeen Ahmad	TBD	N
Nazim Chaudhry	TBD	N
NSW Office of State Revenue	1,319,620	N
Omair Khalid, Nabiha Omair & Khalid Mohammed as Trustees for Naya Pakistan	286,400	N
Omair Khalid, Nabiha Omair & Khalid Mohammed as Trustees for Naya Pakistan - Duplicate	TBD	N

Qartaba Homes Pty Ltd (Receivers and Managers Appointed) (In Liquidation) c/- Worrells	70,494,853	Y
Riaz Ul-Islam Super Fund and Samrana Riaz	0	N
Sayed Owais	0	N
Sayed Owais & Farzana Sahely	0	N
Shabnam Rana	TBD	N
Shafiqul Islam	TBD	N
Shahbaz Ahmad Saleemi & Sumrah Shahbaz As Trustees of Milestone Superannuation Fund And Shahbaz Ahmad Saleemi & Sumrah Shahbaz, Supreme Property Investment Pty Ltd	500,000	N
Shenky Zahery	TBD	N
Sorash Hassan and Darakshan Batool Hassan	TBD	N
Syed Fawwad Qaiser, Yusra Hassan as Trustees for Fawwad and Yusra Super Fund and Syed Fahad Qaiser, Syeda Nazish Fahad as Trustees for Abbad Musfirah Super Fund	950,000	N
Syed frough Nowmani	TBD	N
Syed Zaim Raza kazmi	2,000,000	N
Talib Investments Pty Ltd	TBD	N
Talib Investments Pty Ltd A/F Talib Investments Superfund	358,500	N
Tarik Helmey	TBD	N
Tarneit Developers Pty Ltd (Receivers & Manager Appointed) (In Liquidation) c/- Worrells	62,800	Y
Tashkeel Zubair & Shamima Tashkeel	TBD	N
Tashkeel Zubair & Shamima Tashkeel as Trustees for Tashkeel Super Fund	TBD	N
The Hills Shire Council	TBD	N
The Trustees of Reliance Super Fund	900,000	N
Usman Hameed & Asma Usman	296,404	N
Vestone Capital	11,568	N
Yousuf Ismail Changi and Mohammed Changi	338,000	N
Zahir Hussain	TBD	N
Zaid Bilal	0	N
Zainab Ali Anzi and Tabah Alharbi	0	N
Zeeshan Abbas Shah	TBD	N
Zehra Hussain Karimi	TBD	N
Zia Nawaz Bhadiar, Omer Nawaz, Rohma Arif and Sana Arif As Trustees of BHADIAR Superfund & Bhadiar Investment Pty Ltd As Trustee of Bhadiar Family Trust	TBD	N
Total	88,202,844	

Creditors who have not already done so are requested to lodge a Proof of Debt with our office.

12. Secured Creditors

A search of the Personal Property Securities Register ("PPSR") to identify parties with registered security interests. I have written to the parties requesting details of their securities. The status of the security is as follows:

Secured Creditor	Status	Amount (\$)	Comments
Mercedes-Benz Financial Services Australia Pty Ltd ("Mercedes-Benz Financial Services")	Discharged	0	<p>Mercedes-Benz Financial Services hold a PMSI against 2018 GLE350D.</p> <p>Mercedes-Benz Financial Services confirmed that the current payout is \$53,400. An estimate of the value obtained from the Redbook suggest a similar vehicle is valued around \$35,000.</p> <p>I have disclaimed the vehicle due to there being no equity and anticipated that claim of \$18,400 from Mercedes-Benz.</p>

Australian Secure Capital Fund Ltd (" ASCF ")	Valid	2,000,909	<p>ASCF held an ALLPAAP over the assets of the Company.</p> <p>ASCF confirmed that the balance owed to the ASCF was approximately \$2,000,909.</p> <p>Controllers have been appointed and a sale process commenced.</p> <p>As such, a further update will be provided after the conclusion of the sales program.</p>
The Trust Company (PTAL) Limited	Unknown	Unknown	<p>The Trust Company (PTAL) Limited held an ALLPAAP over the assets of the company.</p> <p>I have requested the details of their security. I have not yet received a response.</p>
Grosvenor Street Services Pty Ltd (" Grosvenor ")	Valid	53,040,898	<p>Grosvenor held an ALLPAAP over the assets of the company.</p> <p>Grosvenor confirmed that the balance owed to the Grosvenor was approximately \$53,040,898.</p> <p>Controllers have been appointed and a sale process have been commenced.</p> <p>As such, a further update will be provided after the conclusion of the sales program.</p>
Bizcap Au Pty Ltd (" Bizcap ")	Valid	931,963	<p>Bizcap held an ALLPAAP over the assets of the company.</p> <p>Bizcap confirmed that the balance owed to the Bizcap was approximately \$931,963.</p> <p>Controllers have been appointed and a sale process have been commenced.</p> <p>As such, a further update will be provided after the conclusion of the sales program.</p>
Amal Security Services Pty Limited (" Amal Security Services ")	Unknown	Unknown	<p>Amal Security Services held an ALLPAAP over the assets of the company.</p> <p>I have requested the details of their security. I have not yet received a response.</p>

Registered Security Interests (including Retention of Title claims)

A creditor must have their interest validly registered against the Company on the national PPSR to enforce any security interest over Company's assets (for example: unpaid stock under a retention of title clause).

If the security interest has not been properly registered or registered in time, the relevant asset will not be available to the creditor but instead vest in the Company.

The registrations I have identified on the PPSR are listed in the Statutory Information table in section 2 of this report. I ask that any additional creditors claiming a security interest contact our office immediately with copies of their PPSR registration certificate, outstanding invoices, list of the goods supplied to the Company but not yet paid for and any credit application completed by the Company. No items will be returned to creditors until this office has verified the validity of any claims.

4 Investigations and Insolvent Transactions

4.1 Adequacy of Books and Records

I have made enquiries with the director s about the types of records kept by the Company and made a preliminary assessment of their adequacy.

	Yes	No
Adequate Trading Budgets and Cash Budgets	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Regular Internal Management Statements	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Preparation of Quarterly Financial Statements	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Last Year Tax Return Lodged	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Detail Aged Trade Debtors Ledger Maintained	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Detail Aged Trade Creditors Ledger Maintained	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Use of External Accountant	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Dedicated Internal Accountant	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Basic Source Documentation (i.e. Bank statements, invoices etc)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Failure to maintain proper books and records in accordance with section 286 of the *Corporations Act 2001* provides a rebuttable presumption of insolvency. A Liquidator can rely upon this presumption in an application for compensation for insolvent trading.

	Yes	No
Do these records comply with Section 286 of the Act?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

4.2 Solvency Examination

Corporations Act Section 95A

Part of my role is to conduct an examination of the Company's solvency to determine when the Company first became insolvent. This examination is preliminary and based on the best information available at this time.

My assessment of the Company's financial position has been limited due to the lack of Company books and records. However, it appears that the Company become insolvent by at least November 2023 when it defaulted on its obligations under existing loan agreements.

To form a more conclusive opinion on the timing and causes of the Company's insolvency, it would be necessary to undertake the following investigations:

- Obtain as much evidence as possible in relation to the Company's financial position and performance as well as other qualitative indicators of insolvency, such as recovery action by creditors and arrears of taxation and other statutory liabilities. This would require me to source further books and records.
- Performing an analysis of the Company's financial position and performance to identify the point at which the Company could no longer pay its liabilities as and when they fell due for payment, as part of which it may be necessary to reconstruct and/or prepare financial accounts for the Company.
- Assessing the probative value of, and drawing conclusions from, any qualitative indicators of insolvency.

4.3 Offences, Recoverable transactions and Insolvent Trading

To reduce the amount of generic information provided in reports such as this, the ARITA has released an information sheet with explanations about voidable transactions, insolvent trading and offences. You should refer to the information sheet, included in the annexures, if you require additional explanation beyond what is included below.

Voidable Transactions

Voidable transactions are only available to a Liquidator. Voidable transactions include:

- Preferential payments
- Uncommercial transactions
- Creditor defeating dispositions
- Unreasonable director-related transactions
- Unfair loans
- Certain security interests

I have considered whether certain transactions made by the Company may be voidable. These views are preliminary, but we have to estimate a potential recovery using this information available to us for the purposes of this report.

The Company's MYOB records have not been fully reconciled, and as a result, I am unable to provide an accurate assessment of inter-company transaction.

I have considered whether certain transactions made by the Company may be voidable.

a. Unfair Preference

I have not identified any claims to date and will advise creditors if there is any change to this position.

b. Uncommercial Transactions

The Company records disclose that the Company sold a number of properties to related parties. I am currently investigating the circumstance of these sales to confirm that the properties were sold for fair market value and the transactions were completed on fair commercial terms.

If the sales were completed on uncommercial terms, it may give rise to a potential claim seeking compensation or return of the property.

c. Unreasonable director-related transactions

Please refer to section b above.

d. Creditor defeating dispositions

Please refer to section b above.

e. Certain security interests

I have not identified any claims to date and will advise creditors if there is any change to this position.

Insolvent Trading

Corporations Act Section 588G

Many creditors will be aware of the concept that directors may be held liable for Company debts incurred at a time when the directors should have known that the Company was insolvent. Under those circumstances, section 588M gives the Liquidator the right to recover compensation from directors for debts.

The initial part of my investigation lies with proving the date of insolvency. This has been set out in 4.2 earlier in this report. The second part of that preliminary assessment is to determine what unpaid debts were incurred after the date of insolvency.

Findings

Date of suspected insolvency – November 2023

Amount of unpaid debt incurred after the date of suspected insolvency – \$2,235,008

The following investigations are required to determine whether there is a claim against the directors for insolvent trading and, if there is, whether there is any merit in pursuing the claim:

- I need to conclusively determine when the Company first became insolvent, or in the alternate, I would need to confirm that the presumption of insolvency is available in this liquidation due to deficiencies in the books and records. As outlined in the section headed “Solvency”, further investigations are required to form a view on these matters.
- It is necessary to quantify the unpaid debts of the Company which were incurred after the Company became insolvent (or was presumed to have been insolvent), which would determine the value of the claim for insolvent trading. I cannot complete this task until a conclusion has been reached on the Company’s insolvency.
- To justify the considerable cost of pursuing an insolvent trading claim against the director (which is a completely separate from any action which ASIC can take for the offence of insolvent trading), I must be satisfied that the directors has the financial capacity to satisfy a claim. I understand the directors may not have capacity to cover any such claim if made against them.
- Lastly, I need to have regard to the possibility that, even if I have an insolvent trading claim against the directors, they may be entitled to invoke the defences in section 588H. This issue has yet to be considered.

Defences to Insolvent Trading

There are defences available to insolvent trading, explained further in the ARITA information sheet. These include reasonable presumptions or steps taken, reliance on others or illness.

Safe harbour provisions may also be available where, prior to the appointment, there was a course of action being undertaken that was reasonably likely to lead to a better outcome for the Company. Strict conditions must be met for this to be available.

I am not aware of any defences available at this time.

Directors' Potential to satisfy Claim

I have undertaken investigations into the Director’s personal financial position and have formed the view that it is likely that the Directors have limited potential to satisfy an insolvent trading claim were one to be brought against them.

Other potential recoveries

Matters discussed in this report may also constitute a breach of Director’s Duties by the directors pursuant to the Act. The main Director’s Duties include:

- Section 180 – Duty to exercise care and diligence.
- Section 181 – Duty to exercise powers and discharge duties in good faith.
- Section 182 – Duty to not improperly use their position.

If a breach of Director Duties is identified, then it can enliven a claim against the Director for compensation for the amount of loss suffered by the Company. For reasons outlined in this report, it is difficult to quantify the potential loss suffered by creditors. I consider that legal advice would be required in order to determine this position.

There are limited funds in the liquidation to indemnify me for the cost of conducting further detailed investigations into the above matters, seek legal advice and, if warranted, pursuing legal proceedings with respect to any potential claims identified. I refer creditors who would be willing to contribute to my costs to the request for funding in Section 5 of this report.

I have not identified any other potential recoveries in the liquidation.

If there is a particular matter you believe should be investigated, please contact my office and provide as much information as you can, including all known dates, amounts and parties involved.

Offences under the Corporations Act

Under the provisions of the Corporations Act, I must investigate any potential offences and report those offences to the Australian Securities and Investments Commission for its consideration. my preliminary investigations have shown the following potential offences:

	Yes	No
Contravention of Care and Diligence (s180)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Contravention of Good Faith (s181)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Contravention of Use of Position (s182)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Contravention of Use of Information (s183)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Contravention of Good Faith, Use of Position and Information (s184)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Director Failure to submit ROCAP (s475)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Failure to Assist (s530A)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Insolvent Trading (s588G)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Creditor defeating disposition (s588GAB)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Non-Disclosure, misrepresentation on certain matters (s590(1))	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Knowingly receiving property (s590(5))	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Frauds by Officers (s596)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Falsification of books (s1307)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
False or Misleading Statement (s1308)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
False information (s1309)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

A report pursuant to 533 of the Act will be lodged with the ASIC. This report details my findings in my preliminary investigations regarding the above potential offences. This report is confidential between the Liquidator and ASIC and accordingly I have not discussed these issues in detail.

5 Request for Funding for Public Examination/Further Actions

A public examination is one method by which I can broadly investigate the Company's history and affairs in order to, amongst other things, identify any potential claims. A public examination is one of the most powerful investigatory tools available to a Liquidator as it requires the examinee to attend Court where they can be cross-examined on matters relating to the affairs of the Company. The examinee's evidence is given on oath and may be used in a subsequent legal proceeding. In this instance, a public examination of the director would enable me to gather information about a range of issues, including the nature of the Company's business, the timing and cause(s) of its failure, the nature and extent of its assets and whether the Company sold or otherwise disposed of any of its assets.

Unfortunately, there are insufficient funds in the Liquidation for the cost of conducting a public examination.

If any creditors are prepared to provide funding to meet the cost of a public examinations ("Indemnity Funding"), I request that they contact this office within 14 days of the date of this advice to discuss the purpose and extent of that funding. An estimate of my costs can be provided on request by any creditor that expresses a genuine interest in providing Indemnity Funding.

A creditor that has provided Indemnity Funding ("Indemnifying Creditor") can make an application to Court under section 564 of the Act for an order that it be repaid the Indemnity Funding and receive a dividend in priority to other creditors in consideration for the risk it has assumed. However, any return to an Indemnifying Creditor can only be from the funds in the Liquidation. Therefore, there is considerable risk that there will be no return to an Indemnifying Creditor whatsoever. For the avoidance of doubt, this means that the Indemnity Funding may not be repaid and will, in effect, be forfeited.

If creditors are not willing to contribute to my costs then I may undertake limited, or possibly no, further action in relation to the matters discussed in this advice and proceed to finalise the Liquidation without further notice. Alternatively, if I elect to investigate and pursue any meritorious claims, then I may, at my discretion, compromise the claims on such terms as I deem appropriate or abandon their pursuit altogether. Additionally, I may obtain financial accommodation from a litigation funder and/or engage a solicitor to act on a success basis if I deem it appropriate to engage in litigation to pursue a claim. If so, a litigation funder will levy a fee of up to 30 percent or more of the net proceeds of the proceeding and a solicitor may charge

a premium on their professional fees. These additional costs would significantly erode the return from the proceeding.

6 Likelihood of a dividend

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

- The size and complexity of the Liquidation;
- The amount of assets realisable and the costs of realising those assets;
- 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 it is unknown if a dividend will be payable to creditors. Whether a dividend will be payable is dependant upon recovery of the surplus funds from the sale of the Company's property and recovery of its debtors. Details of how this amount is calculated are shown on the Financial Position Statement.

If a dividend is going to be paid, you will be contacted before that happens and, if you have not already done so, you will be asked to lodge a proof of debt. This formalises your claim in the Liquidation and is used to determine all claims against the Company.

7 Receipts and Payments to date

To date, there were no receipts or payments made in this Liquidation.

8 What happens next?

I will proceed with the Liquidation, including:

- Recover any further available property;
- Complete my investigations into the Company's affairs;
- Complete my reporting to the corporate insolvency regulator, ASIC; and
- If required, I will issue a further report to creditors on the results of investigations.

I may write to you again with further information on the progress of the Liquidation.

I expect to have completed this Liquidation within 24-36 months.

Please contact my office should you have any queries. Further information can also be found on my website.

Yours faithfully,



Aaron Lucan
Liquidator

Annexures

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B.	List of proofs of debt received	22
C.	Proof of Debt Form	24

A. ARITA Voidable Transactions Information Sheet

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) / 453F / 475(9) / 497(4) / 530A – 530B	Failure by directors to assist, deliver records and provide information.
438C(5) / 477(3) / 530B	Failure to assist, deliver up books and records and provide information.
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, or three months if a simplified liquidation process is adopted. 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.

**Must be greater than \$30,000 for unrelated creditors in a simplified liquidation*

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 director may also be able to avail themselves of safe harbour, if they meet certain conditions.

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 external administration should be directed to insolvency practitioner's office.