

**Qartaba Homes Pty Ltd (Receivers And Managers Appointed)
(In Liquidation)
(the “Company”)****ACN 147 630 948
ABN 30 147 630 948****File details**

Name of Liquidator:	Aaron Lucan
Date of Appointment:	24 October 2024
Trading Name:	N/A
Is the Company still trading?	No
Directors Names:	Wajahat Ali Khan Aana Kashif Aziz Muhammad Khurram Jawaid
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?

At this stage it is too early to determine if a dividend will be paid to 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.

WESTERN SYDNEY
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File information



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

Enter: **QARTABA HOMES PTY LTD (RECEIVERS AND MANAGERS APPOINTED)**

Password: **wp35386**

An annual administration return was lodged with ASIC on 25 November 2024

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

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1 Overview

This report to creditors concerns the Liquidation of Qartaba Homes Pty Ltd (Receivers And Managers Appointed) which commenced on 24 October 2024.

1.1 Background

I refer to my Initial Advice to Creditors provided to creditors on 21 November 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.

Qartaba Homes Pty Ltd (Receivers and Managers Appointed)

The Company was incorporated on 30 November 2010 and acted as the main company in the main or head company in the Group. The Company owned the name and brand of Qartaba Homes and undertook a number of developments in its own capacity. It also supported the other special purpose entities in the Group with head office support and financial support by way of loans.

At the time of my appointment, the Company had a number of development projects in progress, with each in various states of completion.

Each of the Company's properties is subject to a mortgage by a secured creditor and for the majority of the properties, the mortgagee has taken possession or appointed a controller or receiver to realise the property.

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?



I am 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:	Qartaba Homes Pty Ltd (Receivers And Managers Appointed)
ACN	147 630 948
ABN	30 147 630 948
Liquidators:	Aaron Lucan
Date of Appointment:	24 October 2024
Trading Name:	N/A
Directors Names:	Wajahat Ali Khan Rana Kashif Aziz Muhammad Khurram Jawaid
Secretary:	Muhammad Khurram Jawaid
Shareholders:	Wajahat Ali Khan Rana Kashif Aziz Muhammad Khurram Jawaid
Date of Incorporation:	30 November 2010
Registered Office:	149 Riverstone Road Riverstone NSW 2765
Principal Place of Business:	149 Riverstone Road Riverstone NSW 2765
Registered Security Interests:	Balanced Securities Ltd Aquamore Credit Equity Pty Ltd Blue River Finance Pty Metro Finance Pty Limited The Trust Company (Pta) Limited Sargon Ct Pty Ltd Volkswagen Financial Services Australia Pty Limited Toyota Finance Australia Ltd Pacific 8 Pty Ltd Australian Secure Capital Fund Ltd Amal Security Services Pty Limited Rana, Shabnam ASCF Managed Investments Pty Ltd
Acting as Trustee?	No
Related Parties:	Please refer to section 1.1

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	86,840,889	0	TBD
Debtors	2	193,043,593	0	TBD
Cash at Bank	3	309	0	0
Plant and Equipment	4	985	0	0
Motor Vehicles (Equity)	5	0	0	0
Other Assets	8	0	0	0
Total Tangible Assets		279,885,776	-	-
Upfront Indemnity	9	N/A	0	10,000
Voidable Transactions	10	N/A	0	0
Insolvent Trading	11	N/A	0	0
Total Resources Available		279,885,776	-	10,000
Priority Creditors				
Wages and Superannuation (including SGC)		0	277,752	277,752
Annual Leave & Long Service Leave (LSL)		0	TBD	0
Redundancy & Pay in Lieu of Notice (PILN)		0	TBD	0
Total Priority Creditors	12	-	TBD	277,752
Non Priority Creditors				
Insolvent Transaction Claims		N/A	0	TBD
Unsecured Creditors	13	97,569,399	172,018,720	172,018,720
Total Non Priority Creditors		-	-	-
Secured Creditors	14	320,882,692	TBD	TBD
Total Resources Available			-	TBD
Less				
Appointee's expenses			2,300	2,300
Cost of Liquidation			170,281	250,000
Available for Distribution			-	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

At the time of my appointment, the Company had a number of ongoing residential development projects in various states of completion. The following projects were on foot at the time of my appointment.

- at Davis Road, Tarneit VIC, comprising 610 to 640 David Rd Tarneit VIC and 155 Kenning Street Tarneit VIC (the “**David Road Development**”)
- at Leakes Road, Mount Cottrell VIC, comprising 1070 to 1090 Leakes Rd Mount Cottrell VIC 3024 (the “**Leakes Road Development**”)
- at 123 Willow Road, Redbank Plains QLD (the “**Willow Road Development**”)
- in Pakenham VIC (the “**Pakenham Development**”)

The Company also owned a number of real properties at the time of my appointment:

- 2 Medina Street Schofields NSW 2762 (the “**Medina Street Property**”)
- 40 and 48 Quill Street, Riverstone NSW (the “**Riverstone Properties**”)
- 20 William Street Grantham Farm NSW 2765 (the “**William Street Property**”)

I have conducted land title searches in New South Wales, Victoria and Queensland 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.

David Road Development

Balance Security Limited (“**Balance Security**”) hold a first mortgage on the Davis Road Development . As of 29 October 2024, Balance Security confirmed the balance owed to them as at the date of my appointed was \$27,626,914.

I understand that the Company obtained a planning permit for 220 residential lots but had not commenced any substantial development works.

Balance Security have taken possession of the Davis Road Development, and are currently undertaking a sale program.

Upon completion of the sale program, I will obtain records from Balanced Securities 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

The Davis Road Development has a number of caveats registered against it in relation to loans the Company took out over other development projects, and guarantees given by the Company to other companies in the Group. Caveats have been registered by the following lenders:

- Woodbridge Capital Pty Ltd
- Australian Secure Capital Fund Ltd
- Pacific 8 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

I am aware of a number of customers who entered into instalment contacts with the Company for the purchase of completed residential lots have in the Davis Road Development. These claims are potentially secured claims subject to an equitable purchaser's lien and I note that a number of customers have lodged caveats against the Company's Property.

In the event that there are surplus funds available to the Company from the sale of the Davis Road Development, I will obtain legal advice on this issue and, if appropriate, pay a distribution to the creditors entitled to a lien in priority to other unsecured creditors.

Leakes Road Development

I understand that the Company obtained development approval for 106 residential lots and that development was substantially complete at the time of my appointment.

Amal Security Services Pty Ltd ("**Amal Security Services**") holds a first mortgage on Leaks Road property. As of 30 September 2024, the Balance owed to Amal Securities was approximately \$58,600,000.

Amal Security Services appointed Receivers to the Leakes Road Development. The Receivers have undertaken a sale program by expressions of interest and I understand that offers are currently being reviewed.

Upon completion of the Receiver's sale program, I will obtain records from the Receiver 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

The Davis Road Development has two caveats registered against it in relation to loans the Company took out over other development projects, and guarantees given by the Company to other companies in the Group. Caveats have been registered by the following lenders:

- Australian Secure Capital Fund Ltd
- Pacific 8 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

I am aware of a number of customers who entered into instalment contacts with the Company for the purchase of completed residential lots have in the Leakes Road Development. These claims are potentially secured claims subject to an equitable purchaser's lien and I note that a number of customers have lodged caveats against the Company's Property.

In the event that there are surplus funds available to the Company from the sale of the Davis Road Development, I will obtain legal advice on this issue and, if appropriate, pay a distribution to the creditors entitled to a lien in priority to other unsecured creditors.

Willow Road Development

The Company completed a residential development at this site prior to my appointment.

Crosonic Pty Ltd, trading as Vertex Asset Management, hold a first mortgage over the Willow Road Development.

Vertex Asset Management Funds has confirmed that they have completed a sale program, and their loan has been repaid in full. Vertex Asset Management's solicitors currently hold surplus funds of \$198,000 in their trust account. Additional, one lot remains unsold and I am in the process of liaising with the several parties who have registered caveats against the lot with regard to its realisation.

I have requested further information regarding the sale 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. I am awaiting a response.

Packenham Development

The company owns six lots in a completed residential development located on Altitude Way in Packenham

Balance Security Limited ("**Balance Security**") holds a first mortgage over each of the Packenham Development properties. As of 29 October 2024, Balance Security confirmed the balance owed to Balance Security is \$27,626,914.

At this stage, Balanced Securities have not taken any steps to realise the properties. Whether they move to realise the properties, or I take steps to do so will depend upon whether the reciliation from their other securities, which they are actively selling, pays out their security in full.

Registered Caveats

The Packenham Development property have two caveats registered against them in relation to loans the Company took out over other development projects, and guarantees given by the Company to other companies in the Group. Caveats have been registered by the following lenders:

- Australian Secure Capital Fund Ltd
- 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.

Medina Street Property

The company owns a residential lot located at 2 Medina Street Schofields NSW 2762

Balance Security Limited ("**Balance Security**") holds a first mortgage on Medina Street Property. As of 29 October 2024, Balance Security confirmed the balance owed to Balance Security is \$27,626,914 with respect to the loan provided to the Company.

At this stage, Balanced Securities have not taken any steps to realise the properties. Whether they move to realise the properties, or I take steps to do so will depend upon whether the reciliation from their other securities, which they are actively selling, pays out their security in full.

Registered Caveats

The Medina Street Property has a three caveats registered against it in relation to loans the Company took out over other development projects, and guarantees given by the Company to other companies in the Group. Caveats have been registered by the following lenders:

- Australian Secure Capital Fund Ltd
- Pacific 8 Pty Ltd and REMAC Property Investments Pty Ltd
- Pacific 8 Pty Ltd

Riverstone Properties

The Company was the registered owner of 40 and 48 Quill Street, Riverstone NSW, both residential lots. I understand that both properties have been sold by the mortgagee.

The Trust Company (PTAL) Limited ("**The Trust Company**") held a first registered mortgage on 40 and 48 Quill Steet. I have requested details of the sales from the Trust Company and am awaiting a response.

William Street Property

The Company was the registered owner of 20 William Street Grantham Farm NSW, a residential lot. I understand that the property has been sold by the mortgagee.

The Trust Company (PTAL) Limited ("**The Trust Company**") held a first registered mortgage on 40 and 48 Quill Steet. I have requested details of the sales from the Trust Company and am awaiting a response.

2. Debtors

The Company's financials show the following debtor accounts, with many of them involving related parties.

Receivables	Owed to the Company (\$)	Owed by the Company (\$)
Hume Estate	-888,035	25,897,075.47
MICL	1,435,533	70,200
Hume Estate Agent	2,376,853	2,376,853
Tarneit Developer	7,907,687	1,137,735.00
Austral Developer	17,073,702	0
GPRLLC	62,877	0
Bligh St.	16,578,375	0
Little H on Run	7,637	0
Epping Developers	16,776,156	9,730,942.68
Navi Gaddi	6,489	117
9th Avenue Pty Ltd	7,132,494	658,302
Qartaba Edu Found	51,735	0
SPIPL	787,769	0
MICL	497,400	70,200.00
Plumpton	5,387,146	5,647,508.26
Kembla Homes	50,347,364	27,173,937.80
Australasian Community	198	0
ASET	199,511	71,800.00
Riverstone Cattle	50,915	0
UAK Design	-239,628	344,643.00
Jade Homes	4,360,486	7,796,160.00
Rivers Cultural	4,020	0
ISNWS	45,298	4,000.28
Box Hill Developers	25,325	0
Hill District Dev	31,187,117	0
Southwest Developer	4,440	0
Qartaba Investment Holdings	4,470,720	0
Schofield Developers	24,133,242	59,332.76
Charity Australia	21,835	0
IFAM	33,929	0
Hawkesbury Islamic Society	3,205,006	0
Total	193,043,593	81,038,807

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.

In addition, some of these loans appear to be to companies that no longer exist, or entities I have been unable to identify. I am seeking further information from the Directors in relation to some of the debtors to determine the actual entity that owes the Company money and whether the debt is collectable.

In relation to the intercompany loans, 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 debit balance of \$309. I have added CBA to the creditor list.

Therefore, there will be no recovery from this source.

4. Plant and Equipment

The Company's MYOB records disclosed Plant and Equipment with a book value of \$71,981, comprising of old office equipment, furniture, fixtures and computers, as follows:

Description	Book Value (\$)
Office Computers	15,842
Office Furniture & Fixtures	54,084
Other Office Equipment	2,055
Total	71,981

The equipment is all quite out of date and run down. Second hand office equipment and office technology has very little realisable value and given the costs of collection and sale, there would be no recovery from this source.

5. Motor Vehicles (Equity)

A motor vehicle search through transport for NSW identified six motor vehicles registered under the Company's name.

All of the motor vehicles are subject to finance and, after account for costs of sale, there is not equity available in the vehicles.

A summary of my investigations is set out below:

Description	Estimated Value (\$)	Payout (\$)	Cost of Sale (estimate) (\$)	Estimated Net Equity (\$)
Metro Finance Pty Limited				
2013 Audi Q7	9,500	6,570	1,425	1,505
Volkswagen Financial Services Australia Pty Limited				
2021 Land Rover Range Rover Sport	100,000	146,671	15,000	0
2021 Land Rover Range Rover Sport	87,400	138,411	13,110	0
2021 Land Rover Range Rover Sport	92,425	155,935	13,864	0
Toyota Finance Australia Ltd				
2016 Hyundai iMax	15,325	18,182	2,299	0
2023 Toyota Corolla Ascent Sport Hybrid	26,500	26,736	3,975	0

I have issued disclaimers in relation to each of the vehicles and there will be no recoveries from this source.

6. Other Assets

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

These searches include:

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

Bonds

My investigation identified that the below councils hold bonds totalling \$3,082,981 paid by the Company prior to my appointment as follows:

	Amount (\$)
Blacktown City Council	1,072,320
Ipswich City Council	67,716
Melbourne Water Corporation	794,119
Shire of Cardinia	441,335
Wyndham City	707,490
Total	3,082,981

I have written to the respective councils requesting the refunds of these bonds and awaiting responses. Most of these bonds appears to relate to ongoing developments which will never be completed by the Company. As a result, it is likely that they won't be recoverable.

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 MYOB records that there are outstanding employee entitlements of approximately \$277,752. 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)	\$277,752
Annual Leave & Long Service Leave (LSL)	TBD
Redundancy & Pay in Lieu of Notice (PILN)	TBD

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. Other Non-Priority Creditors

The known unsecured creditor claims total \$172,018,720.

Annexure B contains the list of received proofs of debt. If you are not included in the list, please lodge your Proof of Debt (POD) via [File Info: Qartaba Homes Pty Ltd \(Receivers and Managers Appointed\) - Customer Portal](#).

Should a password be required, please use the following: **wp35386**

12. Secured Creditors

I conducted 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 their securities is as follows:

Secured Creditor	Status	Amount (\$)	Comments
Amal Security Services Pty Limited (“ Amal Security Services ”)	Valid	58,600,000	<p>Amal Security Services held an ALLPAAP over the assets of the Company</p> <p>Amal Security Services confirmed that the balance owed to the Amal Security Services held was approximately \$58,600,000.</p> <p>Receivers 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>
Aquamore Credit Equity Pty Ltd (“ Aquamore Credit Equity ”)	Unknown	Unknown	<p>Aquamore Credit Equity 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>
Australian Secure Capital Fund Ltd (“ ASCF ”)	Valid	9,455,940	<p>ASCF held an ALLPAAP over the assets of the Company with respect to the loan of \$1,668,460 advance to the Company with a related entity, Hume Home Pty Ltd in February 2022.</p> <p>ASCF also advanced another loan for \$1,770,244 to the Company in December 2022.</p>

			<p>ASCF confirmed that the total balance owed to the ASCF was approximately \$9,455,940 with respect to both loans.</p> <p>Controllers and Receivers 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>
Balanced Securities Ltd (the " Balance Securities ")	Valid	27,626,914	<p>Balance Securities held an ALLPAAP over the assets of the company.</p> <p>Balance Securities confirmed that the balance owed to them is \$27,626,914 with respect to the loan advance to the Company jointly with other related entities in the Group.</p> <p>Balances Securities have taken pre-session of various properties and commenced a sale process.</p> <p>As such, a further update will be provided after the conclusion of the sales program.</p>
Blue River Finance Pty Ltd (" Blue River Finance ")	In process of Withdrawal	0	<p>Blue River Finance held an ALLPAAP over the assets of the Company.</p> <p>Blue River Finance confirmed that their debt has been paid in full and they are in the process of withdrawing the registration.</p>
Crosonic Pty Ltd (" Crosonic ")	Valid	0	<p>Crosonic known as Vertex Management Funds held an ALLPAAP over the assets of the company.</p> <p>Vertex Funds Management confirmed that their debt has been paid in full and their solicitor's trust account holds a surplus amount of \$198,000.</p> <p>I have requested information in relation to the sale of assets and a surplus of held in the solicitor's trust account.</p> <p>However, I am awaiting a response to the date.</p>
Metro Finance Pty Limited (" Metro Finance ")	Disclaimed	0	<p>Metro Finance hold a PMSI against 2013 Audi Q7.</p> <p>Metro Finance confirmed that the current payout is \$6,570. An estimate of the value obtained from Redbook suggest a similar vehicle is valued around \$9,500.</p> <p>I have disclaimed the vehicle due to there being little or no equity available in the vehicle.</p>

Pacific 8 Pty Ltd (" Pacific 8 ")	Discharged	0	<p>Pacific 8 held an ALLPAAP in relation to a loan made to a related entity, Austral Developers Pty Ltd.</p> <p>Pacific 8 confirmed that they have discharged the security.</p>
Pellizzer, Giuseppe; Pellizzer, Ernesta (" Pellizzer ")	Discharged	0	<p>Pellizzers held an ALLPAAP with respect to a loan advanced to a related entity Nepean Developers.</p> <p>Pellizzers confirmed that they are in process of withdrawing the registration.</p>
Rana, Shabnam (" Shabnam ")	Invalid	0	<p>Shabnam held an ALLPAAP over all assets of the Company with respect to a loan provided to the Company.</p> <p>My investigation identified that the secured loan agreement was executed in February 2023; however, the security interest was not registered until 14 October 2024, the date of my appointment as liquidator.</p> <p>As a result, the security interest is invalid and Shabnam will be classified as an unsecured creditor in the liquidation.</p>
Sargon CT Pty Ltd (" Sargon CT ")	Unknown	Unknown	<p>Sargon CT Pty Ltd 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>
The Trust Company (PTAL) Limited ("The Trust Company (PTAL)")	Valid	0	<p>The Trust Company (PTAL) held a ALLPAAP security over assets of the Company.</p> <p>I am awaiting on my request of further information on their current security position.</p>
Toyota Finance Australia Ltd (" Toyota Finance Australia ")	Disclaimed	0	<p>Toyota Finance Australia hold a PMSI against 2016 Hyundai iMax, and 2023 Toyota Corolla Ascent Sport Hybrid</p> <p>Metro Finance has confirmed the current payout amounts are \$18,182 for the Hyundai iMax and \$28,736 for the Toyota Corolla.</p> <p>An estimate of the value obtained from the Redbook suggest a similar vehicle are valued at around \$15,325 for the Hyundai iMax and \$26,500 for the Toyota Corolla.</p> <p>As such, I have disclaimed the vehicle due to there being no equity.</p>

Volkswagen Financial Services Australia Pty Limited ("Volkswagen Financial Services")	Disclaimed	0	<p>Volkswagen Financial Services hold a PMSI against three 2021 Land Rover Range Rover Sport.</p> <p>As mentioned in Motor vehicle section, the payout figure exceeds the valuation for each vehicle.</p> <p>As such, I have disclaimed the vehicles due to there being no equity.</p>
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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 October 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 or unreasonable terms, it may give rise to potential claims 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 0 earlier in this report. The second part of that preliminary assessment is to determine what unpaid debts were incurred after the date of insolvency.

Date of suspected insolvency – at least from October 2023

Amount of unpaid debt incurred after the date of suspected insolvency – approximately \$12,580,000

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.

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 checked="" type="checkbox"/>	<input type="checkbox"/>
Contravention of Use of Position (s182)	<input checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>
Creditor defeating disposition (s588GAB)	<input checked="" type="checkbox"/>	<input 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 from a number of voidable transactions claims that may be available to me. 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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C.	Proof of Debt Form	36

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.