

6 March 2020



Seiko Holdings Pty Ltd ACN 623 258 962 (In Liquidation) (“the Company”)

STATUTORY REPORT TO CREDITORS

Company Details	
Company Name	Seiko Holdings Pty Ltd (In Liquidation)
ACN	623 258 962
Date of Incorporation	6 December 2017
Date of Liquidation	6 December 2019
Director Name	Rinki Jaswal
Shareholder Name	Rinki Jaswal
Registered Office	Unit B205, 19 Herdsman Parade, Wembley WA 6014
Principal Place of Business	The Boardwalk, 1&2/1 Railway Terrace, Rockingham WA 6168
Nature of Business	The Company operated a café in Rockingham and ceased to operate prior to the appointment of Liquidators.
Liquidators' Details	
Names	Ian Charles Francis Daniel Hillston Woodhouse
FTI Contact	Georgina Wright
FTI Contact phone number	(08) 9321 8533
FTI Contact email	georgina.wright@fticonsulting.com

1 KEY FINDINGS

Description	Findings	Section of Report
Estimated Amount of Assets and Liabilities	The estimated value of assets are nil and estimated liabilities are \$215,749.97.	2.3
Investigations Undertaken to Date	I have not identified any circumstances where money or property would likely be recovered for the benefit of creditors.	3.1 and 3.2
Investigations to be Undertaken	In the absence of any additional books and records, I plan to: <ul style="list-style-type: none"> Finalise my investigations into the Company's affairs; and Report any offences to the Australian Securities and Investments Commission (ASIC) in accordance with <i>Section 533 of the Corporations Act 2001 ("Act")</i>. 	3.3
What happened to the Business?	The Company operated the Sunsets Café located at the Boardwalk in Rockingham. The Boardwalk was undergoing extensive and ongoing capital works that impacted the performance of the Company's business.	3.4
Likelihood of Dividend	A dividend to priority or unsecured creditors is unlikely.	4

I refer to the appointment of Daniel Hillston Woodhouse and I, Ian Charles Francis, as Joint and Several Liquidators of the Company on Friday, 6 December 2019.

Since the commencement of the winding up, I have conducted investigations into the Company’s affairs, its financial position and the reasons for its failure. Following is my report pursuant to Section 70-40 of the Insolvency Practice Rules (Corporations) 2016 (Cth).

The purpose of this report is to:

- provide you with an update on the progress of the liquidation; and
- advise you of the likelihood of a dividend being paid in the liquidation.

As previously advised in my initial information to creditors, I have estimated that my total remuneration for the external administration will be \$10,000.00 plus GST.

2 UPDATE ON THE PROGRESS OF THE LIQUIDATION

I provide an update on the progress of the liquidation as follows:

2.1 Background

The Company was incorporated on 6 December 2017 in the state of Western Australia with its registered office being Unit B205, 19 Herdsman Parade, Wembley WA 6014, and its principal place of business being The Boardwalk, 1&2/1 Railway Terrace, Rockingham WA 6186.

The Company formerly operated the Sunsets Café located at the Boardwalk in Rockingham. The Boardwalk was undergoing extensive and ongoing capital works which impacted the performance of the Company’s business. Prior to my appointment, the Company had ceased to trade. Additionally, the Company was convicted of offences under section 22 of the *Food Act 2008 (WA)*. A penalty of \$120,000 plus costs of \$1,813.40 was imposed on the Company on the 6 December 2019.

At the time of my appointment, the Company’s director was Ms Rinki Jaswal (“**Director**”) and the former director was Mr Deepak Sharma who had resigned from his position on 4 September 2019 (“**Former Director**”). Shortly after my appointment, my staff met with Ms Jaswal and Mr Sharma and briefed them on the effects of my appointment and the restrictions placed upon her powers in relation to the management of the Company.

The Company has issued and paid up capital of \$100 in ordinary shares as follows:

Table 1: Company Shareholdings			
Name	Class	Number	Issued and Paid Up
			\$
Rinki Jaswal	ORD	100	100
Total		100	100

2.2 Conduct of liquidation

The following matters have been attended to since the commencement of the winding up of the Company:

- Notified all creditors and applicable statutory and Government bodies of my appointment;
- Wrote to all known creditors, employees and those with security interests registered on the PPSR;
- Issued a Report on Company Activities and Property Part (Form 507) (“**ROCAP**”) to the Director and received a partially complete ROCAP and limited Company records;
- Corresponded at length with the Director and Mr Sharma requesting the delivery of all Company books and records;
- Reviewed the available records and other information concerning the Company in order to identify whether there are any voidable transactions or other circumstances where money or property may be recoverable for the benefit of creditors. The findings of my investigations are outlined in Section 3 below;
- Corresponded with Fair Work Australia regarding their ongoing investigations against the Company;
- Corresponded with the landlord with respect to the lease and prepared disclaimers with respect to same;
- Reviewed the Company’s asset position and conducted independent asset searches to determine whether there is any property that can be realised for the benefit of creditors;
- Attended to all necessary statutory lodgements and reporting, accounting and administrative matters;
- Attended to external enquiries concerning the status of the liquidation; and
- Prepared this report to creditors.

2.3 Assets and liabilities

I advise that I received a partially complete Report on Company Activities and Property Part A (Form 507) (**ROCAP Part A**) (**ROCAP**) from the Director which was lodged with ASIC on 19 December 2019. I set out below my understanding of the Company’s assets and liabilities based on the limited financial records available to me.

Table 2: Statement of Assets and Liabilities				
	Notes	Director's ROCAP ERV* (\$)	Liquidator's ERV* (\$)	Realised to date (\$)
Assets				
Cash at Bank	1	Nil	Nil	Nil
Plant and Equipment	2	Nil	Nil	Nil
Total Assets		Nil	Nil	Nil
Liabilities				
Secured Creditors	3	Not disclosed	Unknown	N/A
Employee Entitlements	4	Not disclosed	Unknown	N/A
Unsecured Creditors	5	Not disclosed	215,749.97	N/A
Total Liabilities		Nil	215,749.97	N/A
Net Surplus/ (Deficiency) subject to costs of the liquidation				

**ERV = Estimated Realisable Value*

Notes:

The notes set out below should be read in conjunction with the above table.

1. Cash at Bank (Director's ROCAP Nil; Liquidator's ERV Nil; Realised to Date Nil)

At the date of my appointment, I wrote to all major banks to advise them of my appointment and identified an account held with the Commonwealth Bank in the name of the Company. There are no funds to realise from the bank account.

2. Plant and Equipment and Other Assets (Director's ROCAP Nil; Liquidator's ERV Nil; Realised to Date Nil)

The Company's management accounts disclose plant and equipment with a value of \$464.37. From my investigations to date, I have not identified any physical assets in the Company. These investigations include discussions with the Director, and independent motor vehicle and real property searches which returned nil results. Accordingly, I consider the ERV of the plant and equipment to be nil.

3. Secured Creditors (Director's ROCAP Not disclosed; Liquidator's ERV Unknown; Realised to Date N/A)

At the date of my appointment, I conducted a search of the Personal Property and Securities Register (PPSR) and identified four (4) security interests as detailed in the table below:

Table 3: Registrations

CUB Pty Ltd ("**CUB**")

Westpac Banking Corporation ("**Westpac**")

Toyota Finance Australia Ltd ("**Toyota**")

Air Liquide Australia Limited ("**Air Liquide**")

Based on my investigations, CUB's registration relates to beer taps installed in the Company's premises. I have issued a notice to disclaim any interest in the assets.

I understand that Toyota is owed the sum of \$3,644.84. However, as mentioned in Note 2 above, I conducted a motor vehicle search which returned nil results. Accordingly, Toyota's PPSR relates to a motor vehicle registered in the name of another company. I have requested further information from the Director.

At the date of this report, Westpac and Air Liquide have not responded to my Initial Notice to PPSR creditors.

4. Employee Entitlements (Director's ROCAP Not disclosed; Liquidator's ERV Unknown; Realised to Date N/A)

My investigations into the books and records show c.\$22k of outstanding superannuation. All known employees were issued the initial circular to creditors. As at the date of the report however, no proof of debts has been received from former employees or the ATO.

In addition, based on correspondence from Australian Border Force; I understand that the Company had previously sponsored 457 visa workers. I have not obtained any information from the Director in that regard and am not aware of any outstanding employee entitlements.

Prior to my appointment, Fair Work Australia were investigating the Company's compliance with the *Fair Work Act* and the *Restaurant Industry Award 2010*. At the date of this report however, I have not obtained any information from the Director to assist Fair Work Australia with its investigation.

5. Unsecured Creditors (Director's ROCAP Not disclosed; Liquidator's ERV \$215,749.97; Realised to Date N/A)

To date I have received three (3) proof of debts totalling \$66,767.11 and am aware of creditor claims totalling \$215,749.97 as outlined in Table 4 below.

Table 4: Unsecured Creditor Claims			
	Number of Unsecured Creditors	Amount of Unsecured Creditor Claims \$	POD amount
Alinta Energy		4,689.73	0.00
Australia Taxation Office		61,507.38	61,507.38
City of Rockingham		122,383.40	570.00
Kailis Bros		4,382.65	4,382.65
Premium Funding Advance		22,786.81	0.00
Total Unsecured Creditor Claims	5	215,749.97	66,767.11

I have not conducted an adjudication of these claims and accordingly, the unsecured creditors are an estimate only. As stated in Section 4 below, it is unlikely that there will be a return to unsecured creditors.

2.4 Receipts and payments to date

During the course of the Liquidation, I have made the following receipts and payments:

Table 5: Statement of Receipts and Payments for the period 6 December 2019 to 6 March 2020	
	Amount (\$)
Receipts	
Indemnity from Director	8,500.00
Total Receipts	8,500.00
Cash at bank held by Liquidators	8,500.00

3 INVESTIGATIONS AND RECOVERY ACTIONS

As Liquidator, I am required to investigate and specify whether there may be any voidable transactions in respect of which money, property or other benefits may be recoverable by us in our capacity as liquidators of the Company.

I set out below details of our investigations to date and our findings in relation to same.

3.1 Investigations undertaken

I advise that, to date, the following investigations have been undertaken into the Company's affairs:

- Met with the Director of the Company and discussed the Company's affairs and reasons for its failure;
- Reviewed the Company's books and records including the Company's accounting package, financial accounts of the Company;
- Wrote to the Company's creditors and to Statutory Bodies;
- Conducted independent searches including, but not limited to, google searches, property searches, Department of Transport, company and director searches.

3.2 Findings and possible recoveries

Based on my investigations to date and my review of the available records, I advise that I have not identified any circumstances where money or property would likely be recovered for the benefit of creditors.

3.3 Further inquiries to be undertaken

Section 533 of the Act requires a liquidator to investigate any offences that may have been committed by the directors or persons who took part in the formation, promotion, administration management or winding up of a company and to lodge a report on their findings with ASIC. I will lodge my report with ASIC in due course.

At this stage, I have received limited books and records from the Director and am unable to undertake any further investigations. If creditors are aware of any other matters which require further investigation, please contact my office as soon as possible.

3.4 What happened to the business?

As discussed in Section 2 above, the Company operated the Sunsets Café located at the Boardwalk in Rockingham. The Director advised that the reason for the Company's failure was the extensive and ongoing capital works at the Boardwalk, which had ultimately impacted the Company trading performance.

From my investigations to date, I have also identified the following possible causes for the Company's failure:

- The Company was convicted of offences under section 22 of the *Food Act 2008 (WA)*. A penalty of \$120,000 plus costs of \$1,813.40 was imposed on the Company. Accordingly, the Company had insufficient funds to pay the fine;
- Prior to my appointment, Fair Work Australia was investigating the Company's compliance with the *Fair Work Act* and the relevant award; and
- The ATO had issued a notice to the Company that it was conducting an audit of the Company;

4 LIKELIHOOD OF A DIVIDEND

Based on the information presently available, the extent of the assets realised and the investigations undertaken to date, there will not be sufficient funds to pay a dividend to any class of priority or unsecured creditors. However, if this changes, and I do declare a dividend, any creditor whose claim has not yet been admitted will be contacted and asked to submit a proof of debt.

5 WAY FORWARD

The following actions are required to proceed with the liquidation, including:

- Complete my reporting to ASIC; and
- Any other matters relevant to the Liquidation.

Please note that if I receive a request for a meeting that complies with the guidelines set out in the initial information provided to you, I will hold a meeting of creditors.

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

I expect to have completed this liquidation within three (3) months.

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

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for “insolvency information sheets”) Should you have any queries or require any further information, please contact Georgina Wright of my office on (08) 9321 8533.

Dated this 6th day of March 2020.



Ian Francis
Liquidator



Georgina Wright
(08) 9321 8533
georgina.wright@fticonsulting.com

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