



**EDDIE
SENATORE**

28 April 2020

EDDIE SENATORE
Advisory

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To the creditor as addressed

Dear Sir or Dear Madam

**KAS Coffee Pty Ltd (In Liquidation) ACN 133 830 065 (the "Company")
As Trustee For KAS Coffee Unit Trust (the "Trust")
Formerly Trading As The Coffee Club Tuggeranong (the "Business")**

As you are aware, I was appointed members' voluntary liquidator of the Company and trustee of the Trust on 6 January 2020 on the basis that the Company was solvent.

As a result of being unable to sell the Business of the Company, being the major asset of the Company, the Company was unable to pay out all its creditors in full and the Company was subsequently deemed insolvent.

Accordingly, pursuant to section 496(1) of the Corporations Act 2001 ("the Act") I convened a meeting of creditors to convert the liquidation of the Company from a solvent, members' voluntary winding up to an insolvent, creditors' voluntary winding up on 31 March 2020.

At the meeting of creditors, creditors of the Company resolved to convert the liquidation of the Company from a solvent, members' voluntary liquidation to an insolvent, creditors' voluntary liquidation and I was subsequently appointed creditors' voluntary liquidator of the Company on the same date.

I now enclose a copy of my statutory report to creditors pursuant to Rule 70-40 of the *Insolvency Practice Rules (Corporations) 2016* ("IPR"), which has been lodged with Australian Securities and Investments Commission.

Please contact my office should you require further information.

Yours faithfully

Ezio Senatore
Liquidator

Date of Appointment:	Members' Voluntary Liquidator	6 January 2020
	Creditors' Voluntary Liquidator	31 March 2020
Contact name:		Ezio (Eddie) Senatore
Contact number:		(02) 6100 3435
Email:		hello@eddiesenatore.com



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**KAS Coffee Pty Ltd
(In Liquidation)
ACN 133 830 065
(the "Company")
As Trustee For KAS Coffee Unit
Trust
(the "Trust")
Formerly Trading As The Coffee
Club Tuggeranong
(the "Business")**

**Statutory Report by Liquidator
Insolvency Practice Rules (Corporations) 70-40**

28 April 2020



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1. Executive Summary

1.1 Appointment

I, Ezio (Eddie) Senatore of Eddie Senatore Advisory, Registered Liquidator, Unit 2, 16 Bougainville Street, Griffith ACT 2603 was appointed members' voluntary liquidator of the Company and trustee of Trust on 6 January 2020 on basis that the Company was solvent.

As a result of being unable to sell the Business of the Company, being the major asset of the Company, the Company was unable to pay out all its creditors in full and the Company was subsequently deemed insolvent.

Accordingly, pursuant to section 496(1) of the Corporations Act 2001 ("the Act") I convened a meeting of creditors to convert the liquidation of the Company from a solvent, members' voluntary winding up to an insolvent, creditors' voluntary winding up on 31 March 2020.

At the meeting of creditors, creditors of the Company resolved to convert the liquidation of the Company from a solvent, members' voluntary liquidation to an insolvent, creditors' voluntary liquidation and I was subsequently appointed creditors' voluntary liquidator of the Company on the same date.

I hereby submit the following report as required, Pursuant to Rule 70-40 of the *Insolvency Practice Rules (Corporations) 2016* ("IPR").

You are welcome to contact me to discuss any aspect of this liquidation.

1.2 Purpose of Report

This report is provided in accordance with Rule 70-40 of the IPR. The purpose of this report is to provide creditors with information on:

- The progress of the liquidation;
- The estimated assets and liabilities of the Company;
- The inquiries I have made to date;
- Further inquiries needed to be made;
- What happened to the Business of the Company;
- The likelihood of a dividend being paid to creditors; and
- Any possible recovery actions.

1.3 Progress of Liquidation

This report has been prepared based on my investigations including a review of the Company's financial information. Whilst I have endeavoured to determine the accuracy or



otherwise of the information provided, I am unable to warrant the accuracy, completeness or reliability. I reserve the right to alter any conclusion or recommendation in this report on the basis of further information that may become available.

A brief overview of the steps I have taken in this liquidation is provided below:

- Opened a liquidation bank account;
- Contacted all banks in order to secure Company funds held in any bank account;
- Liaising with Company's bankers in regard to existing and opening new bank accounts;
- Review of general insurance requirements;
- Discussions with the Company's Directors;
- Notified service providers to advise of appointment of the liquidator and advise of continued services in the name of the Company during the members' voluntary liquidation trade on period;
- Received and reviewed proofs of debt;
- Corresponded with various State and Territory Government agencies;
- Searched personal property securities (PPS) registered on the PPS Register (PPSR)
- Corresponded with PPS holders registered on the PPSR;
- Sought advice from a solicitor in relation to PPSR creditors priority and validity of security interests;
- Lodgements and notifications of appointment with relevant statutory bodies;
- Preparation and dissemination of initial circular to creditors;
- Preparation and dissemination of statutory report to creditors during the members' voluntary liquidation period;
- Preparation of creditor updates and correspondence to creditors;
- Bank reconciliations;
- Company, individual and land title searches;
- Sought and obtained the books and records of the Company from various parties;
- Examined the Company's books and records that have been provided in detail;
- Liaising with the Company's accountant and Directors in order to seek information regarding the Company's affairs;
- Sought insurance for trade on period;
- Continued trade on activities;
- Advertised Company's Business for sale and liaised with interested purchasers;
- Sought advice from a solicitor in relation to dealing with the Company's assets subject to a trust;
- Examined the Company's books and records to determine if there are undisclosed assets of the Company;
- Finalised trade on activities;
- Convened and held a meeting of creditors to convert the liquidation of the Company from a solvent, members' voluntary liquidation to an insolvent, creditors' voluntary liquidation and
- Completed all statutory lodgements associated with conversion of the members' voluntary liquidation to a creditors' voluntary liquidation.



1.4 Receipts and Payments

A copy of receipts and payments for the members' voluntary liquidation and creditors' voluntary liquidation period, up to the date of this report, is included in **Appendix "A"**.

1.5 Summary of Initial Investigations

My initial inquiries indicate that the Company traded whilst insolvent from at least 1 July 2018, if not earlier. I am still conducting my inquiries in relation to the Company's Directors capacity to satisfy insolvent trading claims, however my initial inquiries indicate that the claims are uncommercial to pursue. I have requested creditors consider funding me further to conclude my investigations in this regard. Should funding not be forthcoming I will proceed to finalise this administration upon clearance from ASIC being received.

1.6 Remuneration

The quantum of remuneration sought is still consistent with the remuneration requested and approved at the meeting of creditors duly convened and held on 31 March 2020.

Should my remuneration change, I will contact creditors to advise.

1.7 Next Steps

To progress the liquidation, the following matters will be undertaken as next steps:

- Finalise my investigations;
- Completing ongoing statutory obligations; and
- Preparation and dissemination of progress reports to creditors.

2. Meeting of Creditors

If I receive a request for a meeting complying with the guidelines set out in the initial information provided to you, I will hold a meeting of creditors. Otherwise, and pending further progress of my investigations into the affairs of the Company, I do not intend to call a meeting of creditors at this time.

3. Company Background

3.1 History of the Company

Detailed below is information regarding the Company obtained from the ASIC searches as at the date of my appointment.



Company Details

Information	Details
Commencement Date	22 October 2008
Registered Office	Bates & Pickering Level 1, 11 Fitzroy Street Forrest Australian Capital Territory 2603
Principal Place of Business	65 Mackenzie Street Hackett Australian Capital Territory 2606

3.2 Directors and Officers

Detailed below is information regarding the directors and secretaries of the Company obtained from the ASIC searches as at the date of my appointment.

The following Directors are disclosed:

Director	Appointment Date	Cease Date (if applicable)
Sarah Elizabeth Jennett	22 October 2008	Current
Kelly Maree Woodland	22 October 2008	Current

The ASIC database indicates the following Secretary of the Company:

Secretary	Appointment Date	Cease Date (if applicable)
Sarah Elizabeth Jennett	22 October 2008	Current

3.3 Security Interests

A search of the Personal Property Security Register ("PPSR") indicates six (6) security interests registered against the Company. This will be further discussed in section 3.7 of this report.

3.4 The Business of the Company

The Business of the Company commenced operations on 22 October 2008 trading as a trustee of a Trust, the Company's registered office was at Bates & Pickering, Level 1, 11 Fitzroy Street, Forrest Australian Capital Territory 2603 and the Company's principal place of business was 65 Mackenzie Street, Hackett Australian Capital Territory 2606.

The Business of the Company was a coffee shop trading through the franchise, The Coffee Club. The Directors provided a declaration as at the date of my appointment as members' voluntary liquidator of the Company advising that the Company was solvent, and placed the Company into members' voluntary liquidation on the basis that the liquidator would trade on the Business of the Company in liquidation and sell the Business of the Company, with the proceeds from the sale to be distributed to creditors in order to satisfy creditors in full.

Eighteen expressions of interest were received in relation to the purchase of the Company's Business during my trade on period. However, after further enquiries all interested parties



withdrew their interest, due to high fixed trading costs such as rent and ongoing franchise fees and costs.

As, the Business of the Company was unable to be sold, in order to pay out all creditors of the Company. The Company was deemed insolvent.

Pursuant to section 496(1) of the Act, I convened a meeting of creditors to convert the liquidation of the Company from a solvent, members' voluntary liquidation to an insolvent, creditors' voluntary liquidation.

At the meeting of creditors of the Company, creditors resolved that the Company be placed into a creditors' voluntary liquidation and I was subsequently appointed creditors' voluntary liquidator of the Company.

3.5 Events leading up to Liquidation

The Directors could no longer work together and as a result agreed to wind up the Company.

3.6 Books and Records

Failure to maintain books and records may be relied upon by a liquidator in an application for compensation for insolvent trading and other actions for recoveries pursuant to Division 2 of Part 5.7B of the Act.

The Company's books and records have been received and in my opinion, given the size and nature of the Business operated by the Company, it appears that the Company's books and records are adequate to comply with section 286 of the Act.

3.7 Report on Company Activities and Property (ROCAP)

A ROCAP provides information on the financial position of the Company as at the date of appointment of a creditors' voluntary liquidator. This is completed by a company's director. I confirm the Directors of the Company have completed a ROCAP.

Should any creditor wish to inspect or obtain a copy of the ROCAP please contact me.

A summary of the assets and liabilities of the Company is as follows:



Summary of Assets and Liabilities

Details	Directors ROCAP	Estimated Realisable Value
	\$	\$
Assets		
Cash At Bank	113,110	113,110
Cash On Hand	4,300	4,301
Loans	109,000	-
Plant, Equipment, Fixtures and Fittings	120,000	-
Goodwill	125,000	-
Total Assets	471,410	117,411
Liabilities		
Priority Creditors	101,787	101,787
Secured Creditors	243,570	243,570
Unsecured Creditors	129,024	129,024
Total Liabilities	474,382	474,370
Estimated surplus / deficiency	(2,971)	(356,970)

Assets

Cash at Bank

As at the date of my appointment as members' voluntary liquidator of the Company, correspondence was sent to all banks requesting details of any bank accounts in the name of the Company.

The Australia and New Zealand Banking Group Limited ("ANZ") responded advising that the Company operated a bank account with the ANZ.

The ANZ provided copies of the Company's bank statements as at the date of my appointment as members' voluntary liquidator of the Company, which confirmed that the Company's bank account had a balance of \$113,110.

No other bank accounts in the name of the Company have been identified to date.

Cash on hand

The Directors Declaration of Solvency ("DOS") received during my appointment as members' voluntary liquidator of the Company, stated that the Company had cash on hand in the amount of \$2,000 as at the date of my appointment as members' voluntary liquidator of the Company.



A review of the Company's balance sheet as at the date of my appointment as members' voluntary liquidator indicated that the Company had cash on hand in the amount of \$10.

As the Business of the Company was a cafe, it was common to receive cash from sales on a daily basis.

A review of the Company's bank statements as at the date of my appointment as members' voluntary liquidator of the Company, confirmed that a total of \$4,301 was received from cash sales.

Sale of Business

The Directors DoS indicated that the Business of the Company was valued at \$300,000 as at the date of my appointment as members' voluntary liquidator of the Company.

During my appointment as members' voluntary liquidator of the Company, I continued to trade on the business of the Company in order to sell the Business as a going concern and pay out all creditors in full.

As mentioned earlier, there was a total of eighteen expressions of interest received to purchase the business of Company, however no sale of business could be achieved.

As no sale of business could be achieved, I ceased trading the Business of the Company and as advised earlier, convened a meeting of creditors, in order to convert the liquidation of the Company from a solvent, members' voluntary liquidation to an insolvent, creditors' voluntary liquidation.

Interest in Land

The Directors DoS indicated that the Company had no Interest in land as at the date of my appointment as members' voluntary liquidator of the Company.

Land title searches in the all the States and Territories of Australia were conducted and confirm that the Company has no interest in land as at the date of my appointment.

No further investigation will be conducted in relation to the Company's Interest in land.

Loans

The Directors' DoS indicated that the Company had loans receivable in the amount of \$109,215 as at the date of my appointment as members' voluntary liquidator of the Company.

A review of the balance sheet confirms these loans were payable by the Directors of the Company. These loans will be offset as a result of the Directors paying unsecured creditors of the Company due to personal guarantees.

In addition, there is also a loan of \$72,800 receivable from 'Batemans Bay' on the Company's balance sheet as at the date of my appointment as members' voluntary



liquidator of the Company. This appears to be owed by SAK Coffee Pty Ltd (In Liquidation) ("SAK Coffee") which is currently subject to external administration. I confirm I am also acting as external administrator of SAK Coffee.

I advise that my inquiries to date in relation to SAK Coffee indicates that there is no likelihood of a dividend to unsecured creditors, however in the event of a dividend, the Company's claim will be adjudicated on by an independent third party, to assess its validity.

Inventory

The Directors DoS indicated that the Company had \$6,000 in stock on hand as at the date of my appointment as members' voluntary liquidator of the Company.

A review of the Company's balance sheet as at the date of my appointment as members' voluntary liquidator of the Company indicated that stock on hand was in the amount of \$4,280.

As the Business of the Company was a cafe, it is likely that stock of the Company would have fluctuated on a daily basis, so it is likely that the figure provided by the Directors as at the date of appointment was not accurate.

However, as the Business of the Company was traded on during my appointment as members' voluntary liquidator of the Company, any stock in possession of the Company as at the date of my appointment as members' voluntary liquidator of the Company would have been used in the normal course of trading.

At the conclusion of my trade on period, I sold the Company's remaining stock for the amount of \$6,025 including GST to the franchisor, who continued to trade on the Business subsequent to my closure, pursuant to the terms of the franchise agreement.

Gift Vouchers

The Directors DoS indicated that the Company had no amounts relating to gift vouchers.

A review of the Company's balance sheet as at the date of my appointment as members' voluntary liquidator of the Company, indicated that the Company had \$700 in gift vouchers and \$1,150 in The Coffee Club vouchers that were redeemable. Due to the general nature of gift vouchers I do not expect any further claims.

Fixtures and Fittings

The Directors DoS indicated that the Company had no fixtures and fittings as at the date of my appointment as members' voluntary liquidator of the Company.

The Company's balance sheet as at the date of appointment as members' voluntary liquidator of the Company, had fixtures and fittings valued at \$41,918.



It appears that the value of the fixtures and fittings of the Company were allocated under the value of the Business on the DoS as at the date of my appointment as members' voluntary liquidator of the Company.

My inquiries indicate that the cost to realise the fixtures and fittings of the Company would deem it uncommercial due to the make good costs and auction realisation costs.

I am of the opinion the value of the Company's fixtures and fittings would have been captured as part of a sale of business as a going concern.

Plant & Equipment

The Directors DoS indicated that the Company had no plant and equipment as at the date of my appointment as members' voluntary liquidator of the Company.

The Company's balance sheet indicates the Company had plant and equipment valued at \$70,525 after depreciation as at the date of my appointment as members' voluntary liquidator of the Company. It appears the value of the plant and equipment was allocated under the value of the Business on the DoS as at the date of my appointment as members' voluntary liquidator of the Company.

Plant and equipment is subject to security interests as noted below, therefore it is my intention to disclaim any plant and equipment subject to security interests.

Motor Vehicle

The Director's DoS indicated no motor vehicles registered in the name of the Company as at the date of my appointment as members' voluntary liquidator of the Company.

The Company's balance sheet as at the date of my appointment as members' voluntary liquidator of the Company indicated the Company had a motor vehicle valued at \$12,652 after depreciation.

Discussions with the Directors indicated that they were not aware of any motor vehicles registered in the name of the Company.

The Directors advised that it may have related to one of their personal cars, however advised that the car had been written off prior to my appointment as members' voluntary liquidator of the Company.

Further investigations will be conducted in relation to the motor vehicle of the Company.

Goodwill

The Directors DoS indicated the Company had no Goodwill as at the date of my appointment as members' voluntary liquidator of the Company.



The Company's balance sheet as at the date of my appointment as members' voluntary liquidator of the Company indicated that the Company had goodwill valued at \$125,223 after depreciation.

It appears the value of the goodwill was allocated under the value of the Business on the DoS as at the date of my appointment as members' voluntary liquidator of the Company.

As advised earlier, I traded on the Business with a view to its sale as a going concern. However as noted I ceased trading the Business as I was of the opinion that no sale of business could be achieved without incurring significant additional trade on costs.

As the Business of the Company could not be sold and the Company is now in liquidation, it appears that the goodwill of the Company is of no value.

Accordingly, no further investigations will be conducted in relation to the value of the goodwill of the Company.

Liabilities

Priority Creditors

As at the date of my appointment as members' voluntary liquidator of the Company the Directors advised there was \$60,000 owing to priority creditors relating to outstanding superannuation.

A review of the Company's balance sheet as at the date of my appointment as members' voluntary liquidator of the Company indicated that outstanding superannuation owed was \$101,787.

In the event of a dividend, this amount will be further investigated.

Secured Creditors/PPSR

The Coffee Club (Properties) Pty Ltd, The Coffee Club (NSW) Pty Ltd, The Coffee Club (VIC) Pty Ltd And The Coffee Club Franchising Company Pty Ltd ("The Coffee Club")

A review of PPSR as at the date of my appointment as members' voluntary liquidator of the Company, indicated that the Company had a registered security interest to four (4) different parties, being;

- The Coffee Club (Properties) Pty Ltd;
- The Coffee Club (NSW) Pty Ltd;
- The Coffee Club (VIC) Pty Ltd; and
- The Coffee Club Franchising Company Pty Ltd

The security interest was registered as an All PAP.

The Coffee Club (Properties) Pty Ltd responded providing a proof of debt advising an amount \$52,420 was owed and The Coffee Club Franchising Company Pty Ltd also



provided a proof of debt advising an amount \$3,336 was owed as at the date of my appointment as members' voluntary liquidator of the Company.

A copy of the general security agreement, franchise agreement and premises licence agreement was also provided by The Coffee Club.

A review of the PPSR also indicated two (2) further security interests registered by The Coffee Club (Properties) Pty Ltd and The Coffee Club Franchising Company Pty Ltd as at the date of my appointment as members' voluntary liquidator of the Company.

I confirm I have disclaimed my interest in the security interests held by The Coffee Club (Properties) Pty Ltd and The Coffee Club Franchising Company Pty Ltd.

The security agreements were reviewed by my lawyers and there appears to be a dispute in relation to the enforcement of one of the agreements. This matter will be resolved in the event of a dividend.

Australia New Zealand Banking Group Limited

A review of PPSR as at the date of my appointment as members' voluntary liquidator of the Company, indicated that the ANZ had an ALL PAP security interest registered against the Company. To date the ANZ have only provided a copy of their general security agreement, stating it relates to a loan.

This security agreement is currently under review by my lawyers.

A review of the balance sheet as at the date of appointment as members' voluntary liquidator of the Company indicates that the loan is in the amount \$227,193.

Bidfood Australia Limited

A review of PPSR as at the date of my appointment as members' voluntary liquidator of the Company, indicated that Bidfood Australia Limited had an other goods security interest registered against the Company.

Bidfood Australia Limited provided a proof of debt advising that they were owed a total of \$16,376.

In the event to a dividend, this amount will be further investigated.

Silver Chef Rentals Pty Ltd

A review of PPSR as at the date of my appointment as members' voluntary liquidator of the Company, indicated that the Silver Chef Rental Pty Ltd had an other goods security interest registered against the Company.

Silver Chef Rental Pty Ltd provided a copy of their security agreement advising that it related to a conveyor oven with weekly repayments of \$56.



I agreed to make the repayments during my trade on period. However upon my trade on period being finalised, I disclaimed my interest in the plant and equipment subject to the security interest, as the plant and equipment was only for the rental of the plant and equipment.

Unsecured Creditors

The Directors advised as at the date of my appointment as members' voluntary liquidator of the Company that unsecured creditors of the Company were owed a total of \$334,000.

My inquiries to date indicates a total of 18 unsecured creditors totalling \$129,024 are owed by the Company, details of which are below:

Unsecured Creditor	Amount \$
The Coffee Club (Properties) Pty Ltd	52,420
Australian Taxation Office	35,738
Capitol Chilled Foods	11,901
ACTEWAGL Corporation	11,132
Oracle Corporation Australia Pty Ltd	5,163
The Coffee Club (Franchising Company) Pty Ltd	3,336
Coca-Cola Amatil (Aust) Pty Ltd	1,900
Premium Funding Pty. Ltd.	1,418
Black Bag Roasters Pty Ltd	1,374
Capital Commercial Business Sales	1,200
Other Creditors (8)	3,438
Total	\$129,024

The major discrepancy between the unsecured creditor amount as advised by the Directors as at the date of my appointment as members' voluntary liquidator and the unsecured creditor amount as per my inquiries, is due to the Directors including amounts owed for secured creditors and not including amounts owed to the Australia Taxation Office ("ATO").

Deficiency Analysis

A deficiency analysis has been undertaken.

Based on the information provided by the Directors and from my inquiries to date, I estimate the net deficiency (loss) to creditors to be approximately \$356,970, before the costs of the liquidation.

This deficiency is calculated as follows:



Summary of Assets and Liabilities

Details	Directors ROCAP	Estimated Realisable Value
	\$	\$
Assets		
Cash At Bank	113,110	113,110
Cash On Hand	4,300	4,301
Loans	109,000	-
Plant, Equipment, Fixtures and Fittings	120,000	-
Goodwill	125,000	-
Total Assets	471,410	117,411
Liabilities		
Priority Creditors	101,787	101,787
Secured Creditors	243,570	243,570
Unsecured Creditors	129,024	129,024
Total Liabilities	474,382	474,370
Estimated surplus / deficiency	(2,971)	(356,970)

The deficiency can be explained from the loss of the Company's goodwill and trading losses.



3.8 Historical Financial Performance

The following is a summary of the Company's financial position from FYE 2018 to the date of my appointment as members' voluntary liquidator of the Company:

Comparative Balance Sheets			
	Internally Prepared As at 6 January 2020	Internally Prepared FYE 2019	Internally Prepared FYE 2018
	\$	\$	\$
Assets			
Cash on Hand	10	10	10
Cheque Account	147,001	3,774	9,832
Electronic Clearing Account	(34,102)	(35,402)	(26,767)
Current Assets			
EFTPOS Cleaning Account	23,502	(3,705)	(8,115)
Internet Saver	(200)	(200)	(200)
Electronic Clearing Account	27,215	27,215	27,215
Stock on hand	4,280	4,280	4,280
Gift Vouchers	700	-	-
CC Vouchers-to be redeemed	1,150	1,276	1,281
Loan - Batemans Bay	72,800	72,800	47,400
Total Current Assets	242,356	70,048	54,936
Non -Current Assets			
Fixture and Fitting	41,918	41,918	41,918
Refurbishment	1,900	1,900	1,900
Plant & Equipment	204,332	204,332	204,332
Less: Accumulated Depreciation Plant & Equip	(133,807)	(133,807)	(133,807)
Motor Vehicle	42,991	42,991	42,991
Less: Accumulated Depreciation Motor Vehicle	(30,339)	(30,339)	(30,339)
Goodwill	125,223	125,223	125,223
B Entitlement Barr FT	43,806	43,806	43,806
B Entitlement Jennett FT	65,406	65,406	65,406
Total Non-Current Assets	361,432	361,432	361,432
Total Assets	603,789	431,481	416,369
Liabilities			
Trade Creditors	125,291	58,241	40,039
Other Creditors	8,896	17,161	17,161
Payroll Accruals Payable	(7,565)	(7,565)	(7,565)
Current Liabilities			
ANZ Visa	(1,000)	(1,000)	(1,000)
ATO Clearing	(317,884)	(301,884)	(158,266)
GST Collected	354,130	281,553	148,497
GST Paid	(142,183)	(113,400)	(56,175)
PAYG Withholding	181,490	144,203	72,385
Superannuation Payable	101,787	82,190	55,382
Provision for Uniform Deposits	1,920	1,920	1,920
Total Current Liabilities	304,884	161,419	112,379
Non-Current Liabilities			
Bank Loan	(3,479)	(3,479)	(2,332)
ANZ	230,673	238,191	251,000
Total Non-Current Liabilities	227,193	234,711	248,667
Total Liabilities	532,077	396,130	361,046
Net Assets/(Deficiency)	71,712	35,350	55,322



The Company's financial performance from FYE 2019 to the period ending 6 January 2020 is summarised as follows:

Detail	Internally Prepared As at 6 January 2020	Internally Prepared FYE 2019
Revenues	729,280	1,340,205
Less: Costs	147,554	344,489
Gross Profit	581,726	995,715
Less Expenses	482,994	1,000,148
Net Profit	98,732	(4,432)
Gross Profit Ratio	79.97%	74.30%
Net Profit Ratio	13.54%	(0.33%)

I provide the following explanation in relation to the ratios detailed in the table above;

The gross profit ratio is a profitability ratio that shows the relationship between gross profit and total net sales revenue. It is a popular tool to evaluate the operational performance of a business.

The net profit percentage is the ratio of profits to net sales. It reveals the remaining profit after all costs of production, administration, and financing have been deducted from sales.

A good target for gross profit ratio is 50%; and a good target for net profit ratio is above 10%.

As seen from the above table, the Company's gross profit ratio was above 50% for both financial years, and the Company's net profit ratio was above 10% for the period ending 6 January 2020, however the Company's net profit ratio was well below 10% for FYE 2019.

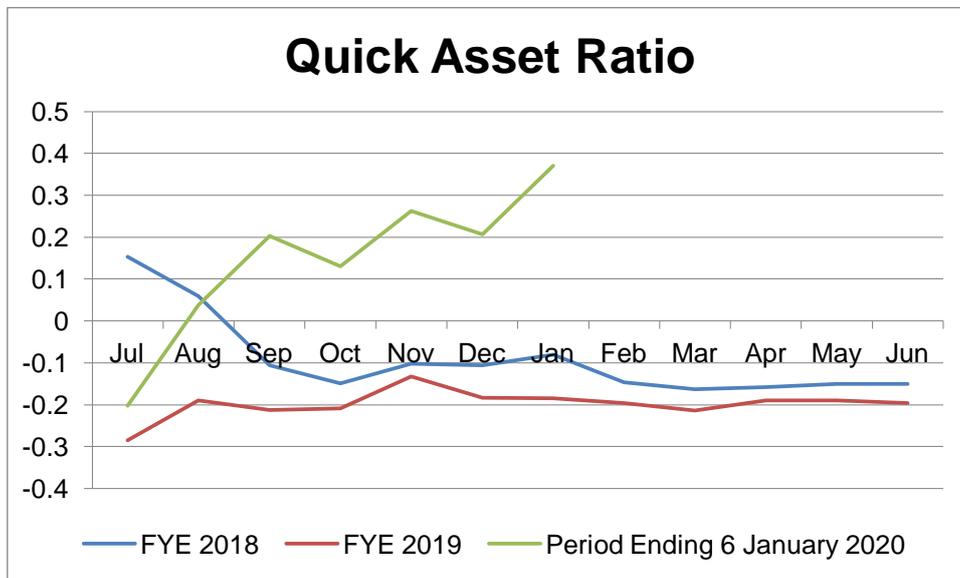
The gross profit appears to be high for the period ending 6 January 2020, as the Business of the Company was in retail, so during the months of December it is common for retail to be busy, compared to other times of the year, hence the reason for the net profit ratio being higher than in previous years, as the Company was placed into liquidation straight after the busy period of the year.

Is it also noted that although the Company's gross profit ratio was high, the main expenses of the Company were wages, rent, and franchising fees, which were not taken into account in the gross profit ratio, hence the favourable gross profit ratio.

It is noted that the Company's rent and franchising fees were increasing year on year.



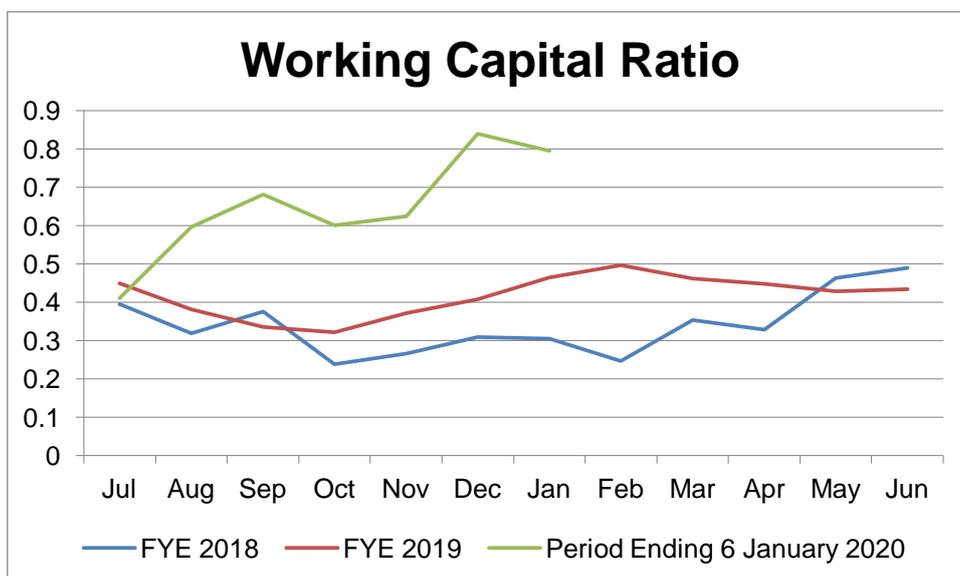
A summary of the Company's key financial indicators is set out below.



The quick asset ratio is a liquidity ratio that measures the ability of a company to pay its current liabilities when they become due with quick assets, being cash, cash equivalents, short-term investments, marketable securities, and current accounts receivable.

A company with a quick asset ratio of 1 indicates that a company could pay off its current liabilities without selling any long-term assets.

As seen from above, the Company's quick asset ratio was well below 1 for FYE 2018 and FYE 2019.



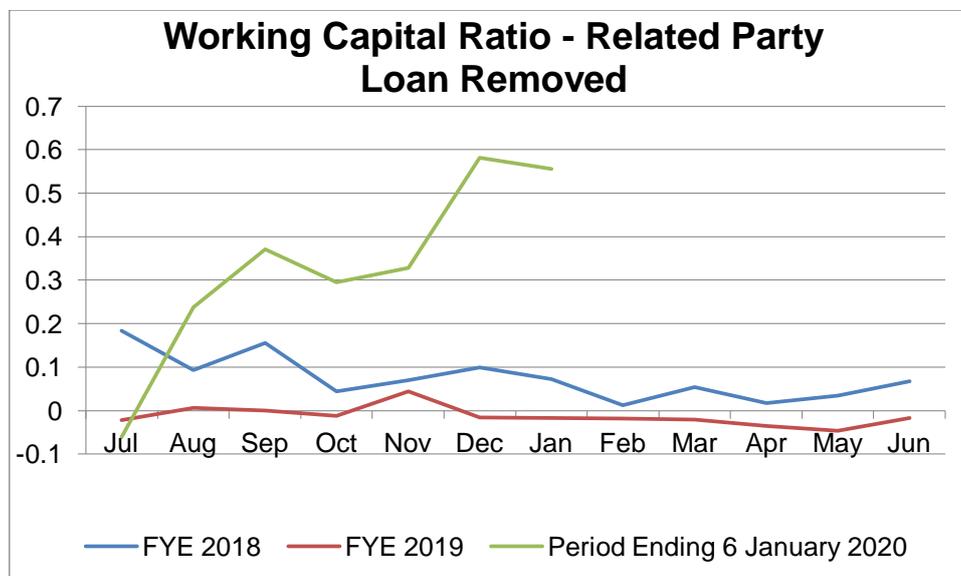


The working capital ratio is a measure for liquidity, revealing whether a business can pay its short-term obligations. The ratio is the relative proportion of an entity's current assets to its current liabilities, and shows the ability of a business to pay for its current liabilities with its current assets.

A company with a working capital ratio of 1 indicates that current assets equal current liabilities and shows the Company's ability to pay off its current liabilities without selling any long-term assets.

A review of the Company's working capital ratios, as seen from the above, indicates that for each month from the start of FYE 2018 to the period ending 6 January 2020 that the Company's working capital ratio did not reach above 1.

Below is the updated working capital ratio's with the related entity loan removed;



As seen from the above, the working capital ratio for the periods FYE 2018 and FYE19 indicates the Company's inability to pay back its current liabilities with current assets.

4. Asset Realisations

Attached as **Appendix "A"** is a summary of my receipts and payments for the members' voluntary liquidation and creditors' voluntary liquidation period up to the date of this report. I have recovered an amount of \$113,110 from the Company's cash at bank and \$4,301 from cash on hand from the date of my appointment as members' voluntary liquidator of the Company to date.



5. Investigations

5.1 Overview

As liquidator, I am required to investigate the affairs of the Company. The purpose of these investigations is to identify matters which require a more detailed review, as well as determining any causes of action (legal claims) and other potential sources of recovery, such as loan accounts, that might be available for the benefit of creditors of the Company.

I am also required to lodge a report pursuant to section 533 of Act where it appears that any past or present officer of the Company may have committed an offence or where a dividend to unsecured creditors of less than 50 cents in the dollar is paid.

I have considered whether there are transactions where money, property or other benefits may be recoverable as liquidator under Part 5.7B of the Act. These are discussed further below.

I have undertaken an investigation of the affairs of the Company in relation to suspected contraventions of sections 180 - 184 of the Act regarding the general duties of directors and officers. At this stage I have not found any contraventions.

5.2 Approach to Preliminary Investigations

From my preliminary investigation, I have:

- Identified, reviewed and analysed financial and other information; and
- Undertaken searches of various publicly available databases, including ASIC and PPSR.

5.3 Voidable Transactions

As the Company has been placed into liquidation, certain transactions may be investigated and recovered by me. Recovery of any voidable transaction may be expensive and likely to require Court applications and litigation. As such, should there be inadequate funds available, or I consider it uncommercial or not in the creditors best interests, such recovery actions may not be commenced.

In these circumstances, creditors wishing to fund any such actions may do so. Should any funds be recovered from these actions, the creditors providing the funding may be entitled to receive their contribution in priority to other creditors.

Litigation insurance or litigation funding may also be available to fund potential actions.

However, such funding is generally only available where legal advice indicates that there is a strong likelihood for a successful outcome.

I provide the following information in relation to voidable transactions:



Unfair Preferences Payments (Section 588FA)

I am still in the process of conducting my investigations into unfair preference payments and will update creditors in the event there are any recoveries that have a material effect on the outcome of the liquidation.

Uncommercial Transactions (Section 588FB)

I have not identified any transactions of this nature.

Arrangements to Avoid Employee Entitlements (Section 596AB)

I have not identified any transactions of this nature.

Circulating Security Interests Created Within Six Months (Section 588FJ and FL)

A search of the PPSR reveals a circulating security interests created in the six (6) month period prior to the relation back day.

This matter has been forwarded to my for review.

Unreasonable Director-Related Transactions (Section 588FDA)

I have not identified any unreasonable director related transactions to date.

Unfair Loans (Section 588FD)

My investigations have not identified any unfair loans.

5.4 Insolvent Trading

Directors can be held personally liable for the debts of a company in certain circumstances.

The Act provides that directors owe a duty of care not to incur debts at a time when a company is insolvent or would become insolvent by incurring the debt (section 588G of the Act). If there are reasonable grounds for suspecting that a company would become insolvent, then a director can be held personally liable for any debts incurred after that time.

The Act provides that a liquidator may seek to recover compensation for such debts incurred from the directors of a company.

I advise pursuing claims for insolvent trading are often drawn out and involve significant cost.

Creditors should also be aware any successful claim may be set-off by a director against amounts due to that individual by way of unsecured advances or loan accounts. In this regard, I note that no Directors are owed money by the Company.



I am still conducting my inquiries in relation to an insolvent trading action against the Directors of the Company, however my initial inquiries indicate that the claims are uncommercial to pursue.

Should any creditor want to fund actions for insolvent trading against the Directors of the Company, creditors are requested to contact my office prior to Friday, 15 May 2020 in order to discuss.

Should no funding be provided by any creditor of the Company for an insolvent trading action against the Directors, I will proceed to finalise the liquidation, subject to clearance being received from ASIC.

Defences

The Act provides a number of possible defences to Directors to a claim for insolvent trading. These defences are:

- At the time a debt was incurred, a director had reasonable grounds to expect and did expect the company was solvent and would remain solvent if it incurred that debt and any other debts that it had incurred at that time.
- At the time the debt was incurred, a director had reasonable grounds to believe and did believe that a competent and reliable person was responsible for providing information about the company's solvency and that person was fulfilling that responsibility.
- A director through illness or some other good reason were not taking part in the management of a company at the time the debt was incurred.
- The directors took all reasonable steps to prevent a company from incurring the debt.
- The directors took a 'safe harbour' course of action that resulted in a better return to creditors than immediately entering into external administration.

Timing of Insolvency

The Act states a company is considered to be solvent if, and only if, the company is able to pay its debts as and when they become due and payable. A company that is not solvent is insolvent. Accordingly, the test for insolvency is not a balance sheet test but rather a cash flow test.

Results of Investigations

My investigations indicate that the Company has been trading whilst insolvent from at least 1 July 2018, as this is when trading losses began to accumulate.

My initial inquiries indicate a potential insolvent trading claim against the Directors is uncommercial to pursue, however should any creditor want to fund insolvent trading claims against the Directors of the Company, they are requested to contact my office, prior to Friday, 15 May 2020 to discuss.



Further Inquiries

The following further inquiries will be undertaken to finalise my investigations and determine whether any recovery actions should be taken:

1. Finalising my inquiries into preferential transactions; and
2. Finalise my inquiries into insolvent trading;

Funding of Further Investigations

In relation to pursuing voidable transactions, including insolvent trading, money for the recovery of such actions would come from the assets of the Company. If there were insufficient funds from the assets of the Company, alternative options are:

- Funding by creditors - if funding was received from creditors, section 564 of the Act provides the Court with the power to make orders in favour of creditors who have provided an indemnity for costs of litigation or costs of the liquidator, where those creditors may be given an advantage over other creditors in consideration of the risk assumed by creditors. An advantage may include the distribution of some or all of the net proceeds from that action that was funded to the creditor that provided the funding or indemnity in priority to creditors with whom that creditor would normally be ranked. ***Creditors are requested to contact me should they wish to consider funding any action noted in this report.***
- Funding from a litigation funder - a litigation funder is an organisation that provides funds for the pursuit of legal actions. The funding typically covers the costs of lawyers, barristers and the external administrator and provides an indemnity for any adverse cost order if the legal action is unsuccessful. The agreement with the litigation funder usually provides for a substantial amount of any return to be paid to them. ***A litigation funder only takes on actions that it considers to have a high probability of success and is likely to result in a substantial return. This is not the case in this matter.***
- ASIC's Assetless Administration Fund – this fund finances preliminary investigations and reports by liquidators into the failure of companies with few or no assets, where it appears that enforcement action may result from the investigation and report. A particular focus of the fund is to curb fraudulent phoenix activity. ***I will not be seeking funds from ASIC, as I have reviewed the criteria and do not consider that an application for funding would be successful.***
- Fair Entitlements Guarantee (FEG) Recovery Program – this program provides funding for pursuing recovery proceedings, including litigation, to increase assets available to creditors in the winding up where there have been amounts advanced under FEG. ***FEG is not a creditor in this matter. As a result, no funding is likely from this source.***

Any creditor willing to fund any recovery action is requested to contact me.



5.5 Offences

On my examination of the Company's affairs to date I have not identified any offences committed by the officers of the Company.

5.6 Limitation of Investigations

The opinion outlined above is based on investigations undertaken by my office into the Company's affairs, business and financial position. My investigations have been based on the following information:

- Representations of the Directors;
- The details of the Company's assets and liabilities;
- The books and records of the Company; and
- Publicly available searches.

5.7 Offences in Relation to the Companies – Section 533

Any offences committed by the Directors will be included in my report to ASIC under section 533 of the Act.

6. Likelihood of a Dividend

As no sale of Company's Business could be achieved, I do not anticipate there being any dividend to any class of creditor.

However this is subject to the recovery of antecedent transactions that I am currently in the process of conducting.

7. Outstanding Matters

The only outstanding matters in this liquidation is to finalise insolvent trading claims against the Directors, conduct my investigations and lodge my report with ASIC.

Once insolvent trading claims against the Directors are finalised, my investigations are finalised and ASIC clearance is received, I will proceed to finalise the liquidation of the Company.

8. Further Information Available to Creditors

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding liquidations and insolvency. This information is available from ARITA's website at www.arita.com.au.



ASIC provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at www.asic.gov.au/insolvencyinfosheets.

If further information becomes available on the progress of the liquidation, I may distribute a further report to creditors.

Creditors requiring further information regarding the liquidation can contact me.

Yours faithfully

Ezio Senatore
Liquidator

Date of Appointment:	Members' Voluntary Liquidator	6 January 2020
	Creditors' Voluntary Liquidator	31 March 2020
Contact name:		Ezio (Eddie) Senatore
Contact number:		(02) 6100 3435
Email:		hello@eddiesenatore.com

Encl:

Appendix A - List of receipts and payments for members' voluntary liquidation and creditors' voluntary liquidation periods.



Appendix “A”



**KAS Coffee Pty Ltd (In Liquidation) ACN 133 830 065 (the "Company")
As Trustee For KAS Coffee Unit Trust (the "Trust")
Formerly Trading As The Coffee Club Tuggeranong (the "Business")
Period 6 January 2020 to 28 April 2020**

Receipts	Detail	Amount
Australian And New Zealand Banking Group	Cash at Bank	\$113,110.09
Cash On Hand	Cash On Hand	\$4,301.75
MYOB	Verification Of Account	\$0.01
Sales	Trade On - Sales	\$206,606.75
The Coffee Club Franchising Company Pty Ltd	Return of Funds	\$5.00
The Coffee Club Pty Ltd	Sale of Stock	\$6,025.35
Total		\$330,048.95

Payments	Detail	Amount
Arthur J Gallagher & Co Ltd T/As Gallagher Insurance	Insurance	\$4,046.51
Australian And New Zealand Banking Group	Bank Fees	\$15.00
Australian Taxation Office	PAYG	\$8,452.00
Black Bag Roasters Pty Ltd	Trade On - Purchases	\$7,299.48
Capitol Chilled Foods (Australia) Pty Ltd	Trade On - Purchases	\$5,941.66
Coca Cola Amatil (Aust) Pty Ltd	Trade On - Purchases	\$488.52
Cold Seas Pty Limited T/As Bidfood Canberra	Trade On - Purchases	\$27,691.20
Co-ordinate Group Pty Ltd	Sale of Business Advertising	\$1,606.00
George Weston Foods Limited T/A Tip Top Bakeries	Trade On - Purchases	\$233.61
Gilchrist Connell Pty Ltd T/As Gilchrist Connell	Legal Fees	\$8,362.20
Infotrack Pty Ltd	Searches	\$328.13
Macquarie Bank	Bank Fees	\$63.05
OCR ACT Pty Ltd T/As O'Connor Commercial Refrigeration	Trade On - Repairs	\$839.30
Icon Retail Investments Limited And AGL Act Retail Investments Pty Ltd	Trade On - Electricity	\$3,635.95
Senatore Pty Ltd T/As Eddie Senatore Advisory	Liquidator Fees	\$13,200.00
SilverChef Rental Pty Ltd	Trade On - Leases	\$387.63
South.Point Building 1	Trade On Rent	\$31,266.61
The Coffee Club (Properties) Pty Ltd	Rental Arrears	\$9,000.00
The Coffee Club Franchising Company Pty Ltd	Trade On - Franchise Fee	\$24,682.13
Various	Superannuation	\$4,981.16
Various	Wages	\$64,132.40
Total		\$216,652.54

Cash at Bank as at 28 April 2020

\$113,396.41

**Ezio Senatore
Liquidator**