



**Mainteam Holdings Pty Ltd (In Liquidation) as Trustee for Redside Trust trading as Ellenbrook IGA  
ACN 121 542 210  
(Mainteam)**

**Statutory Report to Creditors**

We refer to our initial information for creditors dated 4 May 2021 in which we advised you of our appointment as liquidator and your rights as a creditor in the liquidation.

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.

We will also be requesting that you consider our detailed remuneration approval report and consider a resolution to approve our remuneration.

**1 Update on the progress of the liquidation**

*1.1 Background and trading history*

Mainteam was incorporated on 1 September 2006, with its principle place of business at 20 Sunray Circle, Ellenbrook WA 6009, being the Ellenbrook IGA supermarket. According to the Company's records, Mainteam was the corporate trustee for the Mainteam Trust.

In its capacity as trustee of Mainteam Trust, the Company commenced trading as Ellenbrook IGA during FY10.

At the time of the Liquidators' appointment, Mr Gabriel Pereira was the sole director of Mainteam (**Director**), following the resignation of former director Mr Reinaldo Nunes in January 2021 (**Former Director**). Mr Nunes and the Director remain the shareholders of the company. We understand the Director and Mr Nunes are related by marriage.

Mainteam operated the Ellenbrook IGA supermarket located in Ellenbrook, WA. The business was part of a larger corporate Group, holding ownership of family interests in other IGA supermarkets in Perth.

Related family operated entities (in addition to Mainteam) are listed below and are all currently in external administration:

- SKB Australia Pty Ltd atf KBS Family Trust and t/as Darch SUPA IGA (**SKB**);
- Evermaze Pty Ltd atf Evermaze Trust and t/as Vale IGA (**Evermaze**);
- Villanex Pty Ltd atf Villanex Trust and t/as Aveley Liquor (**Villanex**); and
- Family Fresh Growers Market Pty Ltd atf Family Fresh Growers Market Trust (**Family Fresh**).

Mainteam traded at a loss for a number of years prior to the appointment of the Liquidators and was the beneficiary of financial support from related parties, predominantly SKB, but also individual family members.

Prior to the appointment of the Liquidators, Mainteam experienced substantial periods of working capital deficiency, cash flow pressure and accumulating liabilities with key creditors, including its landlord. This was coupled with SKB's reduced capacity to provide financial assistance.

Mainteam's inability to meet rent and outgoings due to its landlord appears to have been a long term issue for the company. In June 2019, as a result of the accrual of substantial rent arrears (in excess of \$450,000 at that time) owed by Mainteam, the Director and other family members (including directors of SKB, Mainteam and Villanex) entered into a General Security Deed with Grovehill Investments Pty Ltd and Napet Pty Ltd, the landlord of the Mainteam premises (**Mainteam Landlord**).



The effect of the General Security Deed granted a security interest in favour of the Mainteam Landlord over all of the property of each of the entities (including Mainteam) and the personal property of the family members party to the deed.

As a result of Mainteam's inability to remedy the position in relation to rent and outgoings, the landlord took possession of the premises on 12 March 2021.

Subsequently, on 19 April 2021, the Director passed a resolution to appoint Rob Kirman and Rob Brauer as Liquidators of Mainteam. Since appointment, the Liquidators have not been afforded access to the premises by the landlord.

In relation to the company's assets (i.e. cash on hand, stock and plant and equipment), these are subject of a lien enforced by the Mainteam Landlord and the security of Westpac, and will not provide a return to other creditors.

### 1.2 *Report on Company Activities and Property / Books and Records*

In a liquidation, directors are required to submit a Report on Company Affairs and Property (**ROCAP**), setting out a detailed assessment of the company's asset and liability position to the liquidators.

Immediately on appointment, the Liquidators requested the Director provide (i) a completed ROCAP, (ii) a completed questionnaire outlining the causes of failure of Mainteam, and (iii) any other books and records they had on hand.

The Director submitted a ROCAP on 21 May 2021. The ROCAP failed to disclose outstanding statutory liabilities, predominantly the Australian Taxation Office (**ATO**). According to the Director's ROCAP Questionnaire, the failure of Mainteam was in his view largely attributable to concentrated market competition.

In addition to the Directors' ROCAP, the Liquidators have also obtained Company records, including MYOB management accounts and physical books and records.

## 2 **Estimated assets and liabilities**

Based on MYOB management accounts and the Director's ROCAP, set out overleaf is a summary of Mainteam's asset and liability position, as well as the Liquidators view on Estimated Realisable Values (**ERV**):



## Summary of financial position

| \$                              | Notes | Director's ROCAP   | MYOB               | Liquidators' ERV   |                    |
|---------------------------------|-------|--------------------|--------------------|--------------------|--------------------|
|                                 |       |                    |                    | Low                | High               |
| <b>Assets</b>                   |       |                    |                    |                    |                    |
| Cash                            | 2.1   | -                  | (129,966)          | -                  | -                  |
| Stock                           | 2.2   | 70,958             | 70,958             | -                  | -                  |
| Accounts receivable             | 2.3   | 126,048            | 126,048            | 65                 | 409                |
| Plant & equipment               | 2.4   | 67,291             | 69,965             | 7,870              | 7,870              |
| Other assets                    | 2.5   | -                  | 13,821             | -                  | -                  |
| Total assets                    |       | 264,298            | 150,825            | 7,935              | 8,279              |
| <b>Liabilities</b>              |       |                    |                    |                    |                    |
| Priority employee creditors     | 2.6   | (98,771)           | (125,807)          | (200,149)          | (200,149)          |
| Secured creditors               | 2.7   | (4,514,754)        | (4,456,145)        | (3,272,290)        | (3,272,290)        |
| Related party loans             | 2.8   | (2,459,842)        | (413,780)          | (2,820,371)        | (706,008)          |
| Other loans                     | 2.9   | (197,500)          | (198,400)          | (198,400)          | (197,500)          |
| Unsecured creditors             | 2.10  | (429,033)          | (339,237)          | (1,887,576)        | (1,572,980)        |
| Statutory liabilities           | 2.11  | -                  | (115,966)          | (61,377)           | (61,377)           |
| Total liabilities               |       | (7,699,900)        | (5,649,336)        | (8,440,163)        | (6,010,304)        |
| <b>Net assets / liabilities</b> |       | <b>(7,435,602)</b> | <b>(5,498,510)</b> | <b>(8,432,228)</b> | <b>(6,002,024)</b> |

### 2.1 Cash

Mainteam maintained bank accounts with Westpac Banking Corporation, St George Bank Limited (**Westpac**) and Australia and New Zealand Banking Group (**ANZ**). All accounts were in overdraft at the date of appointment, and therefore no cash was available to be recovered by the Liquidators.

### 2.2 Stock

As detailed in section 1.1, prior to the appointment of the Liquidators, the Mainteam Landlord took possession of the Ellenbrook IGA premises on account of unpaid rent (circa \$1.2 million). In taking possession of the trading premises, the Mainteam Landlord also took possession of all stock on hand, most of which was the subject of the PMSI security in favour of Mainteam's key grocery supplier, being Metcash Trading Limited (**Metcash**).

The Liquidators have sought an accounting of the stock on hand at the time possession of the premises from Metcash.

For the above reasons, no stock has been recovered or realised by the Liquidators.

### 2.3 Accounts receivable

MYOB and the Director's ROCAP reported accounts receivable of \$126,048. Of this amount, circa \$125,000 relates to monies owed by related entities that are in external administration. It is therefore unlikely that a return to unsecured creditors will be achieved.

The Liquidators are liaising with the three remaining debtors regarding repayment of the small balance.

### 2.4 Plant and equipment

As detailed above, prior to the appointment of the Liquidators, the Mainteam Landlord took possession of the Ellenbrook IGA premises on account of unpaid rent (of circa \$1.2 million).

The Directors' ROCAP and MYOB management accounts reported an estimated realisable value (**ERV**) for the plant and equipment of \$70,958.



In addition to the Mainteam Landlord taking possession of the trading premises and effectively asserting a lien over Mainteam's plant and equipment for unpaid rent, the Liquidators note that the plant and equipment is also subject to Westpac's security under its GSA.

Other asset realisations by the Liquidators comprise a single motor vehicle belonging to Mainteam which was located at the Darch SUPA IGA premises (operated by related entity, SKB) and subsequently auctioned by Slattery Asset Advisory in late May 2021. The net proceeds of these sales (after realisation costs) totalled \$7,870.

## 2.5 Other assets

While omitted from the Director's ROCAP, the books and records of Mainteam reported a pre-paid insurance asset totalling \$13,821. Correspondence with Mainteam's pre-appointment insurers have confirmed that no refund is available with regard to the specific policy. The pre-payment therefore has no realisable value.

## 2.6 Priority Creditors

In accordance with section 556(1)(e) of the Corporations Act 2001 (**Act**), employee entitlements such as wages, leave of absence, retrenchment, payment in lieu of notice and superannuation receive a priority ahead of unsecured creditors.

The Liquidators' calculation of priority creditors based on the books and records of Mainteam is set out in the table below:

| Priority creditors                           |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
| \$   | Director's ROCAP | MYOB             | Liquidators' ERV |                  |
|  |                  |                  | Low              | High             |
| <b>Entitlements afforded priority by FEG</b> |                  |                  |                  |                  |
| Wages  | -                |                  | (6,992)          | (6,992)          |
| Annual leave                                 | (13,314)         | (33,000)         | (13,585)         | (13,585)         |
| Long service leave                           | -                |                  | (11,119)         | (11,119)         |
| PILN   | -                | -                | (18,899)         | (18,899)         |
| Redundancy                                   | -                | -                | (56,747)         | (56,747)         |
| Subtotal                                     | (13,314)         | (33,000)         | (107,342)        | (107,342)        |
| SGC superannuation liability                 | (85,457)         | (92,807)         | (92,807)         | (92,807)         |
| <b>Total</b>                                 | <b>(98,771)</b>  | <b>(125,807)</b> | <b>(200,149)</b> | <b>(200,149)</b> |

Based on the books and records of Mainteam, and the Director's ROCAP, the Liquidators have verified employee entitlements on behalf of the Fair Entitlements Guarantee (**FEG**) Scheme.

Some of the limitations in the books and records include unpaid wages, unpaid annual leave and long service entitlements being accrued together in the management accounts. The amount provisioned for employee liabilities in general totalled \$33,000 as at the date of appointment.

The Liquidators understand Mainteam did not pay employee wages for the week prior to the Ellenbrook IGA business ceasing to trade. Based on the Director's ROCAP and statements obtained from former employees, these unpaid wages are estimated to total \$6,992.

Unpaid long service leave, PILN and redundancy were not included in the Director's ROCAP and were calculated by the Liquidators (based on employee start dates and award rates) and have been verified to FEG.

FEG will be entitled to subrogate into the position of employees to whom they make any distributions, and rank as a priority creditor in the liquidation. In effect, this means any amounts owing to an employee will become due to FEG if and when FEG make a distribution to that employee.

If you are a former employee of Mainteam, you may be eligible to make a claim under FEG for your outstanding pre-appointment entitlements. If so, please contact the Liquidators' office to lodge to details of your claim and obtain further information regarding the FEG process.



Subject to eligibility, employees have 12 months from the date of my appointment (i.e. until 19 April 2022) to lodge their claims with FEG, however employees are encouraged to commence lodging their claims with FEG as soon as possible.

Online lodgement of claims is the preferred method to make your claim. If you are unable to lodge an online form you can submit a paper based form available from the FEG website: <http://www.employment.gov.au/fair-entitlements-guarantee-feg>.

Superannuation is not afforded a priority by FEG, and therefore can only be met by any assets that may be recovered in the liquidation. The Liquidators' estimate of \$92,807 in unpaid superannuation is based on the books and records of the company and a proof of debt submitted by the ATO.

As noted in section 5, the Liquidators consider it unlikely there will be sufficient recoveries in the liquidation to satisfy priority creditor claims.

## 2.7 Secured creditors

Mainteam's secured creditors comprise Westpac, Metcash and Bizcap AU Pty Ltd (**Bizcap**), summarised as follows:

| Secured creditors |                    |                    |                    |                    |
|-------------------|--------------------|--------------------|--------------------|--------------------|
| \$                | Director's ROCAP   | MYOB               | Liquidators' ERV   |                    |
|                   |                    |                    | Low                | High               |
| Westpac           | (2,860,470)        | (2,849,844)        | (2,860,470)        | (2,860,470)        |
| Metcash           | (370,993)          | (364,926)          | (357,543)          | (357,543)          |
| Bizcap            | (77,055)           | (35,140)           | (54,276)           | (54,276)           |
| Landlord          | (1,206,236)        | (1,206,236)        | -                  | -                  |
| <b>Total</b>      | <b>(4,514,754)</b> | <b>(4,456,145)</b> | <b>(3,272,290)</b> | <b>(3,272,290)</b> |

### 2.7.1 Westpac

As at the date of appointment, Westpac held an ALLPAP registration supported by a first ranking GSA over all or substantially all of the assets of Mainteam. Westpac's direct secured debt totalled circa \$2.9 million, comprising a trading overdraft facility and market rate loan facility. This amount was reflected in the Director's ROCAP and is broadly consistent with company books and records.

Across the greater corporate group (comprising Evermaze, Villanex and SKB), Westpac's total debt exceeds \$6.0 million and is secured by the assets of Evermaze, Mainteam and SKB, together specific properties of the Director and other family members.

While net sale proceeds from assets in related entities will reduce Westpac's total debt across the larger group, based on the only realisable asset at this stage comprising a sole vehicle valued at circa \$7,000, Mainteam is unlikely to contribute to any meaningful debt reduction and therefore Westpac will suffer a material shortfall on its security in relation to Mainteam.

### 2.7.2 Metcash

Metcash held two ALLPAP and two Other Goods registered security interests relating to in-store stock on hand at appointment.

Metcash's debt (as at the date of appointment) totalled \$357,543 and is secured to the extent of stock recovered by the Mainteam Landlord. Any balance of the debt remaining after deducting the value of its security represents an unsecured claim in the liquidation.

### 2.7.3 Bizcap

Bizcap held two registered security interests in relation to Mainteam (and Evermaze and SKB), being:

- an ALLPAP registration supported by a loan agreement dated 9 October 2020; and



- an "Account" registration with collateral comprising two bank accounts in the name of Mainteam (one with St. George and one with ANZ). These bank accounts were both in overdraft as at the date of the Administrators appointment.

As at the date of appointment, based on statements reviewed by the Liquidators, Bizcap's outstanding liability totalled \$54,276, which varies slightly with the amounts reported in the Director's ROCAP and the company's MYOB records.

#### 2.7.4 Mainteam Landlord

In June 2019, as a result of an accrual of substantial rent arrears (in excess of \$450,000 at that time) owed by Mainteam, the Director and other family members (including directors of SKB, Mainteam and Villanex) entered into a General Security Deed with the Mainteam landlord. The effect of the General Security Deed granted a security interest in favour of the Mainteam Landlord over all of the property of each of the group entities and the personal property of family members party to the deed.

The relevant security interest against Mainteam was registered on the PPSR on 20 October 2020.

According to the Director's ROCAP and the books and records of the company, as at the date of appointment the Mainteam Landlord is owed c.\$1.2 million in unpaid rent and outgoings, and accrued interest.

Due to (i) the appointment of the Liquidators on 19 April 2021, within 6 months of the registration of the Mainteam Landlord's security interest over SKB, and (ii) registration of the relevant PPSR registrations in excess of 20 days after entry into the General Security Deed, the Liquidators consider that the Mainteam Landlord's security interests in Mainteam are unperfected and therefore invalid. Accordingly, the circa \$1.2m outstanding to the Mainteam Landlord is included in unsecured creditors for the purposes of this report.

#### 2.7.5 Other PPSR registrations

Two "Other Goods" securities registered by grocery suppliers as at appointment were subsequently released following the Liquidators' appointment on request.

#### 2.8 Related party loans

The books and records of Mainteam disclose related party loans owing to the Director, SKB (In Liquidation), Villanex (In Liquidation) and eleven Related Party family members.

| Related party loans        |                    |                  |                    |                  |
|----------------------------|--------------------|------------------|--------------------|------------------|
| \$                         | Director's ROCAP   | MYOB             | Liquidators' ERV   |                  |
|                            |                    |                  | Low                | High             |
| Director                   | (433,529)          | (67,780)         | (433,529)          | (67,780)         |
| Evermaze                   | (122,892)          | (54,590)         | (122,892)          | (54,590)         |
| SKB                        | (183,048)          | (183,048)        | (183,048)          | (183,048)        |
| Villanex                   | (54,590)           | (54,590)         | (54,590)           | (54,590)         |
| Nunes Group Family members | (2,026,312)        | (345,999)        | (2,026,312)        | (345,999)        |
| <b>Total</b>               | <b>(2,820,371)</b> | <b>(706,008)</b> | <b>(2,820,371)</b> | <b>(706,008)</b> |

The Liquidators have not yet verified the related party claims, but have assumed the position of the Director's ROCAP in the low scenario and MYOB management accounts in the high scenario for the purposes of this report.

#### 2.9 Other loans

Further loan accounts have been asserted by multiple third parties since the appointment of the Liquidators, involving former employees who paid amounts of behalf Mainteam from 2019, including to key suppliers, which are estimated to total between \$197,500 and \$198,400.

The Liquidators note that these loans rank as unsecured claims in the liquidation.



## 2.10 *Unsecured creditors*

The Director's ROCAP discloses an unsecured creditors amount totalling \$429,033 which is broadly consistent with the books and records of the Company, however, does not include the circa \$1.2m outstanding to the Mainteam Landlord.

The Liquidators have reviewed and identified a number of duplicate entries for unsecured creditors within the Director's ROCAP that are disclosed as related party creditors.

Having regard to the above, the Liquidators currently estimate unsecured creditors to total between c.\$1.57m and c.\$1.88m, albeit the Liquidators have not sought proofs of debt from creditors to date, nor have they adjudicated any claims received.

## 2.11 *Statutory liabilities*

The books and records of the company report statutory liabilities of \$115,966. The ATO submitted a POD for \$61,377 in respect of GST and PAYG. The ATO's POD may increase pending completion (where relevant) of outstanding tax lodgements.

## 3 **Investigations**

The Liquidators have obtained books and records of Mainteam, which includes historical financial statements, bank statements and various trading records. The Liquidators have obtained further documents available via public register information and the Freedom of Information Act.

The Liquidators have carried out a high-level review of the above documents and conducted preliminary investigations in relation to potential Liquidator recoveries, including:

- insolvent trading;
- uncommercial transactions; and
- unfair preference payments.

To date the Liquidators have identified (i) a potential material insolvent trading claim against the Director (and former director), and (ii) the potential for unfair preferences or uncommercial transactions that require further investigation.

On review of Mainteam's available financial statements and books and records, the Company:

- was loss making between FY18 to FY20 incurring losses of \$371,381 in FY18, \$351,132 in FY19 and \$132,364 in FY20;
- has reported a net liability position in each financial year to the appointment of the Liquidators since at least FY18; and
- is likely to have been insolvent for a number of years prior to the Liquidators' appointment.

In relation to insolvent trading, the Liquidators note:

- the preliminary estimate of the quantum of such a claim would likely be substantial, though at this stage is unquantified;
- relevant claims would be apportioned between the Director and Mr Nunes (former director) based on the respective periods in which they were directors of Mainteam during the period of insolvency (the Director assumed the role in October 2010 and served with the former director until his resignation in January 2021); and
- notwithstanding the size of the potential claim (i) both the Director and Mr Nunes declared bankruptcy in late June 2021 and early July 2021 respectively, and (ii) the Liquidators are not aware of a Directors & Officers insurance policy that would respond to an insolvent trading claim, therefore any recoveries are unlikely and potentially uncommercial to pursue.

In relation to unfair preferences, a review of bank statements and company records indicates:



- significant pressure applied by a number of creditors on Mainteam to repay outstanding amounts and/or enter into a payment arrangement; and
- some material payments appear to have been made to creditors in the six month period prior to the Liquidators' appointment (**Relation Back Period**).

Accordingly, the Liquidators will investigate the potential for any unfair preferences, and pursue those where commercial to do so.

It should be noted that the Liquidators are yet to complete their investigations, and a further update to creditors will be provided should any information come to attention that alters the current view.

As part of their statutory obligations, the Liquidators of Mainteam are also required to lodge an investigative report with ASIC pursuant to section 533 of the Act in relation to the affairs of Mainteam, and the conduct of the Director. This report will be prepared and lodged on completion of the Liquidators' investigations.

#### 4 **Receipts and payment to date**

Enclosed are details of all receipts and payments in the liquidation to date.

#### 5 **Likelihood of a dividend**

A number of factors will affect the likelihood of a dividend being paid to creditors, 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.

As noted previously, Mainteam's available assets as at appointment were limited to a single motor vehicle. Westpac as first ranking secured creditor will therefore incur a shortfall of almost the entirety of its direct debt with Evermaze.

Based on (i) information available to the Liquidators at this time, (ii) there being minimal (if any) other assets available to creditors, and (iii) the shortfall to Westpac as first ranking secured creditor, we consider it unlikely that a dividend will be payable to any class of creditor absent material recoveries being made from liquidators' recovery actions (refer section 3).

Should this position change, the Liquidators will contact you to lodge a proof of debt, which formalises the record of your claim in the liquidation and is used to determine all claims against Mainteam.

#### 6 **Cost of the liquidation**

We enclose a detailed report on our remuneration, called a Remuneration Approval Report.

We propose to have our remuneration approved by a proposal without a meeting.

To vote on the proposal, you must return the enclosed voting form to our office by post, fax or email by 6 August 2021. You must also include a completed proof of debt and information to substantiate your claim. A proof of debt form is enclosed, together with guidance notes to assist you when you complete it.

We also enclose an Australian Restructuring Insolvency and Turnaround (**ARITA**) information sheet on passing resolutions without a meeting.

#### 7 **What happens next?**

We will proceed with the liquidation, which will include:

- realising any remaining assets;



- recovering any further available property;
- completing our investigations into Mainteam's affairs;
- if identified, pursuing any viable claims for statutory recovery actions; and
- completing our reporting to the corporate insolvency regulator, the Australian Securities and Investments Commission (**ASIC**).

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

We expect to have completed this liquidation within 12 months.

#### 8 **Where can you get more information?**

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

- ARITA at [www.arita.com.au/creditors](http://www.arita.com.au/creditors).
- ASIC at [www.asic.gov.au](http://www.asic.gov.au) (search for "insolvency information sheets").

If you have any queries, please contact Phoebe Donaldson on 08 6363 7619. For further information about this engagement, please refer to the website [www.mcgrathnicol.com/creditors](http://www.mcgrathnicol.com/creditors).

Dated: 19 July 2021

A handwritten signature in black ink, appearing to read 'Rob Kirman', with a long horizontal flourish extending to the right.

Rob Kirman  
*Liquidator*

Enclosures:

1. Remuneration Approval Report
2. ARITA Information Sheet – Approving remuneration of an external administrator
3. Notice of Proposal to Creditors
4. ARITA Information Sheet – Proposals without meeting (if required)
5. Proof of Debt (Form 535)
6. Proof of Debt Guidance Notes
7. ARITA Information Sheet – Offences, Recoverable Transactions & Insolvent Trading