



McGrathNicol

15 February 2016

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**James Australia Group Pty Ltd ACN 000 975 191**  
**Newcastle Liquor Wholesalers Pty Ltd ACN 135 338 635**  
**Print National Nominees Pty Ltd ACN 098 730 431**  
**Rugama Trading Pty Ltd ACN 135 068 147**  
**TLT Nominees Pty Ltd ACN 133 250 307**  
**(Receivers and Managers Appointed to All) (All In Liquidation)**  
**("the David James Group of Companies")**

### **Circular to Creditors**

I refer to the appointment of Chris Honey and I as Joint & Several Liquidators of the David James Group of Companies on 18 September 2013.

Pursuant to Section 508 of the Corporations Act 2001, the Liquidators are required to convene an Annual Meeting of Creditors or lodge an annual report on the progress of the liquidation with the Australian Securities & Investments Commission ("ASIC") when a voluntary winding up continues beyond 12 months.

The Liquidators have determined to prepare a report rather than convene an Annual Meeting of Creditors. Please find enclosed with this circular the Second Annual Report to Creditors. A copy of this Report has also been lodged with ASIC.

If you have any queries in relation to the above, please contact Johnathon Tawil of my office on (02) 9338 2607.

Yours faithfully

*The David James Group of Companies (All Receivers and Managers Appointed) (All in Liquidation)*

Shaun Fraser

*Joint & Several Liquidator*

Enclosure:

Second Annual Report to Creditors

D14-141222-DAVITL01-Circular to creditors-First Annual Report to Creditors-DR

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with



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**Advisory  
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Transactions  
Restructuring  
Insolvency**

# Second Annual Report to Creditors

**James Australia Group Pty Ltd ACN 000 975 191**

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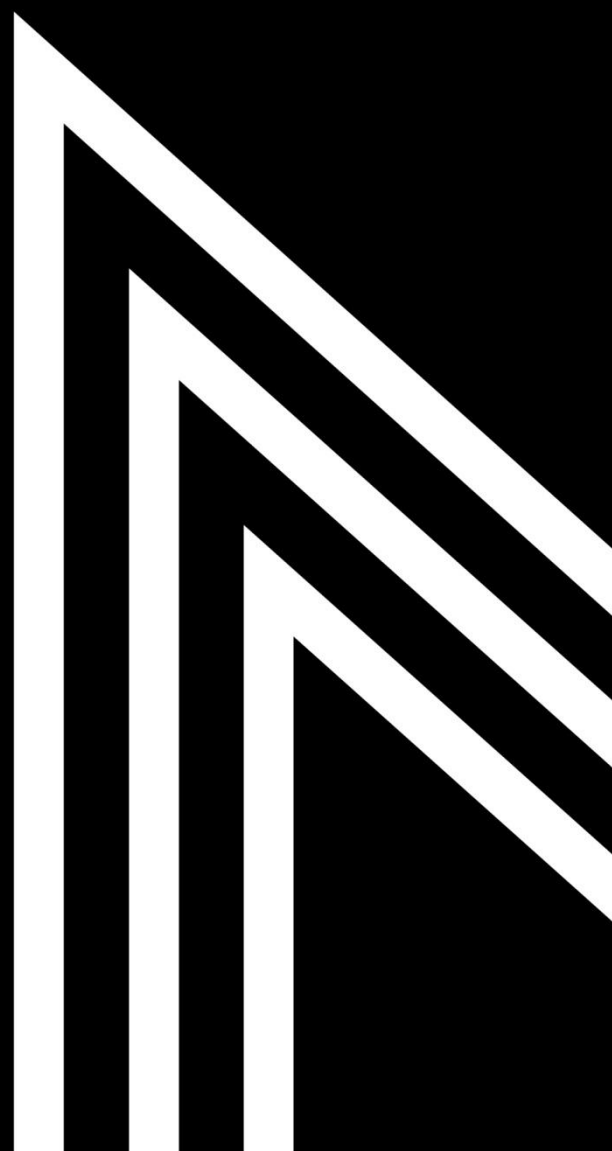
**(All Receivers and Managers Appointed)**

**(All in Liquidation)**

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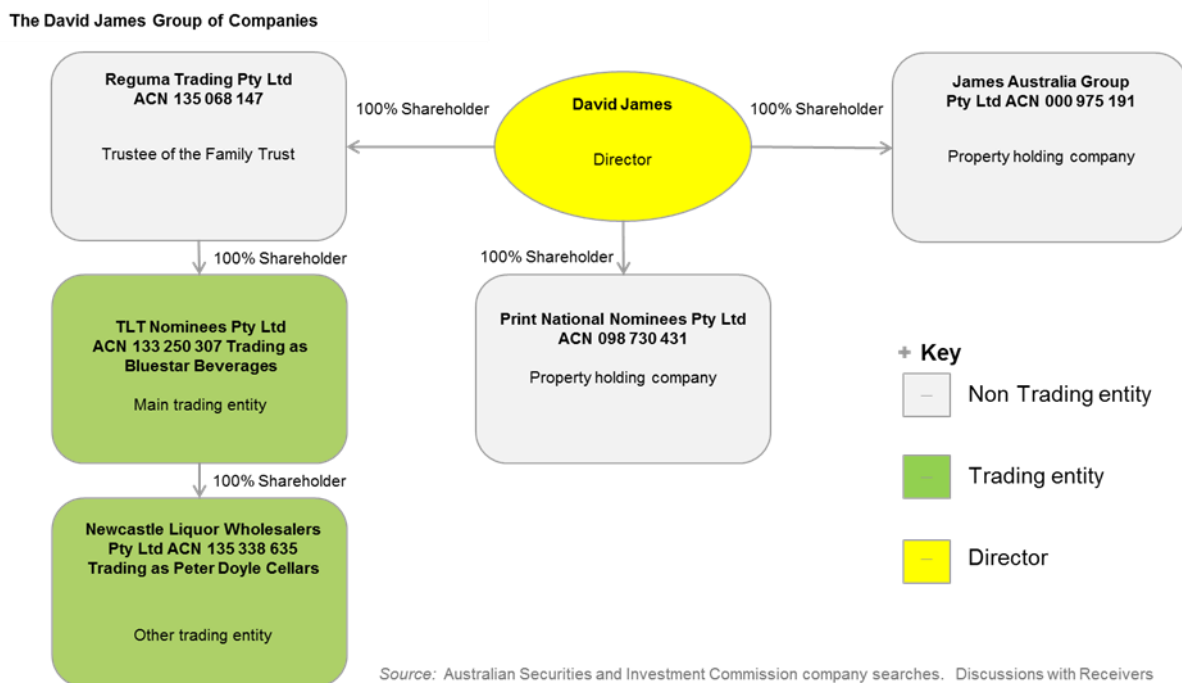
# 1 Introduction

## 1.1 Purpose of Report

This is the Second Annual Report ("Report") to the creditors of James Australia Group Pty Ltd ("JAG"), Newcastle Liquor Wholesalers Pty Ltd ("NLW") Print National Nominees Pty Ltd ("PNN"), Rugama Trading Pty Ltd ("RUG") and TLT Nominees Pty Ltd ("TLT") ("the David James Group of Companies" or "the Companies") prepared by Shaun Robert Fraser and Christopher John Honey, Liquidators of the Companies.

As was the case with our First Annual Report to Creditors dated 19 December 2014, we have prepared a single report for all entities as it is our opinion that this provides the most benefit to creditors and the Australian Securities and Investments Commission ("ASIC").

As previously provided, the below diagram indicates our understanding of structure of The David James Group of Companies.



Pursuant to S508(1)(b)(ii) of the Corporations Act 2001 ("the Act"), the Liquidators have made a determination to prepare a Report rather than convene a meeting of creditors. This Report has been prepared in accordance with S508(3) of the Act and outlines the key activities that have been undertaken over the period 18 September 2014 to 17 September 2015 and has been lodged with ASIC pursuant to S508(4) of the Act.

## 1.2 Indemnities provided

As per our previous report to creditors, in the Declaration of Independence, Relevant Relationships and Indemnities ("DIRRI"), the Administrators were provided with an indemnity for funding by the secured creditor of the Group, the ANZ Banking Group Limited to cover the remuneration, costs, charges and expenses incurred in relation to work completed during the Voluntary Administration period from 19 August 2013 to 18 September 2014 to a capped amount of \$100,000 (plus GST). The funding under the indemnity was provided and included in the summary of Receipts and Payments included as Appendix A. There are no other indemnities or funding agreements in place between the Liquidators or any other creditor.

## 2 Key activities undertaken

The key activities that have been undertaken by the Liquidators over the course of the past twelve months can be summarised into the following broad categories:

- Assisting the Receivers and Managers in processing the superannuation entitlements of the employees of NLW;
- Liaising with ASIC into the findings of the investigations;
- Liaising with the Director and the New South Wales Crown Solicitors Office in relation to his claims against the Administrative Decisions Tribunal and Office of State Revenue
- Dealing with statutory duties imposed on me as a Liquidator of a company; and
- General creditor correspondence and engagement management.

### 2.1 Director compliance

As per our First Annual Report to Creditors the Director of the Companies David James has failed to provide the reports about the company's affairs and books and records and other information previously requested to assist a Liquidator in their duties.

### 2.2 Proceedings against the Administrative Decisions Tribunal

As per our First Annual Report to Creditors we noted that there were two proceedings (Proceedings numbers: 126112 & 136019) on foot against the Chief Commissioner of State Revenue in the Administrative Decisions Tribunal ("ADT") which involve various entities including the David James Group of Companies.

The proceedings related to the failure of the Companies to make the appropriate payroll tax payments prior to our appointment.

We previously provided Mr James our consent to act on behalf of the Companies in the proceedings. This approval was granted on the basis that amongst other things, the Companies are not liable for any costs and that any funds realised from the proceedings would become assets of the Companies.

The consent to act on behalf of the David James Companies was withdrawn when Mr James was made bankrupt on 24 April 2015. However, the sequestration order against Mr James was withdrawn on 18 August 2015 and we gave Mr James conditional consent to act on behalf of the David James Group of Companies.

We understand that at the last directions hearing on 22 December 2015, Mr James was denied by the ADT to act on behalf of the David James Group of Companies and as such it is expected at the next directions hearing on 1 April 2016 that the proceedings against the ADT will be dismissed. It is therefore unlikely that any recoveries will materialise out of these proceedings and no liabilities have been incurred against the Companies.

## 3 Investigations

As per our First Annual Report to Creditors, the Liquidators were provided funding of \$7,500 (exclusive of GST) by ASIC for the preparation of a supplementary report pursuant to s533(2) of the Act. The report lodged with ASIC on 10 November 2014 identified and explained the range of offences we consider may have been committed by David James. The alleged offences are summarised below:

## Summary of offences

### Misconduct

Section 180, 181, 182 and 184 - Breach of Directors and officers general duties

Section 286/344(2) - Breach of obligation to keep financial records

Section 429(2)(b), 438B, 475(1), 530A and 530B - Failure to provide report as to affairs, to help the Liquidator and deliver to the Liquidator the Companies books and records

Section 588G - Breach of duty to prevent insolvent trading

Section 590 - Offences by officers

ASIC have notified us that they are currently considering the alleged offences committed by David James and what action (if any) they may take.

For further detail in respect to the offences please refer to the First Annual Report to Creditors.

## 4 Liquidators' Remuneration

Details of the Liquidators' remuneration for The David James Group of Companies are summarised as follows:

### The David James Group of Companies (All Receivers and Managers Appointed) (All in Liquidation)

Actual fees incurred from 1 November 2014 to 31 October 2015

(\$ Excluding GST)				
Company	Fees incurred	Fees approved	Fees drawn	Outstanding fees
TLT Nominees	22,077	-	7,500	14,577
Newcastle Liquor Wholesalers	5,801	-	-	5,801
James Australia Group	8,742	-	-	8,742
Print National Nominees	7,108	-	-	7,108
Rugama Trading	1,625	-	-	1,625
<b>Total</b>	<b>45,353</b>	<b>-</b>	<b>7,500</b>	<b>37,853</b>

### The David James Group of Companies (All Receivers and Managers Appointed) (All in Liquidation)

Actual fees incurred from appointment as Administrators (19 August 2013) to 31 October 2015

(\$ Excluding GST)				
Company	Fees incurred	Fees approved	Fees drawn	Outstanding fees
TLT Nominees	204,005	52,808	40,203	163,802
Newcastle Liquor Wholesalers	55,805	52,808	32,703	23,103
James Australia Group	26,505	8,643	7,444	19,060
Print National Nominees	22,011	9,618	8,172	13,839
Rugama Trading	15,986	8,643	7,444	8,541
<b>Total</b>	<b>324,312</b>	<b>132,520</b>	<b>95,966</b>	<b>228,346</b>

Other than the funding provided from ASIC for the preparation of the Supplementary 533 Report, there are currently no funds available to pay our remuneration. Approval for our remuneration drawn to date was sought and granted at the meeting of creditors held on 18 September 2013.

## 5 Remaining activities in the liquidation

Section 508(3) of the Act requires that a Liquidator provide:

- A description of the acts and dealings that remain to be carried out; and
- An estimate of when the winding up is likely to be completed.

Our remaining work will continue on the ongoing investigations into David James' conduct as a Director. We will provide ongoing assistance to ASIC as required. As Creditors would appreciate, it is difficult to estimate timeframes within which these issues may be finalised.

We are also required to remain Liquidators of the Companies until after the retirement of the Receivers. In relation to the concurrent Receivership of the Companies, we note that the Receivers continue to perform certain activities in relation to the Companies, including the following tasks:

- Dealing with legal proceedings initiated by David James against the Receivers which will likely further delay the retirement of the Receivers.
- Payment of the employee superannuation entitlements for NLW employees.
- Reimbursement for costs incurred by TLT protecting and dealing with the assets of another entity, Wine Investment Services Pty Ltd (Receivers Appointed)(In Liquidation) ("WIS"). Approval was sought by the NSW Supreme Court ("the Court") on 17 December 2015 and judgment was provided on 20 January 2016. We are now awaiting final directions from the Court. The sale process of WIS's assets has commenced with the proceeds to be distributed to TLT once the assets in question are fully realised.
- Undertake a final distribution to the secured creditor of all the TLT companies.

The Receivers expect that these tasks will not allow them to retire in the next 6 months.

Should you have any queries in relation to the above, please contact Mr Johnathon Tawil of this office on (02) 9338 2607.

Dated 15 February 2016



Shaun Fraser

Liquidator

## Appendix A – Receipts and payments

The David James Group of Companies (Receivers and Managers Appointed to All) (All in Liquidation)  
Receipts and payments for the period from 18 September 2014 to 17 September 2015

Description	Amount (\$ inc GST)
<b>Receipts</b>	
ASIC funding	8,250
Interest income	36
GST refund	11,014
<b>Total receipts for the period</b>	<b>19,300</b>
<b>Payments</b>	
Document storage	(3,224)
Liquidators' fees	
TLT	(8,250)
<b>Total Liquidators' fees</b>	<b>(8,250)</b>
<b>Total payments for the period</b>	<b>(11,474)</b>
<b>Net receipts (payments) for the period</b>	<b>7,826</b>
Opening cash at bank as at 18 September 2014	157
<b>Closing cash at bank as at 17 September 2015</b>	<b>7,983</b>



The David James Group of Companies (Receivers and Managers Appointed to All) (All in Liquidation)

Receipts and payments for the period from appointment as Liquidators (18 September 2013) to 31 January 2016

Description	Amount (\$ inc GST)
<b>Receipts</b>	
Bank funding	110,000
ASIC funding	8,250
Interest income	198
Inter-company transfers for fees & disbursements	69,579
GST refund	11,014
<b>Total receipts for the period</b>	<b>129,462</b>
<b>Payments</b>	
Document storage	(3,224)
Liquidators' fees	
JAG	(8,195)
NEW	(35,981)
PNN	(8,995)
RUG	(8,195)
TLT	(44,231)
<b>Total Liquidators' fees</b>	<b>(105,596)</b>
Liquidators' disbursements	
JAG	(1,258)
NEW	(4,441)
PNN	(1,258)
RUG	(1,258)
TLT	(4,441)
<b>Total Liquidators' disbursements</b>	<b>(12,654)</b>
<b>Total payments for the period</b>	<b>(121,474)</b>
<b>Net receipts (payments) for the period</b>	<b>7,988</b>
Opening cash at bank as at 18 September 2013	-
<b>Closing cash at bank as at 31 January 2016</b>	<b>7,988</b>