

Annual meeting and report to creditors 24 November 2015

ACN 000 237 678 Pty Ltd (In Liquidation), Formerly Custom Coaches (Sales) Pty Ltd, ACN 000 237 678 “CCSPL”

1 Key messages

This report is provided to creditors of CCSPL pursuant to section 508 of the *Corporations Act 2001* (the Act) and sets out key actions and updates on the liquidation since our last report dated 9 April 2015 (the April 2015 Report). This update should be read in conjunction with the April 2015 Report.

Return to creditors

Below is a summary of the expected return to creditors (refer to section 2 and 3 for further details):

- **Secured creditors** *90 cents in the dollar*
- **Priority creditors** *89 – 95 cents in the dollar*
- **Unsecured creditors** *nil – no return*

Future actions

The following matters are required to be resolved before the liquidation can end:

- The resolution of the liabilities associated with five Original Equipment Manufacturer (OEM) bonds (potential liability of \$1.25m); and
- Payment of the final dividend to priority creditors.

Please refer to section 2 and 3 for further details.

Meeting of creditors

Pursuant to section 508(1)(b)(i) of the Act, an AGM has been convened at 10:00am AEDT on 10 December 2015 at the office of Deloitte at Level 9, 225 George Street, Sydney NSW.

The purpose of the AGM is to receive this report regarding the conduct of the liquidation and to elect creditors to form a Committee of Inspection (**Committee**). The election of a Committee will allow for the Liquidators to meet with creditor representatives on a required basis to provide updates on the liquidation and to approve the Liquidators' remuneration without incurring the additional expenses of convening and holding meetings of creditors.

Please refer to section 5 for further details.

2 Update on the liquidation

Since the April 2015 Report the Liquidators have:

- Facilitated payment of \$2.2m by FEG with respect to priority employee notice and severance entitlements;
- Assisted the Purchaser and NAB with the completion of the refinance of remaining leased equipment;
- Considered options available to the Liquidators to settle, transfer and/or sell the OEM bonds to avoid remaining in office until 2021 (the expiry date of the last bond);
- Prepared and lodged a report pursuant to section 533(1) of the Act; and
- Prepared and lodged a supplementary report pursuant to section 533(2) of the Act upon request from the ASIC. It remains the Liquidators' position that there were no apparent causes of actions available to the Liquidators which would provide any realisations for the benefit of creditors.

We have completed an updated Estimated Statement of Position (**ESOP**) for CCSPL which is summarised as follows:

Class of creditor	Amount owed	Expected total distribution		Expected total distribution per the April 2015 Report
		Low	High	
Secured creditor	\$5.0m	\$4.5m	\$4.5m	\$4.6m
		90 cents	90 cents	90 cents
Priority employee / FEG claims	\$7.4m	\$6.6m	\$7.0m	\$6.3m
		89 cents	95 cents	86 cents
Unsecured	\$60.4m	<i>nil</i>	<i>nil</i>	<i>nil</i>

The Liquidators make the following comments on the revised estimated returns to each class of creditor:

- **Secured creditor:** The estimated return to NAB has not changed from 90 cents.
- **Priority creditors:** The estimated return to priority creditors improved from 86 cents to between 89 and 95 cents which is primarily due to lower trading and rental costs, payroll tax refunds and bank interest received.
- **Unsecured creditors:** Given the shortfall to secured and priority creditors, the return to unsecured creditors is still expected to be nil.

Before the liquidation can end, the following key matters must be attended to:

- **OEM bonds:** There are five OEM bonds totalling \$1.25m that expire from 2016 to 2021. The Liquidators have approached the bondholder in order to negotiate a sale of the bonds to a third party and allow steps to finalise the liquidation. This matter is ongoing;
- **Supplier claim:** Resolution of a disputed supplier claim against CCSPL; and
- **Payment of a final dividend to priority creditors:** Priority creditors are expected to receive a total distribution between 89 and 95 cents from asset realisations. After factoring for FEG distributions, the final return to employees is significantly higher. Please refer to section 4 for more details. The timing and quantum of a final dividend to priority creditors is uncertain and is dependent on the resolution of other matters in this report.

3 Updated Estimated Statement of Position (ESOP)

Set out below is the updated ESOP of CCSPL. All amounts are net of GST.

Estimated Statement of Position as at 16 October 2015	Low scenario \$	High scenario \$
Cash at bank	3,912,281	3,912,281
Less: Cash held for secured creditor	(1,538,912)	(1,538,912)
Cash available	2,373,369	2,373,369
Less: Future costs		
Liquidators' remuneration		
Liquidators' fees 01/03/2015 - 16/10/2015 (previously approved 24/04/2015)	(221,697)	(221,697)
Additional Liquidators' fees 01/03/2015 - 16/10/2015	(32,343)	(32,343)
Estimated future fees to completion	(250,000)	(100,000)
Total remuneration costs	(504,040)	(354,040)
Liquidators' disbursements	(20,000)	(10,000)
Legal fees	(40,000)	(10,000)
Bank fees	(204,000)	(34,000)
Adjustment with the Purchaser	(6,544)	(6,544)
Other contingencies	(100,000)	(30,000)
Estimated assets available to priority creditors	1,498,786	1,928,786
Outstanding priority creditor claims		
Reimbursement to FEG	(2,156,357)	(2,156,357)
Superannuation on notice	(36,011)	(36,011)
Entitlements over FEG limits	(32,398)	(32,398)
Employees not processed by FEG (excl. superannuation)	(58,978)	(58,978)
Total priority creditor claims	(2,283,744)	(2,283,744)
Estimated surplus / (deficiency) for priority creditors	(784,958)	(354,958)
Funds available to unsecured creditors	-	-

Key comments:

- **Future costs:**
 - **Liquidators' remuneration:** The Liquidators have estimated their remuneration to finalise the liquidation to be between \$100k and \$250k. The range is driven by uncertainty around the Liquidators' ability to resolve the OEM bonds issue and avoid remaining Liquidators until 2021.
 - **Bank fees:** The Liquidators are being charged c. \$34k a year for with respect to the OEM bonds. The low scenario assumes the fees will be charged until the expiry of the bonds in 2021 and the high scenario assumes the Liquidators will resolve the issue within a year.
 - **Adjustments with the Purchaser:** Represents "wrong pockets" amounts received by the Liquidators and the Purchaser which are netted off and paid to the Purchaser when required.
- After future costs, it is estimated there is between **\$1.5m and \$1.9m** available for distribution to priority creditors.
- It is estimated there will be a deficiency to priority creditors between **\$355k and \$785k**. The estimated deficiency has improved by c. \$250k since the April 2015 Report.

4 Employees

As at the date of this report, \$7.2m has been paid to employees. This represents over 98 cents in the dollar of total employee claims. The table below sets out the amounts paid and the nature of the unpaid balance:

Employee Entitlements	Amount (\$)
Total Employee Entitlements	7,372,845
Less: Amounts paid	
By Administrators/Liquidators	5,089,100
By FEG	2,156,357
Total amounts paid	7,245,457
Unpaid employee entitlements	127,388

Comprised of:

Superannuation on Notice (50%)	36,011	*
Entitlements over FEG limits	32,398	**
Employees not processed by FEG (excl. super)	58,978	***
Unpaid Employee Entitlements	127,388	

* The FEG scheme does not cover superannuation

** Certain employee entitlements exceeded FEG limits and were therefore not eligible

*** Six employees failed to successfully submit their claims prior to FEG's 16/9/15 deadline

Since the commencement of the liquidation, employees have lodged their claims with FEG. Once FEG receives a claim from an employee, it writes to the Liquidators requesting verification of specific details relating to that employee. These verification requests have been sent to the Liquidators in batches subject to when employees lodged their claim.

Since the commencement of the liquidation, the Liquidators have responded to 22 verification requests from FEG. Six verifications have been undertaken since the April 2015 Report. A summary of the 22 verification requests is outlined as follows:

FEG Verification	NSW	SA	QLD	VIC	Total	Date Verified
1st Verification	2	0	0	0	2	3/11/2014
2nd Verification	6	3	0	0	9	5/11/2014
3rd Verification	19	8	0	0	27	7/11/2014
4th Verification	16	12	2	0	30	12/11/2014
5th Verification	6	14	0	0	20	12/11/2014
6th Verification	3	6	0	0	9	12/11/2014
7th Verification	0	2	0	0	2	12/11/2014
8th Verification	1	3	0	0	4	18/11/2014
9th Verification	0	5	0	0	5	20/11/2014
10th Verification	2	2	0	0	4	27/11/2014
11th Verification	1	2	0	0	3	4/12/2014
12th-15th Verification	1	7	0	0	8	13/02/2015
16th Verification	0	1	0	0	1	2/03/2015
17th Verification	1	0	0	0	1	11/05/2015
18th Verification	0	1	0	0	1	19/05/2015
19th Verification	1	2	0	0	3	29/05/2015
20th Verification	2	6	0	0	8	9/06/2015
21st Verification	1	1	0	0	2	25/06/2015
22nd Verification	5	6	1	1	13	31/07/2015
Total Verified	67	81	3	1	152	
Employees fully paid - no FEG claim	9	1	0	0	10	
Total Number of Employees	76	82	3	1	162	

The successful completion of these verification requests allowed the processing of five FEG distributions since the April 2015 Report set out as follows:

FEG Distribution	Date	Amount (\$)
1	19/06/2015	1,762,497
2	25/06/2015	312,198
3	8/07/2015	11,371
4	16/07/2015	29,783
5	16/10/2015	40,508
Total		2,156,357

The deadline for submitting claims with FEG has now passed. Therefore no further FEG distributions are expected. All outstanding employee entitlements remain as priority claims against CCSPL in equal ranking with FEG's claim and are expected to receive a partial distribution prior to the finalisation of the liquidation.

The timing and final amount of this distribution is subject to several matters outlined in this report and is therefore uncertain. Please refer to section 2.4 of this report for further details.

5 Meeting of creditors

We enclose as Appendix A the notice of meeting of creditors of CCSPL to be held at 10:00am AEDT on 10 December 2015 at the office of Deloitte at Level 9, Grosvenor Place, 225 George Street, Sydney NSW.

Attendance at this meeting is not compulsory and will not impact your ability to participate in any future dividends declared by the Liquidators. Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy must be made in accordance with Form 532 (enclosed as Appendix B).

At the meeting, a resolution will be proposed relating to the election of creditors to form a Committee. The election of a Committee will allow for the Liquidators to meet with creditor representatives on a required basis to provide updates on the liquidation and to approve the Liquidators' remuneration without incurring the additional expenses of convening and holding meetings of creditors.

Proxy forms or facsimiles thereof must be lodged with the Liquidators prior to the commencement of the meeting. Where a facsimile copy of a proxy is sent, the original must be lodged with the Liquidators within 72 hours after the receipt of the facsimile. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairman of the meeting prior to the commencement of the meeting.

Please note that a creditor is required to lodge a Proof of Debt or Claim (enclosed as Appendix C) to be entitled to vote at the meeting of creditors. A creditor will not be able to vote at the meeting unless a Proof of Debt or Claim is lodged with the Liquidators prior to the commencement of the meeting.

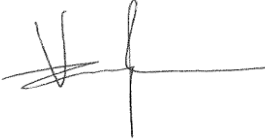
Creditors should provide proxies and Proofs of Debt to the Liquidators prior to the meeting by one of the following methods:

Post	ACN 000 237 678 Pty Ltd (In Liquidation) (formerly Custom Coaches (Sales) Pty Ltd) c/o Deloitte Attn: Muhammad Satti (Proofs and Proxies) PO Box N250, Grosvenor Place, Sydney, NSW, 1220
Email	customcoaches@deloitte.com.au
Fax	02 9322 7001

If a creditor wishes to rely on the Formal Proof of Debt or Claim lodged for the purposes of the dividend payment, or on a previously lodged Informal Proof of Debt, they must make reference to that when submitting a proxy, or when attending the meeting of creditors. Please note that this is for voting purposes only at the meeting to be held on 10 December 2015. As there is going to be no distribution to unsecured creditors, the Liquidators are not calling for Formal Proofs of Debt as part of a dividend process.

We trust that creditors find this report informative and useful. In the event that you have any queries regarding the contents of this report, or the liquidation in general, please do not hesitate to contact Muhammad Satti of this office on 02 9322 5683 or customcoaches@deloitte.com.au.

Yours faithfully

A handwritten signature in black ink, appearing to be 'V. Strawbridge', written over a horizontal line.

Vaughan Strawbridge
Joint and Several Liquidator

Definitions

439A Report	Report to creditors dated 8 September 2014 (pursuant to section 439A of the Corporations Act 2001)
\$k	Thousands of dollars
\$m	Millions of dollars
AEDT	Australian Eastern Daylight Time
AGM	Annual general meeting
April 2015 Report	Report to creditors dated 9 April 2015
ASIC	The Australian Securities and Investments Commission
c.	circa
CCSPL, the Company	ACN 000 237 678 Pty Ltd (In Liquidation), formerly Custom Coaches (Sales) Pty Ltd
Deloitte	Deloitte Touche Tohmatsu
ESOP	Estimated Statement of Position
FEG	Fair Entitlements Guarantee
GST	Goods and Services Tax
Liquidators	Vaughan Strawbridge and Timothy Norman
NAB	National Australia Bank Ltd
NSW	New South Wales
OEM	Original Equipment Manufacturer
Secured creditor	NAB
The Act	Corporations Act 2001 (Cth)
The Purchaser	Custom Bus Australia Pty Ltd

Appendices

Appendix A – Notice of Meeting

Appendix B – Form of Proxy

Appendix C – Proof of Debt

Appendix D – Receipts and Payments

Appendix A – Notice of Meeting

FORM 529
CORPORATIONS ACT 2001

Subregulation 5.6.12(1)

NOTICE OF ANNUAL MEETING OF CREDITORS

**ACN 000 237 678 PTY LTD
(FORMERLY CUSTOM COACHES (SALES) PTY LTD)
(IN LIQUIDATION) ACN 000 237 678
("THE COMPANY")**

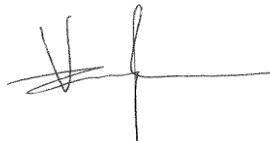
Notice is given pursuant to section 508(1) of the *Corporations Act 2001* that an annual meeting of creditors of the Company will be held at the offices of Deloitte Touche Tohmatsu, Level 9, 225 George Street, Sydney NSW 2000 on Thursday 10 December 2015 at 10:00am (AEDT).

Attendance at this meeting is not compulsory. Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy must be made in accordance with Form 532.

A specific proxy can be lodged showing approval or rejection of each resolution. Proxies to be used at the meeting should be lodged at the Liquidators' office by 4.00pm on the day prior to the meeting. Where a facsimile is sent, the original must be lodged with our office within 72 hours after the receipt of the facsimile. A creditor can only be represented by proxy or by an attorney pursuant to Corporations Regulations 5.6.28 and 5.6.32 (inclusive) and if a body corporate by a representative appointed pursuant to Section 250D.

In accordance with Regulation 5.6.23(1) of the Corporations Regulations, creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the Company with the Liquidators' office prior to the commencement of this meeting.

DATED this 24th day of November 2015



V N Strawbridge
Joint and Several Liquidator

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
SYDNEY NSW 2000

Appendix B – Form of Proxy

Appendix C – Proof of Debt

FORM 535
CORPORATIONS ACT 2001

Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

ACN 000 237 678

To the Liquidator of A.C.N. 000 237 678 Pty Ltd (formerly Custom Coaches (Sales) Pty Ltd) (In Liquidation)

1. This is to state that the company was, on 30 May 2014 ⁽¹⁾ and still is, justly and truly indebted to ⁽²⁾

 for
 dollars and cents.

Particulars of the debt are:

Date	Consideration ⁽³⁾	Amount \$	GST included \$	Remarks ⁽⁴⁾

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following:⁽⁵⁾
- 3.^{(6)*} I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.
- 3.^{(6)*} I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this day of 2015

Signature of Signatory.....

NAME IN BLOCK LETTERS.....

Occupation.....

Address.....

See Directions overleaf for the completion of this form

OFFICE USE ONLY

POD No:		ADMIT - Ordinary	\$
Date Received:	/ /	ADMIT - Preferential	\$
Entered into IPS/Computer:		Reject	\$
Amount per RATA	\$	H/Over for Consideration	\$
PREP BY/AUTHORISED		TOTAL PROOF	\$
DATE AUTHORISED	/ /		

Directions

- * Strike out whichever is inapplicable.
- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
- (2) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
- (3) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of", "moneys advanced in respect of the Bill of Exchange".
- (4) Under "Remarks" include details of vouchers substantiating payment.
- (5) Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

Date	Drawer	Acceptor	Amount	Date Due
	\$	¢		

- (6) If proof is made by the creditor personally, strike the two (2) paragraphs numbered 3.
-

Annexures

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
- B. An annexure to a form must:
 - (a) have an identifying mark;
 - (b) and be endorsed with the words:

"This is the annexure of (insert number of pages) pages marked (insert an identifying mark) referred to in the (insert description of form) signed by me/us and dated (insert date of signing); and
 - (c) be signed by each person signing the form to which the document is annexed.
- C. The pages in an annexure must be numbered consecutively.
- D. If a form has a document annexed the following particulars of the annexure must be written on the form:
 - (a) the identifying mark; and
 - (b) the number of pages.
- E. A reference to an annexure includes a document that is with a form.

Appendix D – Receipts and Payments

ACN 000 237 678 Pty Ltd
(formerly Custom Coaches (Sales) Pty Ltd)
(In Liquidation)
Summary of Receipts and Payments
16 September 2014 to 15 September 2015

RECEIPTS

Sales	2,692,280.80
Other Income	16,297.26
Pre Appointment Debtors	5,889,101.46
Cash at Bank (on Appointment)	8,762,293.97
FEG Funds Received	2,115,835.16
Plant & Equipment	135,035.00
Rent Paid	32,914.36
Bank Interest	98,228.57
Debtor Funds Held in Trust for Custom Bus Australia (suspense account)	5,778.61
Stamp Duty	5,762.04
Fire Service Levy	5,092.11
Total Receipts	19,758,619.34

PAYMENTS

Purchases - Supplier Settlements	121,211.43
Credit Card Merchant Fee	410.11
Electricity and Gas	15,603.87
Lease Payments	8,081.02
Supplier Payments	254,576.24
Rates	1,834.26
Stationery & Printing	1,940.21
Sundry and Other Expenses	11,813.42
Security Deposits	50,000.00
Wages & Salaries	87,901.90
Superannuation	130,253.54
Employee Expense Reimbursement	1,383.50
Insurance (including Workers Compensation)	289,275.51
Professional Fees	27,216.35
Legal Fees	151,055.41
Legal Disbursements	60.96
Liquidators Remuneration	1,657,899.90
Liquidators Expenses / Disbursements	53,127.14
Bank Charges	34,700.42
Drawn down of bank guarantees	108,179.97
Suspense Account - Pre-Appointment Reversed Transactions	0.01
Distribution to Priority Creditors (Employees)	3,868,729.16
FEG Distribution	2,115,849.43
Net Apportionments with Purchaser - Custom Bus Australia	36,859.89
Customer Sales Holding Accounts	58,794.00
Payroll Tax	254,802.58
Fringe Benefits Tax Payable	14,804.20
GST Receivable	1,443,174.22
Funds Held in Trust for Secured Creditor	5,119,011.00
Total Payments	15,918,549.65
Cash at Bank	3,840,069.69
Less Funds Held on Trust for Secured Creditor	(1,538,912.03)
Net Cash at Bank	2,301,157.66