



CJ's Group (in Liquidation) and its subsidiaries listed in Annexure A

**(collectively 'the Companies')
(All in Liquidation)**

Statutory Report by Liquidator

27 November 2024

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Glossary

Term	Description
\$	Australian dollar
\$000s	Thousands of dollars
ACN	Australian Company Number
Act	Corporations Act 2001
Administrators	David Hardy, George Georges and Emily Seeckts
Administration	The voluntary administration of the Group by the Administrators
ARITA	Australian Restructuring, Insolvency & Turnaround Association
ASIC	Australian Securities & Investments Commission
ATO	Australian Taxation Office
Code	ARITA Code of Professional Practice
Company / Companies	'Companies' means each entity placed into liquidation at the Second Meeting of Creditors on 2 September 2024 as noted in Annexure A, and 'Company' means any one of them
Creditors' Portal	The online platform used by the Administrators to communicate with creditors, manage creditor claims and allow creditors to vote on resolutions put forward by the Administrators. Please refer to Annexure C for further information
DE	Department of Employment and Workplace Relations
Directors	Andrew Firn, Greg Rako and Miro Sloup
ERV	Estimated Realisable Value
FEG	Fair Entitlements Guarantee
FY	Financial year
Group	All entities listed in Annexure A
IPR	Insolvency Practice Rules (Corporations) 2016
Liquidators	David Hardy, George Georges and Emily Seeckts
ROCAP	Report on Company Activities and Property
Voluntary Administrators' Report	Report prepared pursuant to IPR 75-225 and Section 438A of the Act, dated 26 August 2024

1 Introduction

We refer to our Voluntary Administrators' Report dated 26 August 2024.

At the meeting of creditors held on Monday, 2 September 2024, creditors resolved that the Companies be wound up under Section 439C(c) of the Corporations Act 2001 and David Hardy, Emily Seeckts and I were appointed Liquidators of the companies.

I now take this opportunity to report to you on the following matters relating to the liquidation of the Companies:

- An update on the progress of the liquidation;
- The current position in relation to the realisation of assets; and
- The likelihood of a dividend being paid in the liquidation.

This report should be read in conjunction with the information contained in the Liquidator's Initial Notice to Creditors dated 13 September 2024 and the Voluntary Administrators' Report.

2 Current position

2.1 Matters addressed during the liquidation

Since our appointment as Liquidators of the Companies, the following matters have been attended to:

- Tasks associated with the realisation of any remaining assets of the Companies, predominantly relating to collection of any outstanding amounts owed to the entities. This is primarily franchisee fees (where applicable) and collection of cash banked via safes for the trading stores;
- Liaising with employees and DE in relation to the payment of outstanding employee entitlements by the Fair Entitlements Guarantee Scheme;
- Preliminary investigations into the recovery of potential unfair preference payments and other antecedent transactions; and
- Investigations into the pre-appointment affairs of the Companies and lodgement of a statutory report with ASIC together with attending to other statutory requirements.

2.2 Financial position of the Company

As outlined in the Voluntary Administrators' Report, the Directors of the Companies provided a ROCAP to the Administrators on 16 August 2024 and 20 August 2024. The table below summarises the assets and liabilities disclosed in the Directors' ROCAP.

Please refer to the Voluntary Administrators' Report for further information and breakdown by entity:

Entity Name (All in Liquidation)	Estimated surplus / (deficiency) \$000s	
	Book Value	Directors ERV
CJ'S Altona Pty Ltd	(997)	(19,190)
CJ'S Ballarat Pty Ltd	(1,373)	(19,757)
CJ'S Braybrook Pty Ltd	(718)	(18,665)
CJ'S Docklands Pty Ltd	(713)	(19,646)
CJ'S Knox Pty Ltd	(1,840)	(20,891)
CJ'S East Albury Pty Ltd	-	(17,927)

Entity Name (All in Liquidation)	Estimated surplus / (deficiency) \$000s	
	Book Value	Directors ERV
CJ'S Thomastown Pty Ltd	(878)	(19,009)
CJ'S Shepparton Pty Ltd	(1,725)	(19,782)
CJ'S Campbellfield Pty Ltd	(160)	(12,730)
CJ's Acacia Ridge Pty Ltd	-	-
CJ's Byford Pty Ltd	-	(0)
CJ's Clyde North Pty Ltd	-	(11,926)
CJ's Grafton Pty Ltd	-	(5)
CJ's Hervey Bay Pty Ltd	-	(11,936)
CJ's Mirrabooka Pty Ltd	-	(11,924)
CJ's Moe Pty Ltd	-	(11,925)
CJ's Mordialloc Pty Ltd	-	(11,926)
CJ's Orange Pty Ltd	-	(17,928)
CJ's Piara Waters Pty Ltd	-	(102)
CJ's Tapping Pty Ltd	-	(11,924)

As noted in the Voluntary Administrators' Report, the book value has been extracted from the Group's financial statements. The key difference between the book value and Directors ERV is the Directors ERV includes the secured creditor balance. Entities with no reported book value is due to an absence of financial statements for these entities, these entities do not have financial statements primarily as they were pipeline locations.

2.3 Summary of receipts and payments

There have been no receipts or payments in the liquidation to date, with the exception of CJ's Thomastown Pty Ltd and CJ's Campbellfield Pty Ltd.

A summary of the receipts and payments for CJ's Thomastown Pty Ltd and CJ's Campbellfield Pty Ltd to date is attached as **Annexure B**.

3 Investigation into the Company's affairs

Creditors should refer to the Voluntary Administrators' Report for details on the Administrators' preliminary investigations. The following provides an update on our detailed investigations into the affairs of the Company.

3.1 Voidable transactions

3.1.1 Unfair preferences

Section 588FA of the Act gives the Liquidator the power to recover certain transactions that have had the effect of conferring a priority, preference or advantage to the creditor within six months of the commencement of the winding up (the relation back period).

My investigations identified potential unfair preference payments made to creditors of some the Companies, which are summarised below:

Entity Name (All in Liquidation)	Comments	Identified potential preference payments (\$'000s)	Total payments made in relation back period (\$'000s)
CJ'S Altona Pty Ltd	Potential unfair preferences	48	727
CJ'S Ballarat Pty Ltd	Potential unfair preferences	94	888
CJ'S Braybrook Pty Ltd	Potential unfair preferences	57	805
CJ'S Docklands Pty Ltd	Potential unfair preferences	98	1,050
CJ'S Knox Pty Ltd	Potential unfair preferences	19	442
CJ'S East Albury Pty Ltd	No bank account - pipeline store	-	-
CJ'S Thomastown Pty Ltd	Potential unfair preferences	74	913
CJ'S Shepparton Pty Ltd	Potential unfair preferences	43	760
CJ'S Campbellfield Pty Ltd	Potential unfair preferences	43	665
CJ's Acacia Ridge Pty Ltd	No bank account - pipeline store	-	-
CJ's Byford Pty Ltd	No bank account - pipeline store	-	-
CJ's Clyde North Pty Ltd	No bank account - pipeline store	-	-
CJ's Grafton Pty Ltd	No bank account - pipeline store	-	-
CJ's Hervey Bay Pty Ltd	No bank account - pipeline store	-	-
CJ's Mirrabooka Pty Ltd	No bank account - pipeline store	-	-
CJ's Moe Pty Ltd	No bank account - pipeline store	-	-
CJ's Mordialloc Pty Ltd	No bank account - pipeline store	-	-
CJ's Orange Pty Ltd	No bank account - pipeline store	-	-
CJ's Piara Waters Pty Ltd	No bank account - pipeline store	-	-
CJ's Tapping Pty Ltd	No bank account - pipeline store	-	-
Total		477	6,249

As noted in the Voluntary Administrators' Report, we had identified potential unfair preference payments for some of the Companies. We note that the Companies made approximately \$6.25m in payments during the relation back period. The Liquidators are continuing to review the Companies' accounting system to understand recipients of each of the payment batches visible in the bank statements.

The successful action for unfair preference payments includes establishing the date of insolvency as well as the costs of pursuing the unfair preferences, which can sometimes outweigh the potential returns to creditors. The Liquidators are assessing the books and records of the Companies to determine if there are any supporting documentation or correspondence to support the existence of payment plan arrangements or other indicators of potential insolvency that will support the pursuit of any potential unfair preferences.

As creditors are aware, 20 Companies were placed into liquidation on 2 September 2024 whilst 29 Adjourning Entities, as defined in the Voluntary Administrators' Report, continued in Voluntary Administration to allow for the completion of

various sale processes. As the Adjourning Entities have since been placed into liquidation on 1 November 2024 (Note: CJ's Fortitude Valley Pty Ltd was placed into liquidation on 8 November 2024) our investigations into unfair preferences of these 29 entities can proceed.

The Liquidators note that whilst potential unfair preferences are material from a Group perspective, as there are 49 entities within the Group, the values of the potential unfair preferences are lower at an entity level (as demonstrated in the above table for the 20 Companies). To ensure an efficient and effective investigation process, the Liquidators will undertake investigations into the Group as a whole where possible in order to minimise costs and considering that majority of the suppliers and creditors are across more than one Group entity.

The Liquidators are continuing to review each of the identified potential preference payments to determine the available level of evidence together with the commercial merits of each claim.

A Statutory Report for those entities that were placed into liquidation on 1 November 2024 will be due for issuance to creditors and ASIC by 1 February 2025. The Liquidators will take this opportunity to provide any update on potential preferences in relation to these Companies then.

3.1.2 Uncommercial transactions

Section 588FB of the Act requires the Liquidator to investigate transactions which may be deemed to be uncommercial, having regard to the detriment to the Company (if any) suffered as a consequence of the transaction in the period two years prior to the appointment.

In addition, Section 588FDA of the Act refers to "unreasonable director-related transactions" and requires the Liquidator to investigate such transactions, having regard to the detriment to the Company (if any) suffered as a consequence of the transaction.

From the information available to us we have not identified any transactions which would constitute uncommercial transactions or unreasonable director-related transactions.

3.1.3 Unfair loans

Section 588FD of the Act requires investigations of transactions which may be deemed to be unfair loans to the Company. A loan to the Company is considered to be unfair if and only if, interest on the loan is extortionate, or the charges in relation to the loan were extortionate.

From the information available to us we have not identified any transactions which would constitute unfair loans.

3.1.4 Voidable transactions – related parties

Section 588FE(4) of the Act requires investigations of transactions which may be deemed to be insolvent transactions with a related party entered into within 4 years of the commencement of the winding up.

From the information available to us we have not identified any transactions which would constitute voidable transactions with related parties.

3.2 Insolvent trading

Section 588G of the Act provides that directors are obliged to prevent a company from:

- Incurring a debt whilst insolvent; or
- Becoming insolvent by incurring a debt.

If a contravention of Section 588G can be established, then Section 588M empowers a Liquidator (or a creditor under certain circumstances) to recover compensation from a director for any loss or damage suffered as a consequence of any such contravention.

The Voluntary Administrators' Report sets out our comments and findings regarding the indicators of insolvency identified from the information available to us.

Based on our investigations to date, it is our preliminary opinion that the Companies were insolvent from the date of our appointment as Administrators on 29 July 2024. Further, certain Companies may have been insolvent from May 2024, being the date in which multiple entities within the Group entered into payment plans with a creditor.

Given the number of insolvency indicators present prior to these dates, the date of insolvency may be earlier. The Liquidators investigations in this respect are ongoing.

Section 588H of the Act provides a number of statutory defences available to Directors which would have to be considered in deciding whether to commence an insolvent trading action.

Any decision to commence an action against the Director for insolvent trading must have regard to the following:

- The quantum of the claim;
- The funding of the claim whether that it is utilising the Companies' assets or via litigation funders;
- The costs of litigation and the unknown likelihood of success; and
- The Directors' capacity to meet a claim for compensation.

Our investigations regarding insolvent trading and the financial capacity of the Directors to meet any potential actions that may be identified are ongoing and we will continue to update creditors as appropriate.

We note that Section 588R entitles creditors to commence proceedings under Section 588M against the Directors in their own right subject to the consent of the Liquidator.

Should creditors have any further information that may assist our investigations into the conduct of the Companies' affairs, they should communicate details in writing to our office within 7 days from the date of this report.

Should any creditor be willing to fund the costs and expenses to commence potential proceedings against the Directors please contact Hannah McConalogue of this office on 03 9288 6461 or hannah1@kpmg.com.au.

4 Return to creditors

The estimated outcome to creditors remains unchanged to that communicated in the Voluntary Administrators' Report.

This estimate may change should any amounts be recovered from voidable transaction and insolvent trading claims as noted in section 3 of this report, as well as any costs of litigation to recover any potential voidable claims.

The following table outlines the estimated deficiency and returns for the Companies:

Entity Name (All in Liquidation) (\$000s)	Net realisations from assets	Creditors			Estimated surplus / deficiency	Estimated return
		Secured Creditors	Priority Creditors	Unsecured Creditors		
CJ's Altona Pty Ltd	nil	(17,927)	(30)	(1,353)	(19,310)	nil
CJ's Ballarat Pty Ltd	nil	(17,927)	(46)	(1,915)	(19,888)	nil
CJ's Braybrook Pty Ltd	nil	(17,927)	(93)	(724)	(18,744)	nil
CJ's Campbellfield Pty Ltd	nil	(11,924)	(15)	(892)	(12,831)	nil
CJ's Docklands Pty Ltd	nil	(17,927)	(63)	(1,808)	(19,798)	nil
CJ's Knox Pty Ltd	nil	(17,927)	(19)	(4,532)	(22,478)	nil
CJ's Piara Waters Pty Ltd	nil	-	-	(102)	(102)	nil
CJ's Shepparton Pty Ltd	nil	(17,927)	(63)	(1,867)	(19,857)	nil
CJ's Thomastown Pty Ltd	nil	(17,927)	(32)	(1,718)	(19,677)	nil

Entity Name (All in Liquidation) (\$000s)	Net realisations from assets	Creditors			Estimated surplus / deficiency	Estimated return
		Secured Creditors	Priority Creditors	Unsecured Creditors		
CJ's Hervey Bay Pty Ltd	nil	(11,924)	-	(12)	(11,936)	nil
CJ's Orange Pty Ltd	nil	(17,927)	-	(1)	(17,928)	nil
CJ's Mordialloc Pty Ltd	nil	(11,924)	-	(2)	(11,926)	nil
CJ's Moe Pty Ltd	nil	(11,924)	-	(1)	(11,925)	nil
CJ's Clyde North Pty Ltd	nil	(11,924)	-	(2)	(11,926)	nil
CJ's Tapping Pty Ltd	nil	(11,924)	-	-	(11,924)	nil
CJ's Mirrabooka Pty Ltd	nil	(11,924)	-	(0)	(11,924)	nil
CJ's Acacia Ridge Pty Ltd	nil	-	-	-	-	nil
CJ's Grafton Pty Ltd	nil	-	-	(5)	(5)	nil
CJ's Byford Pty Ltd	nil	-	-	(0)	(0)	nil
CJ's East Albury Pty Ltd	nil	(17,927)	-	-	(17,927)	nil

At this stage, we confirm there are no asset realisations in the Companies and no funds exist to enable a distribution to any class of creditor.

5 Liquidators' remuneration and internal disbursements

Creditors will recall from the Liquidators' Initial Notice to Creditors issued on 13 September 2024 that, in accordance with the Initial Remuneration Notice (IRN) provided to creditors during the Voluntary Administration, the Liquidators' remuneration will be fixed on the basis of time spent by the Liquidators and their staff of an appropriate level having regard to the nature and complexity of the work and calculated by reference to the hourly rates set out in the IRN.

We estimate fees for the Liquidation of the Companies' affairs at \$408,540, plus applicable GST and disbursements. Full details of the calculation and composition of the Liquidators' estimated remuneration was provided in our Remuneration Approval Request dated 26 August 2024. At the meeting of creditors held on 2 September 2024, creditors approved remuneration of \$365,940 for the liquidation of the Companies. Notwithstanding the fees being approved, as there are no funds available in most of these entities, the Administration and Liquidation fees will **NOT** be recoverable.

It should be noted that if, during the liquidation, any unanticipated issues arise, it may be necessary to revisit the fee estimate. If we become aware that the liquidation costs will exceed the approved amounts, we will advise you accordingly.

An information sheet concerning approval of remuneration in external administrations can be obtained from ASIC at www.asic.gov.au.

6 Conclusion

The following matters will continue to be progressed:

- Completing our investigations into the Companies' affairs;
- Pursuing recoveries, subject to the completion of our investigations;
- Completing our reporting to ASIC and attending to statutory obligations.

At this stage we do not anticipate that I will write to you again unless any additional information becomes available that otherwise alters the information contained in this report, noting a Statutory Report for the companies placed into liquidation on 1 November 2024 will be due to be issued by 1 February 2025.

We expect to have completed this liquidation within 12 months, noting this is dependent on the outcome of the investigations.

Should you have any questions, please contact Hannah McConalogue of this office on 03 9288 6461 or CarlsJr@kpmg.com.au.

Dated this 27th day of November 2024



George Georges
Liquidator

Annexures

A – Appointment Entities

(All in Liquidation) (Collectively referred to as “CJ’s Group” or “the Companies”)

Company	ACN	Liquidation Date
CJ'S QSR Group Pty Ltd	614 373 474	1 November 2024
CJ'S QSR (Franchise) Group Pty Ltd	647 175 880	1 November 2024
CJ'S Melton Pty Ltd	636 648 792	1 November 2024
CJ'S Wetherill Park Pty Ltd	642 535 420	1 November 2024
CJ'S Thomastown Pty Ltd	630 636 305	2 September 2024
CJ'S Bringelly Pty Ltd	646 224 311	1 November 2024
CJ'S Lyndhurst Pty Ltd	640 121 375	1 November 2024
CJ'S Epping Pty Ltd	640 214 866	1 November 2024
CJ'S Altona Pty Ltd	630 537 030	2 September 2024
CJ'S Dandenong Pty Ltd	628 410 819	1 November 2024
CJ'S Shepparton Pty Ltd	637 161 767	2 September 2024
CJ'S Knox Pty Ltd	626 822 115	2 September 2024
CJ'S Ballarat Pty Ltd	628 062 966	2 September 2024
CJ'S Docklands Pty Ltd	628 618 708	2 September 2024
CJ'S Greenvale Pty Ltd	628 410 524	1 November 2024
CJS (Williams Landing) Pty Ltd	621 777 035	1 November 2024
CJS (Cranbourne) Pty Ltd	621 777 302	1 November 2024
CJ'S Clayton Pty Ltd	641 324 030	1 November 2024
CJ'S Dubbo Pty Ltd	642 534 656	1 November 2024
CJ'S Braybrook Pty Ltd	650 365 183	2 September 2024
CJ'S Epsom Pty Ltd	639 187 527	1 November 2024
CJ'S Bathurst Pty Ltd	653 715 087	1 November 2024
CJ'S Wodonga Pty Ltd	647 153 277	1 November 2024
CJ'S Craigieburn Pty Ltd	641 324 236	1 November 2024
CJ'S Campbellfield Pty Ltd	642 534 665	2 September 2024
CJ'S Fortitude Valley Pty Ltd	672 087 651	8 November 2024
CJ'S Tarneit Pty Ltd	662 375 126	1 November 2024
CJ'S Piara Waters Pty Ltd	667 225 710	2 September 2024
CJ's Bayswater Pty Ltd	637 161 776	1 November 2024
CJ's Hervey Bay Pty Ltd	638 955 718	2 September 2024
CJ's Beaconsfield Pty Ltd	638 955 736	1 November 2024
CJ's Armstrong Creek Pty Ltd	642 912 383	1 November 2024
CJ's Nowra Pty Ltd	643 168 683	1 November 2024
CJ's Orange Pty Ltd	646 224 320	2 September 2024
CJ's Mordialloc Pty Ltd	646 224 473	2 September 2024
CJ's Warrawong Pty Ltd	647 175 871	1 November 2024
CJ's Gregory Hills Pty Ltd	652 841 720	1 November 2024
CJ's Moe Pty Ltd	652 881 091	2 September 2024
CJ's Sunbury Pty Ltd	653 234 649	1 November 2024
CJ's Seaford Pty Ltd	653 435 655	1 November 2024
CJ's Clyde North Pty Ltd	655 779 865	2 September 2024
CJ's Butler Pty Ltd	658 762 040	1 November 2024
CJ's Tapping Pty Ltd	659 692 949	2 September 2024
CJ's Mirrabooka Pty Ltd	660 670 226	2 September 2024
CJ's Ellenbrook Pty Ltd	662 375 135	1 November 2024
CJ's Acacia Ridge Pty Ltd	667 225 701	2 September 2024
CJ's Grafton Pty Ltd	673 737 034	2 September 2024
CJ's Byford Pty Ltd	675 158 577	2 September 2024
CJ's East Albury Pty Ltd	647 311 233	2 September 2024

B – Receipts & Payments

CJ's Thomastown Pty Ltd (in Liquidation)	Total \$
Receipts	
Transfer from Administrator	1,803
Interest income	12
Total receipts	\$1,815
Cash at bank at 26 November 2024	\$1,815

CJ's Campbellfield Pty Ltd (in Liquidation)	Total \$
Receipts	
Transfer from Administrator	2,726
Other receipts	7,967
Interest income	24
Total receipts	\$10,717
Cash at bank at 26 November 2024	\$10,717

C – Short guide to the Creditors’ Portal

We are using the Creditors’ Portal as the primary tool for communicating with creditors and managing claims.

We have prepared this short guide to assist you as a creditor to understand the process that you must undertake to ensure you are appropriately registered as a creditor of the Company.

Please note, the email registered on the Creditors’ Portal will receive all notifications including circulars and reports issued by the Liquidators.

Please refer to the following link for further guidance on how to register, submit and manage a claim:

<https://creditors.accountants/Help>

Step 1: Register



- Register as a user at the following link: <https://creditors.accountants/> (use chrome, edge or firefox).
- You will receive a confirmation email to verify your account (verify your email address within 24 hours of registering as a user).
- Once verified, you will be redirected to the Portal.
- If you are already a registered user, please skip to “Login” below.

Step 2: Log in



- Log into the Portal using your username and password.
- You will be redirected to a screen where you need to input the following details:
 - Company creditor – an ABN; or
 - Individual creditor – first and last name.
- You will be prompted to make a declaration to confirm that you are authorised to act on behalf of the company or individual and agree on how you wish to receive future correspondence.

Step 3: Link creditor



- Once you have completed your declaration, you will be redirected to the Portal landing page where you can view the Company under “Recent Interactions”.
- If you cannot view the Company listed on the landing page you may need a creditor code to link your profile to the Company.
- Please contact the Liquidators for a unique code to register your claim.
- Once you receive your creditor code, log in and click on your user name in the top right hand side and click on “Creditor Admin” and input your code and click “Link”
- There will be an option to provide an ABN (if relevant) for company creditors, click “I do not have an ABN” (individuals) and then click “continue”

Step 4: View company and documents



- You will be able to view the Company on the landing page or under the “*Debtors*” tab and click “*My debtors*” or “*My claims*”. Click on “*Details*” to be directed to the Company.
- You will be able to view any documents uploaded under the “*Documents*” tab that relate to the Company.
- There are additional resources that you can also access under the “*Resources*” tab.

Step 5: Submit a Formal Proof of Debt Form (POD)



- You will be able to view the Company on the landing page or under the “*Debtors*” tab and click “*My debtors*” or “*My claims*”. Click on “*Details*” to be directed to the Company.
- Click on the “*Proof of Debt*” tab.
- Click on the “Submit” button and start completing the POD form.
- Tick “*No*” to the question “*Is your proof of debt informal?*”. If you are an employee creditor, this will not be an option.
- Upload any supporting documentation for consideration.
- Press “*Next*” and “*Submit*”