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AccountantsMinute

Welcome to Accountants Minute. I'm Peter Towers, Managing Director of ESS BIZTOOLS.

Special Edition **Update on the PPSA Court Case on Forge Group**

The \$50M loss for not registering on the Personal Property Securities Register (PPSR) has sent shockwaves through the business community.

The NSW Supreme Court, in a decision on 11th February 2016, indicated that the receiver for the Forge Group (in liquidation) was entitled to the ownership of the Turbines, which have been the subject of court action against General Electric for the last 14-15 months.

The court's ruling that the assets, vested in the Forge Group immediately before Voluntary Administrators, were appointed. The assets, which were turbines with an estimated value of \$50M, were leased by General Electric to Forge.

What this highlights is that every small/medium enterprise and, for that matter, big businesses, are potentially at risk under the Personal Property Securities Act (PPSA) if they don't register their transactions and assets on the PPSR.

If you have any assets that are situated on someone else's property, there are potential risks. Our recommendation to accountants is that you should be talking to your clients about this and advising them of the potential problems.

The other major issue at present is preferential payment claims being lodged by liquidators on businesses that have received payments in the 6-month period prior to the liquidator's appointment. In most cases, if that debtor transaction has been registered on the PPSR, the small/medium enterprise has no problems because the liquidator won't be able to chase up that particular transaction.

Within ESS BIZTOOLS, we've developed a PPSR Due Diligence System which will be available for individual subscription from 8th March 2016. Alternatively, should you wish to utilise the PPSR Due Diligence System now, the system is available as part of the ESS BIZTOOLS' Gold Package.

I urge you to have a full review of all your business clients, to check their level of preparation for any problems which may arise under the PPSA. There have been millions of dollars lost in Australia at present through businesses that have not taken the appropriate action to register. I'm sure you don't want that to happen to any of your clients.

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