

Freedom Insurance Group Limited (In Liquidation) ACN 608 717 728 (“the Company”)

REPORT TO MEMBERS

18 September 2020

DATE OF APPOINTMENT

21 February 2020

EXTERNAL ADMINISTRATORS

Joseph Hayes and Andrew McCabe

CONTACT

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SYDNEY NSW 2000



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1. Executive summary

Joseph Hayes and Andrew McCabe were appointed as Joint and Several Liquidators of Freedom Insurance Group Limited (In Liquidation) (**the Company** or **FIG**) by resolution of the Company's Members at the Extraordinary General Meeting on 21 February 2020.

This appointment followed our appointment as liquidators of all of the Company's subsidiaries on 13 February 2020, as listed below:

- Insurance Network Services Australia Pty Limited (In Liquidation);
- Freedom Insurance Pty Limited (In Liquidation);
- Finwealth Holdings Pty Limited (In Liquidation);
- Spectrum Wealth Advisers Pty Limited (In Liquidation);
- Customer Contact Pty Limited (Note 1); and
- Freedom Insurance Administration Pty Limited (Note 2).

Note 1 – ceased to act as liquidators on 26 June 2020, applied to ASIC for deregistration.

Note 2 – ceased to act as liquidators on 24 July 2020, applied to ASIC for deregistration.

This report should be read in conjunction with:

- Our initial report to creditors dated 28 February 2020 (**Initial Report**);
- Our report to creditors dated 4 May 2020 (**Statutory Report**); and
- Our circular to Shareholders on 26 June 2020, released as an ASX announcement (**Shareholder Circular**); (together our **Previous Reports**).

Copies of our Previous Reports and other information relating to the Liquidation of FIG and its subsidiaries, can be found on the creditors section of our website at www.wexted.com.

The purpose of this report is to provide an update to Members on the progress of the Liquidation, outline future activities required to complete the Liquidation and to provide notice of the Extraordinary General Meeting of Members (**EGM**) to be held at 10:00AM (AEDT) on **Friday, 23 October 2020**.

Our work to date has been focused on realising assets, pursuing claims to maximise returns to Members, adjudicating on creditor claims, making distributions to all admitted creditors, meeting with ASIC and complying with ASIC requirements to produce a large volume of documents and call recordings.

The next steps in the Liquidation are to convene the EGM, finalise liquidation expenses, assist ASIC to quickly finalise their investigations, and distribute the balance of funds to Members as soon as possible.

2. Activities undertaken to date

Since our appointment, we have undertaken a number of key tasks including, but not limited to:

- Notifying ASIC and other authorities of our appointment and lodging statutory forms;
- Notifying creditors of our appointment;
- Writing to parties with a security interest registered on the PPSR of FIG and its subsidiaries;
- Securing cash at bank on appointment and establishing Liquidators' bank accounts;
- Liaising with insurance specialists to obtain appropriate initial and ongoing insurance advice;
- Preparing and issuing our Initial Report and notifying creditors of our appointment;
- Receiving creditor enquiries and preparing correspondence to creditors and their representatives;
- Accessing, securing and reviewing the Company's books and records;
- Preparing and issuing our Statutory Report;



- Preparing the Company's final accounts and the Group's consolidated accounts up to the date of appointment (21 February 2020) and lodging income tax returns with the Australian Taxation Office (**ATO**) for the financial years ended 30 June 2019 and for the period up to appointment;
- Reviewing and finalising the Group's Office of State Revenue (**OSR**) lodgements for the four-year period to 30 June 2019. We note the Company ceased employing on or before 30 June 2019, so no payroll tax was accrued after this date;
- Preparing and lodging Business Activity Statements (**BAS**) for the quarters ending 31 March 2020 and 30 June 2020;
- Pursuing various insurance recoveries available to the Company;
- Meeting with and producing documents to ASIC in relation to their investigations into the Company;
- Obtaining section 260-45 Tax Clearance from the ATO;
- Advertising our intention to declare a dividend;
- Collecting, processing and adjudicating on creditor proofs of debt;
- Paying a first and final dividend to all admitted creditor claims; and
- Preparing and issuing this report to Members.

3. Assets and Liabilities

A summary of the receipts and payments in the liquidation and forecast to finalisation is provided below.

	Notes	Actuals 21-Feb-20 to 13-Sep- 20	Forecast 14-Sep-20 to finalisation	Estimated total receipts and payments for the liquidation
		\$	\$	\$
Cash at bank	3.1	19,992	-	19,992
GST refund	3.2	14,102	29,641	43,743
Intercompany loan		202,032	300,000	502,032
Distribution from subsidiaries	3.5	-	1,109,880	1,109,880
Total receipts		236,126	1,439,521	1,675,647
Professional fees		(27,271)	-	(27,271)
Legal fees	3.6	(83,722)	(82,500)	(166,222)
Other Government charges		(4,267)	-	(4,267)
Unsecured creditors		(3,508)	-	(3,508)
Liquidators' fees	6.1	(88,000)	(143,000)	(231,000)
Finwealth Holdings Liquidators' fees	3.7	(2,651)	(2,849)	(5,500)
Liquidators' disbursements	3.8	(1,368)	(55,000)	(56,368)
Total payments		(210,787)	(283,349)	(494,136)
Estimated available funds before insurance recoveries		25,339	1,156,172	1,181,511
Insurance recoveries	3.4	-	256,616	256,616
Estimated available funds after insurance recoveries		25,339	1,412,788	1,438,127

We provide the following commentary.

3.1 Cash at bank

Since our Statutory Report no additional bank accounts have been identified or cash realised. Further information is provided in section 2.1 of our Statutory Report.



3.2 GST refund

GST refunds relate to GST incurred on post-appointment payments such as professional fees, legal fees and liquidators' fees. We have forecast future refunds based on costs we expect to incur to finalise the liquidation.

3.3 Pre-appointment management accounts and tax-related issues

On review of the Group's management accounts we updated the Group's tax lodgements and worked with the OSR to oversee the completion of the payroll tax audit.

This process included:

- Attending to the lodgement of annual income tax returns for the financial year ending 30 June 2019 and period up to the date of our appointment;
- Attending to the completion and submission of the 30 September 2019 and 31 March 2020 quarterly BAS's;
- Finalising the Fringe Benefits Tax Return for year ending 21 February 2020;
- Liaising with the OSR in relation to the payroll tax audit for the financial years ending 30 June 2016 to 30 June 2019. The audit initially concluded the Company owed \$106K in relation to payroll tax, however, we successfully had this revised to a \$44K refund. This amount is included in the distribution from subsidiaries in the table above; and
- As detailed above, the Company has no payroll tax liability for the period from 1 July 2019 to 21 February 2020, or during the liquidation period.

3.4 Insurance recoveries

As advised in the Statutory Report, we were considering the recovery of costs incurred by the Company for the appearance of an officer of the Company at the Hayne Royal Commission under the Company's D&O policy (**the Claim**).

The books and records of the Company and the Declaration of Solvency dated 20 January 2020 valued the Claim at \$1.1M. This was largely based on advice provided to the Company by an insurance consultant. We note also that the Company sought to pursue the Claim prior to our appointment, and on 3 December 2019, received an offer from the Insurer to settle the Claim for \$76K.

We have undertaken a significant volume of work to interrogate the Claim, verify the efforts made to pursue the Claim prior to our appointment and review the relevant costs incurred by the Company. Our investigations concluded that the actual value of the claim is significantly less than the \$1.1M valuation disclosed in the Declaration of Solvency.

Accordingly, in consideration a number of factors including of our own verification of the claim, the potential return to Members and costs to pursue the Claim, we have responded to the Insurer's \$76K offer with a \$257K counter-offer. At the date of this report, we have not received a response from the Insurer.

We note that we are also considering pursuing a claim against the Company's insurance broker for advice given to the Company in relation to the level and extent of its insurance cover. We are not able to pursue this claim until we have finalised the D&O Claim and until the amount for which the Company was uninsured is known.

An update on these claims will be provided at the EGM, as they have a material impact on the timing and potential return to Members.

3.5 Investments in subsidiaries

Following our appointment as Liquidators to the Company's six subsidiaries we attended to various tasks including:

- Securing and realising assets;



- Issuing circulars to creditors on 4 March 2020 providing notice of intention to declare a first and final dividend to creditors. Pursuant to subregulation 5.6.65(1) of the Corporations Act 2001, a Form 548 was issued to all known creditors, requiring creditors to formally prove their debt or claim on or before 27 March 2020. Any creditor who did not submit a claim on or before 27 March 2020 was excluded from participating in the first and final dividend;
- Posting our notices of intention to declare a first and final dividend for each of the subsidiaries on the ASIC Published Notices website;
- Adjudicating on all POD's received by the due date of 27 March 2020;
- The adjudication process included the review and adjudication of a creditor claim in the amount of \$2.9M in the liquidation of Freedom Insurance Pty Limited (In Liquidation) and Freedom Insurance Administration Pty Limited (In Liquidation). In consideration of the size of the claim, significant work was undertaken and advice obtained to comprehensively review this claim. On 8 May 2020 we served notice of the rejection of this claim in full on the creditor. The creditor had a period being not less than 14 days after service of the notice to appeal to the court, this lapsed on 22 May 2020;
- Declaring a dividend for each company and arranging for a first and final distribution to creditors on 25 June 2020. This extinguished all creditor claims in the liquidations of the subsidiaries;
- Liaising with ASIC regarding the production of various records. Liaising with the Group's IT provider regarding the most commercial approach to comply with the notices of production;
- Liaising with and attending numerous meetings with AFCA regarding claims against former advisors of Spectrum Wealth Advisers Pty Limited (In Liquidation);
- Attending to our statutory reporting obligations to ASIC;
- Finalising the liquidations of two of the subsidiaries, Customer Contact Pty Limited and Freedom Insurance Administration Pty Limited on 26 June 2020 and 24 July 2020, respectively;
- Preparing the report to Members of Freedom Insurance Pty Limited (In Liquidation) attached as **Appendix D**; and
- Preparing the report to Members of Spectrum Wealth Advisers Pty Limited (In Liquidation) attached as **Appendix E**.

At the date of this report, the majority of outstanding issues in the liquidations of the remaining four subsidiaries have been finalised.

We note investigations being conducted by ASIC into the Group are ongoing. We have spent a significant amount of time complying with ASIC's requirements which, inter alia, has involved:

- Meeting with representatives from ASIC on several occasions;
- The production of a large volume of documents and call recordings;
- Defending the interests of the Group by claiming Legal Professional Privilege over certain of these documents and call recordings; and
- The execution of various agreements governing the scope and use of documents and call recordings that have been produced.

In consideration of the large volume of documents provided to ASIC, and our cooperation to date, we expect there is limited further assistance that we can provide to ASIC to finalise their investigations. We note ASIC previously requested that a dividend to Members be withheld until their investigations are finalised. We have written to ASIC seeking an update on their position and permission to make a distribution prior to that time.

As such, based on current estimates, we forecast approximately \$1.1M will be distributed to FIG.

Further information relating to the claims and conduct of the Liquidations of the Company's subsidiaries, is available on our website (www.wexted.com).



3.6 Legal fees

Legal fees incurred to date relate to costs incurred to pursue the insurance claim outlined above, advice received on various ASIC issues and costs incurred to defend claims against former advisors of one of the Company's subsidiaries, Spectrum Wealth Advisers Pty Limited (In Liquidation)

We have forecast a further \$83K (excluding GST) in legal fees will be incurred on these matters to the finalisation of the Liquidation.

3.7 Finwealth Holdings Liquidators' Fees

Liquidators fees in relation to the liquidation of Finwealth Holdings Pty Limited (In Liquidation) (**Finwealth**) have been paid by FIG. Finwealth's only asset is an intercompany loan to cover the Liquidators' fees and as such no liquidation bank account was set up.

Fees of \$5,000 (excluding GST) were approved by Members at appointment. To date, fees of \$2,410 excluding GST have been incurred and drawn.

3.8 Liquidators' disbursements

Liquidators' disbursements of \$1K have been incurred to the date of this report and relate to Company searches for each of the Group's entities and costs to maintain the Company's website.

We have forecast that \$50K (excluding GST) in future disbursements will be incurred to finalise the liquidation. This forecast is based on quotes received and our estimate to convene the EGM and distribute surplus funds to the c. 2,000 Members.

4. Further activities to be undertaken

The following tasks may be undertaken prior to the finalisation of the liquidation:

- Continuing to pursue the D&O claim and other potential insurance recoveries;
- Continuing to liaise and cooperate with ASIC regarding ongoing investigations into the Company;
- Distributing surplus funds to Members as soon as possible;
- Attending to statutory lodgements to finalise the liquidation; and
- Notifying ASIC of the finalisation of the liquidation and requesting deregistration of the Company.

5. Return to Members

Prior to our appointment the Company's Directors completed a Declaration of Solvency as at 20 January 2020, estimating surplus assets after paying debts in full of \$1.9M, or approximately 0.8 cents per share to Members. The estimate included a contingent asset for insurance recoveries of c.\$1.1M, which as outlined in section 3.4, we have offered to settle for \$257K. We note the estimate is below the listed share price of 2.0 cents, which last traded on 4 February 2020 and prior to the liquidation.

In section 3, we outlined the forecast receipts and payments in the Liquidation. Based on our underlying assumptions of expected distributions from subsidiaries, potential recovery actions and estimated future costs, the estimated return to Members may be between 0.5 and 0.6 cents per share. As highlighted below, the key variance in the estimated return to Members is the recoverability of any insurance related claims. An update on these claims will be provided at the EGM.



	Declaration of Solvency 20 January 2020 Estimate	Estimated return Low Case	Estimated return High Case
(\$)	\$	\$	\$
Cash at bank	854,876	1,181,511	1,181,511
Estimated return per share (before D&O Claim)	0.003	0.005	0.005
Insurance recoveries	1,082,380	76,071	256,616
Estimated return per share (after D&O Claim)	0.008	0.005	0.006

6. Liquidators' remuneration

6.1 Freedom Insurance Group Limited (In Liquidation)

As outlined in our Statutory Report, at the 21 February 2020 EGM Members approved the Liquidators' remuneration for the Group capped up to an amount of \$200K excluding GST. This included \$80K (excluding GST) for the Company.

During the Liquidation, we have undertaken a range of activities including finalising pre-appointment accounts, finalising pre-appointment tax lodgements and audits resulting in a net refund, pursuing insurance recoveries, liaising and cooperating with ASIC and paying all admitted claims. Further details on the activities undertaken are outlined in section 2 and section 3 of this report. During the period from 21 February 2020 to 24 April 2020, the approved Liquidators' remuneration for the Company was incurred and fully drawn up to the capped amount of \$80K excluding GST.

At appointment, we estimated our initial fee for the liquidation of the Company to completion to be \$80K, plus GST. As Members may be aware, there have been a number of unforeseen additional activities required to be undertaken that were not included in our original fee estimate. The key activities include:

- Finalising pre-appointment accounts and tax lodgements;
- Liaising with NSW OSR in relation to the payroll tax audit, resulting in a favourable variance in position of \$153K, and a recovery of \$44K;
- Liaising with, assisting and producing a large volume of information for ASIC for their investigations; and
- The large amount of work required to verify, calculate and pursue the insurance recoveries.

Our costs to complete these tasks and others have exceeded the estimate by \$94,112 (excluding GST). We will also require funding to complete the liquidation. For the benefit of Members, we propose to write-off \$14,112 of our accrued fees and a proportion of our future fees to complete the liquidation.

Accordingly, we are seeking Members approval for additional Liquidators' remuneration, as detailed below:

- Accrued fees for the period 25 April 2020 to 13 September 2020 of \$80,000, plus GST; and
- Future fees for the period from 14 September 2020 to finalisation of \$50,000, plus GST.

A detailed report on the accrued and future remuneration for the liquidators and their staff is set out in **Appendix C**.

6.2 Freedom Insurance Pty Limited (In Liquidation)

At the 21 February 2020 EGM, Members also ratified and approved the Liquidators' remuneration for the winding up of Freedom Insurance Pty Limited (In Liquidation) (**FIPL**), capped up to the amount of \$5K, plus GST.



As advised in the Shareholder Circular, unexpected fees have been incurred in the liquidation of FIPL above the approved capped fee amount of \$5,000. The additional time incurred was primarily due to the adjudication of a creditor's \$2.9M claim against FIPL in relation to the transfer of the administration business to a third party. Extensive review of Group books and records was required, and a significant amount of supporting documentation was provided by the creditor for review. As detailed in section 3.5, this claim was rejected in full. As a result of the additional work and the rejection of the claim, surplus assets are expected to be available to Members.

Our costs above the capped amount of \$5,000 for the period from 1 April 2020 to 13 September 2020 was \$33,456.50 (excluding GST). We will also require further funding to complete the liquidation. For the benefit of Members, we propose to write-off \$3,456.50 of our accrued fees and a proportion of our future fees to complete the liquidation.

As the sole member of FIPL is Insurance Network Services Australia Pty Limited (In Liquidation) (**INSA**), and we are the Liquidators of INSA, for transparency we seek the approval of Shareholders, being the ultimate beneficiaries of any surplus funds in the Group, for additional Liquidators' remuneration in FIPL as follows:

- Accrued fees for the period 1 April 2020 to 13 September 2020 of \$30,000 (excluding GST); and
- Future fees for the period from 14 September 2020 to finalisation of \$5,000 (excluding GST).

A detailed report on the conduct of the liquidation of FIPL and the associated Remuneration Approval Report is provided at **Appendix D**.

6.3 Spectrum Wealth Advisers Pty Limited (In Liquidation)

At the 21 February 2020 EGM, Members also ratified and approved the Liquidators' remuneration for the liquidation of Spectrum Wealth Advisers Pty Limited (In Liquidation) (**Spectrum**), capped up to the amount of \$50K, plus GST.

While we initially estimated our fees for the liquidation of Spectrum to be \$50K plus GST, we have been required to undertake a number of unforeseen tasks that were not included in our initial fee estimate. The key activities include:

- Defending a number of complaints made to the Australian Financial Complaints Authority (**AFCA**) against the Company and its former advisors;
- Defending other civil claims made against the Company and its former advisors;
- A significant volume of work to adjudicate on creditor claims totaling \$160K. We note that we rejected \$127K of these claims; and
- Liaising with, assisting and producing information for ASIC for their investigations.

Our costs to complete these tasks and others have exceeded our initial fee estimate of \$50,000 by \$1,529. We will also require funding to complete the liquidation. For the benefit of Members, we propose to write-off all of our accrued fees incurred above the capped amount and a proportion of our future fees to complete the liquidation.

As the sole member of Spectrum is Finwealth Holdings Pty Limited (In Liquidation) (**Finwealth**) and we are the Liquidators of Finwealth, for transparency we seek the approval of Shareholders for additional Liquidators' remuneration in Spectrum for future fees for the period from 14 September 2020 to finalisation of \$20,000 (excluding GST).

A detailed report on the conduct of the liquidation of Spectrum and the associated Remuneration Approval Report is provided at **Appendix E**.



7. Meeting of Members

An EGM of the Company will be held at 10:00AM (AEDT) on **Friday, 23 October 2020** at Clifton Venues, 60 Margaret Street, Sydney NSW 2000. The meeting will also be held by video link for the benefit of the Company's Members. Please see the attached Notice of EGM at **Appendix A** for further details.

At this meeting, Members will be provided with an update on the status and conduct of the Liquidation and requested to approve the additional remuneration of the Liquidators in FIG, FIPL and Spectrum as detailed in the attached Remuneration Approval Report (**Appendix C**) and Reports to Members (**Appendices D & E**).

8. Further information and contact details

Should you have any enquiries, please contact Lachlan Minogue of this office on (02) 9210 1706 or by email at freedominsurance@wexted.com.

DATED this 18th day of September 2020.

Freedom Insurance Group Limited (In Liquidation)

Joseph Hayes
Joint and Several Liquidator

CORPORATIONS ACT 2001

*Insolvency Practice Rules (Corporations) 2016
section 75-10*

**NOTICE OF EXTRAORDINARY GENERAL MEETING
FREEDOM INSURANCE GROUP LIMITED (IN LIQUIDATION)
ACN: 608 717 728 (“THE COMPANY”)**

NOTICE is hereby given that an Extraordinary General Meeting (“**EGM**”) of the Company will be held at 10:00AM (AEDT) on Friday 23 October at Clifton Venues, 60 Margaret St, Sydney NSW 2000.

For the benefit of Members, this meeting will also be accessible via video link as set out below. Those wishing to attend via video link will be taken as present for the purposes of a quorum and voting.

AGENDA

1. To provide Members with an update on the progress and conduct of the liquidation;
2. To seek Members’ approval of the Joint and Several Liquidators’ remuneration for Freedom Insurance Group Limited (In Liquidation);
3. To seek Members’ approval of the Joint and Several Liquidators’ remuneration for Freedom Insurance Pty Limited (In Liquidation);
4. To seek Members’ approval of the Joint and Several Liquidators’ remuneration for Spectrum Wealth Advisers Pty Limited (In Liquidation); and
5. To consider any other business that may be lawfully brought forward.

ATTENDANCE

Video link facilities will be available at the meeting. Please note under Insolvency Practice Rules (Corporations) section 75-35 if you wish to participate in the meeting using such facilities you must give to the convener not later than 4:00pm on 21 October 2020 a written statement setting out:

- (i) the name of the person and of the proxy or attorney (if any);
- (ii) an address to which notices to the person, proxy or attorney may be sent; and
- (iii) a method by which the person, proxy or attorney may be contacted for the purposes of the meeting.

Due to the COVID-19 restrictions, we encourage all Shareholders, where possible, to attend via video link or by proxy. On 22 October 2020, an invitation to join the meeting will be circulated to all Shareholders who indicate their intention to attend via video link per the requirements outlined above.

Please direct all video link requests to Lachlan Minogue at freedominsurance@wexted.com.



VOTING INFORMATION

To vote in person, attend the Meeting on the date and at the place set out above or by video link using the information provided above. To vote by proxy, please complete and sign the enclosed proxy form and either:

1. deliver the proxy form:

(a) by hand to:

Computershare Investor Services Pty Ltd
452 Johnston Street
Abbotsford VIC 3067; or

(b) by post to:

Freedom Insurance Group Ltd
C/- Computershare Investor Services Pty Ltd
GPO Box 242
Melbourne VIC 3001; or

2. by facsimile to 1800 783 447 (within Australia) or +61 9473 2555 (outside Australia); or

3. lodge online at www.investorvote.com.au (instructions as follows):

Select Investor & Employee Login and in the Single Holding section enter Freedom Insurance Group Limited or the ASX code "FIG" in the Issuer name field, your Security Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of your proxy form), postcode and security code which is shown on the screen and click Login. Select the Voting tab and then follow the prompts. You will be taken to have signed your proxy form if you lodge it in accordance with the instructions given on the website.

If you wish to appoint a proxy to vote for you at the Meeting, your proxy form must be received not later than 48 hours before the commencement of the Meeting. Proxy forms received later than this time will be invalid.

The Chairperson will abstain on all resolutions relating to the remuneration of the Liquidators.

FURTHER INFORMATION

Should Members require any further information, please contact Lachlan Minogue at freedominsurance@wexted.com

DATED this 18th day of September 2020.

Freedom Insurance Group Limited (In Liquidation)

Joseph Hayes
Joint and Several Liquidator



Appendix C – Remuneration Approval Report



1. Declaration

We, Joseph Hayes and Andrew McCabe have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Liquidators of Freedom Insurance Group Limited (In Liquidation) in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the Liquidation.

2. Executive Summary

To date, Members have approved \$80,000 (excluding GST) remuneration in the Liquidation. The Liquidators have drawn this amount in full relating to the period from appointment (21 February 2020) to 24 April 2020.

This remuneration report details approval sought for the following fees:

Current remuneration approval sought:	Reference	Amount (excluding GST) (\$)
Liquidators' remuneration		
Resolution 1 <i>"That the remuneration of the Joint and Several Liquidators for the period from 25 April 2020 to 13 September 2020, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to Members, be approved in the amount of \$80,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration immediately or as required."</i>	3.1	80,000.00
Resolution 2 <i>"That the remuneration of the Joint and Several Liquidators for the period from 14 September 2020 to finalisation of the liquidation, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to Members, be approved in the amount of \$50,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration immediately or as required."</i>	3.2	50,000.00
Total – Liquidators' remuneration		130,000.00

Please refer to report section references detailed above for full details of the calculation and composition of the remuneration approval sought.



3. Description of work completed / to be completed

3.1 Resolution 1 – Liquidators’ accrued remuneration

“That the remuneration of the Joint and Several Liquidators for the period from 25 April 2020 to 31 July 2020, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to Members, be approved in the amount of \$80,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration immediately or as required.”

Company: Freedom Insurance Group Limited (In Liquidation)

Period from: 25 April 2020

Period to: 13 September 2020

Practitioner(s): Joseph Hayes and Andrew McCabe

Liquidation Type: Liquidation

Firm: Wexted Advisors

Task Area (Excluding GST)	General Description	Includes
Assets 36.20 Hours \$9,576.50	Other Assets	Tasks associated with realising other assets including pre-appointment cash at bank
	Litigation / Recoveries	<ul style="list-style-type: none"> Liaising with solicitors regarding recovery actions Attending to negotiations Attending to settlement matters Internal meetings to discuss status of recovery actions Reviewing company’s books and records
Creditors 95.30 Hours \$35,746.00	Creditor Enquiries, Requests & Directions	<ul style="list-style-type: none"> Receive and respond to creditor enquiries by telephone and email Maintaining creditor request log Creating and maintaining proof of debt schedule Review and prepare correspondence to creditors and their representatives
	Creditor reports	<ul style="list-style-type: none"> Preparing and distributing Initial, Statutory and general reports Internal discussions regarding the preparation of reports Preparing 530B statement of posting
	Dealing with proofs of debt	<ul style="list-style-type: none"> Receipt of PODs Maintain POD register Request further information from claimants regarding PODs
	Shareholder enquiries	<ul style="list-style-type: none"> Responding to shareholder enquiries by email and telephone Prepare and circulate correspondence in relation to the status of the liquidation



Task Area (Excluding GST)	General Description	Includes
Trade On 8.80 Hours \$2,617.50	Processing receipts and payments	Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Entering receipts and payments into accounting system
Investigations 49.80 Hours \$21,057.50	ASIC reporting	Liaising with ASIC Production of documents to ASIC
	Conducting investigation	Collection of company books and records Recovering company books and records from encrypted hard drives Reviewing company's books and records Preparation of file notes
Dividend 14.80 Hours \$5,769.00	Processing proofs of debt (POD)	Preparation of correspondence to potential creditors inviting lodgement of a POD Adjudicating PODs Preparation of correspondence to claimants advising outcome of adjudication
	Dividend Procedures	Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Obtain clearance from ATO to allow distribution of company's assets Preparation of correspondence to creditors announcing declaration of dividend Advertise announcement of dividend Preparation of distribution Preparation of dividend file Payment of dividend and issue of notices to creditors
Administration 47.85 Hours \$19,345.50	Document maintenance / file review / checklist	First month, then six-monthly administration review Filing of documents File reviews Updating checklists Building consolidated cash flow forecast
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 520, 205, 5011, 5601 etc. Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Notification of appointment Preparing BAS Correspondence with the ATO and OSR regarding tax issues
	Planning/review	Discussions regarding the status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage



Task Area (Excluding GST)	General Description	Includes
Total: \$94,112.00 (excluding GST), Total Hours: 252.75		
Approval sought for period: \$80,000.00 (excluding GST)		

3.2 Resolution 2 – Liquidators’ future remuneration

“That the remuneration of the Joint and Several Liquidators for the period from 14 September 2020 to finalisation of the liquidation calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to Members, be approved in the amount of \$50,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration on a monthly basis or as required.”

Company: Freedom Insurance Group Limited (In Liquidation)

Period from: 14 September 2020

Period to: Finalisation

Practitioner(s): Joseph Hayes and Andrew McCabe

Liquidation Type: Liquidation

Firm: Wexted Advisors

Task Area (Excluding GST)	General Description	Includes
Assets \$10,000.00	Litigation / Recoveries	<ul style="list-style-type: none"> Liaising with solicitors regarding recovery actions Attending to negotiations Attending to settlement matters Internal meetings to discuss status of recovery actions
Creditors \$5,000.00	Meeting of Creditors/Shareholders	<ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known shareholders Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgment of minutes of meetings with ASIC
	Shareholder enquiries	<ul style="list-style-type: none"> Responding to shareholder enquiries by email and telephone Prepare and circulate correspondence in relation to the status of the liquidation
Investigations \$10,000.00	ASIC Reporting	<ul style="list-style-type: none"> Liaising with ASIC Production of documents to ASIC
	Conducting investigation	<ul style="list-style-type: none"> Reviewing company’s books and records Preparation of file notes



Task Area (Excluding GST)	General Description	Includes
Dividend \$15,000.00	Dividend Procedures	Advertise announcement of dividend to Members Preparation of distribution to Members Preparation of dividend file for distribution Payment of dividend and issue of notices to Members
Administration \$10,000.00	Document maintenance / file review / checklist	Filing of documents File reviews Updating checklists
	Bank account administration	Preparing correspondence closing accounts Bank account reconciliations
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 520, 205, 5011 etc. Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Notification of appointment Preparing BAS
	Planning/review	Discussions regarding the status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST registration Completing checklists
Total: \$50,000.00 (excluding GST)		
Approval sought for period: \$50,000.00 (excluding GST)		

4. Remuneration Reconciliation

At the 21 February 2020 EGM, Members approved the liquidator's remuneration of \$80,000 excluding GST. This was incurred and fully drawn on 24 April 2020.

Accordingly, we are seeking approval for accrued remuneration for the period from 25 April to 13 September 2020 in the amount of \$94,112 excluding GST and future remuneration for the period from 14 September 2020 to finalisation in the amount of \$50,000 excluding GST.

The table below compares our original fee approval to fees incurred to 13 September 2020 on a task basis and provides an explanation for the discrepancy.



Task	Current Fee Approval (\$)	Fees Incurred 21-Feb-20 to 13-Sep-20 (\$)	Difference (\$)	Reasons for difference
Assets	10,000.00	11,976.50	1,976.50	<p>We have incurred more time than originally estimated to realise the Company's contingent assets, being insurance related claims. This has involved reviewing Company books and records, previous legal advice provided to the Company in relation to the claims.</p> <p>We note that costs incurred in relation to the insurance recoveries have also been allocated to Investigations and Administration.</p>
Creditors	25,000.00	40,952.50	15,952.50	<p>Our initial estimate covered costs to be incurred to report to creditors to meet statutory obligations and to adjudicate on creditor claims made against the Company.</p> <p>We have also incurred costs in reporting to Shareholders via various circulars released via the ASX, this report, and attending to Shareholder enquiries via telephone and email. These costs were not contemplated in our original estimate.</p>
Employees	0.00	75.00	75.00	No initial estimate provided. Difference immaterial.
Trade On	0.00	8,209.50	8,209.50	No original estimate was provided, however work to manage receipts and payments relating to legal and other professional fees and payments to admitted creditor claims has been required for statutory reporting purposes



Task	Current Fee Approval (\$)	Fees Incurred 21-Feb-20 to 13-Sep-20 (\$)	Difference (\$)	Reasons for difference
Investigation	5,000.00	21,545.00	16,545.00	<p>Investigation costs incurred relate to the extensive review of Company books and records to pursue the insurance related claims. This was not included in our initial estimate as we sought to rely on advice provided to the Company prior to our appointment in relation to the claims. This has not been possible as outlined in the Report to Members.</p> <p>Investigation costs have also been incurred to comply with the requirements of notices to produce served on the Company by ASIC. We outlined in the Report to Members, we have produced a large volume of documents and call recordings to ASIC in the liquidation. Costs incurred to fulfill our obligations to ASIC were not fully contemplated in our initial fee estimate.</p>
Dividend	10,000.00	8,438.50	(1,561.50)	<p>We have been able to distribute a dividend to creditors under our estimate given at appointment. However, further costs will be incurred in preparing for and paying a distribution to over 2,000 Members.</p>
Administration	30,000.00	82,915.00	52,915.00	<p>The Administration costs of a Liquidation are a function of the size and complexity of the Liquidation. As the complexity of the Liquidation has increased since providing our initial estimate, we have incurred more time than initially contemplated. This has included dealing with residual issues following the transfer of the Company's policy administration business to a third party, compliance with ASIC requirements, discharging our statutory obligations and strategic planning and project management to ensure a distribution can be made to Members as soon as possible.</p> <p>We note also that a substantial proportion of time spent pursuing insurance related recoveries has been allocated to Administration.</p>
Total	80,000.00	174,112.00	94,112.00	



5. Calculation of Remuneration

Remuneration for hours incurred for the period from 25 April 2020 to 13 September 2020																						
Employee	Position	\$/hour (exc GST)	Total actual hours	Total (\$)	Task area						Total (\$)											
					Assets hrs	Assets \$	Creditors hrs	Creditors \$	Trade On hrs	Trade On \$		Investigations hrs	Investigations \$	Dividend hrs	Dividend \$	Admin hrs	Admin \$					
Andrew McCabe	Partner	700	12.9	9,030.00	-	-	11.4	7,980.00	-	-	-	-	-	-	-	1.5	1,050.00					
Joe Hayes	Partner	700	17.25	12,075.00	-	-	2.5	1,750.00	-	-	5.0	3,500.00	-	-	1.0	700.00	8.75	6,125.00				
James Le Messurier	Manager	480	2.8	1,344.00	-	-	0.5	240.00	-	-	-	-	-	-	1.3	624.00	1.0	480.00				
Adam Scobie	Manager	480	52.7	25,296.00	-	-	18.7	8,976.00	1.0	480.00	23.0	11,040.00	4.0	1,920.00	4.0	1,920.00	6.0	2,880.00				
Thomas Gilbert	Senior Analyst	375	38.0	14,250.00	5.5	2,062.50	10.0	3,750.00	1.5	562.50	9.1	3,412.50	2.7	1,012.50	2.7	1,012.50	9.2	3,450.00				
Patrick Skippen	Senior Analyst	375	1.2	450.00	-	-	-	-	-	-	-	-	-	-	0.5	187.50	0.7	262.50				
Lachlan Minogue	Junior Analyst	250	111.7	27,925.00	28.4	7,100.00	40.4	10,100.00	6.3	1,575.00	11.7	2,925.00	5.3	1,325.00	5.3	1,325.00	19.6	4,900.00				
Angus Malouf	Junior Analyst	250	11.8	2,950.00	-	-	11.8	2,950.00	-	-	-	-	-	-	-	-	-	-				
James Low	Undergraduate	180	4.4	792.00	2.3	414.00	-	-	-	-	1.0	180.00	-	-	-	-	1.1	198.00				
Subtotal (exc GST)			252.8	94,112.00	36.2	9,576.50	95.3	35,746.00	8.80	2,617.50	49.8	21,057.50	14.80	5,769.00	47.9	19,345.50						
<i>Less write-off</i>				(14,112.00)																		
Total remuneration (excl. GST)				80,000.00																		
GST				8,000.00																		
Total remuneration (inc GST)				88,000.00																		
Average hourly rate (exc GST)				372	265	375	297	423	390	404												



6. Likely Impact on Dividends

The Liquidators are seeking to have their remuneration approved by Members under section 60-10 of the *Insolvency Practice Schedule (Corporations)*. The proposed resolutions outline the terms for that approval. This Remuneration Report provides detail of the Liquidators proposed remuneration.

Liquidators remuneration is paid in priority to unsecured creditors in accordance with the priorities provided by section 556 of the Act. If the proposed resolutions are passed it will allow the Liquidators to draw their fees from the funds either presently held or funds recovered in the future. This may reduce the pool of funds available for distribution to Members but will also allow for further work to be performed in the external Liquidation, possibly resulting in further recoveries to be made or identified for the benefit of Members.

7. Statement of Remuneration Claim

7.1 Resolution 1

“That the remuneration of the Joint and Several Liquidators for the period from 25 April 2020 to 13 September 2020, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to Members, be approved in the amount of \$80,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration immediately or as required.”

7.2 Resolution 2

“That the remuneration of the Joint and Several Liquidators for the period from 14 September 2020 to finalisation calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to Members, be approved in the amount of \$50,000 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration on a monthly basis.”

8. **Remuneration recoverable from external sources** - Not applicable.

9. **Disbursements** - Not applicable.

10. Report on Progress of the Administration

Please refer to the Liquidators report to Members dated 18 September 2020.

11. Summary of Receipts and Payments

Please refer to the Liquidators report to Members dated 18 September 2020.

12. Queries

Creditors have the right to request further information from the external administrator if they wish to do so. Please contact Lachlan Minogue of this office on (02) 9210 1706 or at freedominsurance@wexted.com.

13. Information Sheet

The remuneration sheet guide "Approving Fees Guide to Creditors" can be accessed from the ASIC website.

Appendix D – Report to Members – Freedom Insurance Pty Limited (In Liquidation)



Liability limited by a scheme approved under Professional Standards Legislation

Wexted Unit Trust trading as **Wexted Advisors** ABN 46 346 904 995
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Freedom Insurance Pty Limited (In Liquidation) ACN 138 864 543

REPORT TO SHAREHOLDERS

18 September 2020

DATE OF APPOINTMENT

13 February 2020

EXTERNAL ADMINISTRATORS

Joseph Hayes and Andrew McCabe

CONTACT

Lachlan Minogue
(02) 9210 1706
Email: freedominsurance@wexted.com

Wexted Advisors
Level 12, 28-34 O'Connell Street
SYDNEY NSW 2000



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Appendices

A Remuneration Approval Report



1. Executive Summary

Joseph Hayes and Andrew McCabe were appointed as Joint and Several Liquidators of Freedom Insurance Pty Limited (In Liquidation) (**the Company** or **FIPL**) on 13 February 2020 by resolution of the Company's sole Member, Insurance Network Services Australia Pty Limited (In Liquidation).

On 13 February 2020, Joseph Hayes and Andrew McCabe were also appointed as Joint & Several Liquidators of the Company's other subsidiaries as listed below:

- Insurance Network Services Australia Pty Limited (In Liquidation);
- Finwealth Holdings Pty Limited (In Liquidation);
- Spectrum Wealth Advisers Pty Limited (In Liquidation);
- Freedom Insurance Administration Pty Limited (Note 1); and
- Customer Contact Pty Limited (Note 2).

Note 1 – ceased to act as liquidators on 26 June 2020, applied to ASIC to deregister the company.

Note 2 – ceased to act as liquidators on 24 July 2020, applied to ASIC to deregister the company.

Subsequently, on 21 February 2020, Joseph Hayes and Andrew McCabe were appointed as Joint and Several Liquidators of Freedom Insurance Group Limited (In Liquidation) (**FIG**), the ultimate holding company of the Freedom Insurance Group (**the Group**).

This report should be read in conjunction with:

- Our initial report to creditors dated 14 February 2020 (**Initial Report**);
- Our report to creditors dated 4 May 2020 (**Statutory Report**);
- Our report to Members of Freedom Insurance Group Limited (**Members' Report**)
- Our Circular to Shareholders of FIG on 26 June 2020, released as an ASX announcement (**Shareholder Circular**)
(together our **Previous Reports**)

A copy of our Previous Reports and other information relating to the Liquidation of FIG and its subsidiaries, can be found on the creditors section of our website at www.wexted.com.

The purpose of this report is to provide an update to Members on the progress of the Liquidation and outline future activities required to complete the Liquidation.

Our work to date has primarily focused on the adjudication of substantial creditor claims and liaising with ASIC in relation to their investigations into the Company to maximise the distribution to FIG and ultimately to its Members.

The next steps in the Liquidation are to assist ASIC to bring their investigation to an end as soon as possible and distributing the balance of funds to FIG and its Members.

2. Activities undertaken to date

Since our appointment, we have undertaken a number of key tasks including, but not limited to:

- Notifying ASIC and other authorities of our appointment and lodging statutory forms;
- Securing cash at bank on appointment and liaising with CBA to establish the Liquidators' bank accounts;
- Closing pre-appointment bank accounts;
- Liaising with insurance specialists to obtain appropriate initial and ongoing insurance advice;
- Writing to parties with a security interest registered on the PPSR;
- Preparing our Initial Report and notifying creditors of our appointment;



- Receiving creditor enquiries and preparing correspondence to creditors and their representatives;
- Preparing and issuing our Statutory Report;
- Accessing and securing the Company's books and records;
- Preparing a Business Activity Statement for the March 2020 and June 2020 quarters;
- Obtaining section 260-45 Tax Clearance from the ATO;
- Advertising our intention to declare a dividend and collecting and processing creditor proofs of debt; and
- Collecting and processing creditor proofs of debt;
- Adjudicating on creditor claims, including an extensive review of the Company's books and records to adjudicate on a \$2.97M claim
- Paying a first and final dividend to all admitted creditor claims; and
- Preparing and issuing this Report to Members.

3. Assets and Liabilities

A summary of the receipts and payments in the liquidation is set out below.

	Notes	Actuals 21 February 2020 to 13 September 2020	Forecast 14 September 2020 to finalisation	Estimated total receipts and payments for the liquidation
		\$	\$	\$
Cash at bank	3.1	320,603	-	320,603
GST refund	3.2	499	3,500	3,999
Total receipts		321,102	3,500	324,602
Other Government charges		(1,457)	-	(1,457)
Unsecured creditors	3.2	(374)	-	(374)
Liquidators' fees	6	(5,500)	(38,500)	(44,000)
Total payments		(7,331)	(38,500)	(45,831)
Estimated available funds		313,771	(35,000)	278,771

Further detail on certain of these activities is provided below.

3.1 Cast at bank

Since our Statutory Report, no additional bank accounts have been identified or cash realised. Further information is provided in section 2.1 of our Statutory Report.

3.2 GST refund

GST refunds received to date relate to GST incurred on post-appointment payments such as liquidators' fees. We have estimated further refunds based on further costs we expect to incur in the liquidation.

3.3 Creditor claims

We received claims in the amount of c.\$2.98M against the Company. C.\$1.8K related to ASIC industry levies and \$0.4K related to accounts payable. Both claims were admitted in full.



The other claim in the amount of \$2.97M related to the pre-appointment transfer of the insurance administration business to a third party (“the New Administrator”).

In or around May 2019, the Company made a payment of \$250K to the New Administrator in full and final settlement of any claims arising from the transition of the business. For this reason, this part of claim was rejected.

The balance of the claim from the New Administrator related to the conduct of the Company prior to the transition. In consideration of the size and potential impact of the claim (i.e. no return to Members, we undertook a comprehensive review of the various pieces of supporting documentation to the claim submitted.

No proceedings have been brought by any creditor in relation to our adjudication and the due date for responses to our adjudication has passed.

4. Further activities to be undertaken

The following tasks may be undertaken prior to the finalisation of the liquidation:

- Continuing to liaise with ASIC regarding ongoing investigations into the Company and the associated provision of documents and records as required so that this can be finalised as soon as possible and a dividend can be distributed to Members;
- Finalising the liquidation period accounts and attend to statutory lodgements;
- Distributing any surplus funds to Insurance Network Services Australia Pty Limited (In Liquidation) as the Company’s sole member and ultimately to the shareholders of FIG;
- Attending to statutory lodgements to finalise the liquidation; and
- Notifying ASIC of the finalisation of the liquidation and requesting deregistration of the Company.

5. Return to Members

Prior to our appointment, the directors of FIG completed a Declaration of Solvency as at 20 January 2020, estimating surplus assets for the Company after paying debts in full of \$21,243.

We note the estimate in section 3 of \$278,771 is significantly higher than the estimate provided in the Declaration of Solvency. This is largely due to the work done to reject the \$2.97M claim referred to above.

Accordingly, we expect to pay a distribution of \$278,771 to Insurance Network Services Australia Pty Limited (In Liquidation) as the Company’s sole member.

6. Liquidators’ remuneration

As outlined in our Statutory Report, at our appointment, Liquidators’ remuneration was approved in the amount of \$5,000 plus GST.

During the liquidation, a number of unforeseen additional activities were required to be undertaken that were not included in our initial estimate. As outlined above, these activities have substantially increased the potential return to Shareholders of FIG and the timing of such a return, and primarily relate to:

- The extensive review of Company books and records required to adjudicate on and defend the the \$2.97M claim against the Company; and
- Our ongoing liaison with ASIC, including meetings and the provision of Company books and records, allowing a distribution to the Company’s sole member to be made as soon as possible for the benefit of Shareholders.



Our costs to complete these tasks and others have exceeded our initial fee estimate of \$5,000 by \$33,456.50. We will also require further funding to complete the liquidation. For the benefit of Members, we propose to write-off \$3,456.50 of our accrued fees and a proportion of our future fees to complete the liquidation.

Accordingly, we are seeking approval from FIG Shareholders for accrued and future Liquidators' remuneration, as follows:

- Accrued fees for the period from 1 April 2020 to 13 September 2020 of \$30,000.00 (excluding GST); and
- Future fees for the period from 14 September 2020 to finalisation of \$5,000.00 (excluding GST).

A detailed report on the accrued and future remuneration for the liquidators and their staff is set out in **Appendix A**.

7. Further information and contact details

Should you have any enquiries, please contact Lachlan Minogue of this office on (02) 9210 1706 or by email at freedominsurance@wexted.com.

DATED this 18th day of September 2020.

Freedom Insurance Pty Limited (In Liquidation)

Joseph Hayes
Joint and Several Liquidator

1. Declaration

We, Joseph Hayes and Andrew McCabe have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Liquidators of Freedom Insurance Pty Limited (In Liquidation) in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the Liquidation.

2. Executive Summary

To date, Members have approved \$5,000 (excluding GST) remuneration in the Liquidation of the Company. The Liquidators have drawn this amount in full relating to the period from 13 February 2020 to 31 March 2020.

This remuneration report details approval sought for the following fees:

Current remuneration approval sought:	Reference	Amount (excl. GST) \$
Liquidators fees		
Resolution 1 <i>“That the remuneration of the Joint and Several Liquidators for the period from 1 April 2020 to 13 September 2020, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to Members, be approved in the amount of \$30,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration immediately or as required.”</i>	3.1	30,000.00
Resolution 2 <i>“That the remuneration of the Joint and Several Liquidators for the period from 14 September 2020 to finalisation of the liquidation, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to Members, be approved up to the capped amount of \$5,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration immediately or as required.”</i>	3.2	5,000.00
Total – Liquidators’ Remuneration		\$35,000.00

Please refer to report section references detailed above for full details of the calculation and composition of the remuneration approval sought.



3. Description of work completed / to be completed

3.1 Resolution 1 – Liquidators’ accrued remuneration

“That the remuneration of the Joint and Several Liquidators for the period from 1 April 2020 to 13 September 2020, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to Members, be approved in the amount of \$30,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration immediately or as required.”

Company: Freedom Insurance Pty Limited (In Liquidation)

Period from: 1 April 2020

Period to: 13 September 2020

Practitioner(s): Joseph Hayes and Andrew McCabe

Liquidation Type: Liquidation

Firm: Wexted Advisors

Task Area (Excluding GST)	General Description	Includes
Assets 1.1 Hours \$412.50	Other assets	Tasks associated with the realisation of other assets including pre-appointment cash at bank and intellectual property
Creditors 22.3 Hours \$6,288.50	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries by telephone and email Maintaining creditor request log Review and prepare correspondence to creditors and their representatives
	Processing proofs of debt (POD)	Preparation of correspondence to potential creditors inviting lodgement of a POD Receipt of PODs Maintain POD register
	Creditor reports	Preparing and distributing our Initial and Statutory reports to creditors
Trade On 0.9 Hours \$225.00	Processing receipts and payments	Preparing and authorising receipt vouchers and payment vouchers Entering receipts and payments into accounting system
Investigations 1.7 Hours \$615.00	Conducting investigations	Collection of company books and records Reviewing company’s books and records Preparation of file notes
Dividend 55.6 Hours \$23,376.50	Processing proofs of debt (POD)	Adjudicating PODs Request further information from claimants regarding PODs Preparation of correspondence to claimants advising outcome of adjudication



Task Area (Excluding GST)	General Description	Includes
	Dividend Procedures	Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Obtain clearance from ATO to allow distribution of company's assets Preparation of correspondence to creditors announcing declaration of dividend Advertise announcement of dividend Preparation of distribution Preparation of dividend file
Administration 8.9 Hours \$2,539.00	Document maintenance / file review / checklist	First month, then six-monthly administration review Filing of documents File reviews Updating checklists
	ASIC reporting	Liaising with ASIC Production of documents to ASIC
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 520, 205, 5011 etc. Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Notification of appointment Preparing BAS
	Planning/review	Discussions regarding the status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage
Total: \$33,456.50 (excluding GST), Total Hours: 90.5		
Approval sought for period: \$30,000.00 (excluding GST)		

3.2 Resolution 2 – Liquidators' future remuneration

“That the remuneration of the Joint and Several Liquidators for the period from 14 September 2020 to finalisation of the liquidation, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to Members, be approved up to the capped amount of \$5,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration immediately or as required.”

Company: Freedom Insurance Pty Limited (In Liquidation)

Period from: 14 September 2020

Period to: Finalisation

Practitioner(s): Joseph Hayes and Andrew McCabe



Liquidation Type: Liquidation

Firm: Wexted Advisors

Task Area	General Description	Includes
Creditors \$2,000.00	Creditor reports	Preparing and distributing our report to Members
	Shareholder enquiries	Responding to shareholder enquiries by email and telephone Preparing and circulating correspondence in relation to the status of the liquidation
Administration \$3,000.00	Document maintenance / file review / checklist	Filing of documents File reviews Updating checklists
	Bank account administration	Preparing correspondence closing accounts Bank account reconciliations
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 520, 205, 5011 etc. Correspondence with ASIC regarding statutory forms
	ASIC reporting	Liaising with ASIC Production of documents to ASIC
	ATO & other statutory reporting	Notification of appointment Preparing BAS
	Planning/review	Discussions regarding the status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage
Finalisation	Notifying ATO of finalisation Cancelling ABN / GST registration Completing checklists	
Approval sought for period: \$5,000.00 (excl. GST)		

4. Remuneration Reconciliation

At the 21 February 2020 EGM, Members ratified and approved the Liquidators remuneration capped up to the amount of \$5,000 plus GST. This was incurred and fully drawn on 31 March 2020. In the period from 1 April 2020 to 13 September 2020, we incurred additional time above the capped amount of \$33,348.50.

Accordingly, we are seeking approval for accrued remuneration for the period from 1 April 2020 to 13 September 2020 in the amount of \$30,000, incorporating a write-off of \$3,456.50, and future remuneration for the period from 14 September 2020 to finalisation of \$5,000 plus GST.

The table below compares our original fee approval to fees incurred to 13 September 2020 on a task basis and provides an explanation for the discrepancy.



Task	Current Fee Approval (\$)	Fees Incurred 13-Feb-20 to 13-Sep-20 (\$)	Difference (\$)	Reasons for difference
Assets	500.00	412.50	(87.50)	Difference immaterial.
Creditors	500.00	7,424.00	6,924.00	<p>A large volume of work required in the adjudication \$2.98M of creditor claims. This included review of supporting documentation, review of Company books and records, and correspondence with creditors in relation to their claims. Our initial estimate did not fully contemplate the volume of work required.</p> <p>We note that the majority of time incurred to adjudicate on creditor claims was incurred in the Dividend category below.</p>
Investigation	500.00	615.00	115.00	Difference immaterial.
Trade on	0.00	387.50	387.50	No initial estimate was provided, however work to manage receipts and payments relating to legal and other professional fees and payments to admitted creditor claims has been required.
Dividend	500.00	23,662.00	23,162.00	<p>As outlined above, a large volume of work was required to adjudicate on creditor claims and pay all admitted claims.</p> <p>We note that some of the time to adjudicate on creditor claims was incurred on the Creditors category above.</p>
Administration	3,000.00	5,955.50	2,955.50	The Administration costs of a liquidation are a function of the size and complexity of the liquidation. As the complexity of the liquidation has increased since providing our initial estimate due to the receipt of large creditor claims and requirements imposed on the Company by ASIC, we have incurred more time than initially contemplated.
Total	5,000.00	38,456.50	33,456.50	



5. Calculation of Remuneration

Remuneration for hours incurred for the period from 1 April 2020 to 13 September 2020																									
Employee	Position	\$/hour (exc GST)	Total actual hours	Total (\$)	Assets				Creditors				Trade On				Investigations				Dividend		Admin		
					hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	
Andrew McCabe	Partner	700	0.2	140.00	-	-	0.2	140.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Joe Haynes	Partner	700	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
James Le Messurier	Manager	480	2.6	1,248.00	-	-	0.7	336.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adam Scobie	Manager	480	29.0	13,920.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Thomas Gilbert	Senior Analyst	375	27.3	10,237.50	1.1	412.50	3.7	1,387.50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Patrick Skippen	Senior Analyst	375	0.6	225.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lachlan Minogue	Junior Analyst	250	25.5	6,375.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Angus Malouf	Junior Analyst	250	5.1	1,275.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
James Low	Undergraduate	180	0.2	36.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal (exc GST)			90.5	33,456.50	1.1	412.50	22.3	6,288.50	0.90	225.00	1.7	615.00	55.60	23,376.50	8.9	2,539.00									
<i>Less: write-off</i>				(3,456.50)																					
Total remuneration (exc GST)				30,000.00																					
GST				3,000.00																					
Total remuneration (inc GST)				33,000.00																					
Average hourly rate (exc GST)				375	282	250	362	420	285																



6. Likely Impact on Dividends

The Liquidators are seeking to have their remuneration approved by creditors under section 60-10 of the Insolvency Practice Schedule (Corporations). The proposed resolutions outline the terms for that approval. This Remuneration Report provides detail of the Liquidators proposed remuneration.

Liquidators remuneration is paid in priority to unsecured creditors in accordance with the priorities provided by section 556 of the Act. If the proposed resolutions are passed it will allow the Liquidators to draw their fees from the funds either presently held or funds recovered in the future. This may reduce the pool of funds available for distribution to unsecured creditors.

The passing of the proposed resolutions will also allow for further work to be performed in the external Liquidation, possibly resulting in further recoveries to be made or identified for the benefit of creditors.

7. Statement of Remuneration Claim

7.1 Resolution 1

“That the remuneration of the Joint and Several Liquidators for the period from 1 April 2020 to 13 September 2020, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to Members, be approved in the amount of \$30,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration immediately or as required.”

7.2 Resolution 2

“That the remuneration of the Joint and Several Liquidators for the period from 14 September 2020 to finalisation of the liquidation, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to Members, be approved in the amount of \$5,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration immediately or as required.”

8. **Remuneration recoverable from external sources** - Not applicable.

9. **Disbursements** - Not applicable.

10. Report on Progress of the Administration

Please refer to the Liquidators report to Members dated 18 September 2020.

11. Summary of Receipts and Payments

Please refer to the Liquidators report to creditors dated 18 September 2020.

12. Queries

Creditors have the right to request further information from the external administrator if they wish to do so. Please contact Lachlan Minogue of this office on (02) 9210 1706 or at lminogue@wexted.com.

13. Information Sheet

The remuneration sheet guide "Approving Fees Guide to Creditors" can be accessed from the ASIC website.

**Appendix E – Report to Members – Spectrum Wealth Advisers Pty Limited
(In Liquidation)**



Liability limited by a scheme approved under Professional Standards Legislation

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