

## **Freedom Insurance Pty Limited (In Liquidation) ACN 138 864 543**

### **STATUTORY REPORT TO CREDITORS**

Section 70-50 of the Insolvency Practice Schedule (Corporations) 2016 [IPS-C]  
Section 70-40 of the Insolvency Practice Rules (Corporations) 2016 [IPR-C]

#### **DATE OF REPORT**

4 May 2020

#### **DATE OF APPOINTMENT**

13 February 2020

#### **EXTERNAL ADMINISTRATORS**

Joseph Hayes and Andrew McCabe

#### **CONTACT**

Lachlan Minogue  
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Wexted Advisors  
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## 1. Executive Summary

We refer to our appointment as Joint and Several Liquidators of Freedom Insurance Pty Limited (In Liquidation) (“the Company”) on 13 February 2020 by resolution of the Company’s members. This report should be read in conjunction with our Report to Creditors dated 14 February 2020 (“First Report”).

This report is mandatory under section 70-40 of the Insolvency Practice Rules (Corporations) 2016 (Cth) (“Rules”). The purpose of the report is to:

- Provide creditors with an update on the progress of the Liquidation; and
- Advise creditors of the likelihood of a dividend being paid in the Liquidation.

Creditors will recall on 13 February 2020, Joseph Hayes and Andrew McCabe of Wexted Advisors were also appointed Joint and Several Liquidators of the five other subsidiaries as listed below:

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

On 21 February 2020, Joseph Hayes and Andrew McCabe of Wexted Advisors were also appointed as Joint and Several Liquidators of Freedom Insurance Group Limited (In Liquidation), the ultimate holding company of the six subsidiaries.

As advised in our First Report the Company was incorporated on 14 August 2009 and is one of the six subsidiaries of Freedom Insurance Group Limited (In Liquidation). We understand the group provided life insurance distribution and administration services as well as financial planning services.

## 2. Assets and Liabilities

A summary of the assets and liabilities of the Company as at the date of our appointment is set out below.

Description	Report Section	Balance Sheet as at 13-Feb-2020 \$'000	Expected Realisation \$'000
<b>Assets</b>			
Cast at bank	2.1	320	320
<b>Total assets</b>		<b>320</b>	<b>320</b>
<b>Liabilities</b>			
Trade payables	2.2	-	(0)
Other claims	2.3	-	(Unknown)
<b>Total liabilities</b>		<b>-</b>	<b>(Unknown)</b>
<b>Net Assets</b>		<b>320</b>	<b>Unknown</b>

We provide the following commentary.



## **2.1 Cast at bank**

We have recovered an amount of approximately \$320K from the Company's pre-appointment bank account held with Westpac.

Upon our appointment we wrote to all major financial institutions in Australia to search for any other accounts held in the Company's name. To date, our searches have not identified any other bank accounts operated by the Company. Should creditors be aware of any additional accounts please contact our office.

## **2.2 Trade payables**

The Company's balance sheet did not disclose amounts owing relating to trade and other payables as at the date of our appointment. We have received total creditor claims of \$0.4K relating to accounts payable. The invoice relating to the claim appeared as owing on the balance sheet of a related subsidiary of Freedom Insurance Group Limited (in Liquidation).

## **2.3 Other claims**

Prior to our appointment, the Company transferred the insurance administration business to a third party ("the New Administrator"). We have received a claim from the New Administrator, of which part relates to the transfer of the business.

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 to the New Administrator. For this reason, we have rejected these claims from the New Administrator.

The balance of the claim from the New Administrator relates to the conduct of the Company prior to the transition. We are still investigating the validity of these claims and if the Company has any potential recovery action.

## **3. Liquidation conduct to date**

### **3.1 Activities undertaken**

At the date of this report, we have undertaken our statutory duties and made inquiries into the Company's affairs. We provide a summary of the key tasks undertaken to date:

- 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;
- 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 to Creditors dated 14 February 2020 and notifying creditors of our appointment;
- Receiving creditor enquiries and preparing correspondence to creditors and their representatives;
- Preparing and issuing this Statutory Report to Creditors;
- Accessing and securing the Company books and records;
- Liaising with our solicitors regarding the Deed of Cross Guarantee between the Company and other entities within the group;
- Preparing the Company's final accounts up to the date of liquidation (13 February 2020) and lodging final the final income tax return with the Australian Taxation Office ("ATO") for the financial year ended 30 June 2020;
- Responding to NSW OSR relating to the payroll tax audit;



- Preparing a Business Activity Statement for the March 2020 quarter;
- Requesting section 260-45 Tax Clearance from the ATO;
- Advertising our intention to declare a dividend and collecting and processing creditor proofs of debt; and
- Adjudicating on creditor claims.

### 3.2 Fees incurred to date

On the date of our appointment, liquidators' remuneration in the amount \$5,000. In the period from the date of appointment (13 February 2020) to 26 April 2020 time costs have amounted to \$23,695. Activities undertaken during this period are outlined in section 3 above.

Description	\$ (excl. GST)
<b>Fees Approved</b>	<b>5,000</b>
Fees incurred to 26 April 2020	(23,695)
<b>Balance remaining</b>	<b>(18,695)</b>

## 4. Finalisation of liquidation

### 4.1 Further tasks to be undertaken

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

- Paying a first and final dividend to the Company's admitted creditors;
- Finalise the liquidation period accounts and attend to statutory lodgements;
- Closing pre-appointment bank accounts;
- Distribute surplus funds to Insurance Network Services Australia Pty Limited (In Liquidation) as the Company's sole member;
- Attend to statutory lodgements to finalise liquidation; and
- Notify ASIC of the finalisation of the liquidation and request deregistration of the Company

### 4.2 Future fees estimate

We expect that to finalise the liquidation, as set out above, further fees will be incurred. The reason our total expected fees will exceed the initial estimate is due to unexpected costs incurred in investigating the claim from the New Administrator as set out in section 2.3 above. Time spent involved gaining an understanding of:

- The Group's administration of these policies;
- Agreements under which the policies were transferred;
- Alleged breaches of these agreements; and
- Adjudicating on these claims accordingly.

We note we have rejected most of these claims.

We intend to apply to the Members of Freedom Insurance Group Limited (In Liquidation) as the ultimate holding entity of the Group to approve future remuneration to finalise this liquidation. We are not yet in a position to confirm the amount of future fees that will be incurred.



**5. Likelihood of a dividend**

As the Company is solvent, all admitted creditor claims will be paid in full.

**6. Possible recovery actions**

To date we have not been made aware of any potential recovery actions available for creditors. As detailed in this report, the Company is solvent, all admitted claims will be paid in full.

If creditors are aware of any potential recovery actions, please contact Lachlan Minogue at the details below.

**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 [lminogue@wexted.com](mailto:lminogue@wexted.com).

DATED this 4th day of May 2020.

**Freedom Insurance Pty Limited (In Liquidation)**

  
Joseph Hayes  
**Joint and Several Liquidator**

  
Andrew McCabe  
**Joint and Several Liquidator**