

# RUSSELLS

3 October 2018

Our Ref: AJT:JTW:20131259

Your Ref: Mr Schwarz

Mr David Schwarz  
Tucker & Cowen  
GPO Box 345  
BRISBANE 4001

By Email: [dschwarz@tuckercowen.com.au](mailto:dschwarz@tuckercowen.com.au)

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Dear Colleagues

**LM Investment Management Limited (Receivers and Managers Appointed) (In Liquidation)**

Thank you for your letter of 27 September 2018.

Our client too has been giving thought to the resolution of the issues which currently exist with the entirety of the LM Estate, being the seven trusts, in light of the multiple appointments of insolvency practitioners across the various LM Funds.

Where the dynamics of the administration of the various trust estates has (and will potentially) change over time, the logistics and effectiveness (both in terms of costs and time) of winding up the various trusts should be reviewed on a regular basis, including the continuing need for there to be parallel appointments and which practitioner is best placed to undertake particular tasks to maximise the timely return of funds to investors.

It occurs to us, for the reasons outlined below, that given the current status of the windings up of the various trusts, particularly where all assets have been converted to cash (acknowledging that the various pieces of litigation involving the FMIF, however, sit to the side), the issues which existed at the time of Justice Dalton's order in August 2013 no longer exist and, accordingly, the framework laid down in that Order may no longer be necessary and/or not optimal to finalise the windings up of the various trusts. We expand on this below.

As the LM Estate involves a number of trusts (seven in total), it would therefore seem most efficient for the liquidator to take the lead on working through an overall resolution (as he is in control of five of the seven trusts).

We agree with your comment that the most appropriate course is for Mr Whyte to abide by the order of the court on any overall solution proposed by the liquidator.

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During the five years since the appointment of the Receiver, there have been a large number of issues that have arisen in relation to the administration of the LM Estate. As we see it, there are currently four issues with the current multiple insolvency appointments, being:

1. Delay in winding up the Funds and returning funds to members;
2. Lack of funds for the general administration of the group, including delayed and non-recovery of liquidator's remuneration and expenses;
3. Lack of a funded contradictor to the "Clear Accounts" proceeding ("the Clear Accounts Claim") and the "Feeder Fund" litigation ("the Feeder Fund litigation"); and
4. Lack of transparency regarding the costs and overall benefit of the various proceedings being undertaken by the Receiver.

The challenge for all parties is to devise a framework for winding up the Funds and LMIM as quickly as possible so as to:

1. Distribute funds to members as soon as possible;
2. Reduce ongoing costs and expenses;
3. Ensure that all members of all Funds have their interests represented; and
4. Minimise any ongoing disputation.

The Liquidator has identified a strategy to address these issues ("**Finalisation Strategy**"), however will need to apply to the Court for Orders and Directions to achieve the desired outcomes.

The Finalisation Strategy in relation to the FMIF, in overview, is as follows:

1. The receivership of Mr Whyte continue only in respect of the remaining litigation.
2. The FMIF be wound up in accordance with its constitution by either the Liquidator or the Receiver, including:
  - (a) Making an interim distribution to members within 3 months, on the basis of a capped fee for remuneration;
  - (b) As soon as the Feeder Fund litigation is resolved, making a further interim distribution to members within 3 months, on the basis of a capped fee for remuneration;
  - (c) At the conclusion (being the payment of the final distribution to the members of each of the LM Funds after payment of all proper debts ("the Conclusion")), making a final distribution to members, on the basis of a capped fee for remuneration.

Our client is willing to undertake the above work at a capped fee for remuneration and to commit to paying interim distributions to FMIF members at the above times. To date, your client has been unwilling to commit to either course. Should Mr Whyte be so willing, it would then remain to be determined which party is most appropriately placed to undertake that work (with the commitment to capped fees and the making of interim distributions having been committed to) in light of our comments below.

3. So far as remuneration and expenses are concerned:

- (a) The fixing of all future remuneration and expenses of all insolvency practitioners be deferred to the conclusion of the process of the winding up LMIM and the Funds, to be approved at one comprehensive hearing (“**Final Hearing**”);
  - (b) Pending that hearing, there be payments on account to each of the Liquidator and the Receiver to meet a percentage (say, 50%) of anticipated remuneration and expenses;
  - (c) Each of the Liquidator and Receiver provide budgets of their remuneration and expenses to the Conclusion, with the budgets approved by the Court, and then account for all remuneration claims and expense against those budgets until the Final hearing.
4. There be an administration decree in respect of the trust estate of LMIM as RE for the FMIF and as RE for the Feeder Funds, so as to allow for direct supervision of the outstanding Court proceedings by Jackson J, with any litigious matters arising out of the administration to be referred to a separate judge.
5. There be funding to the Liquidator to enable him to contradict:
- (a) the Feeder Fund litigation, on behalf of the members of the Feeder Funds; and
  - (b) the Clear Accounts Claim.
6. The rationale for the above is as follows:
- (a) In respect of 1 the potential conflicts identified by Dalton J as being the basis for the original order in August 2013 for the appointment of a receiver over one of the seven LM funds no longer exists in that the assets of the FMIF have been realised and all litigation in respect of which there is a potential conflict have been identified and commenced, which the Receiver is appropriately placed to pursue those claims in the interests of the members of the FMIF;
  - (b) In respect of 2:
    - (i) The Liquidator must in any event wind up five funds, being the AIF, CPF, ACPF and the two feeder funds, CPAIF and ICPAIF;
    - (ii) In doing so, he has the familiarity with the process of winding up a fund in the context of LMIM, in particular the requirements within the constitutions and the dealings with all necessary third parties, including the member register providers, ASIC, auditors and the like;
    - (iii) He is in the process of finalising the winding up of the CPF and is able, with some accuracy, to estimate the costs of winding up a fund such as the FMIF;
    - (iv) He is able accordingly, to undertake the winding up of the FMIF for a capped fee and willing to do so, given the efficiencies of having gone through the process in respect of the other LM funds;
    - (v) The proposal will ensure early and further, timely, distributions to members;
    - (vi) In circumstances where the Receiver is predicting large returns from the litigation he is pursuing, there is no need for funds, beyond expenses and an amount for costs exposure, to be retained in the Funds; and

- (vii) Therefore, an amount by way of an interim distribution should be paid to FMIF members sooner rather than later;
- (c) In respect of 4:
- (i) There should be some accountability of the insolvency practitioners in respect of remuneration and costs and expenses;
  - (ii) The proposal will achieve the dual outcomes of enabling a Court in the process of the administration decree to be appraised of the cost/benefits of those proceedings and to ensure that there is transparency and accountability in respect of all imposts on the Funds;
  - (iii) One final remuneration hearing will enable the one judge to assess all claims together, ensuring some consistency between the remuneration and expenses;
  - (iv) To avoid prejudice to the insolvency practitioners and their advisors, the payments on account, against budgets pre-approved by the court, will enable the practitioners to act without the distraction (and the cost) of regular remuneration hearings; and
  - (v) The advance payment of percentage only of budgeted remuneration and expenses will act as an incentive to the Liquidator and Receiver to move swiftly towards a resolution of all Court proceedings;
- (d) In respect of 5:
- (i) There is currently no-one responsible for the interests of the members of the Feeder Funds in that litigation;
  - (ii) The Receiver has brought an exhaustive proceeding ostensibly in the name of LMIM as RE for the FMIF, but in fact is pursuing relief on behalf of one group of members (the class A and C unit holders) against another group of members (the class B holders);
  - (iii) The issue as between the groups was identified in the affidavit material before Dalton J in August 2013 and was the subject of a comment by Her Honour that the adjustment:  
  
*“was an accounting exercise, undertaken because the feeder fund accounts did not balance without such a distribution”*
  - (iv) The issue of the Feeder Funds does not appear to have been investigated further by the Receiver until sometime after May 2015;
  - (v) From or after May 2015, this issue of the Feeder Funds has been the subject of significant and ongoing investigation by Mr Whyte, although it is not possible to determine easily how much time has been spent by him or what expenses have been incurred on this issue;
  - (vi) The Proceeding was commenced by Mr Whyte on 23 December 2016 as BS 13534/16, with an amended statement of claim filed on 27 July 2017;
  - (vii) On 31 October 2017, Mr Whyte swore an affidavit in BS13534/16 in support of an application for leave to proceed against LMIM under s.400(2) of the



*Corporations Act 2001*, with that application heard seven months later on 29 May 2018, on which occasion leave to proceed was granted;

- (viii) On the occasion of that hearing, Jackson J noted that, in respect of an Order about the involvement in the Feeder Fund litigation of the receiver and manager appointed by a secured creditor to the assets of LMIM as RE for two of the feeder funds (CPAIF and ICPAIF), that:

*"I'm not proposing any form of order that makes him responsible for the interest of the beneficiaries of the feeder funds"*

- (ix) The secured creditor is owed approximately \$2M;
- (e) The Feeder Funds interests own approximately 27% of the units in the FMIF, with, on the basis of Mr Whyte's estimate of the value of the FMIF at approximately \$65M, a value of approximately \$18.2M;
- (i) There is a mediation proposed to be held in early November;
- (ii) There is currently no-one representing the commercial interests of the members of the Feeder Funds in respect of a claim against the RE (in effect, the trustee) of the two Feeder Funds, such that might deprive the members of the entire value of their units;
- (iii) If the facts in relation to the actions of LMIM in relation to the Feeder Funds are as set out by Mr Whyte in his affidavit sworn 31 October 2017, then the appropriate relief may be by an adjustment of the unit register of the FMIF, which could be simply achieved by an administration decree, as opposed to the complex and far-reaching litigation commenced by the Receiver in BS13534/16. The result of the administration decree would be an adjustment down of the number of units, but not an obliteration of the value of the units held by LMIM as RE for the Feeder Funds on behalf of the approximately 2,700 fund members of the Feeder Funds.
- (iv) Once the unit register is corrected, the further interim distribution may be made to the unit holders of the FMIF.
- (v) Finally, as for the "Clear Accounts" Claim, as matters currently stand, LMIM's right of indemnity is "suspended", and pending the determination of proofs of debt, due today (2 October 2018), this suspension may or may not be problematic and lead to further delay. The utility and potential progress of that action (and the quantum of any impact) can be re-considered as part of the administration decree.

### Summary

After much consideration our client believes that the above framework will bring about a transparent and practical conclusion to the winding up of the LM Estate in as short a time as possible with costs also being minimised.

The Finalisation Solution provides for an interim distribution to FMIF investors in the near future; which investors have been without access to their funds for, in the most part, close to 10 years.

Now is an appropriate time to revisit the current structural arrangements of the various insolvency practitioner appointments as the reasons for the appointment of Mr Whyte as receiver are, in the most part, no longer in existence and therefore the purpose of the receivership is spent.

There is, of course, a need for logistical arrangements to be considered and implemented by our client in seeking directions to advance with the above strategy, including notice being given to Fund members and other stakeholders, such as the Australian Investments and Securities Commission, and precise formulation of the Orders which will be sought.

Therefore, what will be raised in Court today is the facilitative orders for the hearing of our client's application for directions, being in the form of the attached draft order.

Yours faithfully



**Ashley Tiplady**  
*Partner*

Direct (07) 3004 8833  
Mobile 0419 727 626  
*ATiplady@RussellsLaw.com.au*

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23 AUGUST 2013

LM Investment Management Limited  
(In Liquidation)  
ACN 077 208 461  
(the Company)

Pursuant to Section 1603 (Section 508 (1)(b)(ii) [Repealed])  
of the *Corporations Act 2001 (Cth)*

FTI Consulting

GPO Box 3127

BRISBANE QLD 4000

Telephone: (07) 3225 4900

Facsimile: (07) 3225 4999

[www.fticonsulting-asia.com](http://www.fticonsulting-asia.com)

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there are no anticipated recoveries to reimburse the Company for costs expended in defending and dealing with actions against the insurance policies.

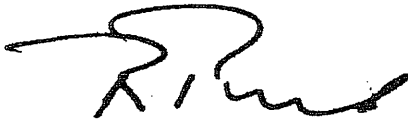
- The claim by FMIF against the Professional Indemnity Insurance Policies remains on foot, whilst the MPF claim has been discontinued.

### 3. Liquidator's Acts and Dealings

Please refer to the **\*attached** Liquidators' Account of Acts and Dealings for the period 1 August 2017 to 31 July 2018.

Should you have any queries regarding the above please contact Renee Lobb of this office on (07) 3225 4976 or via email at [renee.lobb@fticonsulting.com](mailto:renee.lobb@fticonsulting.com)

Dated: 23 August 2018



**John Park**  
**Liquidator**

**\*End.**

Our Ref: RCL\_8974r34 (Annual RTC) 2018.docx



Renee Lobb  
(07) 3225 4976  
[Renee.Lobb@fticonsulting.com](mailto:Renee.Lobb@fticonsulting.com)

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#### About FTI Consulting

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**LM Investment Management Limited (In Liquidation)**  
**ACN 077 208 461**

**LIQUIDATORS' ACCOUNT OF ACTS AND DEALINGS**  
**IN THE WINDING UP OF THE COMPANY**  
**FROM 1 AUGUST 2017 to 31 JULY 2018**

Ginette Muller and I, John Park were appointed Liquidators of the Company on 1 August 2013. Ginette Muller resigned as Liquidator of the Company on 17 May 2017.

This account, which has been prepared in accordance with the provisions of Section 508(1) of the *Corporations Act 2001 (Cth)*, covers the period from 1 August 2017 to 31 July 2018.

**Receipts and Payments**

A statement of my receipts and payments made in the Liquidation from 1 August 2017 to 31 July 2018 is below. Further details in relation to the receipts and payments are available on request, provided sufficient notice is given to comply.

Receipts and Payments for the period 1 August 2017 to 31 July 2018	
<b>Receipts</b>	<b>(\$)</b>
Contribution received from fund	2,816,950.14
Operating Cost Income	69,099.34
Operational Costs Held not Invoiced	2,360.03
Contribution received from fund	(39,646.41)
Bank Charges	3.44
Controllership Invoices	156,665.85
GST Control: GST Paid (Received)	169,404.47
Interest Income	11,165.71
<b>Total Receipts</b>	<b>3,186,002.57</b>
<b>Payments</b>	
IT Costs	(69,742.74)
Storage Costs	(3,908.64)
Accounting Fees	(381,952.89)
Appointee Disbursements	(90,193.96)
Bank Charges	(120.75)
Counsel Fees	(65,991.23)
Fees: Appointee Fees	(3,582,868.24)
Legal Fees	(171,482.31)
Legal Fees - Disbursements	(87.05)
<b>Total Payments</b>	<b>(4,366,347.81)</b>
<b>Net Receipts (Payments)</b>	<b>(1,180,345.24)</b>

#### Debtors Claims

The following is a summary of the proof of debts and other claims made in the Liquidation to date.

Class of Creditor	Amount
	\$
Priority claims	32,193
Corporate entity trade creditors	66,955,263
<b>TOTAL</b>	<b>66,987,456</b>

#### Investigations into the Affairs of the Company

Further to my previous report to creditors, I confirm the Liquidators have lodged their investigative report with ASIC.

#### Outstanding Issues

The following are matters which are required to be attended to before the Liquidation can be finalised:

- Ongoing role as Responsible Entity for various managed investment schemes including the orderly wind up of the Funds; and
- Finalise recovery of amounts outstanding to the Company in relation to its indemnity held against the assets of the Funds for costs incurred as Responsible Entity of the Funds.

#### Estimated Completion Date and Return to Creditors

The Company's continued role as responsible entity of the Funds means the Liquidation will be unable to be finalised until such time as the Funds are wound up or an alternate responsible entity is in place. Further, continued litigation from the Funds and against the insurance policies will cause further delays in both the finalisation of the Liquidation and the Fund wind ups.

As previously advised, there will not be a return to unsecured creditors of the Company as insufficient assets are held in the Liquidation.

DATED this 23<sup>rd</sup> day of August 2018.



**John Park**  
**Liquidator**

**\*Attach.**

Our Ref: RCL\_8974r34 Liquidators Account of Acts & Dealings.doc



4 September 2018

Our Ref: RCL\_8974Notice to members

## NOTICE TO CREDITORS

### **TO: The Creditors of LM Investment Management Limited (in Liquidation) (Receivers Appointed) and the Funds**

John Richard Park is the liquidator of LM Investment Management Limited (in liquidation) (receivers appointed) ("**LMIM**"), which remains the responsible entity of the LM First Mortgage Income Fund ARSN 089 343 288 ("**FMIF**"), LM Australian Income Fund ARSN 133 497 917 ("**AIF**"), LM Australian Structured Products Fund ARSN 149 875 669 ("**ASPF**"), LM Cash Performance Fund ARSN 087 304 032 ("**CPF**"), LM Currency Protected Australian Income Fund ARSN 110 247 875 ("**CP-AIF**") and LM Institutional Currency Protected Australian Income Fund ARSN 122 052 868 ("**ICP-AIF**") (collectively "the Funds").

Please find **\*attached** a notice pursuant to Regulation 5.6.48 of the Corporations Regulations which requests creditors to submit their Formal Proof of Debt by 2 October 2018. This notice relates to creditors of the following:

- LM Investment Management Limited (In Liquidation);
- LM Australian Income Fund;
- LM Currency Protected Australian Income Fund;
- LM Institutional Currency Protected Australian Income Fund;
- LM Cash Performance Fund;
- LM First Mortgage Income Fund; and
- LM Managed Performance Fund.

The purpose of requesting Formal Proof of Debt forms be submitted is to establish the quantum of creditor claims. A dividend is not being declared as part of this process.

Completed Formal Proof of Debt forms are to be returned to my office via email to [LMIMcreditorclaims@fticonsulting.com](mailto:LMIMcreditorclaims@fticonsulting.com) in the first instance. Those without email access can return their Formal Proof of Debt forms via mail to my office.

FTI Consulting (Australia) Pty Limited  
ABN 49 160 397 811 | ACN 160 397 811  
Level 20, CP1 | 345 Queen Street | Brisbane QLD 4000 | Australia  
Postal Address | GPO Box 3127 | Brisbane QLD 4001 | Australia  
+61 7 3225 4900 telephone | +61 7 3225 4999 fax | [fticonsulting.com](http://fticonsulting.com)

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Should you have any queries with respect to this correspondence, please email [LMIcreditclaims@fticonsulting.com](mailto:LMIcreditclaims@fticonsulting.com) or call (07) 3225 4900.

Yours faithfully  
**FTI Consulting**

A handwritten signature in black ink, appearing to read 'John Park', with a stylized flourish at the end.

**John Park**  
**Liquidator**

**NOTICE INVITING FORMAL PROOF OF DEBT OR CLAIM**

**LM Investment Management Limited (in Liquidation) (Receivers Appointed)**  
**ACN 077 208 461 (the "Company")**

Take notice that creditors of the company, whose debts or claims have not already been admitted, are required on or before **2 October 2018** to prove their debts or claims and to establish any title they may have to priority by delivering or posting to me at my address a formal proof of debt or claim in accordance with Form 535 or 536 containing their respective debts or claims.

If they do not they will be excluded from:

- (a) the benefit of any distribution made before their debts or claims are proved or their priority is established; and
- (b) objecting to the distribution.

**\*Attached** is the formal proof of debt or claim form.

Dated 4 September 2018



**John Park**  
**Liquidator**

## FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Liquidator of LM Investment Management Limited (in Liquidation) ACN 077 208 461 (the "Company")

This is to state that the company was on 19 March 2013, and still is, justly and truly indebted to: \_\_\_\_\_

\_\_\_\_\_ full name, ABN and address of the creditor

and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor)

for \_\_\_\_\_ dollars and \_\_\_\_\_ cents

Particulars of the debt are:

Date	Consideration (state how the debt arose)	Amount	Remarks (include details of voucher substantiating payment)
_____			
\$			

To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: \_\_\_\_\_

\_\_\_\_\_

(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).

Date	Drawer	Acceptor	Amount	Due Date
_____				
\$				

Signed by (select option):

- ☐ I am the creditor personally.
- ☐ I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.
- ☐ I am the creditor's agent authorised in writing to make this statement in writing. I know the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Signature: \_\_\_\_\_ Dated: \_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_ Occupation: \_\_\_\_\_

Address: \_\_\_\_\_

## RECEIVE REPORTS BY EMAIL

Do you wish to receive all future reports and correspondence from our office via email?

Yes No

☐ ☐

Email:.....

FORM 536

subregulation 5.6.49(2)  
Corporations Act 2001

FORMAL PROOF OF DEBT OR CLAIM ON BEHALF OF EMPLOYEES

To the Liquidator of LM Investment Management Limited (in Liquidation) ACN 077 208 461 (the "Company")

I, \_\_\_\_\_, (full name of person making the statement) of \_\_\_\_\_  
\_\_\_\_\_ (full address)  
being \_\_\_\_\_ (occupation) state:

1. the Company was, on 19 March 2013, and still is, indebted to the persons whose names, addresses and descriptions appear in Columns 2, 3 and 4 in the Schedule.
2. the debt is for wages, salaries, annual leave, retrenchment payments or long service leave, due to them for services rendered while employed by the Company during the periods set out in Column 5 against the names of the persons.
3. the debt of the Company due to each person is for the amount set out in Column 6 against the name of that person.
4. none of those persons has had or received any satisfaction or security in respect of that debt.
5. I am authorised as \_\_\_\_\_ and the source of my information is: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_


Signature: \_\_\_\_\_ Dated: \_\_\_\_\_

Name: \_\_\_\_\_ Occupation: \_\_\_\_\_

SCHEDULE

Column 1 No	Column 2 Full name	Column 3 Address of employee	Column 4 Description	Column 5 Period for which claim is made (see note below)	Column 6 Amount of claim

Note: In case of a claim for annual leave or long service leave, insert a description of the claim.

 <b>Creditors Voluntary Liquidation</b> <b>Task Checklist</b> <b>1 Sept 2017 - Transitional</b>	
Company name:	
ACN	
ABN	
Appointees	1) 2)
Date of appointment	
Engagement Team	1) 2) 3)
Signoff	Name/Signature
File Accountant	
Manager	
Senior Managing Director	

### Hyperlinks

[Full Checklist \(Locked - pulls data from task module worksheets\)](#)

### Tasks Module Hyperlinks (Enter notes in modules)

[Pre-appointment](#)

[Assets](#)

[Shareholders/Debt](#)

[Creditors](#)

[Operations/Trade Debt](#)

[Employees](#)

[Sale of Business](#)

[Investigations](#)

[Dividends](#)



# FULL CHECKLIST

Code	Task category	Job phase	Task name	Key References	Precedents	Timeframe	Staff Allocation	Date	Sign off	Comments
CVL1.1	Pre-appointment	1. Pre-appointment	Undertake searches and submit the conflict check		Searches via Encompass/SAL Global					
CVL1.2	Pre-appointment	1. Pre-appointment	Complete the Independence Worksheet and confirm there are no conflicts	ARITA Code s6 CA s60(2) and 532	Insolvency Independence worksheet					
CVL1.3	Pre-appointment	1. Pre-appointment	Complete the Initial Risk Assessment	ILRA checklist APES 320 and professional body requirements	Initial Risk Assessment					
CVL1.4	Pre-appointment	1. Pre-appointment	Confirm that no winding up application has been filed	CA s490	Check via a name search at ASIC website at www.asic.gov.au					
CVL1.5	Pre-appointment	1. Pre-appointment	Make preliminary enquiries including if the Company is trustee of a trust							
CVL1.6	Pre-appointment	1. Pre-appointment	Check if the proposed winding up is by ASIC under s 489EA	CA Part 5.4C, s489EA						
CVL1.7	Pre-appointment	1. Pre-appointment	Check if the Company has changed its name in the last 6 months	CA s161A	Check via a name search at ASIC website at www.asic.gov.au					
CVL1.8	Pre-appointment	1. Pre-appointment	Consider if any indemnity is required		If application made to Court - ASIC Form 5/6 (paper lodgement)					
CVL1.9	Pre-appointment	1. Pre-appointment	Confirm the CVL timeline	CA s249H, 491, 497	Seek legal assistance for an appropriate form of indemnity					
CVL1.10	Pre-appointment	1. Pre-appointment	Prepare initial appointment pack, meeting documents and consent	CA s490, 491, 497, 532 s548, 497(10) ARITA Code s6 13	CA s490, 491, 497, 532, s548, 497(10) ARITA Code s6 13 Note: CA s497(10), s548 have been repealed					
CVL1.11	Pre-appointment	1. Pre-appointment	Confirm the directors' meeting has been validly convened and held	Company's Constitution, CA s248A - 248G, 251A	Transitional note: under CA s1602, old requirements apply in relation to appointments commenced pre- 1 September 2017					
CVL1.12	Pre-appointment	1. Pre-appointment	Convene the meeting of the members	Company's Constitution, CA s491(1) 249H, 249HA Reg 5.6 13 CA Part 2G 2 Reg 5.6 13 has been repealed	Refer to the CVL Initial letterpack (with associated notes and documents)					



# FULL CHECKLIST

Code	Task category	Job phase	Task name	Key References	Precedents	Timeframe	Start Allocation	Date	Sign off	Comments
CVL1.13	Pre-appointment	1. Pre-appointment	Confirm that an SOA and RATA are being prepared by the directors	CA s497(2)-(5), Form 509 and Form 507  Transitional note: CA s1602 applies - no requirement to lodge RATA if appointment pre-1 September 2017						
CVL1.14	Pre-appointment	1. Pre-appointment	Preparation of and conduct of Members' Meeting	CA s491 Reg 5.6.27(2) Form 205 Reg 5.6.27(2) has been repealed						
CVL2.1	Assets	2. On appointment	Freeze all existing bank accounts for payments and withdrawals		Letters/circulars to bank (use applicable versions)					
CVL2.2	Assets	2. On appointment	Open a new bank account for the Company (if funds realised)	CA s538; s43(1); Reg 5.6.06 and 5.6.09  Transitional impact: IPS Div 65, CA s543, s1506, s1500 <a href="http://www.aig.com.au/insurance-solutions/insolvency-and-turnaround">http://www.aig.com.au/insurance-solutions/insolvency-and-turnaround</a>						
CVL2.3	Assets	2. On appointment	Advise AIG of the appointment		Online via AIG website Also refer to AIG's insurance checklists. Refer to AIG's Enviro and OHS checklists					
CVL2.4	Assets	2. On appointment	Call Receiver/Controller appointed to the Company (if appointed)	CA s420C						
CVL2.5	Assets	2. On appointment	Review the immediate security needs - alarms, locks, computers/IT		Commitment letter pro forma re: engaging parties (when not in PO form)					
CVL2.6	Assets	2. On appointment	Review the physical security of assets held by the Company	CA s506; 474; 477	Commitment letter pro forma re: engaging parties (when not in PO form)					
CVL2.7	Assets	2. On appointment	Advise the Company's landlord of the appointment and continuing arrangements		Letter to landlord (continue to occupy or vacate)					
CVL2.8	Assets	2. On appointment	Review for issues concerning property (land/buildings) owned by the Company	CA s506; 474; 477	Real Property checklist					
CVL2.9	Assets	2. On appointment	Review inventory and commence a stocktake	CA s506; 474; 477						
CVL2.10	Assets	2. On appointment	Review WIP and finished goods held by the Company	CA s506; 474; 477						
CVL2.11	Assets	2. On appointment	Determine if there are Company assets in the possession of third parties	CA s506; 474; 477						
CVL2.12	Assets	2. On appointment	Identify all motor vehicles/mobile plant and their location	CA s506; 474; 477	Vehicle and plant register/listing (job specific)					
CVL3.1	Statutory/administration	2. On appointment	Arrange for publishing of the special resolution to wind up	CA s491(2); Reg 5.01(3) amended; Reg 5.3A.06A, s446A(5)(b) - transition from VA	Notice published on the ASIC Published Notices Website	New by the end of the next business day after a liquidator is appointed				
CVL3.2	Statutory/administration	2. On appointment	Lodge notice of the resolution and minutes with ASIC	CA s491(2)(a); Reg 1.0.12; 5.0.1; 5.6.77 (Note 5.6.77 has been repealed)	Form 205 and minutes via Form 5011 - lodge via ASIC Liquidator's Portal	within 7 days after passing of the resolution				
CVL3.3	Statutory/administration	2. On appointment	Lodge notice of appointment with ASIC	CA s537(1)	Form 505 - lodge via ASIC Liquidator's Portal	within 14 days of appointment				



# FULL CHECKLIST

Code	Task category	Job phase	Task name	Key References	Precedents	Timeframe	Staff Allocation	Date	Sign off	Comments
CVL3.4	Statutory/administration	2. On appointment	Open a new matter in MYOB							
CVL3.5	Statutory/administration	2. On appointment	Hold an initial meeting with the Company's directors and c-suite							
CVL3.6	Statutory/administration	2. On appointment	Notice to directors about their obligations and request statement and RATA	CA s497, 1986, 1985 Form 507	Directors' RATA pack including questionnaire					
CVL3.7	Statutory/administration	2. On appointment	Determine the strategy for dealing with the media with Strat Comm (if applicable)							
CVL3.8	Statutory/administration	2. On appointment	Secure the Company's books and records	CA s483, 506, 530B						
CVL3.9	Statutory/administration	2. On appointment	Advise the ATO of the appointment and request tax clearance	Subdiv 260-45 & 260-75 TAA, PS LA 2011/16	Use the ATO's notification form and select Portal access; Tax clearance letter	within 14 days of appointment				
CVL3.10	Statutory/administration	2. On appointment	Contact the Company's lawyers, accountants and other advisors		Letter to advisors					
CVL3.11	Statutory/administration	2. On appointment	Contact the Sheriff's office in the applicable state	CA s570	Letter to the Sheriff's office					
CVL3.12	Statutory/administration	2. On appointment	Notify the OSR of the appointment		Letter to OSR. Take note of any particular requirements in each state including online services					
CVL3.13	Statutory/administration	2. On appointment	Confirm that the report (RATA) has been received from the directors	CA s497(5) CA s497 has been replaced	Follow up letter to directors					
CVL3.14	Statutory/administration	2. On appointment	Review the need for mail redirection		Mail redirection form from Australia Post					
CVL3.15	Statutory/administration	2. On appointment	Complete the DIRRI (to be signed by all appointees)  DIRRI made (or updated) after 1 Sept 2017 must be lodged at ASIC as soon as possible  Obtain all PPSA security interest details from the Company	CA s506A(3) ARITA Code s6.13.3 CA s60(2)	DIRRI template, guidance and checklist Form S31 - lodge via ASIC Liquidator's Portal	as soon as practical				
CVL4.1	Creditors	2. On appointment	Send the section 275 letter to all PPSA secured creditors	PPSA 275	PPSR initial letter; PPSA practical task list pro forma					
CVL4.2	Creditors	2. On appointment	Undertake an initial review of PMSIs and ROT/consignment property		PPSA practical task list pro forma					
CVL4.3	Creditors	2. On appointment	Conduct a preliminary review for disclaimers required	CA s568, 568A - 568F	Letter to party re disclaimer; Form 525 - lodge via ASIC Liquidator's Portal					
CVL4.4	Creditors	2. On appointment	Convene a creditor meeting within 11 days after the day of the members meeting and at least 7 days notice of meeting is given	CA s497, 499(7); 506A, 548; Reg 5.6.12, 5.6.13, 5.6.75 ARITA Code - s22, 23, 24  Note: Reg 5.6.12, 5.6.13 repealed	Refer to the CVL convening letterpack for 497 meeting (inclusive of all applicable notices, forms and report)	convened within 11 days after the day of the members meeting and at least 7 days notice of meeting is				
CVL4.5	Creditors	2. On appointment								



# FULL CHECKLIST

Code	Task category	Job phase	Task name	Key References	Precedents	Timeframe	Staff Allocation	Date	Sign off	Comments
CVL4.6	Creditors	2. On appointment	Lodge notice of the section 497 meeting with ASIC and advertise the meeting (refer CVL4.5)	CA s497(2)(b) - (d); Reg 5.5.02 - 5.6.75 Forms 529 and 509;  Note: Reg 5.5.02 has been repealed	Portal; Notice published on the ASIC Published Notices Website	lodge not less than 7 days, but no more than 14 days before the day fixed for the meeting				
CVL4.7	Creditors	2. On appointment	Prepare for the section 497 meeting of creditors (refer CVL4.5)	CA s497; Reg 5.6.12 - 36  Note: Reg 5.6.12 - 5.6.36 has been repealed	Meeting preparation timeline and CVL holding letterpack. Meeting of creditors checklist					
CVL4.8	Creditors	2. On appointment	Hold the section 497 meeting, confirm the appointment and record the outcomes (refer CVL4.5)	CA s497; Reg 5.6.12 - 36 Form 531B  Note: Reg 5.6.12 - 5.6.36 has been repealed	Refer to the CVL holding letterpack. Meeting agenda, running sheet/guidance, pro forma minutes, registers/polling forms					
CVL4.9	Creditors	2. On appointment	Send a circular to creditors confirming our appointment (refer CVL4.5)		Circular to creditors confirming appointment					
CVL4.10	Creditors	2. On appointment	Complete and lodge minutes of the section 497 meeting of creditors (refer CVL4.5)	Reg 5.6.27(7)  Reg 5.6.27(7) repealed	Lodge via ASIC Liquidator's portal; Form 5011, Minutes  Form 5011 has been amended to detail requirements for attendance register	within one month of the meeting				
CVL4.11	Creditors	2. On appointment	Send initial notice to creditors with accompanying documents (within 10 business days after appointment)  (for new appointments after 1 Sept 2017, the first meeting of creditors will no longer be mandatory and the initial notice to creditors will be required)	Transitional impact: Initial notice to creditors applies to ongoing appointments (CA s1591, 1597). Note also CA s1602 (old s497 applies to ongoing appointments)  CA s497(1) - (3), s506A, 600G IPR70-30, IPR 70-35 Code 6.17.5, 15.3 and Ch 23	Initial Notice to Creditors  Note: Form 529 will be replaced in Sept 2017 by Form 5604	within 10 business days after appointment				
CVL6.1	Employees	2. On appointment	Employee matters - initial review, payroll and determine next steps	CA s558(1) to (4)	Employee letters (continuing or termination)					
CVL2.13	Assets	3. Ongoing matters	Enquire about intangible assets and intellectual property	CA s506; 474; 477						
CVL2.14	Assets	3. Ongoing matters	Send an initial notification to debtors	CA s506; 474; 477	Letter to existing debtors					
CVL2.15	Assets	3. Ongoing matters	Obtain details on the Company's shareholdings and other financial investments	CA s506; 474; 477						
CVL2.16	Assets	3. Ongoing matters	Review the position around subsidiaries and associates	CA s506; 474; 477						
CVL2.17	Assets	3. Ongoing matters	Determine what other information needs to be provided to our insurance brokers							
CVL2.18	Assets	3. Ongoing matters	Confirm that all RATA and other Company details have been entered into MYOB							
CVL2.19	Assets	3. Ongoing matters	Review the initial report from our insurers							
CVL2.20	Assets	3. Ongoing matters	Set up a process to collect outstanding debtors	CA s506; 474; 477						



# FULL CHECKLIST

Code	Task category	Job phase	Task nature	Key References	Procedures	Timeframe	Staff Allocation	Data	Sign off	Comments
CVL2.21	Assets	3. Ongoing matters	Complete the initial monthly bank reconciliation and establish future reminders	IPS Div 65 CA 5543						
CVL2.22	Assets	3. Ongoing matters	Confirm that the RATA has been reviewed and all assets noted followed up	CA 5506-474, 477						
CVL3.16	Statutory/administration	3. Ongoing matters	Review and update the Strategy document		Strategy document, including work plan and staff allocation					
CVL3.17	Statutory/administration	3. Ongoing matters	Review the tax position of the Company and identify any tax recoveries		On appointment tax checklist					
CVL3.18	Statutory/administration	3. Ongoing matters	Request the directors attend on the liquidator where no voluntary meeting	CA 5530A	Form 530A (request)					
CVL3.19	Statutory/administration	3. Ongoing matters	Attend to lodgement of RATA with ASIC	CA 5497(5) Form 507 (Guide: report as to affairs)	Form 507 - lodge via ASIC Liquidator's Portal	as soon as practical				
CVL3.20	Statutory/administration	3. Ongoing matters	Request assistance from ASIC re RATA and books and records if needed		ASIC website - see Liquidator Assistance Program					
CVL3.21	Statutory/administration	3. Ongoing matters	Decide what steps are needed to bring pre-appointment records up to date							
CVL3.22	Statutory/administration	3. Ongoing matters	Determine what financial reporting obligations exist under Part 2M 3	CA Part 2M.3, ASIC Reg Guide 174	Refer ASIC RG174 - Relief for externally administered companies and registered schemes before removal and Form 530B letter					
CVL3.23	Statutory/administration	3. Ongoing matters	Issue section 530B notices as required							
CVL3.24	Statutory/administration	3. Ongoing matters	Complete the initial BAS and establish future reminders		BAS preparation and review checklist					
CVL3.25	Statutory/administration	3. Ongoing matters	Complete Periodic Matter Review Form (initial review)		Periodic Matter Review form					
CVL3.26	Statutory/administration	3. Ongoing matters	Update the tax checklist		On appointment tax checklist					
CVL3.27	Statutory/administration	3. Ongoing matters	Confirm investigations are complete (refer investigation tab on checklist)	CA Part 5.7B to 5.8A						
CVL3.28	Statutory/administration	3. Ongoing matters	Prepare section 533 report and lodge with ASIC (as applicable)	CA 5533, ASIC Reg Guide 16	Form EX01 - lodge via ASIC Liquidator's Portal	within 6 months of appointment				
CVL3.29	Statutory/administration	3. Ongoing matters	Complete Periodic Matter Review form (second review) and review tasks		Periodic Matter Review form					
CVL3.30	Statutory/administration	3. Ongoing matters	Prepare Form 524 receipts and payments and lodge with ASIC	CA 5539 Transitional note: old requirements apply initially until anniversary of commencement of external administrations occurs following 1 Sept 2017 (CA s1592)	Form 524 preparation and review checklist Form 524 - lodge via ASIC Liquidator's Portal Note: Forms 5602 and 5603 will replace the Form 524 in 2018 (refer transitional requirements)					
CVL3.31	Statutory/administration	3. Ongoing matters	Confirm the section 533 report was lodged within 6 months	CA 5533, ASIC Reg Guide 16	Form EX01 - lodge via ASIC Liquidator's Portal	within 6 months of appointment				



FULL CHECKLIST										
Code	Task category	Job phase	Task name	Key Reference	Precedents	Timeframe	Staff Allocation	Date	Sign off	Comments
CVI.3.32	Statutory/administration	3. Ongoing matters	Lodge Annual Administration Return with ASIC within 3 months of the 12 month anniversary of appointment (and every year thereafter)	IPS 70-5 Form 5602 - Annual Administration Return CA s1592	Form 5602 - lodge via ASIC Liquidator's Portal	within 3 months of anniversary of appointment				
CVI.4.12	Creditors	3. Ongoing matters	Receipt of Creditor Information Requests	IPS 70-40, 70-45, IPR 70-1, 70-5, 70-10, 70-15	Letter to creditor responding to information request, guidance document PPSN follow up letter	within 5 business days after receiving the request				
CVI.4.13	Creditors	3. Ongoing matters	Review responses from section 275 notices	PPSA s 250 - 282						
CVI.4.14	Creditors	3. Ongoing matters	Confirm all required disclaimers have been issued	CA s568, 568A - 568F	Letter to party re disclaimer; Form 525 - lodge via ASIC Liquidator's Portal					
CVI.4.15	Creditors	3. Ongoing matters	Conclude initial PMSI ROT and similar secured claims (as required)		PPSA ROT claim letters (accept or reject)					
CVI.4.16	Creditors	3. Ongoing matters	Determine priorities of security interests over Company assets							
CVI.4.17	Creditors	3. Ongoing matters	Request discharge of security interests (as required)		SEE <a href="https://www.ppsr.gov.au/discharging-registration">https://www.ppsr.gov.au/discharging-registration</a>					
CVI.4.18	Creditors	3. Ongoing matters	Provide an update to the petitioning/indemnifying creditor							
CVI.4.19	Creditors	3. Ongoing matters	Check and issue any further disclaimers are required	CA s568						
CVI.4.20	Creditors	3. Ongoing matters	Statutory Report by Liquidator (within three months of appointment date)	CA s1591, 1597 IPR 70-40	report pro forma	within 3 months of appointment date				
CVI.4.21	Creditors	3. Ongoing matters	Lodge Statutory Report by Liquidator with ASIC	IPR 70-40	Report and Form 5601 - Lodge via ASIC Liquidator Portal	same day as sent to creditors				
CVI.4.22	Creditors	3. Ongoing matters	Confirm that taxation clearance has been received from the ATO	TAA 53 s260-45 and 260-75	Tax clearance letter for liquidations					
CVI.4.23	Creditors	3. Ongoing matters	Determine whether any post-appointment tax returns are required and if any tax returns are available	254 ITAA36 'ABS' High Court decision						
CVI.4.24	Creditors	3. Ongoing matters	Establish the level of priority and other creditor claims	CA s556(1)(e)-(h); 560; 561; 558						
CVI.4.25	Creditors	3. Ongoing matters	Consider and respond to meeting directions (as required)	IPS 75-15 IPR 75-195, 75-250, 75-255						
CVI.4.26	Creditors	3. Ongoing matters	Convene meeting of creditors (if required) - post creditors' meeting pack and report to creditors	IPS 75-15; IPR 75-20; IPR 75-40; Reg 5.6.75 CA s600G (old CA s479 repealed)	Creditors meeting pack Form 509D has added option to choose meetings convened under 75-10, 75-20, 75-40, 90-21	No less than 10 business days before the meeting				
CVI.4.27	Creditors	3. Ongoing matters	Publish notice of meeting of creditors	IPR 75-40 (old Reg 5.6.14A repealed)	Advertisements on ASIC's Published Notices Website	No less than 10 business days before the day of the meeting				
CVI.4.28	Creditors	3. Ongoing matters	Prepare for meeting of creditors		Meeting of Creditors checklist; Creditors meeting letterpacks; Meeting Preparation Timeline					
CVI.4.29	Creditors	3. Ongoing matters	Hold the meeting of creditors and record the outcomes		Refer applicable letterpack: meeting agenda, running sheet/guidance, pro forma minutes, registers/polling forms					



# FULL CHECKLIST

Code	Task category	Task phase	Task name	Key References	Procedures	Timeframe	Staff Allocation	Date	Sign off	Comments
CVL4.30	Creditors	3. Ongoing matters	Complete and lodge minutes of the meeting of creditors	IPR 75-145 (old CA Reg 5.6.27(7) repealed)	Minutes of meeting - Form 5011 and minutes - lodge online via ASIC's Liquidator Portal	within one month of the meeting				
CVL4.31	Creditors	3. Ongoing matters	Proposal meeting of creditors	IPR 75-40; IPR 75-130	Proposal meeting checklist and proposal meeting pack	Not less than 15 business days after the day the notice is given				
CVL4.32	Creditors	3. Ongoing matters	Proposal meeting of creditors - record of meeting	IPR 75-130(6)	Record of the outcome of the meeting and ASIC Form 5022 which is lodged via ASIC's Liquidators Portal	within 5 business days of outcome being known				
CVL4.33	Creditors	3. Ongoing matters	Prepare for and convene the annual general meeting or lodge a report with ASIC	CA 508; s1603 Reg 5.6.11; 5.6.12; 5.6.27; 5.6.14A Form 1500 New guidance: CA 508 repealed	Refer Meeting of creditors checklist. Meeting preparation timeline. Report to creditors pro forma (tailor as required) Form 1500 - Lodge via ASIC Liquidator's Portal (to be deleted in 2018)	convened within 3 months of each anniversary of appointment				
CVL4.34	Creditors	3. Ongoing matters	Circular to creditors re no AGM (report lodged)	CA 508; s1603 New guidance: CA 508 repealed	Circular to creditors (No AGM report lodged with ASIC) Form 1500 - Lodge via ASIC Liquidator's Portal (to be deleted in 2018)	sent to creditors within 14 days of the report being lodged				
CVL4.35	Creditors	3. Ongoing matters	Appointment of Committee of Inspection (COI) (if required) By separate meeting of creditors and shareholders	CA 548 - 552 Reg 5.6.12; 5.6.14A; 5.6.75 New guidance: CA 548 - 552 and regs repealed, replaced by IPS and IPR Div 80, Reg 5.6.75. Additionally refer to IPS and IPR Div 75 for general meeting requirements to appoint COI	Form 529 - Lodge via ASIC Published Notices Website					
CVL4.36	Creditors	3. Ongoing matters	Convene and hold meetings of Committee of Inspection (if required)	CA 549 Reg 5.6.12; 5.6.14A; 5.6.75 New guidance: CA 548 - 552 and regs repealed, replaced by IPS and IPR Div 80, Reg 5.6.75. Additionally refer to IPS and IPR Div 75 for general meeting requirements which may apply to meetings of COI	Form 529 - Lodge via ASIC Published Notices Website					
CVL5.1	Operations/trade on	3. Ongoing matters	Consider whether to trade the business	CA 493; 506; 477(2A) and (2B)	If trading, refer to trading checklist					
CVL5.2	Employees	3. Ongoing matters	Review position re FEG		Refer FEG website: <a href="http://www.employment.gov.au/7-air-entitlements-awards-fee">www.employment.gov.au/7-air-entitlements-awards-fee</a>					
CVL5.3	Employees	3. Ongoing matters	Prepare an estimate of employee entitlements	CA 556(1)(e)-(h); 560; 561; 558						
CVL5.4	Employees	3. Ongoing matters	Confirm all FEG matters have been finalised							
CVL5.5	Employees	3. Ongoing matters	Complete a final review of employee matters							
CVL7.1	Sale of business	3. Ongoing matters	Determine the sale strategy and timetable		Refer to Sale of Business checklist					



# FULL CHECKLIST

Code	Task category	Job phase	Task name	Key References	Procedures	Timeframe	Staff Allocation	Date	Sign off	Comments
CV18.1	Investigations	3. Ongoing matters	Commence investigations for offences and voidable transactions	CA Part 5.7B, specifically: - voidable transactions CA 588FA-588FD (unfair preferences, unconscionable transactions and unfair loans) - 588FDA (unreasonable director-related transactions), 588FI, 588FJ, 588FP (voidable charges, security interests that vest), 596AB (arrangements or transactions to avoid employee entitlements)  CA Part 5.8 specifically s180 - 184, 206A - 206B, 209(3), 254T, 286, 312, 314 - 317, 437C, 437D(5), 438B(4), 438C(5) and 590  ASIC Reg Guide 16 Schedule D, Reg Guide 109, Reg Guide 217 ASIC Info 0053 Providing assistance to external administrators: books and records	Refer Investigation Guidance					
CV18.2	Investigations	3. Ongoing matters	Consider whether any FOI requests are required including the ATO		FOI request (ATO pro forma)					
CV18.3	Investigations	3. Ongoing matters	Consider applying for funding under the Assetless Administration Fund from ASIC		<a href="#">Refer to ASIC AUDIENCE 1E</a> <a href="#">AAE applications</a>					
CV18.4	Investigations	3. Ongoing matters	Consider the need for examinations of the directors or other persons	CA 5596A and B						
CV18.5	Investigations	3. Ongoing matters	Consider the need for litigation funding or similar	CA 5477(2A) and (2B), 564						
CV19.1	Dividends	3. Ongoing matters	Confirm dividend timeline and commence process	Reg 5.6.65-75	Refer to Dividend Checklist and associated documents					
CV19.2	Dividends	3. Ongoing matters	Confirm dividend process compliance	Reg 5.6.65-75	Refer Dividend Checklist					
CV19.3	Dividends	3. Ongoing matters	Confirm declaration of dividend and payment	Reg 5.6.65-75	Refer Dividend Checklist					
CV12.23	Assets	4. Finalisation	Confirm that insurance requirements during the administration have been dealt with							
CV12.24	Assets	4. Finalisation	Close the liquidators bank account							
CV13.33	Statutory/administration	4. Finalisation	Complete Periodic Matter Review form (final review)		Periodic Matter Review form					
CV13.34	Statutory/administration	4. Finalisation	Start the job finalisation tasks/checklists		Finalisation checklist - Liquidation					
CV13.35	Statutory/administration	4. Finalisation	Finalisation sign-off by the file director and appointee		Periodic Matter Review form - final review and sign-off					
CV13.36	Statutory/administration	4. Finalisation	Deal with any unrepresented cheques or unclaimed monies	CA 1544	Refer to ASIC website guidance on unclaimed monies to administrators and BAS preparation and review checklist					
CV13.37	Statutory/administration	4. Finalisation	Confirm lodgement of the final BAS for the period of the administration							
CV13.38	Statutory/administration	4. Finalisation	Confirm ASIC have responded to reports lodged							
CV13.39	Statutory/administration	4. Finalisation	Confirm the finalisation checklist is completed		Finalisation checklist - Liquidation					
CV13.40	Statutory/administration	4. Finalisation	Lodge Form 505 with ASIC advising of ceasing to act	CA 557(2)	Form 505 - lodge via ASIC Liquidator's Portal	within 14 days of ceasing to act				
CV13.41	Statutory/administration	4. Finalisation	Lodge application for deregistration (if applicable)	CA 5601AB	Form 578 - Lodge via ASIC Liquidator's Portal					



# FULL CHECKLIST

Code	Task category	Sub phase	Task name	Key References	Precedents	Timeframe	Staff Allocation	Date	Sign off	Comments
CVL3.42	Statutory/administration	4. Finalisation	Lodge the End of Administration Return with ASIC within one month after the end of the administration	IPS 70-6 New CA s509	Form 5003 - lodge via ASIC's Liquidator Portal	within 1 month of ceasing to act				
CVL3.43	Statutory/administration	4. Finalisation	Advise the ATO of ceasing to act		ATO specified form					
CVL3.44	Statutory/administration	4. Finalisation	Apply to ASIC for early destruction of books and records	ASIC Reg Guide 81 CA s547(4) has been repealed, refer IPS 70-35	Form 574 - lodge via ASIC Liquidator's portal					
CVL3.45	Statutory/administration	4. Finalisation	Confirm that ASIC have deregistered the Company		ASIC have advised that Form under review along with ASIC	three months after lodgement of the Final Administration Return				
CVL4.37	Statutory/administration	4. Finalisation	Prepare for and convene a final meeting of creditors and members (as applicable) - applies until 1 July 2018	CA s509 (revised) IPS 70-6	Final meeting pack for CVL or end of administration return (lodge via ASIC Liquidator's Portal)					
CVL4.38	Statutory/administration	4. Finalisation	Lodge the final return (Form 523) and minutes with ASIC - applies until 1 July 2018	CA s509; Form 523	Form 523 and minutes of meeting - Lodge via ASIC Liquidator's Portal	Form 523 within 7 days of meeting Minutes within one month of meeting				



# PRE-APPOINTMENT TASKS MODULE

Code	Task Category	Job Phase	Task name	Task description	Key Deliverables	Precedents	Timeframe	Staff Allocation	Date	Sign off	Comments
CVL1.1	Pre-appointment	1. Pre-appointment	Under take searches and submit the conflict check	Perform a historical ASIC search including PPSA registrations. Enter details into Salesforce to submit the conflict check and send the conflict check email		Searches via Encumpass/SAI Global					
CVL1.2	Pre-appointment	1. Pre-appointment	Complete the Independence Workpaper and confirm there are no conflicts	Confirm no conflict or existing relationships have been reported (including any emails from other FI staff in reply to the conflict check email). Seek advice where any issues arise. Complete the independence workpaper to document and confirm the position around our independence (this will be used to help complete the DIRH in due course)	ARITA Code of CA 50(2) and 532	Insolvency independence workpaper					
CVL1.3	Pre-appointment	1. Pre-appointment	Complete the Initial Risk Assessment	The Initial Risk Assessment should be completed after conflict checks have been performed but before consenting to act. Consider any risks for the external administration strategy as regards asset realisation, trading, funding, PPSA, trustee/trustee relationships, media etc. Check for existing winding up applications and/or if any secured party has enforced their security (and if so, refer these matters to the proposed appointees). Where necessary prepare an assessment of risk for inclusion in the strategy document, taking into account any job specific issues and considerations. Speak with AUG to ascertain whether any insurance coverage issues may exist given the nature of the appointment	IRA Checklist APES 320 and professional body requirements	Initial Risk Assessment					
CVL1.4	Pre-appointment	1. Pre-appointment	Confirm that no winding up application has been filed	If a winding up application has been filed, this would prevent a voluntary winding up from being able to commence	CA s450	Check via a name search at ASIC website at www.asic.gov.au					
CVL1.5	Pre-appointment	1. Pre-appointment	Make preliminary enquiries including if the Company is trustee of a trust	Review the Trust Deed and consider the implications. Amendments to the deed/other legal matters may need to be considered where the Deed refers to the Company being removed as trustee upon some form of insolvency event/appointment							
CVL1.6	Pre-appointment	1. Pre-appointment	Check if the proposed winding up is by ASIC under s 489EA	ASIC is able to make a winding up order for 'abandoned' companies. If an order is made, the Company is deemed to have been wound up voluntarily and deemed compliance with the usual initial requirements, including Section 497. Where this occurs, the initial meeting/convening tasks won't be required	CA Part 5.4C, 489EA						
CVL1.7	Pre-appointment	1. Pre-appointment	Check if the Company has changed its name in the last 6 months	If the Company's name has been changed in the 6 months prior to appointment, procedures need to be put in place (i.e. communicated) so that the old name as well as the new name is included in all public documents. You should also ask Company directors/staff for any other trading names that the Company has and/or names it has traded under in the past	CA s161A	Check via a name search at ASIC website at www.asic.gov.au If application made to Court - ASIC Form 526 (paper lodgement)					
CVL1.8	Pre-appointment	1. Pre-appointment	Consider if any indemnity is required	Note that if application made to the Court for leave to omit the former name of Company from documents (CA s161A(6A)) must lodge notice with the Court regarding any indemnity for our fees and/or costs in undertaking the liquidation. Ensure the indemnity is agreed and confirmed at the time of consenting to act. A deed of indemnity may need to be executed (at the least confirmation in writing when just for our fees). Seek advice depending on the circumstances and assessed risk of the particular engagement		Seek legal assistance for an appropriate form of indemnity					
CVL1.9	Pre-appointment	1. Pre-appointment	Confirm the CVL timeline	Based on a review of the Company's notice requirements and the sections of the Act, prepare, review and confirm the proposed CVL timeline, including dates for the directors', members' and creditors' meetings. Be sure to confirm that notice periods are correct, and that consent to short notice (for the members' meeting) may be obtained. Note that for the forthcoming creditors' meeting, it must be convened within 11 days of the members' meeting and by giving at least 7 days notice, although the meeting will normally be convened and held as soon as possible	CA s209H, 491, 497						



# PRE-APPOINTMENT TASKS MODULE

Code	Task Category	Job Phase	Task Name	Task description	Key References	Precedents	Timeframe	Staff Allocation	Date	Sign off	Comments
CVL1 10	Pre-appointment	1. Pre-appointment	Prepare initial appointment pack, meeting documents and consent	<p>If directors agree to proceed with CVL, prepare a letter of engagement to Company setting out the procedures which will include</p> <ul style="list-style-type: none"><li>- Draft letter of authority authorising FTI Consulting to act on behalf of Company.</li><li>- Draft minutes of Meeting of Directors.</li><li>- A request for information on the Company's financial affairs (Form 509 and Form 507).</li><li>- Instructions for preparation of Form 507.</li><li>- Draft notices of Meetings of Members and Creditors.</li><li>- Consent to Act as Liquidators which must be signed prior to appointment being made.</li><li>- FTI Consulting Rates, and</li><li>- Letter to directors/Company - Disclosure on the basis of remuneration</li></ul> <p>Review Company's constitution for requirements for calling meetings</p>	CA s490, 491, 497, 532, 546, 497(10) Article Code s6.13 Note: CA s497(10), s546 have been repealed  <i>Transitional note</i> under CA s1602, old requirements apply in relation to appointments commenced pre 1 September 2017.	Refer to the CVL Initial letterpack (with associated notes and documents) Pre-appointment remuneration letter					
CVL1 11	Pre-appointment	1. Pre-appointment	Confirm the directors' meeting has been validly convened and held	Confirm that the director's meeting was validly convened and held. Obtain copies of the minutes. Once confirmed, notice of the members' meeting can be given (check whether we are assisting with this process or whether the directors/Company secretary is attending to this task - where the latter, check that they are aware of the required process and notice periods)	Company's Constitution, CA s248A - 248G, 251A	Refer to the CVL Initial letterpack (with associated notes and documents)					
CVL1 12	Pre-appointment	1. Pre-appointment	Convene the meeting of the members	<p>Prepare (if not done already) covering letter attaching Notice of Meeting of Members and Proxy Forms in accordance with Company's Constitution for the Company's director. Ensure that 21 days notice of the meeting has been provided unless at least 95% of the members consent to short notice. If Company is listed, 28 days notice of the meeting is required. Make sure that we are fully informed of when and where the meeting will take place.</p> <p>Note: It is the meeting of members which votes to place the company into liquidation. If that meeting is held post 1 September 2017, use the New Appointments checklist</p>	Company's Constitution, CA s491(1) 249H, 249HIA Reg 5.6.13 CA Part 26 2 Reg 5.6.13 has been repealed	Refer to the CVL Initial letterpack (with associated notes and documents)					
CVL1 13	Pre-appointment	1. Pre-appointment	Confirm that an SDA and RATA are being prepared by the directors	<p>Ensure the directors prepare the Form 509 (Summary as to affairs) and are aware that they will need to submit a Form 507 (RATA). Directors are required to prepare and submit a RATA within 7 days of the appointment and therefore it is essential that work on the RATA commence early. The Act does not mandate that the Directors prepare the SDA (it is the liquidator who must include this and the list of creditors with the notice/circular to creditors) but in the first instance, the directors should be asked to prepare this information for our review.</p> <p>For appointments commenced after 1 Sept 2017, it is mandatory to lodge the RATA with ASIC within 10 business days after RATA receipt (CA s497(6)).</p>	CA s497(2) - (5), Form 509 and Form 507  <i>Transitional note</i> CA s1602 applies - no requirement to lodge RATA if appointment pre-1 September 2017						
CVL1 14	Pre-appointment	1. Pre-appointment	Preparation of and conduct of Members' Meeting	<p>Prepare meeting file for meeting of members to include</p> <ul style="list-style-type: none"><li>- Register of Attendance and Proxies,</li><li>- Detailed agenda,</li><li>- Notice of Meeting,</li><li>- Statement in Writing of Posting of Notice,</li><li>- Consent to short notice,</li><li>- Consent to Act by Liquidator,</li><li>- Notice of Special Resolution, and</li><li>- Draft Minutes</li></ul> <p>Confirm that the meeting of members has been validly held and that the meeting resolved to wind up and appoint liquidators. Ensure the minutes are prepared and signed at the end of the meeting and that the liquidator retains the minutes as evidence of the appointment.</p> <p>Note: It is the meeting of members which votes to place the company into liquidation. If that meeting is held post 1 September 2017, use the New Appointments Checklist</p>	CA s491 Reg 5.6.2(2) Form 205 Reg 5.6.2(2) has been repealed						



# ASSETS TASKS MODULE

Code	Task category	JOB phase	Task details	Task description	Key References	Precedents	Timeline	Staff Allocation	Date	Sign off	Comments
CVL2.1	Assets	2. On appointment	Freeze all existing bank accounts for payments and withdrawals	Notify all banks of liquidator's appointment via standard bank letter requesting that all accounts be frozen for debits (i.e. withdrawals), but allow credits (i.e. for debtor receipts)		Letters/circulars to bank (use applicable versions)					
CVL2.2	Assets	2. On appointment	Open a new bank account for the Company (if funds realised)	Open a new bank account for the appointment. Request for the transfer of balances on hand from Company's existing bank accounts  New requirements: Note the requirements about funds handling as per IPS Division 65 including:  - pay all money received in relation to the Company into the administration account within 5 business days after receipt (IPS 65-5).  Transitional note: Division 65 applies to money and securities received / paid after 1 September 2017 for new and ongoing appointments. Money received / paid prior is subject to old requirements	CA 538, 543(1), Reg 5.6.06 and 5.6.09  Transitional impact: IPS Div 65, CA 543, s1586- s1590  CA 538, Regs 5.6.06 and 5.6.09 has been repealed						
CVL2.3	Assets	2. On appointment	Advise AJG of the appointment	If we have not spoken to AJG pre-appointment, call them as soon as possible to confirm the appointment, advise them of our strategy, and discuss any particular insurance issues or risks. Review and determine OH&S obligations and responsibilities. Determine if there are any specific environmental issues relevant to the business. Consider obtaining expert report (if necessary)	<a href="http://www.aig.com.au/insurance-solutions/insolvency-and-turnaround">http://www.aig.com.au/insurance-solutions/insolvency-and-turnaround</a>	Online via AJG website Also refer to AJG's insurance checklists Refer to AJG's Enviro and OH&S checklists					
CVL2.4	Assets	2. On appointment	Call Receiver/Controller appointed to the Company (if appointed)	Request details of their appointment, the extent of coverage of their security (i.e. all assets or only some). Ask for copies of RATAs they have and anything else they are willing to provide	CA 5420C						
CVL2.5	Assets	2. On appointment	Review the immediate security needs - alarms, locks, computers/IT	Review the need for engaging locksmiths, changing alarm codes and installing external security guards at each property. Talk to the person at the Company responsible for security. For IT security assess how secure the main IT systems are, where they are located and who has access. Obtain all codes and passwords and change as needed		Commitment letter pro forma re: engaging parties (when not in PO form)					
CVL2.6	Assets	2. On appointment	Review the physical security of assets held by the Company	Review the position regarding all physical assets to make sure they are under our control. Review security procedures. Consider any real property and enclosures (fences, doors, entrances etc) and whether specific security arrangements need to be made or reviewed further.	CA 506, 474, 477	Commitment letter pro forma re: engaging parties (when not in PO form)					
CVL2.7	Assets	2. On appointment	Advise the Company's landlord of the appointment and continuing arrangements	If the Company rents property, the landlord (i.e. owner) should be contacted to advise of the appointment and to advise of our future intentions. Ask management for details of all rented properties and obtain copies of agreements. In a liquidation it is likely we won't wish to occupy and incur any costs (unless there is trading) but may/will need access to remove records, assets etc. Note leased premises are contracts that will end up being disclaimed where the Company breaks the lease		Letter to landlord (continue to occupy or vacate)					
CVL2.8	Assets	2. On appointment	Review for issues concerning property (land/buildings) owned by the Company	If the Company owns real property, you will need to review the position and work out what issues and steps need to be taken. This will generally be job dependant. Refer to the Real Property Checklist to assist. In any event a key initial step is undertaking a site visit and keep detailed records (including photos/video) of the property	CA 506, 474, 477	Real Property Checklist					
CVL2.9	Assets	2. On appointment	Review inventory and commence a stocktake	Review the position around stock and inventory at appointment, WIP balances, ongoing measurement requirements and control systems. A stocktake of all items should commence immediately	CA 506, 474, 477						
CVL2.10	Assets	2. On appointment	Review WIP and finished goods held by the Company	Review the nature of WIP and finished goods (includes processed or commingled goods). It's likely that a full WIP review will need to be undertaken - this may require the use of outside specialists. There is a link with WIP and outstanding claims and security interests by suppliers, in particular PMSIs. It's important to know as our decisions and strategies around dealing with such goods can be impacted by this information - e.g. impact: payments for goods used/sold, accounting to secured creditors and the value/profit for the Company in converting WIP into finished goods	CA 506, 474, 477						



# ASSETS TASKS MODULE

Code	Task category	Job phase	Task name	Task description	Key References	Procedure	Timeframe	Staff Allocation	Notes	Sign off	Comments
CVL2 11	Assets	2. On appointment	Determine if there are Company assets in the possession of third parties	Discuss with management whether other parties are holding Company assets what is held, on what basis, and whether there is a need to recover those assets or otherwise communicate with the third party. Once the position is determined consider what steps are necessary.	CA 5506, 474, 477						
CVL2 12	Assets	2. On appointment	Identify all motor vehicles/mobile plant and their location	From discussions with staff and motor vehicle searches, identify what vehicles/mobile plant is owned/held. Locate and secure. Keep a register of all motor vehicles owned or used and whether they are required. Note: motor vehicles are often leased and will have PPSR registrations - this will be evident from the PPSR searches	CA 5506, 474, 477	Vehicle and plant register/isting (job specific)					
CVL2 13	Assets	3. Ongoing matters	Enquire about intangible assets and intellectual property	Discuss with management/staff etc. and ascertain whether there are any other assets to be secured or take control of. Assets such as intangibles, intellectual property and other non-physical assets may not necessarily be disclosed in the Company's financial statements. They may be overlooked if we don't explicitly ask. Where any patent attorneys (or similar) are acting they should be contacted	CA 5506, 474, 477						
CVL2 14	Assets	3. Ongoing matters	Send an initial notification to debtors	Review what debtors there are and agree with senior staff whether to send the standard letter to debtors. Note where there is ongoing supply to customers, a separate customer letter would normally be sent confirming arrangements (and also the position around no set-off). Determine next steps and action as required.	CA 5506, 474, 477	Letter to existing debtors					
CVL2 15	Assets	3. Ongoing matters	Obtain details on the Company's shareholdings and other financial investments	Obtain details on shareholdings and investments. Determine whether any immediate action is required regarding those investments.	CA 5506, 474, 477						
CVL2 16	Assets	3. Ongoing matters	Review the position around subsidiaries and associates	Discuss with management and briefly review the Company's accounts. Pay particular attention to any intercompany trading or dealings. Determine whether any of these companies will be affected by our appointment and/or if they are critical to the continuation of operations or realising assets of the Company.	CA 5506, 474, 477						
CVL2 17	Assets	3. Ongoing matters	Determine what other information needs to be provided to our insurance brokers	Discuss with the file Director/others managing assets and trading. Discuss with AUG and determine what other information they may require and ensure this is provided to them ASAP.							
CVL2 18	Assets	3. Ongoing matters	Confirm that all RATA and other Company details have been entered into MYOB	Confirm that the RATA values, assets and creditors details have all been entered into MYOB							
CVL2 19	Assets	3. Ongoing matters	Review the initial report from our insurers	Review the insurance position/reports and confirm all necessary coverage is in place and insurance values appropriate. Raise any issues or concerns.							
CVL2 20	Assets	3. Ongoing matters	Set up a process to collect outstanding debtors	Further to what was considered and agreed to per the "initial notification to debtors" task, consider what correspondence and collection processes should be implemented and then arrange to put them in place.	CA 5506, 474, 477						
CVL2 21	Assets	3. Ongoing matters	Complete the initial monthly bank reconciliation and establish future reminders	Ensure that the bank reconciliation is completed promptly after month end. This task will repeat so as needed, set up additional tasks for job specific reconciliation requirements and confirm these with the relevant bookkeeper / staff member responsible. Transitional note: Div 65 applies to money and securities received / paid after 1 September 2017 for new and ongoing appointments. Money received / paid prior is subject to old requirements	IPS Div 65 CA 5543						
CVL2 22	Assets	3. Ongoing matters	Confirm that the RATA has been reviewed and all assets noted followed up	Confirm that a complete review of the RATA has been undertaken and confirm that actions/decisions have been made in relation to each asset category disclosed on the RATA	CA 5506, 474, 477						
CVL2 23	Assets	4. Finalisation	Confirm that insurance requirements during the administration have been dealt with	Liaise with AUG, review insurance matters and ensure that all outstanding issues have been addressed. Confirm payments made. Be sure to discuss the need for/obtain run-off policies as required - this is important for policies that are on a claims made basis. Obtain written confirmation from AUG that all matters have been finalised (or continued as applicable) before marking this task as 'completed'.							

ASSETS TASKS MODULE

Code	Task category	July 2016	Task name	Task description	Any References	Precedents	Timeframe	Staff Allocation	Date	Sign off	Comments
CV12.2	Assets	4 Finalization	Close the liquidators bank account	The accounts should be closed as soon as possible and planning start once the expected end date of the liquidation is known.							



# STATUTORY ADMINISTRATION TASKS MODULE

Code	Task category	Job phase	Task name	Task description	Key References	Precedents	Timeframe	Staff Allocation	Date	Sign off	Comments
CV13.1	Statutory/administration	2. On appointment	Arrange for publishing of the special resolution to wind up	<p>Old provisions: Advertise notice of resolution to wind up the company within 21 days after passing the resolution.</p> <p>New requirements apply after 1 September 2017, and notice must be published on the ASIC Published Notices Website by the end of the next business day after a liquidator is appointed.</p> <p>Old requirements - within 21 days after passing the resolution.</p> <p>The Form 205 is to be lodged within 7 days after passing of the resolution. Note we will normally lodge these documents rather than the Company attend to lodgement.</p>	CA 449(12); Reg 5.5.01(3) amended; Reg 5.3A.00A, 1446(4)(b) - transition from VA	Notice published on the ASIC Published Notices Website	New by the end of the next business day after a liquidator is appointed				
CV13.2	Statutory/administration	2. On appointment	Lodge notice of the resolution and minutes with ASIC	<p>The Form 205 is to be lodged within 7 days after passing of the resolution. Note we will normally lodge these documents rather than the Company attend to lodgement.</p>	CA 449(12)(a); Reg 1.0.12; 5.5.01; 5.6.27 (Note 5.6.27 has been repealed)	Form 205 and minutes via Form 5011 - lodge via ASIC Liquidator's Portal	within 7 days after passing of the resolution				
CV13.3	Statutory/administration	2. On appointment	Lodge notice of appointment with ASIC	<p>The Form 505 is to be lodged with ASIC within 14 days after appointment.</p>	CA 457(1)	Form 505 - lodge via ASIC Liquidator's Portal	within 14 days of appointment				
CV13.4	Statutory/administration	2. On appointment	Open a new matter in MYOB	<p>Set up a new matter in MYOB for the appointment including all applicable Company information and details available</p>		Complete applicable MYOB opening form with all necessary information					
CV13.5	Statutory/administration	2. On appointment	Hold an initial meeting with the Company's directors and c-suite	<p>Obtain all necessary background information, current trading position, their thoughts on key issues and immediate concerns, options to restructure/sell the business etc.</p>							
CV13.6	Statutory/administration	2. On appointment	Notice to directors about their obligations and request statement and RATA	<p>Confirmation of the appointment should be sent to directors. Advise the directors of their statutory responsibilities, suspension of their powers, delivery of books and records and re-affirm the request for a RATA (which is required to be given to liquidator within 7 days after appointment). A questionnaire is also to be completed by the directors and provided to us. The RATA is required to be tabled at the s 497 meeting.</p> <p>For appointments commenced prior to 1 September 2017 there is no statutory requirement to lodge the RATA, but it is accepted by ASIC. For appointments commenced after 1 Sept 2017, it is mandatory to lodge the RATA with ASIC within 10 business days after RATA receipt.</p>	CA 4497, 1986, 1585 Form 507	Directors' RATA pack including questionnaire					
CV13.7	Statutory/administration	2. On appointment	Determine the strategy for dealing with the media with Strat Comm (if applicable)	<p>Talk with our Strat Comm colleagues. Agree and set a strategy for dealing with press or media interest on appointment (if not already done so as part of pre-appointment strategy setting). Communicate the strategy to all applicable FFI and Company staff so that they are aware of the process.</p>							
CV13.8	Statutory/administration	2. On appointment	Secure the Company's books and records	<p>Determine a strategy for the physical possession of books and records, including electronic data.</p>	CA 4483, 506, 5308						
CV13.9	Statutory/administration	2. On appointment	Advise the ATO of the appointment and request tax clearance	<p>Notify the ATO of our appointment using the applicable form. Be sure to request access to the Company via the Business Portal. See also the "On appointment tax checklist". While we have 14 days to notify the ATO, do it as soon as practicable. At this time, also consider requesting tax clearance by issuing the standard request letter. A specific tax clearance task is set for 3 months post-appointment as a reminder and check (on the basis that by that time, the likelihood of a dividend should be known).</p>	Subdiv 260-45 & 260-75 TAA; PS LA 2011/16	Use the ATO's notification form and select Portal access, Tax clearance letter	within 14 days of appointment				
CV13.10	Statutory/administration	2. On appointment	Contact the Company's lawyers, accountants and other advisors	<p>Write to the Company's accountants/auditors, lawyers and other relevant advisors. Ask for details of current matters, what records are held and the status of any work being undertaken. They should be asked not to do any further work unless explicitly authorised by us. Use the standard letter but (weak/tailor if it is required)</p>		Letter to advisors					
CV13.11	Statutory/administration	2. On appointment	Contact the Sheriff's office in the applicable state	<p>Write to the Sheriff's office to enquire whether there are any Company matters being dealt with, including property or asset seizures.</p>	CA 4570	Letter to the Sheriff's office					



# STATUTORY ADMINISTRATION TASKS MODULE

Code	Task category	Job phases	Task nature	Task description	Key References	Precedents	Timeframe	Staff Allocation	Date	Sign off	Comments
CVL3.12	Statutory/administration	2. On appointment	Notify the OSR of the appointment	Send notification to the relevant Office of State Revenue (in each applicable state) to advise of the appointment. Request details of any outstanding payroll tax and land tax, and other registrations that the Company may have.		Letter to OSR. Take note of any particular requirements in each state including online services					
CVL3.13	Statutory/administration	2. On appointment	Confirm that the report (RATA) has been received from the directors	Check that the RATA's have been received from each of the persons that a request was sent to. Follow up if they have not been received.  For appointments commenced prior to 1 September 2017 there is no statutory requirement to lodge the RATA, but it is accepted by ASIC. For appointments commenced after 1 Sept 2017, it is mandatory to lodge the RATA with ASIC within 10 business days after RATA receipt.	CA 487(1) CA 487 has been replaced	Follow up letter to directors					
CVL3.14	Statutory/administration	2. On appointment	Review the need for mail redirection	As necessary complete a mail redirection form for the Company in relation to its trading premises or other location where it receives mail. Make sure to include any trading names to ensure all appropriate mail is redirected.		Mail redirection form from Australia Post					
CVL3.15	Statutory/administration	2. On appointment	Complete the DIRR (to be signed by all appointees)  DIRRs made (or updated) after 1 Sept 2017 must be lodged at ASIC as soon as practical.	Complete drafting the DIRR and arrange for all appointees to sign. The DIRR must be sent with the first circular to creditors. DIRRs made (or updated) after 1 Sept 2017 must be lodged at ASIC as soon as practical.	CA 550(4)(3) ARITA Code 56.15.3 CA 160(2)	DIRR template, guidance and checklist Form 531 - lodge via ASIC Liquidator's Portal	45 soon as practical				
CVL3.16	Statutory/administration	3. Ongoing matters	Review and update the Strategy document	With reference to the task "Determine the initial strategy", update the Strategy document for the engagement. The appointee must review the Strategy document and at the time, determine the extent and frequency of further updates. Note the initial Periodic Matter Review is notionally set up as a day 60 (two-month) task.		Strategy document, including work plan and staff allocation					
CVL3.17	Statutory/administration	3. Ongoing matters	Review the tax position of the Company and identify any tax recoveries	Refer to and update the "On appointment (tax checklist)". Discuss with the Director any issues or concerns arising. Where the Company has tax obligations during the appointment period review and determine what steps, procedures or other matters need to be sorted out or reviewed. Seek specialist tax advice as required.		On appointment tax checklist					
CVL3.18	Statutory/administration	3. Ongoing matters	Request the directors attend on the liquidator where no voluntary meeting	If we have not as yet had a detailed meeting with the directors, send them/other former officers a notice to attend our office in accordance with the requirements and powers in s 530A.	CA 530A	Form 530A request					
CVL3.19	Statutory/administration	3. Ongoing matters	Attend to lodgement of RATA with ASIC	For appointments commenced prior to 1 September 2017 there is no statutory requirement to lodge the RATA, but it is accepted by ASIC. For appointments commenced after 1 Sept 2017, it is mandatory to lodge the RATA with ASIC within 10 business days after RATA receipt.	CA 487(1) Form 507 (guide: report as to affairs)	Form 507 - lodge via ASIC Liquidator's Portal	as soon as practical				
CVL3.20	Statutory/administration	3. Ongoing matters	Request assistance from ASIC re RATA and books and records if needed	ASIC's Liquidator Assistance Program provides assistance to external administrators by helping them obtain the relevant books and records of a company. Liquidators and administrators can ask ASIC for help obtaining: 1) a RATA; 2) books and records in the possession of officers of a company; and 3) books and records in the possession of a third party. Refer to the liquidator assistance program section on the ASIC website, which contains guidance and further information.		ASIC website - ASIC Liquidator Assistance Program					
CVL3.21	Statutory/administration	3. Ongoing matters	Decide what steps are needed to bring pre-appointment records up to date	Determine what records need to be brought up to date and arrange for that to occur as required. This may include having the Company/directors prepare (at least in draft) any pre-appointment BAS returns. Other examples include final bank reconciliations, entering of other data and transactions such that the accounting records are accurate and complete to the date of appointment. Note that cost may be a factor and also, it may not be practical (or Company staff available) to update all the financial records in their entirety.							
CVL3.22	Statutory/administration	3. Ongoing matters	Determine what financial reporting obligations exist under Part 2M.3	Determine the Company's reporting obligations. Part 2M.3 applies to disclosing entities, public companies, large proprietary companies and all registered schemes. Relief is now automatically available in most cases per the revised class orders (see ASIC RG 174 revised in May 2015).	CA Part 2M.3, ASIC Reg Guide 174	Refer ASIC RG 174 - Relief for externally administered companies and registered schemes being wound up					



# STATUTORY ADMINISTRATION TASKS MODULE

Code	Task category	Job phase	Task name	Task description	Key References	Timeframe	Staff Allocation	Date	Sign off	Comments
CV13.23	Statutory/administration	3. Ongoing matters	Issue section 530B notices as required	Where other parties hold records of the Company, where there have not been provided to us issue the party with a request to deliver the Company's books and records to us.	Form 530B letter					
CV13.24	Statutory/administration	3. Ongoing matters	Complete the initial BAS and establish future reminders	If registered for GST, prepare the BAS return in accordance with the Company's reporting obligations. Lodge the BAS before the due date. Refer to the BAS preparation and review checklist. The pro forma BAS dates will vary depending upon when the appointment commenced. Further BAS reminders, tasks or other means of tracking should be confirmed.	BAS preparation and review checklist					
CV13.25	Statutory/administration	3. Ongoing matters	Complete Periodic Matter Review form (initial review)	Undertake an initial job review. Check tasks for confirmation of completion. Confirm and review the initial timeline prepared and any other specific timelines/processes in place. Review and discuss at a team meeting to ensure all issues and concerns are captured, discussed and shared amongst the FTI team.	Periodic Matter Review form					
CV13.26	Statutory/administration	3. Ongoing matters	Update the tax checklist	Refer to and update the "On appointment tax checklist". Discuss with the Director any issues or concerns that have arisen since the initial review. Review and confirm that where the Company has tax obligations during the appointment period, specific tasks and/or processes have been put in place to ensure these obligations are met. Seek specialist tax advice as required.	On appointment tax checklist					
CV13.27	Statutory/administration	3. Ongoing matters	Confirm investigations are complete (refer investigation tab on checklist)	Confirm that the minimum required investigations have been completed. Where there appear matters to be investigated or pursued, discuss these at a meeting with senior staff and the appointee to confirm the next steps. For all matters, document any key findings and issues. This includes matters that may need reporting to ASIC.	CA Part 5.7B to 5.8A					
CV13.28	Statutory/administration	3. Ongoing matters	Prepare section 533 report and lodge with ASIC (as applicable)	A report must be lodged with ASIC where a dividend of less than 50c in the dollar to unsecured creditors is likely. The task date is set to 3 months, but at the latest the report must be lodged within 6 months. In the first instance, use the EX01 form online. ASIC may require a supplementary report be prepared. A liquidator can also submit further reports if they wish. Confirm that a response is received from ASIC.	CA s533, ASIC Reg Guide 16	within 6 months of appointment				
CV13.29	Statutory/administration	3. Ongoing matters	Complete Periodic Matter Review form (second review) and review tasks	Referring to the initial review form, complete a further comprehensive file review. Update the Periodic Matter Review form and have it signed and agreed by the Director and Appointee. At this time, the remaining tasks should be reviewed and the timing amended as necessary to reflect the circumstances of the file. Be sure to take into account any ongoing statutory lodgements and requirements (tax, accounting, ASIC, Corporations Act) and confirm that arrangements/reminders are in place for these on an ongoing basis. As needed, such tasks should be manually added to this checklist.	Periodic Matter Review form					
CV13.30	Statutory/administration	3. Ongoing matters	Prepare Form 524 receipts and payments and lodge with ASIC	A form 524 receipts and payments is to be lodged for each six month period following appointment until the anniversary of the commencement of external administrations occurs after 1 Sept 2017. The deadline is one month after the end of the six months, but prepare and lodge ASAP. Refer to the applicable checklist.	CA s539 Transitional note: old requirements apply initially until anniversary of commencement of external administrations occurs following 1 Sept 2017 (CA s1592)					
CV13.31	Statutory/administration	3. Ongoing matters	Confirm the section 533 report was lodged within 6 months	Check and verify that as needed, a 533 report (covered in the separate task) was lodged within the required 6 months required timeframe. At this time, check that a response has been received by ASIC (note: unless we report offences then ASIC will take no action but in any event they will advise us in writing of their decision. Where we do report offences, whether ASIC will take action or require further information or supplementary reports will depend upon the circumstances of the case and the nature of offences).	CA s533, ASIC Reg Guide 16	within 6 months of appointment				



# STATUTORY ADMINISTRATION TASKS MODULE

Code	Task category	Job phase	Task tasks	Task description	Key Reference	Precedents	Timeline	Staff Allocation	Data	Sign off	Comments
CVL3.32	Statutory/administration	3. Ongoing matters	Lodge Annual Administration Return with ASIC within 3 months of the 12 month anniversary of appointment (and every year thereafter)	Lodge an Annual Administration Return with ASIC after anniversary of commencement of external administration following 1 Sept 2017. The deadline is within 3 months of the anniversary of appointment, but prepare and lodge asap.  Transitional note: old requirements apply initially until anniversary of commencement of external administration occurs following 1 Sept 2017 (CA s1592)  Note: requirement to notify creditors with next communication.  Complete a final file review to confirm that no tasks are outstanding or require completion (other than finalisation tasks and matters). The final review should include a review of physical and electronic files for completeness of information and that no items are missing or mis-filed.	IPS 70-5 Form 5602 - Annual Administration Return CA s1592	Form 5602 - lodge via ASIC Liquidator's Portal	within 3 months of anniversary of appointment				
CVL3.33	Statutory/administration	4. Finalisation	Complete Periodic Matter Review form (final review)	Review and commence finalisation matters, including administrative matters. Refer to the applicable job finalisation checklist which will contain the detailed tasks and steps required.  Confirmation is required that the remaining finalisation tasks can proceed and that the liquidation can be finalised. This confirmation is to follow final review and sign-off on the (final) Periodic Matter Review form and review of this checklist.		Periodic Matter Review form					
CVL3.34	Statutory/administration	4. Finalisation	Start the job finalisation tasks/checklists	Prior to closing the bank account, check for unrepresented cheques and amounts to pay to unclaimed monies. As applicable cancel and re-issue cheques (but confirm address and payment details with the payee before re-issuing). Note certain monies are paid to ASIC by a liquidator whilst surplus funds and monies held by a receiver for other appointment not covered by s 544 will normally be paid under state laws to the applicable OSR.	CA s544	Finalisation Checklist - Liquidation					
CVL3.35	Statutory/administration	4. Finalisation	Finalisation sign-off by the file director and appointee	The final BAS should be prepared once all transactions have been completed. Lodge BAS before the due date. Refer to the applicable BAS checklist.		Periodic Matter Review form - final review and sign-off					
CVL3.36	Statutory/administration	4. Finalisation	Deal with any unrepresented cheques or unclaimed monies	Confirm that ASIC have written and advised in reply to our s 533 report that they have no objections to us finalising the liquidation (on the basis that ASIC won't be undertaking any action as a consequence of our report).		Refer to ASIC website guidance on unclaimed monies for procedures and requirements					
CVL3.37	Statutory/administration	4. Finalisation	Confirm lodgement of the final BAS for the period of the administration	Review and confirm that the specific finalisation checklist for the Company is updated and complete. This includes performing (or delegating as applicable) a final physical and electronic file review to ensure documents are correctly filed and complete.		BAS preparation and review checklist					
CVL3.38	Statutory/administration	4. Finalisation	Confirm ASIC have responded to reports lodged	Confirm lodgement of ceasing to act with ASIC within 14 days.		Finalisation Checklist - Liquidation					
CVL3.39	Statutory/administration	4. Finalisation	Confirm the finalisation checklist is completed	While there is no legislative basis (i.e. s 509 is quite clear) ASIC do accept using Form 578 for CVLs where there are no funds available (i.e. the liquidation ended up being unfunded in contrast to monies not being kept aside or withheld to pay for the costs of the final meeting). Note if this approach is taken (which would be the exception, not the norm) then the final meeting option above would not be undertaken. Otherwise this task is N/A.	CA s537(2)	Form 505 - lodge via ASIC Liquidator's Portal	within 14 days of ceasing to act				
CVL3.40	Statutory/administration	4. Finalisation	Lodge Form 505 with ASIC advising of ceasing to act	Transitional Impact: new requirements apply for ongoing appointments ending after 1 July 2018 (i.e. final meeting or Form 578 is no longer required and is replaced by the End of Administration Return. Deregistration occurs 3 months after the End of Administration Return is lodged). If the matter is finalised before 1 July 2018 (for both ongoing and new appointments after 1 Sept 2017), then old CA s509 and old meeting requirements apply.	CA s601A8 Transitional impact CA s1604	Form 578 - lodge via ASIC Liquidator's Portal					
CVL3.41	Statutory/administration	4. Finalisation	Lodge application for deregistration (if applicable)	Lodge the End of Administration Return with ASIC within one month after the end of the administration.  You must send a notice that the return has been lodged to any creditor that requests same in writing during the course of the administration.		Form 505 - lodge via ASIC Liquidator's Portal					
CVL3.42	Statutory/administration	4. Finalisation	Lodge the End of Administration Return with ASIC within one month after the end of the administration		IPS 70-6 New CA s509	Form 5603 - lodge via ASIC's Liquidator Portal	within 1 month of ceasing to act				



# STATUTORY ADMINISTRATION TASKS MODULE

Code	Task category	Job phrase	Task name	Task description	Key references	Precedents	Timeframe	Staff Allocation	Date	Sign off	Comments
CV3.43	Statutory/administration	4. Finalisation	Advise the ATO of ceasing to act	Notify the ATO of ceasing to act in addition to confirming (if not yet done as part of the Finalisation checklist) cancellation of the Company's GST/PAYG (etc.) registrations		ATO specified form					
CV3.44	Statutory/administration	4. Finalisation	Apply to ASIC for early destruction of books and records	When ASIC confirms (and creditor approval has been obtained) – notify storage company to destroy books/records  Traditional Impact: new requirements apply for ongoing appointments ending after 1 Sept 2017. The requirements are similar, but the guidance has been moved (i.e. CA 542 has been repealed, refer IPS 70-35). Also now that there are no mandatory meetings in CVLs, plan if and when consent is to be obtained from creditors. Note that from 1 Sept 2017, you will be able to use a proposal meeting to seek creditor consent to return or destroy records	ASIC Reg Guide 81 CA 542(4) has been repealed, refer IPS 70-35	Form 574 - lodge via ASIC Liquidator's portal  ASIC have advised that form under review along with RGB1					
CV3.45	Statutory/administration	4. Finalisation	Confirm that ASIC have deregistered the Company	Check the company name on the ASIC website to confirm that it has been deregistered		Refer ASIC website at: <a href="http://www ASIC gov au">www ASIC gov au</a>	three months after lodgement of the Final Administration Return				



# CREDITORS TASKS MODULE

Code	Task category	Job phase	Task name	Task description	Key References	Precedents	Timeline	Staff Allocation	Date	Sign off	Comments
CV4.1	Creditors	2. On appointment	Obtain all PPSA security interest details from the Company	Obtain all registration details/PPSA files that the Company staff/directors have. This includes registrations by third parties against the Company, as well as registrations the Company has made against its customers or others. This information – and from talking with staff – will help you understand the terms of any security arrangements and what assets the Company believes are secured or otherwise. Also obtain all Company login details to the PPSR or other lodgement providers used (as applicable).							
CV4.2	Creditors	2. On appointment	Send the section 275 letter to all PPSA secured creditors	Use the information from the Ecompass PPSR spreadsheet to send the standard request to all parties with a registered security interest, asking for details of the security agreement(s) that supports their registration. Where there are a lot of parties, you may wish to do a merge from the spreadsheet data. Under the PPSA, secured parties have 10 business days to respond. Refer to the "PPSA practical task list pro forma" document.	PPSA 275	PPSR initial letter; PPSA practical task list pro forma					
CV4.3	Creditors	2. On appointment	Undertake an initial review of PMSIs and ROT/consignment property	Immediately review and assess the existence of property on consignment and/or subject to retention of title (ROT). These interests should be on the PPSR. However, there will still be the requirement to review the underlying documentation. Pay particular note to parties who have a PMSI as they have a 'super priority' in that particular collateral above secured creditors with a GSA. Refer to the "PPSA practical task list pro forma" document. ROT and PPSA can be complex and so advice should be sought where needed.		PPSA practical task list pro forma					
CV4.4	Creditors	2. On appointment	Conduct a preliminary review for disclaimers required	Determine what leases, agreements, contracts etc. the Company has (whether as lessee or lessor). Make an assessment as to whether these are onerous or burdensome to the Company and whether further information is required before that assessment can be finalised. The exact position will vary depending if there is any trading, perceived value or equity in (e.g.) leased property, or other benefits due to the Company where it is a lessor. Where it is clear a disclaimer is needed, this should be done ASAP to avoid any potential for liability.	CA 568; 568A - 568F	Letter to party re disclaimer; Form 525 - lodge via ASIC Liquidator's Portal					
CV4.5	Creditors	2. On appointment	Convene a creditor meeting within 11 days after the day of the members meeting and at least 7 days notice of meeting is given	Transitional Impact - Old 5497 applies on and after 1 Sept 2017 in relation to a resolution for winding up passed before 1 Sept 2017.  Old requirements: Ensure that meeting is convened within 11 days after the day of the members' meeting and at least seven days clear days notice of the meeting is given.  Prepare covering letter (or if seeking approval of remuneration, prepare report) attaching: - Form 529 Notice of Meeting; - Form 509 Summary of Affairs; - Fee Approval Information; - List of creditors setting out names, addresses and estimated amount of their claims; - Form 532 proxy form; - Form 535 proof of debt form - DIR1 - if made (or updated) after 1 September 2017 then must be lodged with ASIC as soon as practical; - ASIC Information Sheet for Stakeholders or Creditors Information Sheet; and - Authorised Signatories.  Complete Form 530 Statement in Writing of Posting of Notice of Meeting	CA 5497, 499(7), 506A, 549B, Reg 5.6.12, 5.6.13, 5.6.75 ARITA Code - s22, 23, 24  Note: Reg 5.6.12, 5.6.13 repealed	Refer to the CVL convening letterpack for 497 meeting inclusive of all applicable notices, forms and report	convened within 11 days after the day of the members meeting and at least 7 days notice of meeting is given				
CV4.6	Creditors	2. On appointment	Lodge notice of the section 497 meeting with ASIC and advertise the meeting (refer CV4.5)	Transitional Impact - Old 5497 applies on and after 1 Sept 2017 in relation to a resolution for winding up passed before 1 Sept 2017 Lodge the required documents with ASIC, not less than 7 days but no more than 14 days, before the day fixed for the meeting - Notice of Meeting - SOA - Creditors list (inc names, address and amounts) Advertise the meeting on ASIC PNW not less than 7 days before the day fixed for the meeting.	CA 5497(2)(b) - (d); Reg 5.5.02, 5.6.75 Forms 529 and 509; Note: Reg 5.5.02 has been repealed	Lodge via ASIC Liquidator's Portal; Notice published on the ASIC Published Notices Website	lodge not less than 7 days, but no more than 14 days before the day fixed for the meeting				



CREDITORS TASKS MODULE									
Code	Task category	Job phase	Task details	Task description	Key References	Precedents	Final date	Staff Allocation	Sign off
CVL4.7	Creditors	2. On appointment	Prepare for the section 497 meeting of creditors (refer CVL4.5)	<p>Transitional impact - Old s497 applies on and after 1 Sept 2017 in relation to a resolution for winding up passed before 1 Sept 2017:</p> <ul style="list-style-type: none"> <li>- Prepare meeting file for meeting of creditors to include: <ul style="list-style-type: none"> <li>- Register of Attendance and Proxies;</li> <li>- Detailed agenda;</li> <li>- Copy of Advertisement of Notice of Meeting;</li> <li>- Documents sent to creditors</li> </ul> </li> <li>- Statements in Writing of Posting of Notice;</li> <li>- Copies of Report as to Affairs for distribution plus original tabled at meeting;</li> <li>- Consent to Act by Liquidator;</li> <li>- Notice of Special Resolution;</li> <li>- DIRRI - (if made for updated) after 1 September 2017 then must be lodged with ASIC as soon as practical; and</li> <li>- Draft minutes</li> </ul>	<p>CA s497, Reg 5.6.12 - 36</p> <p>Note: Reg 5.6.12 - 5.6.36 has been repealed</p>	Meeting preparation timeline and CVL holding letterpack; Meeting of creditors checklist			
CVL4.8	Creditors	2. On appointment	Hold the section 497 meeting, confirm the appointment and record the outcomes (refer CVL4.5)	<p>Transitional impact - Old s497 applies on and after 1 Sept 2017 in relation to a resolution for winding up passed before 1 Sept 2017</p> <p>Confirm that the meeting was held within the required timeframe and that our appointment as liquidator was confirmed. Otherwise note the outcomes of the meeting for the file and record this information in MYOB. Take any necessary follow up actions.</p>	<p>CA s497, Reg 5.6.12 - 36 Form 531B</p> <p>Note: Reg 5.6.12 - 5.6.36 has been repealed</p>	Refer to the CVL holding letterpack; Meeting agenda; running sheet/guidance; pro forma minutes; registers/polling forms			
CVL4.9	Creditors	2. On appointment	Send a circular to creditors confirming our appointment (refer CVL4.5)	<p>Transitional impact - Old s497 applies on and after 1 Sept 2017 in relation to a resolution for winding up passed before 1 Sept 2017</p> <p>Following the creditors meeting a circular should be sent to advise creditors of our appointment, the outcomes of the meeting and any other job specific matters that need to be highlighted.</p>		Circular to creditors confirming appointment			
CVL4.10	Creditors	2. On appointment	Complete and lodge minutes of the section 497 meeting of creditors (refer CVL4.5)	<p>Transitional impact - Old s497 applies on and after 1 Sept 2017 in relation to a resolution for winding up passed before 1 Sept 2017</p> <p>Finalise and lodge the minutes of the meeting. The deadline is within one month (but do ASAP).</p>	<p>Reg 5.6.27(7) repealed</p> <p>Reg 5.6.27(7) repealed</p>	<p>Lodge via ASIC Liquidator's portal; Form 5011; Minutes</p> <p>Form 5011 has been amended to detail requirements for attendance register</p>	within one month of the meeting		
CVL4.11	Creditors	2. On appointment	Send initial notice to creditors with accompanying documents (within 10 business days after appointment) (for new appointments after 1 Sept 2017, the first meeting of creditors will no longer be mandatory and the initial notice to creditors will be required)	<p>The initial notice to creditors applies to ongoing appointments (CA s159, 1597) therefore will need to provide this information for appointments that commence up to 10 business days before 1 Sept 2017 (ie from 17 August 2017)</p> <p>Documents to be sent to creditors:</p> <ul style="list-style-type: none"> <li>- DIRRI (ARITA Code)</li> <li>- Initial Information on creditors' rights (IPR 70-30)</li> <li>- Initial Remuneration Notice (IPR 70-35)</li> <li>- Remuneration Report (if seeking a determination) (IPR 70-45) (note: separate resolutions required for remuneration and disbursements)</li> <li>- Summary of Affairs (Form 509) (CA s497)</li> <li>- List of creditors (identifying related parties) (CA s497)</li> <li>- ASIC Information Sheets (recommended under the Code)</li> </ul> <p>Consider electronic notification under amended CA s600G - can send one page notice advising creditors to download from website.</p> <p>You will not need to send the DIRRI or initial notification when transitioning from a VA to CVL as not holding a "meeting of creditors" at which the resolution for liquidation winding up is passed.</p>	<p>Transitional impact: Initial notice to creditors applies to ongoing appointments (CA s159, 1597) Note also CA s1602 (old s497 applies to ongoing appointments)</p> <p>CA s497(1) - (3); s506A, 600G IPR70-30, IPR 70-35 Code 6.17.5, 15.3 and Ch 23</p>	<p>Initial Notice to Creditors</p> <p>Note: Form 529 will be replaced in Sept 2017 by Form 5604</p>	within 10 business days after appointment		



# CREDITORS TASKS MODULE

Code	Task category	Task name	Task description	Key References	Precedents	Timeframe	Start Allocation	Date	Sign off	Comments
CV4.12	Creditors	3. Ongoing matters	Receipt of Creditor Information Requests	From 1 Sept 2017, creditors are entitled to request information, reports or documents, however, such request must be assessed as to reasonableness. The IPFs provide guidance as to what is an unreasonable information request.  If the request is to be complied with, then you must send the information within: - 5 business days after receiving the request; or - later period as agreed with the requestor; or - extended period for compliance as specified by written notice - if the liquidator is reasonably satisfied that an extension of time is required to comply with the request. If it is reasonable to extend, notice must be given to the requestor specifying the period within which the request will be complied with and the reasons for the extension.	IPF 70-40 70-45, 70-10, 70-11, 70-5, 70-15	Letter to creditor responding to information request, guidance document	within 5 business days after receiving the request			
CV4.13	Creditors	3. Ongoing matters	Review responses from section 275 notices	Review the responses received from sending out the standard letter request. All responses should be collated and a master schedule updated. Discuss the results with the file Director to determine any issues and next steps required. Follow up again those parties who have not as yet responded using the standard follow up letter.	PPSA - 250 - 282	PPSR follow up letter				
CV4.14	Creditors	3. Ongoing matters	Confirm all required disclaimers have been issued	Based on the decisions made for each applicable asset, confirm that the appropriate notices were sent.	CA 568, 568A - 568F	Letter to party re disclaimer, Form 525 - lodge via ASIC				
CV4.15	Creditors	3. Ongoing matters	Conclude initial PMSI ROT and similar secured claims (as required)	Ensure that each ROT/consignment claim received has been dealt with and a final outcome determined. For those ongoing, make a task list of items to progress and resolve these claims. Seek legal advice where there are any issues or concerns.		PPSA ROT claim letters (accept or reject)				
CV4.16	Creditors	3. Ongoing matters	Determine priorities of security interests over Company assets	From all the available information, review and determine the priorities to the Company's assets (i.e. banks, suppliers, owners, employees and creditors). Take into account possible subrogation claims, including those relating to employee claims paid by a Receiver. This is a CA 2001 and PPSA matter. The task is likely complex and as such, seek advice as required. The results should feed into the work being done to determine the overall estimated outcome to creditors as well as any aspects related to trading.						
CV4.17	Creditors	3. Ongoing matters	Request discharge of security interests (as required)	As necessary, request discharge of security interests from parties who have registered on the PPSR, but no longer hold an interest or have had their claims settled.	See <a href="https://www.ipfr.gov.au/disclaimer/registration">https://www.ipfr.gov.au/disclaimer/registration</a>					
CV4.18	Creditors	3. Ongoing matters	Provide an update to the petitioning/indemnifying creditor	The petitioning/indemnifying creditor should be given an update as to the status of the liquidation and likelihood of any assets or property being made available. Initially this should be done by telephone and only as needed should an update be provided in writing.						
CV4.19	Creditors	3. Ongoing matters	Check and issue any further disclaimers are required	Review and confirm that there are no other onerous circumstances (be it assets, contracts, where lessee or lessor) that would require further disclaimers to be issued.	CA 568					
CV4.20	Creditors	3. Ongoing matters	Statutory Report by Liquidator (within three months of appointment date)	Statutory Report by Liquidator to be provided to creditors within three months of appointment date. Transitional Impact - IPR 70-40 will apply to ongoing administrations (i.e. those from 1 June 2017) and report will be required where 1 Sept 2017 occurs prior to the end of the three month period.  <i>Note: needs to be lodged with ASIC at the same time as it is provided to creditors</i>	CA 559, 1597 IPR 70-40	report pro forma	within 3 months of appointment date			
CV4.21	Creditors	3. Ongoing matters	Lodge Statutory Report by Liquidator with ASIC	Lodge Statutory Report by Liquidator with ASIC at the same time as it is provided to creditors.  <i>Note: report must be lodged with ASIC on the same day as it is sent to creditors otherwise you will incur a late fee</i>	IPR 70-40	Report and Form 5601 - lodge via ASIC Liquidator Portal	same day as sent to creditors			



# CREDITORS TASKS MODULE

Code	Task category	Job phase	Task name	Task description	Key References	Precedents	Timeline	Staff Allocation	Date	Sign off	Comments
CV4.22	Creditors	3. Ongoing matters	Confirm that taxation clearance has been received from the ATO	An appropriate taxation clearance under s 260-45 (for liquidations) and s 260-75 (receiverships) must be obtained before any dividends or amounts can be paid to ordinary unsecured creditors (it is an offence if not obtained and can have criminal penalties and personal liability). Refer to the ATO website for guidance and notes on clearances and tax (including when the ATO may require pre-appointment income tax returns to be completed). Note: clearances relate to pre-appointment matters only. There is no similar post-appointment clearance process.	TAA 53, 260-45 and 260-75	Tax clearance letter for liquidations					
CV4.23	Creditors	3. Ongoing matters	Determine whether any post-appointment tax returns are required and if any tax recoveries are available	Post-appointment obligations are dealt with in s 254 of the ITAA36. This makes the IP (agents and trustees, which by definition includes liquidators and receivers) answerable as taxpayer in their representative capacity. Often we won't need to lodge tax returns post-appointment because insolvent entities don't make any profit or have taxable income. But more precisely, the requirement to prepare and lodge returns is caught in terms of where there are "income, profits or gains". While trading profits are unlikely (and carry forward losses may be available), large capital gains can arise on assets like real property. Note there is no post-appointment clearance process. We need to be sure that all required obligations have been met. Seek advice on any tax matters as applicable and/or when in doubt.	254 ITAA36 AB5 High Court decision						
CV4.24	Creditors	3. Ongoing matters	Establish the level of priority and other creditor claims	On the information available, consider the priority of creditor claims. Where there will be funds to distribute to employees/creditors, send a notice inviting formal proofs of debt and determine the priority creditors in accordance with s 556 (often if calling for proofs it will be done in conjunction with a dividend process). Be sure to review and factor in any other priority (or higher-ranking) claims that need to be paid (including considering whether there is any tax priority) - in this regard an estimated outcome statement must be reviewed (or revised and updated if already prepared)	CA s556(1)(e) (b), 560, 561, 558						
CV4.25	Creditors	3. Ongoing matters	Consider and respond to meeting directions (as required)	Consider and respond to directions to hold meetings. Complete meetings request log and detailed filenote if required. Provide written response to meeting direction (will hold meeting or reject) within 4 business days or longer as agreed or extended by written notice if reasonable	IPS 75-15 IPR 75-195, 75-250, 75-255						
CV4.26	Creditors	3. Ongoing matters	Convene meeting of creditors (if required) post creditors' meeting pack and report to creditors	If a meeting of creditors is required or requested to be convened (IPS 75-15) notice is required not less than 10 business days before the day of the meeting (IPR 75-20) - Form - notice of meeting (inc electronic facilities) (IPR 75-15(1), IPR 75-35) - Form - proxy (IPR 75-25) - Form - Proof of Debt - Notice of lodgement of latest annual administration return (IPS 70-5(6)) - Remuneration Report (if seeking a determination (IPR 70-45) (note: separate resolutions required for remuneration and disbursements) - Updated DIRR (if available)(CA s506A) - also table at meeting - Form - statement of notice being sent (IPR 75-12(2)) Note 600G which deems notice being the day after it is emailed/faxed. At all times carefully check the meeting dates and notice being given. Transitional impact: new requirements apply to meetings held and convened after 1 Sept 2017 for ongoing administrations. Old requirements apply for certain meetings convened prior to 1 Sept 2017 but held after.	IPS 75-15; IPR 75-20; IPR 75-40; Reg 5.6.75 CA s600G (old CA s479 repealed)	Creditors meeting pack Form 509D has added option to choose meetings convened under 75-10, 75-20, 75-40, 90-21	No less than 10 business days before the meeting				
CV4.27	Creditors	3. Ongoing matters	Publish notice of meeting of creditors	Publish notice of meeting of creditors on the ASIC Published Notices Website	IPR 75-40 (old Reg 5.6.14A repealed)	Advertisements on ASIC's Published Notices Website	No less than 10 business days before the day of the meeting				



CREDITORS TASKS MODULE										
Code	Task category	Job phase	Task name	Task description	Key References	Procedures	Timeframe	Staff Allocation	Date	Sign off
CVU4.28	Creditors	3. Ongoing matters	Prepare for meeting of creditors	Refer to the Meeting Prep Timeline and associated meeting pack precedents / checklists to assist with preparing adequately for the meeting of creditors		Meeting of Creditors checklist; Creditors meeting letterpacks; Meeting Preparation pack				
CVU4.29	Creditors	3. Ongoing matters	Hold the meeting of creditors and record the outcomes	Confirm that the meeting was held within the required timeframe. Note the outcomes of the meeting for the file and record in MYOB. Take any necessary follow up actions.		Refer applicable letterpack, meeting agenda, running sheet/guidance, pro forma minutes, registers/polling forms				
CVU4.30	Creditors	3. Ongoing matters	Complete and lodge minutes of the meeting of creditors	Finalise and lodge the minutes of the meeting. The deadline is within one month (but do ASAP)	IPR 75-145 (old CA Reg 5.6.27(7) repealed)	Minutes of meeting - Form 5011 and minutes - lodge online via ASIC's Liquidator Portal	within one month of the meeting			
CVU4.31	Creditors	3. Ongoing matters	Proposal meeting of creditors	Proposal meetings can be used for certain resolutions arising under the IPR/PR:  - remuneration and internal disbursements resolutions (only new appointments from 1 Sept 2017); - creditors directions; - consent to return or destroy books and records  Notice contains: - Single Proposal; - Statement of reasons and likely impact if passed; - Vote for yes, no or objection - Specify a reasonable time by which a response must be sent (which must not be less than 15 business days after the day the notice is given - IPR 75-130)  The resolution passes with the majority of responding creditors in number and value AND no more than 25% responding creditors objecting (IPR 75-130)  Transitional impact: new requirements (i.e. Proposals) will be available to use for ongoing administrations from 1 Sept 2017 but only in relation to matters under the IPR.  When a resolution is passed without a meeting of creditors, the external administrator must:  Make a written record of the outcome of the proposal; and lodge with ASIC a notice, in the approved form, of the outcome of the proposal including: - A copy of the notice of proposal to creditors under IPR 75-40(2) - A copy of other information sent to creditors with the notice of proposal to creditors that is relevant to this proposal.  Transitional Impact: AGM or ASIC report is no longer required; however, old CA s508 continues to apply for ongoing appointments on or after 1 Sept 2017 for one more annual meeting or report (s1603) (to 31 August 2018).  Old requirements: an annual general meeting of creditors is required to be convened within three months of each anniversary of appointment. Alternatively, the liquidator may lodge a report with ASIC in lieu of a physical meeting. Where this option is selected, which is appropriate in circumstances of seeking to minimise administration costs, the liquidator must forward to creditors a notice that the liquidator has decided not to convene the meeting and rather has prepared and lodged a copy of the report with ASIC. Note a copy of the report (without charge) must be provided to any creditor who requests a copy.  The report must include: - an account of Liquidator's acts and dealings; - comment by Liquidator confirming 6 monthly receipts and payments have been lodged with ASIC; - an account of the conduct of the winding up; - a description of the acts and dealings that remain to be carried out; and an estimate of when the winding up is likely to be completed.	IPR 75-40; IPR 75-130	Proposal meeting checklist and proposal meeting pack	Not less than 15 business days after the day the notice is given			
CVU4.32	Creditors	3. Ongoing matters	Proposal meeting of creditors - record of meeting		IPR 75-130(6)	Record of the outcome of the meeting and ASIC Form 5022 which is lodged via ASIC's Liquidators Portal	within 5 business days of outcome being known			
CVU4.33	Creditors	3. Ongoing matters	Prepare for and convene the annual general meeting or lodge a report with ASIC		CA s508; s1603 Reg 5.6.11; 5.6.12; 5.6.27; 5.6.14A Form 1500 New guidance, CA s508 repealed	Refer Meeting of creditors checklist; Meeting preparation timeline; Report to creditors pro forma (tailor as required)  Form 1500 - Lodge via ASIC Liquidator's Portal (to be deleted in 2018)	convened within 3 months of each anniversary of appointment			



## CREDITORS TASKS MODULE

Code	Task category	Job phase	Task name	Task description	Key References	Precedents	Timeline	Staff Allocation	Days	Sign off	Comments
CVL4.34	Creditors	3. Ongoing matters	Circular to creditors re no AGM (report lodged)	<p>Transitional Impact: AGM or ASIC report is no longer required, however, old CA 5508 continues to apply on or after 1 Sept 2017 for one more annual meeting or report (s1603) (to 31 August 2018).</p> <p>Old requirements: Confirm that notice has been given to creditors about a report being lodged with ASIC in lieu of a meeting being held. This must be sent within 14 days of the report being lodged with ASIC.</p>	CA 5508- s1603 New guidance: CA 5508 repealed	Circular to creditors (No ASIC) Form 1500 - Lodge via ASIC Liquidator's Portal (to be deleted in 2018)	sent to creditors within 14 days of the report being lodged				
CVL4.35	Creditors	3. Ongoing matters	Appointment of Committee of Inspection (COI) (if required)  By separate meeting of creditors and shareholders	<p>Preparation of meeting documentation, Form 529 Notice of Meeting and published on ASIC Published Notices Website</p> <p>Transitional Impact: new requirements apply to ongoing COIs after 1 Sept 2017 (CA s1607(1)). But old requirements apply to meetings of, or related to COIs, convened or held prior to 1 Sept 2017 (CA s1607(2)). A COI under CA 5548 before 1 Sept 2017 is not invalid merely because a separate meeting of contributories was not convened (CA s1611).</p> <p>New requirements include:</p> <ul style="list-style-type: none"><li>- appointment by resolution of creditors only (contributories no longer involved)</li><li>- large creditor or employees can also appoint under IPS 80-20 and IPS 80-25</li><li>- cannot appoint through a proposal as a meeting of creditors is required (IPS 80-5)</li><li>- a company can now be appointed as a COI member - rather than a specific representative of a company (IPR 80-5)</li></ul>	CA 5548- 552 Reg 5.6.12; 5.6.14A; 5.6.75 New guidance: CA 5548- 552 and regs repealed- replaced by IPS and IPR Div 80, Reg 5.6.75. Additionally refer to IPS and IPR Div 75 for general meeting requirements to appoint COI	Form 529 - Lodge via ASIC Published Notices Website					
CVL4.36	Creditors	3. Ongoing matters	Convene and hold meetings of Committee of Inspection (if required)	<p>Preparation of meeting documentation, Form 529 Notice of Meeting and published on ASIC Published Notices Website</p> <p>Transitional Impact: meetings still to be held as required. Expanded guidance on when meetings are required to be held and other information requirements in IPS and IPR.</p>	CA 5549 Reg 5.6.12; 5.6.14A; 5.6.75 New guidance: CA 5548- 552 and regs repealed- replaced by IPS and IPR Div 80, Reg 5.6.75. Additionally refer to IPS and IPR Div 75 for general meeting requirements which may apply to meetings of COI	Form 529 - Lodge via ASIC Published Notices Website					
CVL4.37	Statutory/administration	4. Finalisation	Prepare for and convene a final meeting of creditors and members (as applicable) - applies until 1 July 2018	<p>When the liquidation is complete in terms of all assets realised as far as possible and all dividends paid, steps can be taken to conclude the liquidation. Note a pre-requisite is that the finalisation checklist has been updated and reviewed.</p> <p>Transitional Impact: if the matter is finalised before 1 July 2018 (for both ongoing appointments and new appointments after 1 Sept 2017) then old CA 5509 and old meeting requirements apply (CA s1604). New requirements apply for ongoing matters ending after 1 July 2018 whereby a final meeting or form 578 (if insufficient funds to hold a final meeting) is no longer required. It is replaced by the end of administration return and deregistration occurs 3 months after the end of the administration return.</p> <p>However, now that there are no mandatory meetings in CVLs, plan if and when consent from creditors is obtained in relation to the destruction of the Company's books and records six months after the date of deregistration of the Company (note also need clearance from ASIC).</p>	CA 5509 (revised) IPS 70-6	Final meeting pack for CVL or end of administration return (Lodge via ASIC Liquidator's Portal)					

# CREDITORS TASKS MODULE

Code	Task category	Job phase	Task name	Task description	Key References	Precedents	Timeline	Staff Allocation	Date	Sign off	Comments
CV(4.36)	Statutory/administration	4: Finalisation	Lodge the final return (Form 523) and minutes with ASIC - applies until 1 July 2018	<p>Transitional Impact: If the matter is finalised before 1 July 2018 (for both ongoing appointments and new appointments after 1 Sept 2017) then old CA 509 and old meeting requirements apply (CA s1604). New requirements apply for ongoing matters ending after 1 July 2018 whereby a final meeting or form 523 (if insufficient funds to hold a final meeting) is no longer required. It is replaced by the end of administration return and deregistration occurs 3 months after the end of the administration return.</p> <p>Old requirements: Form 523 must be lodged following the final meeting of creditors and members, plus the minutes. The form is to be lodged within 7 days of the meeting. It does not matter if no quorum was present, this won't affect the validity of the meeting. Minutes of the meeting must be lodged in the usual way with ASIC within one month but should be lodged at the same time as the Form 523 (and other final lodgements).</p>	CA s509; Form 523	Form 523 and minutes of meeting - Lodge via ASIC Liquidator's Portal Form 523 to be deleted in 2018	Form 523 within 7 days of meeting Minutes within one month of meeting				



OPERATIONS / TRADEON TASKS MODULE

Code	Task category	Job phase	Task name	Task description	Key References	Precedents	Timeframe	Staff Allocation	Date	Sign off	Comments
CV15.1	Operations/trade on	3 Ongoing matters	Consider whether to trade the business	If trading consider and communicate the strategy to FTI staff so that all roles, responsibilities and any specific powers/requirements are clear and understood. Note the requirements of s 493 as regards voluntary winding up and trading - the Company is required to cease trading except where beneficial/required for the winding up.	CA s493; 506; 477(2A) and (2B)	If trading, refer to trading checklist					

# EMPLOYEES TASKS MODULE

Code	Task category	Task name	Task description	Key References	Procedures	Timeframe	Staff Allocation	Date	Sign off	Comments
CV16.1	Employees	2. On appointment Employee matters - initial review, payroll and determine next steps	Meet with employees and advise of the appointment, its effects, and the impact on trading, operations and employment. Employees will be concerned about their employment and payment of any existing (and future) wages and entitlements. As soon as practicable on the first day, make decisions about staffing needs and the ability to make wage payments (including wages unpaid at the appointment date). Confirm/record all advice given and all dealings in writing to evidence what you did and said. Determine the next steps as applicable. Be sure to secure/obtain all employee information and payroll records for entitlement calculation purposes. Note: Do not adopt employee contracts and try not to amend them.	CA s558(1) to (4)	Employee letters (continuing or termination)					
CV16.2	Employees	3. Ongoing matters Review position re FEG	Consider if it is likely that employees will need to make a claim via FEG for their entitlements. Where applicable, contact FEG (refer to the website and FEG Online). Former employees should be encouraged to set up their details and lodge any claims via FEG Online. As needed, establish and diarise for any specific FEG tasks required to be undertaken.		<a href="#">Refer FEG website: www.employment.gov.au</a> <a href="#">Affix entitlements- over time for</a>					
CV16.3	Employees	3. Ongoing matters Prepare an estimate of employee entitlements	Prepare calculations for each employee's entitlements, based on the Company's records. In a liquidation, this will need to take into account the position as if the employee was made redundant (if not already the case). Take note of any excluded employees. These calculations will be needed for future meetings of creditors (i.e. for employee voting), for estimated outcome calculations in our reports to creditors, and for any dividend processes. As a final note, for concurrent appointments, seek advice as to the impact of a receiver on entitlements as the position in these circumstances can be complex.	CA s556(1)(e)-(h), 560, 561, 558						
CV16.4	Employees	3. Ongoing matters Confirm all FEG matters have been finalised	Confirm all FEG matters have been finalised in terms of verification services, payment of claims, submission of invoices and receipt of payment. Follow up any matters still ongoing.							
CV16.5	Employees	3. Ongoing matters Complete a final review of employee matters	Confirm that employee requirements are complete including confirmation of cessation of employment, payment of all post-appointment entitlements, payment of withholding, preparation of PAYG payment summaries, return of all Company assets or equipment etc. Where no further payments will be made, lodge ENDUPE files with the ATO via the ATO Portal.							

SALE OF BUSINESS TASKS MODULE

Code	Task category	Job phase	Task name	Task description	Key References	Prerequisites	Timeframe	Staff Allocation	Date	Sign off	Comments
CVI71	Sale of business	3. Ongoing matters	Determine the sale strategy and timetable	Determine the strategy and process for undertaking the sale of the business and/or assets of the Company. Document and communicate this to staff and others who need to know (including our advisors). Refer to Sale of Business check list for process		Refer to Sale of Business Checklist					



# INVESTIGATIONS TASKS MODULE

Code	Task category	Job phase	Task details	Key Information	Precedents	Staff Allocation	Starts	High/Low	Comments
CVLB 1	Investigations	3 Ongoing matters	Commence investigations for offences and voidable transactions	<p>The investigations into voidable transactions is a key part of the liquidation process and should be commenced as soon as possible, especially in some cases where legal advice may be required.</p> <p>Transitional impact: refer to new definition of relation-back day (CA 591) with new requirements applying to administrations starting on or after 1 Mar 2017</p>	<p>Refer Investigation Guidance</p> <p>CA Part 5.7b, specifically - voidable transactions CA 588FA-588FD (unfair preferences, uncommercial transactions and unfair loans), 588FOA (unreasonable director-related transactions), 588FL, 588FP (voidable charges, security interests that vest), 596AB (arrangements or transactions to avoid employee entitlements)</p> <p>CA Part 5.8 specifically 180 - 184, 206A - 206B, 209(3), 254T, 286, 312, 314 - 317, 437C, 437D(5), 438B(4), 438C(5) and 590</p> <p>ASIC Reg Guide 16 Schedule D, Reg Guide 109, Reg Guide 217</p> <p>ASIC info 0053 Providing assistance to external administrators: books and records</p>				
CVLB 2	Investigations	3 Ongoing matters	Consider whether any FOI requests are required including the ATO	For our investigations, consider whether FOI requests should be made from any Government bodies, including the ATO	FOI request (ATO pro forma)				
CVLB 3	Investigations	3 Ongoing matters	Consider applying for funding under the Assetless Administration Fund from ASIC	Liquidators can seek funding from the Assetless Administration Fund to carry out an investigation and report. 1) In circumstances where they believe director barings may be appropriate, or 2) for other matters such as where the liquidator believes there is or may be evidence of possible offences or other misconduct in relation to the Act. Refer to the AAF section on the ASIC website, which contains guidance and the required forms to be completed	<a href="#">Refer to ASIC Auditors 1.6 AAF applications</a>				
CVLB 4	Investigations	3 Ongoing matters	Consider the need for examinations of the directors or other persons	As part of our investigations consider whether there is any requirement or benefit from conducting public examinations. Note examinations are costly undertakings and as a result the views of creditors should be obtained where the examination would use funds otherwise available to pay dividends. Consider funding options as part of any proposed examination process.	CA 5596A and B				
CVLB 5	Investigations	3 Ongoing matters	Consider the need for litigation funding or similar	Potential actions or recoveries may be identified in circumstances where the liquidation is unlinked to pursue claims. Creditors should be advised and their views obtained/confirmed in relation to engaging litigation funders in the typical scenario where creditors do not wish to fund. Note as these agreements will extend past three months, and may involve compromising claims, creditor approval under ss 477(2A) and (2B) will also be required. Court orders under s 564 will be required for indemnifying creditors to obtaining any priority	CA 5477(2A) and (2B), 564				

DIVIDENDS TASKS MODULE											
Code	Task category	Job phase	Task name	Task description	Key References	Precedents	Timeframe	Staff Allocation	Date	Sign off	Comments
CVL9.1	Dividends	3. Ongoing matters	Confirm dividend timeline and commence process	Complete all review and planning items and once a timetable established, commence the dividend process to creditors. Be sure to have sign-off from the Director and Appointee. Refer to and use the Dividend checklist and any associated tools and materials referred to. Clarify important dates such as the proof cut-offs and dates for other dividend-process tasks concerning the admission and rejection of proofs.	Reg 5.5.65-75	Refer to Dividend Checklist and associated documents					
CVL9.2	Dividends	3. Ongoing matters	Confirm dividend process compliance	Review the dividend checklist and confirm it is complete and accurate and that all required processes, including timing and proof/rejection matters, were performed properly and correctly.	Reg 5.5.65-75	Refer Dividend Checklist					
CVL9.3	Dividends	3. Ongoing matters	Confirm declaration of dividend and payment	Confirm the declaration of the dividend within the date specified in the original notice of intention to declare a dividend. If the dividend was not declared within this time, the process is postponed and as such, needs to commence all over again.	Reg 5.5.65-75	Refer Dividend Checklist					

	A	B	C	D	E	F	G
1	<b>Version Control</b>						
2							
3	<b>Version #</b>	<b>Release Date</b>	<b>Description of Changes</b>	<b>Task Ref</b>	<b>Completed By</b>	<b>Comments</b>	
4	v1.0	29-Aug-17	New document release	n/a	Maria Duta		
5	v1.1		Arrange for publishing of the special resolution to wind up - changed to 3.1 given short timeframe requirement	3.1	Maria Duta		
6			Clarify information to be sent to creditors (Summary of Affairs Form 509)	4.11	Maria Duta		
7			Clarify AGM to be held for one more meeting or report until <u>31 August 2018</u> .	4.33	Maria Duta		
8			Clarify AGM to be held for one more meeting or report until <u>31 August 2018</u> .	4.34	Maria Duta		
9	v1.2	16-Nov-17	Additional reminder that Form 5601 (statutory report by a liquidator to creditors) needs to be lodged with ASIC on the same day as it is sent to creditors	4.21	Maria Duta		
10			Clarifying documents which should be annexed when lodging Form 5022 (outcome of resolution without a meeting) and timeframe for lodgement	4.32	Maria Duta		
11							

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**LM Investment Management Limited (In Liquidation)**  
**Receipts and Payments for the period**  
**12/07/2018 To: 30/09/2018**

	<b>Total (\$)</b>
<b>Receipts</b>	
Contribution received from fund	10,173.90
Controllership Invoices	156,665.85
GST Control: GST Paid (Received)	171,517.00
Interest Income	53.77
<b>Total Receipts</b>	<b>338,410.52</b>
<b>Payments</b>	
IT Costs	(10,921.68)
Storage Costs	(1,078.33)
Accounting Fees	(391,366.68)
Appointee Disbursements	(5,651.30)
Bank Charges	(10.00)
Fees: Appointee Fees	(177,069.19)
Legal Fees	(82,093.61)
<b>Total Payments</b>	<b>(668,190.79)</b>
<b>Net Receipts (Payments)</b>	<b><u>(329,780.27)</u></b>



19 September 2018

Our Ref: RCL\_8976r3.doc

**CIRCULAR TO INVESTORS**

Dear Sir/Madam

**RE: LM Investment Management Limited (In Liquidation) ACN 077 208 461 (LMIM) (the Company) as the responsible entity of the LM Australian Income Fund (the Fund)**

I refer to my previous update regarding this Fund on 10 July 2017. I also refer to the appointment of Ginette Muller and I as Joint and Several Administrators of LM Investment Management Limited (In Liquidation) on 19 March 2013 and our subsequent appointment as Liquidators on 1 August 2013. Ginette Muller resigned as Liquidator of the Company on 17 May 2017.

I provide the following update in relation to the wind-up of the Fund.

**Taxation Matters**

WMS Chartered Accountants have attended to the following with respect to taxation matters of the Fund:

- Completed financial accounts for the Fund to the financial year ended 30 June 2018;
- Taxation Returns to the year ended 30 June 2012. WMS are currently undertaking an assessment of whether the Fund is required to lodge taxation returns for the duration of our appointment;
- Re-registration of the Fund for GST after it was determined voluntary registration for GST reporting would result in a refund position for the Fund whilst it is being wound up; and
- Lodgement of Business Activity Statements (BASs) to June 2018.

**Audited accounts**

As investors will be aware from my previous update, the request for financial reporting relief for the Fund was denied by ASIC and therefore the Fund is required to lodge audited financial accounts for each year it remains in wind up.

**FTI Consulting (Australia) Pty Limited**  
ABN 49 160 397 811 | ACN 160 397 811  
Level 20, CP1 | 345 Queen Street | Brisbane QLD 4000 | Australia  
Postal Address | GPO Box 3127 | Brisbane QLD 4001 | Australia  
+61 7 3225 4900 telephone | +61 7 3225 4999 fax | fticonsulting.com

*Liability limited by a scheme approved under Professional Standards Legislation.*

Audited accounts for the financial years ended 30 June 2013 and 30 June 2014 have now been lodged. Ernst and Young (EY) resigned as auditors at the end of January 2018 and were replaced with Thomas Noble and Russell ("TNR") who will complete the remaining audits for the Fund. TNR have been working closely with WMS Chartered Accountants to promptly complete the remaining audits and enable a timely wind up of the fund shortly thereafter. A draft audit has been received for the 2015 financial year and the 2016 audit is expected to follow shortly.

#### Indicative Net Asset Value

An **indicative** position of the Fund and estimated unit price as at 30 June 2018 is set out in the table below. All figures are in Australian Dollars.

LM Australian Income Fund NAV as at 30 June 2018	
Item	Amount
Cash at Bank	\$9,114,504
<b>Total Fund Assets</b>	<b>\$9,114,504</b>
<b>Less:</b>	
Fund Payables	-\$60,995
<b>Total Fund Payables</b>	<b>-\$60,995</b>
<b>Indicative Net Assets as at 30 June 2018</b>	<b>\$9,053,509</b>
<b>Estimated AUD equivalent units at 30 June 2018</b>	<b>37,313,409</b>
<b>Estimated Unit Price as at 30 June 2018</b>	<b>\$0.24</b>

The estimated asset and unit values are expressed in AUD equivalents and are subject to daily market fluctuations. AUD equivalent units have been calculated based on the Australian Taxation Office and Reserve Bank of Australia foreign currency exchange rates for the year ended 30 June 2018. Accordingly, they are subject to change without notice to members.

For the purposes of presenting an indicative net position, the known invoiced liabilities of the Fund at 30 June 2018 have been included. The net asset position is calculated before consideration of future wind-up costs (including custody fees, accounting and audit costs, and Liquidator remuneration and out of pocket expenses) not yet invoiced or yet to be incurred. These future costs are expected to be relatively significant considering the ongoing work required in relation to finalising the outstanding taxation and audit matters. I will do everything possible to minimise the ongoing wind-up costs.

The net asset position is also subject to change should additional liabilities of the Fund be identified.

### Timing for Finalisation and Distributions

The timing for finalisation of the wind-up of the Fund, including the final distribution, is currently unable to be determined. Timing is dependent on lodgement of all outstanding taxation returns, business activity statements and audited financial accounts as well as resolving any legal claims against the fund.

I continue to work towards a timely completion of the fund wind up.

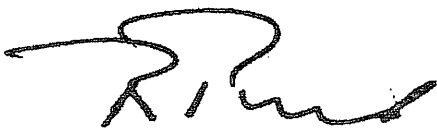
### Contact Details

Investors are able to obtain further information by either:

1. Updates will be provided on the LMIM administration website ([www.lminvestmentadministration.com](http://www.lminvestmentadministration.com));
2. Sending an email outlining your queries to [enquiries@lminvestmentadministration.com](mailto:enquiries@lminvestmentadministration.com); and
3. Queries concerning unit holdings; transfer requests; and updated details should be directed to Advanced Share Registry, the details of which are as follows:

- Telephone: +618 9389 8033
- Fax: +618 9262 3723
- Email: [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)
- Address: PO Box 1156, Nedlands WA 6909

Yours faithfully  
FTI Consulting



John Park  
Liquidator



Solvent MIS	Insolvent MIS
Completion and lodgement of audited financial accounts including a final audit.	Upon determining insolvency - Apply to ASIC for financial reporting relief.
Lodgement of taxation returns if required.	Circular to investors advising no further distributions to be paid.
Determine any creditors of the fund to be paid prior to final distribution.	Complete ASIC unclaimed monies documentation and pay unclaimed monies for investor distributions to ASIC.
Payment of creditors and remuneration and out of pocket expenses related to the fund wind up.	Close MIS account.
Make final distribution to investors and deal with all distribution bounce backs.	Lodgement of Form 5138 to conclude the wind up of the fund.
Complete ASIC unclaimed monies documentation and pay unclaimed monies for investor distributions to ASIC.	
Close MIS account.	
Lodgement of Form 5138 to conclude the wind up of the fund.	

19 September 2018

Our Ref: RCL\_8977r4

**CIRCULAR TO INVESTORS**

Dear Sir/Madam

**RE: LM Investment Management Limited (In Liquidation) ACN 077 208 461 (LMIM) (the Company)  
as the responsible entity of the LM Australian Structured Products Fund (the Fund)**

I refer to my previous update regarding this Fund on 10 July 2017. I also refer to the appointment of Ginette Muller and I as Joint and Several Administrators of LM Investment Management Limited (In Liquidation) on 19 March 2013 and our subsequent appointment as Liquidators on 1 August 2013. Ginette Muller resigned as Liquidator of the Company on 17 May 2017.

I provide the following update in relation to the wind-up of the Fund.

**Taxation matters**

WMS Chartered Accountants have attended to the following with respect to taxation matters of the Fund:

- Completed financial accounts for the Fund to the financial year ended 30 June 2014;
- Drafted financial accounts for the Fund for the financial years ended 30 June 2015, 16, 17 and 18;
- Taxation Returns to the year ended 30 June 2011. WMS are currently undertaking an assessment of whether the Fund is required to lodge taxation returns for the duration of our appointment;
- Lodgement of Business Activity Statements (BASs) to June 2018.

**Audited accounts**

As investors will be aware from my previous update, the request for financial reporting relief for the Fund was denied by ASIC and therefore the Fund is required to lodge audited financial accounts for each year it remains in wind up.

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Audited accounts for the financial years ended 30 June 2013 and 30 June 2014 have now been lodged. Ernst and Young (EY) resigned as auditors at the end of January 2018 and were replaced with Thomas Noble and Russell ("TNR") who will complete the remaining audits for the Fund.

TNR have been working closely with WMS Chartered Accountants to promptly complete the remaining audits and enable a timely wind up of the fund shortly thereafter. A draft audit has been received for the 2015 financial year and the 2016 audit is expected to follow shortly.

### Net Asset Value

An indicative position of the Fund and estimated unit price as at 30 June 2018 is set out in the table below. All figures are in Australian Dollars.

Series	Cash at Bank (AUD)	Less Allocation of Liabilities	Net Assets	No. of AUD Equivalent Units	Estimated Unit Price
ASPF1	\$799,706.66	\$5,096.33	\$794,610.33	\$2,604,408.16	\$0.31
ASPF2	\$160,746.18	\$1,024.40	\$159,721.78	\$1,338,700.44	\$0.12
ASPF3	\$111,472.11	\$710.38	\$110,761.73	\$805,069.19	\$0.14
ASPF4	\$138,539.62	\$882.88	\$137,656.74	\$533,067.51	\$0.26
ASPF5	\$29,320.77	\$186.85	\$29,133.92	\$176,268.72	\$0.17
ASPF6	\$4,788.27	\$30.51	\$4,757.76	\$18,668.41	\$0.25
ASPF7	\$67,963.78	\$433.12	\$67,530.66	\$342,980.74	\$0.20
ASPF8	\$70,042.67	\$446.36	\$69,596.31	\$270,800.00	\$0.26
ASPF9	\$82,373.93	\$524.95	\$81,848.98	\$399,985.75	\$0.20
ASPF12	\$239,855.58	\$1,528.54	\$238,327.04	\$1,316,751.66	\$0.18

The estimated asset and unit values are expressed in AUD equivalents and are subject to daily market fluctuations. AUD equivalent units have been calculated based on the Australian Taxation Office average foreign currency exchange rates for the year ended 30 June 2018. Accordingly, they are subject to change without notice to members. I also note the liabilities being allocated exclude GST.

For the purposes of presenting an indicative net position, the known invoiced liabilities of the Fund at 30 June 2018 have been allocated proportionally to each series based on gross asset value of that series at the date of the allocation. The net asset position is calculated before consideration of future wind-up costs (including custody fees, accounting and audit costs, and Liquidator remuneration and out of pocket expenses) not yet invoiced or yet to be incurred. These future costs are expected to be relatively significant considering the ongoing work required in relation to finalising the outstanding taxation and audit matters. I will do everything possible to minimise the ongoing wind-up costs.

The net asset position is also subject to change should additional liabilities of the Fund be identified.

### Timing for Finalisation and Distributions

The timing for finalisation of the wind-up of the Fund, including the final distribution, is currently unable to be determined. Timing is dependent on lodgement of all outstanding taxation returns, business activity statements and audited financial accounts as well as resolving any legal claims against the fund.

I continue to work towards a timely completion of the fund wind up.

### Contact Details

Investors are able to obtain further information by either:

1. Updates will be provided on the LMIM administration website ([www.lminvestmentadministration.com](http://www.lminvestmentadministration.com));
2. Sending an email outlining your queries to [enquiries@lminvestmentadministration.com](mailto:enquiries@lminvestmentadministration.com); and
3. Queries concerning unit holdings; transfer requests; and updated details should be directed to Advanced Share Registry, the details of which are as follows:

- Telephone: +618 9389 8033
- Fax: +618 9262 3723
- Email: [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)
- Address: PO Box 1156, Nedlands WA 6909

Yours faithfully  
**FTI Consulting**



**John Park**  
**Liquidator**



19 September 2018

Our Ref: RCL\_8979r3.doc

**CIRCULAR TO INVESTORS**

Dear Sir/Madam

**RE: LM Investment Management Limited (In Liquidation) ACN 077 208 461 (LMIM) (the Company) as the responsible entity of the LM Institutional Currency Protected Australian Income Fund (the Fund) (ICPAIF)**

I refer to my previous update dated 15 January 2016. I also refer to the appointment of Ginette Muller and I as Joint and Several Administrators of LM Investment Management Limited (In Liquidation) on 19 March 2013 and our subsequent appointment as Liquidators on 1 August 2013. Ginette Muller resigned as Liquidator of the Company on 17 May 2017.

I provide the following update in relation to the wind-up of the Fund.

**Litigation**

The twenty-second update from the Court Appointed Receiver of the Assets of the LM First Mortgage Income Fund (FMIF) is now available on the [www.lmfmif.com](http://www.lmfmif.com) website. As previously advised, distributions cannot be made from the Fund until such time as a distribution is made from the FMIF. I make no comment as to the contents of the update on the FMIF.

As investors are likely aware, the Receiver has commenced action against ICPAIF, CPAIF ('the Feeder Funds'), which if successful, will result in no further distributions to the Feeder Funds from FMIF. This action is being defended by Feeder Fund Receiver Said Jahani of Grant Thornton, with consent of myself as Liquidator of LMIM.

Further information concerning the progress of the litigation is contained in the Receivers' report.

**Taxation matters and audited accounts**

ICPAIF is presently unable to meet the costs of completing any taxation returns, business activity statements or audits.

**FTI Consulting (Australia) Pty Limited**  
ABN 49 160 397 811 | ACN 160 397 811  
Level 20, CP1 | 345 Queen Street | Brisbane QLD 4000 | Australia  
Postal Address | GPO Box 3127 | Brisbane QLD 4001 | Australia  
+61 7 3225 4900 telephone | +61 7 3225 4999 fax | [fticonsulting.com](http://fticonsulting.com)

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At the present time, no Business Activity Statements have been completed in the course of our appointment; taxation returns have been completed to 30 June 2010; and financial accounts have been completed to 30 June 2012.

When the outcome of the action by the FMIF Receiver is known i.e. whether there will be any future distributions to the Feeder Funds, it is my intention to apply to ASIC for audit relief for ICPAIF on the basis of insolvency.

Any lodgements where I am unable to obtain relief, will be completed and funded by LMIM.

#### **Net Asset Value**

There are presently no assets of ICPAIF. Payables of the Fund have been met by LMIM on the Funds behalf.

#### **Timing for Finalisation and Distributions**

The timing for finalisation of the wind-up of the Fund, including the final distribution, is currently unable to be determined. Timing is dependent on the resolution of the FMIF Receiver's legal action against the Feeder Funds.

#### **Contact Details**

Investors are able to obtain further information by either:

1. Updates will be provided on the LMIM administration website ([www.lminvestmentadministration.com](http://www.lminvestmentadministration.com));
2. Sending an email outlining your queries to [enquiries@lminvestmentadministration.com](mailto:enquiries@lminvestmentadministration.com); and
3. Queries concerning holdings, transfer requests, and updated details should be directed to [enquiries@lminvestmentadministration.com](mailto:enquiries@lminvestmentadministration.com).

Yours faithfully  
FTI Consulting



John Park  
Liquidator



19 September 2018

Our Ref: RCL\_8979r3.doc

**CIRCULAR TO INVESTORS**

Dear Sir/Madam

**RE: LM Investment Management Limited (In Liquidation) ACN 077 208 461 (LMIM) (the Company) as the responsible entity of the LM Currency Protected Australian Income Fund (the Fund) (CPAIF)**

I refer to my previous update dated 15 January 2016. I also refer to the appointment of Ginette Muller and I as Joint and Several Administrators of LM Investment Management Limited (In Liquidation) on 19 March 2013 and our subsequent appointment as Liquidators on 1 August 2013. Ginette Muller resigned as Liquidator of the Company on 17 May 2017.

I provide the following update in relation to the wind-up of the Fund.

**Litigation**

The twenty-second update from the Court Appointed Receiver of the Assets of the LM First Mortgage Income Fund (FMIF) is now available on the [www.lmfimf.com](http://www.lmfimf.com) website. As previously advised, distributions cannot be made from the Fund until such time as a distribution is made from the FMIF. I make no comment as to the contents of the update on the FMIF.

As investors are likely aware, the Receiver has commenced action against ICPAIF, CPAIF ('the Feeder Funds'), which if successful, will result in no further distributions to the Feeder Funds from FMIF. This action is being defended by Feeder Fund Receiver Said Jahani of Grant Thornton, with consent of myself as Liquidator of LMIM.

Further information concerning the progress of the litigation is contained in the Receiver's report.

**Taxation matters and audited accounts**

CPAIF is presently unable to meet the costs of completing any taxation returns, business activity statements or audits.

At the present time, Business Activity Statements have been completed to October 2013; taxation returns have been completed to 30 June 2008; and financial accounts have been completed to 30 June 2012.

FTI Consulting (Australia) Pty Limited  
ABN 49 160 397 811 | ACN 160 397 811  
Level 20, CP1 | 345 Queen Street | Brisbane QLD 4000 | Australia  
Postal Address | GPO Box 3127 | Brisbane QLD 4001 | Australia  
+61 7 3225 4900 telephone | +61 7 3225 4999 fax | [fticonsulting.com](http://fticonsulting.com)

*Liability limited by a scheme approved under Professional Standards Legislation.*

When the outcome of the action by the FMIF Receiver is known, i.e. whether there will be any future distributions to the Feeder Funds, it is my intention to apply to ASIC for audit relief for CPAIF on the basis of insolvency.

Any lodgements where I am unable to obtain relief, will be completed and funded by LMIM.

## Net Asset Value

### Indicative Net Asset Value

An **indicative** position of the Fund and estimated unit price as at 30 June 2018 is set out in the table below. All figures are in Australian Dollars.

LM Currency Protected Australian Income Fund NAV as at 30 June 2018	
Item	Amount
Cash at Bank	\$29,394
<b>Total Fund Assets</b>	<b>\$29,394</b>
<b>Less:</b>	
Fund Payables	-\$8,862
<b>Total Expenses Outstanding</b>	<b>-\$8,862</b>
<b>Indicative Net Assets as at 30 June 2018</b>	<b>\$20,532</b>
<b>Estimated AUD equivalent units at 30 June 2018</b>	<b>131,335,856</b>
<b>Estimated Unit Price as at 30 June 2018</b>	<b>0.00016</b>

The estimated asset and unit values are expressed in AUD equivalents and are subject to daily market fluctuations. AUD equivalent units have been calculated based on the Australian Taxation Office and Reserve Bank of Australia foreign currency exchange rates for the year ended 30 June 2018. Accordingly, they are subject to change without notice to members.

For the purposes of presenting an indicative net position, the known invoiced liabilities of the Fund at 30 June 2018 have been included. The net asset position is calculated before consideration of future wind-up costs (including custody fees, accounting and audit costs, and Liquidator remuneration and out of pocket expenses) not yet invoiced or yet to be incurred. These future costs are expected to be relatively significant considering the ongoing work required in relation to finalising the outstanding taxation and audit matters. I will do everything possible to minimise the ongoing wind-up costs.



The net asset position is also subject to change should additional liabilities of the Fund be identified.

#### **Timing for Finalisation and Distributions**

The timing for finalisation of the wind-up of the Fund, including the final distribution, is currently unable to be determined. Timing is dependent on the resolution of the FMIF Receiver's legal action against the Feeder Funds.

#### **Contact Details**

Investors are able to obtain further information by either:

1. Updates will be provided on the LMIM administration website ([www.lminvestmentadministration.com](http://www.lminvestmentadministration.com));
2. Sending an email outlining your queries to [enquiries@lminvestmentadministration.com](mailto:enquiries@lminvestmentadministration.com); and
3. Queries concerning holdings, transfer requests, and updated details should be directed to [enquiries@lminvestmentadministration.com](mailto:enquiries@lminvestmentadministration.com).

Yours faithfully

**FTI Consulting**



**John Park**

**Liquidator**

TO THE INVESTOR AS ADDRESSED

28 September 2018

**LM FIRST MORTGAGE INCOME FUND  
(RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)  
ARSN 089 343 288 (THE FUND OR FMIF)**

I refer to my appointment as the Receiver of the Fund's assets and the person responsible for ensuring the winding up of the Fund in accordance with the terms of its constitution by Order of the Supreme Court of Queensland on 8 August 2013.

I now provide my 23<sup>rd</sup> update report to investors. This report is prepared in accordance with the Exemption granted by the Australian Securities and Investments Commission (ASIC Exemption) in relation to financial reporting obligations of the Fund. In this regard, the ASIC Exemption requires a report to be made available to investors for each period of six months starting on 1 January 2016, which includes the following information:

- (i) Information about the progress and status of the winding up of the Fund, including details of:
  - A. The actions taken during the period;
  - B. The actions required to complete the winding up;
  - C. The actions proposed to be taken in the next 12 months; and
  - D. The expected time to complete the winding up.
- (ii) The financial position of the Fund as at the last day of the relevant period (based on available information);
- (iii) Financial information about receipts (and payments) of the Fund during the period; and
- (iv) The following information at the end of the period:
  - A. The value of the Fund's property; and
  - B. The potential return to investors.

This report covers, inter alia, the period 1 January 2018 to 30 June 2018 (the Period).

On 15 March 2018 ASIC extended the exemption on financial reporting obligations of the Fund until 16 March 2020. A copy of the exemption (relief instrument) is available for viewing at [www.lmfimif.com](http://www.lmfimif.com)



## **1. Progress and Status of the Winding Up**

### **1.1 Position of the Secured Creditor, the potential claim by KordaMentha, the trustee of the LM Managed Performance Fund ('MPF') and claims filed against the Fund**

#### **1.1.1 Proceedings by the Trustee of the MPF against LMIM and the Fund**

##### **1.1.1.1 Assigned Loans Claims**

I refer to my previous updates to investors in relation to these proceedings, in which the Trustee of the MPF (MPF) is the plaintiff, and the defendants are LMIM, and myself as Receiver of the property of the FMIF.

The relief claimed by the Trustee of the MPF in these proceedings included equitable compensation against LMIM and claims against the assets of the FMIF in the total sum of about \$24.1 million plus interest.

The MPF Trustee applied to the Court for directions as to whether it would be justified discontinuing the proceedings, and on 7 June 2018 the Court directed it would be. Notices of discontinuance have accordingly been filed in both proceedings.

##### **1.1.1.2 AIIS Loan Claim**

I refer to my previous updates to investors in relation to this proceeding in which the MPF is the plaintiff, and LMIM is the defendant.

The MPF Trustee claimed approximately \$16.82 million as equitable compensation against LMIM and relief against the assets of the FMIF for approximately \$3.9 million being alleged interest paid by the MPF to the FMIF in respect of the loan made by the FMIF to AIIS in 2005.

The MPF Trustee applied to the Court for directions as to whether it would be justified discontinuing the proceeding, and on 7 June 2018 the Court directed it would be. A Notice of discontinuance has accordingly been filed in the proceeding.

##### **1.1.1.1 Position of the Secured Creditor**

Following the discontinuance of the three proceedings brought by the MPF referred to above, the DB Receivers have advised they will retire.

#### **1.1.2 Proceedings against the MPF, LMIM and the Directors of LMIM**

I refer to my previous updates to investors in relation to a statement of claim I caused to be filed in the Supreme Court of Queensland, against a number of parties, including the MPF Trustee, in respect of loss allegedly suffered by the FMIF as a result of an amount paid to the MPF in the Bellpac litigation matter. The claim is for approximately \$15.5M plus interest.

As previously advised, the proceedings have not settled following settlement discussions. Accordingly, I am now progressing these proceedings to a trial. Progress on the steps set out in the timetable following the review hearing held on 14 March 2018, are as follows:

- An Amended Defence of the 1st director defendant (being Peter Drake) was filed and served by 23 March 2018. This has been completed;
- The Replies to the further Amended Defences of the 3rd and 4th defendants were to be filed and served on 29 March 2018. This has been completed;

- The Reply to the Amended Defence of the 1st defendant was filed and served by 6 April 2018. This has been completed;
- Replies to the Amended Defences of the 2nd, 6th and 8th defendants were to be filed and served by 20 April 2018. This has been completed;
- Further disclosure was required to be undertaken by myself, the 1st, 2nd, 3rd, 4th, 6th and 8th defendants by 20 April 2018. The 1st defendant made minor further disclosure on 20 April 2018. I also made minor further disclosure on 20 April 2018. The other defendants did not make any further disclosure;
- A draft trial bundle of documents was served on the defendants on 1 June 2018. The proceedings were listed for review on 16 August 2018 following which a timetable was implemented to progress the proceedings to a trial in March/April 2019. Specifically, and amongst other things, it was ordered that the plaintiff serve an amended draft trial bundle by 14 September 2018 which included additional documents relevant to various matters in issue in the proceedings. This has been completed and the defendants' response is due by 5 October 2018. Following the finalisation of the contents of the trial bundle, affidavit evidence is to be exchanged by the parties along a timeline from November 2018 to February 2019 in advance of trial.

As the proceedings are ongoing, an update will be provided to investors in relation to this matter in my next report.

## **1.2 Legal Actions/Potential Recoveries**

### **1.2.1 Claim against the former auditors**

I refer to my previous updates to investors and briefly summarise the background as follows:

- Public examinations (PEs) of the former auditors and certain directors and former directors (Directors) of LM Investment Management Limited (In Liquidation) were conducted in 2015;
- Following the PEs, a further amended statement of claim was filed by me and served on the former auditors of the Fund on 14 April 2016;
- The former auditors filed and served on me a strike-out application and supporting affidavit on 27 April 2016 (amended on 15 December 2016) seeking orders to strike-out certain parts of the statement of claim;
- At the hearing of the former auditors' strike out application, the Court granted my application and placed the proceedings on the commercial list and reserved its decision on the auditor's strike out application;
- The reserved decision from the hearing of the strike out application was handed down on 8 May 2017. Orders were made that the statement of claim be amended to delete certain causes of action and to include details of the quantification of loss;
- In accordance with the Court's judgment, the parties were required to agree the form of orders including a timetable for the filing of a further amended statement of claim and the costs of the former auditors' strike-out application;
- The amended statement of claim was filed on 20 November 2017 and served on the former auditors. Details of the loss has been included in the amended statement of claim which has been calculated (at its highest) in excess of \$200 million. A significant amount of work has been undertaken in this regard, including quantifying the loss at 6 monthly hypothetical



winding up dates between 1 July 2009 and 1 January 2013 being the estimated additional costs and expenses incurred by the Fund as a consequence of the alleged delay in winding up the Fund;

- I have received a number of requests pursuant to Rule 222 of the Court Rules (Rules) from the former auditors to provide documents referred to in the amended statement of claim which requests have been responded to;
- On 29 May 2018, the Court made Orders for the filing of the proposed application to amend the Claim, as well as for the auditors to make a request for further and better particulars of the further amended statement of claim.

I summarise developments since my last update to investors as follows:

- A request for particulars was received on 19 June 2018. A further Order of the Court dated 24 July 2018 requires the response to this request to be filed and served by 19 October 2018;
- Two further amendments to the statement of claim were filed on 5 July 2018 and 7 August 2018. Particulars of loss and damage were filed and served on the auditors on 23 July 2018;
- The Application for leave to amend the Claim was filed on 10 August 2018. The Court listed the hearing of the application on 27 September 2018;
- Following the hearing on 27 September 2018, the next steps are to provide the particulars requested and obtain Orders programming the filing of the auditors' defence and the Receiver's reply to that defence.

The proceedings are ongoing and an update will be provided to investors in relation to this matter in my next report.

### **1.2.2 Bellpac Proceedings**

In addition to the claim filed and served against the MPF in relation to a loss suffered by the Fund from litigation pertaining to the Bellpac loan noted at item 1 above, there is another matter relating to Bellpac that has been progressed during the Period, as detailed below.

#### **Wollongong Coal Ltd (WCL) - \$10 million Convertible Bonds**

I refer to my previous updates to investors and provide a brief summary as follows:

- The liquidator of Bellpac has received the settlement amount of \$2 million from WCL in relation to the claim for redemption of the \$2 million Bonds held in WCL;
- The defendants' appeal of the decision of the Court which acknowledged that Bellpac (under the control of a liquidator) is the true owner of the \$8 million convertible bonds was unsuccessful;
- In January 2016, the Bellpac Liquidator applied for the conversion of the \$8 million Bonds to shares. As WCL did not issue all of the shares as required under the terms of the Bonds, the Bellpac Liquidator brought proceedings against WCL seeking orders requiring WCL to perform its obligation to redeem the Bonds converted to shares outside of the required time;
- The Bellpac liquidator and WCL have entered into a binding heads of agreement (HOA) which relates to the settlement of the litigation commenced against WCL. The terms of the heads of agreement include that WCL will pay to Bellpac a settlement sum of \$6.3 million in return for certain releases and Bellpac returning or cancelling the WCL shares issued to Bellpac.

- The conditions precedent to the settlement with WCL include obtaining necessary approvals to undertake the settlement transactions. In this regard:
  - The Bellpac Liquidator has obtained creditor approval to enter into the settlement with WCL;
  - The Court declined to exercise its discretion on WCL's application for approval to acquire and or cancel Bellpac's holding of WCL shares. WCL is now preparing to seek shareholder approval.
- The Trustees of the MPF (MPF) have demanded from the Liquidator circa \$680K plus interest out of the proceeds of the Bonds for repayment of funding the MPF allegedly made for the Bonds litigation from late 2010 to early 2013. The MPF has also reserved its rights in relation to claiming 35% of the funds realised from the successful Bonds proceedings.

Developments since my last update to investors are as follows:

- The remaining condition precedent (Sunset Date) to the settlement with WCL has been extended several times from the original Sunset Date and the Liquidator was successful in negotiating as part of the agreement to extend the Sunset Date that WCL pay interest at 3% p.a. from 2 October 2017 until settlement. The last agreed extension granted is to 18 October 2018 and will be reviewed subject to WCL's progress in calling the EGM and committing to the payment of \$6.3M;
- In relation to the MPF claim for reimbursement for funding as referred to above, the Bellpac Liquidator has confirmed he will not take any step adverse to either the MPF or FMIF without first giving the parties 7 days' notice.

The proceedings are ongoing and an update will be provided to investors in relation to this matter in my next report

### **1.2.3 Redemptions and Distributions paid to Class B Unit Holders**

I refer to my previous updates to investors and summarise the background as follows:

- Investigations have been undertaken via the PE conducted in 2015 and subsequent thereto in relation to redemptions and distributions paid to the Class B unit holders (Feeder Funds) when the Fund had suspended redemptions and distributions to other classes of members;
- The Feeder Funds are the LM Currency Protected Australian Income Fund (CPAIF), the LM Institutional Currency Protected Australian Income Fund (ICPAIF) and the LM Wholesale First Mortgage Income Fund (WMIF);
- On 28 July 2017, I caused to be filed an amended statement of claim against LMIM and the Feeder Funds which was then formally served on the parties. The relief sought in the claim includes declarations to withhold from distributions or payments otherwise payable from the Fund on the final winding up of the Fund to:
  - CPAIF in the sum of \$40,583,109.06 plus interest, as adjusted for the difference between the sum paid for capital distributions in early to mid-2013 and the amount the CPAIF would otherwise have been entitled as referred to in the amended statement of claim;
  - ICPAIF in the sum of \$5,044,118.30 plus interest, as adjusted for the difference between the sum paid for capital distributions in early to mid-2013 and the amount the ICPAIF would otherwise have been entitled as referred to in the amended statement of claim;



- WMIF in the sum of \$9,432,090.76 plus interest, as adjusted for the difference between the sum paid for capital distributions in early to mid-2013 and the amount the WMIF would otherwise have been entitled as referred to in the amended statement of claim.
- In October 2017, I caused to be filed an application under Section 59 of the Trusts Act (1973) (QLD) to seek directions in relation to how the differing interests of LMIM are to be represented in the proceedings and an application under Section 500 of the Corporations Act (2001) to seek leave to proceed against LMIM (which is required because it is in liquidation) (the Applications);
- The receivers for the CPAIF and ICPAIF (Grant Thornton) advised they would not consent to my Section 59 application unless orders are made:
  - that their reasonable costs and fees be fixed by the Court and paid out of the FMIF up to them preparing and filing a defence and considering any Reply filed by me;
  - that I disclose to them certain books and records as requested by them.
- The parties consented to adjourn the hearing of the Applications (which was originally set down on 8 December 2017) to a date to be fixed;
- A Commercial List Application and Statement was filed with the Court on 23 April 2018.
- On 24 April 2018 the Court proposed that the Commercial List Application and the Applications be listed for hearing on 29 May 2018.
- At the hearing on 29 May 2018, the Court indicated it was content for:
  - the proceeding to be placed on the Commercial List; and
  - the proceeding be referred to mediation.
- However, the Court noted that the final form of the orders to be issued by it would be required to take into account how the individual members of the Feeder Funds were to be notified of the proceeding and with that, given the opportunity to apply to the Court to be heard in the proceeding or represented in the mediation.
- Following the hearing on 29 May 2018, draft orders were circulated by my solicitors and agreed to. The matter was then re-listed for a hearing on 13 June 2018 in order for the final form of the Orders to be reviewed by the Court.
- On 13 June 2018 orders were made granting the orders sought in the Applications and the Commercial List Application including that I represent the interests of the LM First Mortgage Income Fund in the proceedings and that the ICPAIF and the CPAIF be represented by Mr Said Jahani of Grant Thornton. The interests of LMIM are to be represented by Mr John Park of FTI Consulting. Further, it was ordered that mediation between the parties take place prior to 28 September 2018;

Since my previous update to investors and following discussions between the parties, it was determined that the parties did not have mutual availability prior to 28 September 2018 to attend mediation. Accordingly, amended orders were made by his Honour Justice Jackson on 4 September 2018 providing for a two day mediation to take place on 5 and 6 November 2018.

In summary if the Court grants the relief sought against the Feeder Funds and putting aside any other recoveries for the benefit of investors:

- the CPAIF and ICPAIF are not likely to receive any distribution in the winding up of the FMIF;

- the WMIF is likely to receive a smaller distribution than it otherwise would have been entitled, subject to the outcome of litigation against the FMIF and future operating costs of the FMIF; and
- the FMIF can use the funds which otherwise would have been paid to the Feeder Funds for distributions to investors generally instead and, as a result, the return to other investors (Class A and Class C) is likely to increase.

The proceedings are ongoing and an update will be provided to investors in relation to this matter in my next report.

#### **1.2.4 Various claims against guarantors**

Background in relation to these claims, and developments since my last report to investors are as include:

- Judgement was obtained against the guarantor that defaulted on a payment obligation in a deed of settlement entered into with him. As the guarantor failed to pay the judgement, bankruptcy proceedings are being pursued;
- I received a report from the trustee of a bankrupt guarantor that his investigations have identified potential recoveries for the benefit of creditors of which the Fund is the major creditor. I continue to liaise with the trustee in regard to his continuing investigations and negotiations with certain of the parties involved in the land development, the proceeds of which we are informed the bankrupt has an entitlement.

#### **1.2.5 Liquidators of LMIM (FTI Consulting)**

##### **1.2.5.1 Applications by FTI for remuneration or expense approval**

I refer to my previous reports to investors.

The orders handed down on 17 December 2015 in relation to FTI's ongoing role and extent of their powers and responsibilities set out, amongst other things, the process for FTI to identify and notify me of claims by LMIM for indemnity from the FMIF for liabilities or expenses incurred by LMIM or its Liquidators in connection with LMIM acting as RE of the FMIF, and for me to adjudicate on any such claims made by LMIM for indemnity against the property of the FMIF.

The judgement regarding and orders made in relation to FTI's first remuneration claim and indemnity claim are available on the websites [www.lmfimf.com](http://www.lmfimf.com) and [www.lminvestmentadministration.com](http://www.lminvestmentadministration.com).

On 17 July 2018, Mr Park of FTI, who is now the sole Liquidator of LMIM, filed an application in the Court seeking payment of remuneration of approximately \$743,889.89 inclusive of GST from property of the FMIF, relating to various periods between 19 March 2013 and 30 June 2018. I opposed certain parts of the application. The application was heard on 6 September 2018 and adjourned to 3 October 2018.

The proceedings are ongoing and an update will be provided to investors in relation to this matter in my next report.

##### **1.2.5.2 Indemnity claim against the Fund and proof of debt process**

If a debt or claim is admitted by FTI in the winding up of LMIM and a claim for indemnity out of the FMIF with respect to such debt or claim is identified, I summarise the process as outlined in the Court Orders of 17 December 2015 as follows:



- FTI must notify me within 14 days of the claim for indemnity against the assets of the Fund;
- Within 14 days I may seek further information in relation to the claim;
- Within 30 days of receipt of the claim from FTI or from receipt of further information I have requested, I am required to:
  - accept the claim; or
  - reject the claim; or
  - accept part of it and reject part of the claim; and
  - to give FTI written notice of the decision.
- I am required to give FTI written reasons for rejecting any part of a claim within 7 days after giving notice of my decision including those claims identified through the proof of debt process mentioned above;
- Within 28 days of receiving a notice of rejection, FTI may apply to the Court for directions in relation to the rejection and advise the creditor of my decision and other specified matters.

I understand that FTI are currently undertaking the proof of debt process.

I am hopeful that the process required by the 17 December 2015 orders can be completed in the near future so the quantum of any creditor claims against the Fund can be ascertained and dealt with as soon as possible. These claims may be subject to the "clear accounts rule" as described in previous reports to investors, and if so, a set off against that claim may be available.

#### **1.2.5.3 Claim filed against LMIM**

I refer to my previous report to investors and summarise the background as follows:

- In November 2016, I caused LMIM as RE of the FMIF to commence a proceeding against LMIM in relation to certain transactions to avoid possible expiry of the statutory limitation periods for making the claims;
- This claim alleges that, *inter alia*, LMIM breached its duties to members of the FMIF by:
  - causing to be paid out of assets of the FMIF management fees in advance of it becoming entitled to payment of same;
  - overpaying management fees to itself out of assets of the FMIF;
  - causing to be paid to LMA additional fees purportedly for loan management and controllership services;
  - directing payments to be made by the MPF, purportedly in satisfaction of liabilities owed by the MPF to the FMIF, to be paid to itself as RE of the feeder funds.
- Following further investigations, an amended claim and statement of claim and consolidated particulars have been filed and served on LMIM;
- I applied to Court for directions under section 59 of the Trusts Act (1973) (QLD) in relation to how the differing interests of the parties (LMIM as RE of the FMIF, and LMIM in its personal capacity) are to be represented in the proceedings, for leave to proceed under Section 500 of the Corporations Act and a stay of the proceeding until further order.

On 25 July 2018, the Court directed that I represent the interests of LMIM as RE of the FMIF, that Mr Park represent the interests of LMIM in its own capacity, granted leave to proceed with this claim and

ordered that the claim be stayed until further order. A stay of the proceeding was sought because the extent to which it is necessary to proceed with the claims made in the proceeding will not be clear until after the proof of debt process is completed.

Subject to any directions that may be made by the Court, if the claims made in this proceeding are successful, they may be able to be relied upon as a set-off against certain claims made by LMIM for indemnity out of assets of the FMIF, including those claims identified through the proof of debt process mentioned above or claims made by other parties seeking to subrogate to LMIM's alleged rights of indemnity.

I will keep investors updated as to the status of this claim.

## 2. Financial Position of the Fund

The management accounts for the year ending 30 June 2018 are available on the website [www.lmfimif.com](http://www.lmfimif.com) on the page titled 'Financial Statements & Other Key Documents'.

A summary of the financial position of the Fund as at 30 June 2018 is provided below.

Description	30 June 2018
<b>ASSETS</b>	<b>\$</b>
Cash and cash equivalents	70,194,328
Receivables	469,030
Loans & Receivables	44,235
<b>TOTAL ASSETS</b>	<b>70,707,593</b>
<b>LIABILITIES</b>	
Payables	2,451,143
Distributions payable	1,372,036
<b>Total liabilities excluding net assets attributable to unitholders</b>	<b>3,823,179</b>
<b>NET ASSETS</b>	<b>66,884,414</b>

These figures are subject to the disclaimers and qualifications set out in the management accounts

### 2.1 Fund Assets

The total assets of the Fund as at 30 June 2018 were \$70,707,593.

The balance includes cash at bank of \$70,194,328, interest receivable on term deposits of \$469,030 and net default loans of \$44,235.

### 2.2 Fund Liabilities

The total liabilities of the Fund as at 30 June 2018 were \$3,823,179.

The Distributions payable balance relates to distributions that appear to have been declared prior to the date of the Receiver's appointment which were not paid, or have not cleared or were returned unclaimed.

The Payables balance primarily consists of trade creditors, custodian fees, legal fees, receiver's fees and fees and expenses claimed by FTI, which remain unpaid as at 30 June 2018.

Some of these liabilities have not been verified, or may be subject to court directions being obtained.

## 2.3 Net Assets Attributable to Unit Holders

Net assets attributable to unit holders as at 30 June 2018 were \$66,884,414.

The net assets of the Fund and number of units on issue as at 30 June 2018 and 31 December 2017 is detailed in the table below.

Description	30 June 2018	31 December 2017
Estimated net amount of assets available to investors as at period end (\$)	66,884,414	68,242,091
Total investor units (# of units)	478,100,386	478,100,386
Estimated net asset amount per unit available to investors as at period end	14 cents	14.3 cents

## Investments made in Foreign Currencies

Investigations undertaken by BDO have identified that the number of units held by investors who invested in foreign currencies appears to be incorrectly recorded in the membership records of the FMIF.

It appears that when LMIM transferred the member records of the FMIF to a new database in 2010 the number of units of investors who invested in a foreign currency were incorrectly recorded in the new database, by allocating to the investors concerned one unit in the FMIF for each unit of foreign currency invested, rather than one unit in the FMIF for each \$1AUD invested (after the foreign currency amount invested had been converted to AUD at the applicable exchange rate) in accordance with the PDS and Constitution.

I am currently calculating the effect of these errors on each of the foreign currency investors and am considering the options available to correct the register in a time and cost efficient manner.



### 3. Receipts and Payments of the Fund

The receipts and payments of the Fund, as maintained by the DB Receivers, for the period 1 January 2018 to 30 June 2018 is summarised in the table below.

Description	\$
<b>Receipts</b>	
Loan Reductions	1,724,179.36
Interest	692,886.63
GST received	122,614.32
Other income/refunds received	4,350.18
<b>Total receipts</b>	<b>2,544,030.49</b>
<b>Payments</b>	
Bank charges	23.30
Legal fees	886,113.32
Loan draws	4,089.50
IT expenses and record management/storage	97,332.29
Receivers & Managers' Fees	212,812.60
Receivers & Managers' Disbursements	180.36
Receiver's Fees	1,064,214.80
Receiver's Disbursements	23,347.00
Other payments	2,562.14
<b>Total payments</b>	<b>2,290,675.31</b>
<b>Net receipts (payments)</b>	<b>253,355.18</b>

#### 4. Investor Information

##### 4.1 Estimated Return to Investors

I provide an estimated return to Investors of between 12.6 cents and 14 cents per unit as at 30 June 2018, calculated as follows:

Description	Low \$	High \$
Cash at bank	68,719,609	68,719,609
Other assets (including interest receivable)	455,478	2,007,201
<b>Estimated Assets Position</b>	<b>69,175,087</b>	<b>70,726,810</b>
Other unsecured creditors	6,470,833	1,741,768
<b>FTI Fees &amp; legal expenses advised (subject to approval)- refer to Section 1.3.9 for further details - maximum amount shown</b>	<b>918,458</b>	<b>918,458</b>
Receivers and Managers' fees (DB Receivers)	129,106	129,106
Receiver's fees & outlays (BDO) (including controllerships)	1,217,601	1,217,601
<b>Total Liabilities</b>	<b>8,735,998</b>	<b>4,006,933</b>
<b>Estimated net amount available to investors as at 30 June 2018</b>	<b>60,439,089</b>	<b>66,719,877</b>
Total investor units (as at 30 June 2018)	478,100,386	478,100,386
<b>Estimated return in the dollar</b>	<b>12.6 cents</b>	<b>14 cents</b>

Please note that the estimate and prior estimates do not take into account future operating costs and future Receiver's fees or any legal recoveries against borrowers, valuers or other third parties. Should the claims against the Feeder Funds be successful this would materially affect the return to the Feeder Funds (negatively) and other investors (positively).

In calculating the estimated return to investors, I have also not made any provision for any successful claims made against the FMIF.

#### 4.2 Estimated Unit Price as at 30 June 2018

The estimated unit price as at 30 June 2018 is 14 cents.

Description	\$
Total Value of Fund Assets as at 30 June 2018	70,707,593
Less Creditors and Other Payables	3,823,179
Total Net Value of Fund Assets	66,884,414
Total Number of Units	478,100,386
Unit Price Estimate	14 cents

I attach a copy of a letter confirming the unit price as at 30 June 2018, which may be forwarded to Centrelink to assist with the review of investors' pensions.

#### 4.3 Distributions to Investors

There has been significant progress made towards being able to make an interim distribution to investors with the discontinuance of three proceedings against the LMIM/FMIF by the MPF for amounts in excess of \$30M and the imminent retirement of the DB Receivers. Once the DB Receivers retire, I will have sole control over the funds held. The following further steps (including estimated timing) are required to be taken to allow an interim distribution to investors:

- Retirement of the DB Receivers (estimated within one week)
- Completion of the Proof of Debt process by FTI and identification of indemnity claims against the Fund (2 months)
- Completion of the mediation against the Feeder Funds (5 and 6 November 2018)
- Application to Court to permit an interim distributions and to correct the members register (December 2018)
- Payment of interim distribution (January 2019).

#### 4.4 Ongoing Reporting to Investors

Reports will be distributed to investors in accordance with the preferred method of correspondence recorded for each investor in the Fund's database. In order to assist in reducing distribution costs, it would be appreciated if investors could nominate an email address as their preferred method to receive correspondence. Investors may update their details as outlined in Section 4.5 below. For those investors that do not have an email address, correspondence will continue to be sent to you via post.

My next report to investors will be issued by 31 December 2018.



#### 4.5 Investors Queries

Arrangements are in place to ensure that any reasonable questions asked by members of the FMIF, about the winding up of the FMIF, will be answered within a reasonable period of time (generally seven days) and without charge to the investor.

For any changes to investors details, please review the Useful Forms/Procedures tab on the website [www.lmfimif.com](http://www.lmfimif.com) which includes information regarding the following procedures:

- Change of Contact Address/Bank Account Details
- Change of Contact Address/Bank Account Details of a Deceased Estate
- Change of Trustee of Self-Managed Super Fund
- Transfer of Unit Holding from a Super Fund/ Trustee Company to Personal Name(s)
- Transfer of Unit Holding from a Deceased Estate to the Sole Survivor
- Transfer from a Deceased Estate to a Beneficiary of an Estate
- Other Transfer of Unit Holding from Existing Investor to a New Investor

It is a requirement that advisors or other third parties acting on behalf of Unit Holders are doing so pursuant to a relevant Authority/Power of Attorney. Please ensure that a relevant Authority/Power of Attorney accompanies the abovementioned documents as necessary (if an Authority/Power of Attorney has not previously been provided).

It is preferable that all questions about the winding up, or communications are sent via email to [enquiries@lmfmif.com](mailto:enquiries@lmfmif.com) with original documents to be mailed as required to:

BDO  
GPO Box 457  
Brisbane QLD 4001  
Phone: +61 7 3237 5999  
Fax: +61 7 3221 9227

#### 5. Receiver's Remuneration and Expenses

There have been nine applications to Court to date to approve my remuneration from the date of my appointment on 8 August 2013 until 30 April 2018.

A copy of all documentation in relation to my applications can be found on the website [www.lmfimif.com](http://www.lmfimif.com).

In addition to the remuneration previously approved by the Court I calculate that, on a time basis, I have incurred further remuneration of \$1,092,979.50 plus outlays of \$18,725.89 plus GST from 1 May 2018 to 31 August 2018 plus work undertaken in respect of the controllerships for the retirement village assets of \$22,014.50 plus GST as detailed in the table below and attached summaries.

Remuneration incurred and unpaid	Remuneration \$ (GST excl.)	Outlays \$ (GST excl.)
LM First Mortgage Income Fund (Receivers & Managers Appointed) (Receiver Appointed)	1,092,979.50	18,725.89
OVST Pty Ltd (In Liquidation) (Controllers Appointed)	4,301.00	-
Pinevale Villas Morayfield Pty Ltd (In Liquidation) (Controllers Appointed)	6,132.00	-
Bridgewater Lake Estate Ltd (In Liquidation) (Controllers Appointed)	5,153.00	-
Cameo Estates Lifestyle Villages (Launceston) Pty Ltd	1,610.50	-
Redland Bay Leisure Life Ltd (In Liquidation) (Controllers Appointed)	2,998.50	-
Redland Bay Leisure Life Development Ltd (In Liquidation) (Controllers Appointed)	1,819.50	-
<b>Total</b>	<b>1,114,994.00</b>	<b>18,725.89</b>

I anticipate that my next application to Court for the approval of my remuneration will be made in November 2018 covering the period 1 May 2018 to 31 October 2018. The controllership appointments have now been completed. A copy of my application in this respect will be posted to the website [www.lmfimf.com](http://www.lmfimf.com) and investors will be notified when this application has been lodged.

## 5.1 Actions taken during the Period

I provide below a summary of actions taken during the period from 1 January to 30 June 2018:

- Work undertaken in relation to the litigation matters detailed at Section 1.1 and 1.2 of this report, which include, among other things:
  - taking steps to procure the discontinuance of the proceedings by the Trustee of the MPF against LMIM and the Fund. See Sections 1.1.1.1 Assigned Loans and Section 1.1.1.2 AIIS Loan Claim. The Assigned Loans claims were discontinued in June 2018 and the AIIS claims discontinued in August 2018;
  - Liaising with various parties in relation to the DB Receiver's retirement;
  - Progressing the claim against the former auditors regarding the financial statements and compliance plan audits following public examinations held, amending the claim and conducting substantial work finalising the quantification of the loss suffered by the Fund. See Section 1.2.1 above;
  - Progressing the Feeder Fund claim including obtaining directions for a mediation to be held, which is currently scheduled to take place on 5 and 6 November 2018. See Section 1.2.3 above;
  - Progressing preparation of an application to Court for directions and leave to proceed in respect of the proceedings against LMIM, and a stay of the proceeding until further order, which was granted on 25 July 2018. See Section 1.2.5.3 above;
  - Monitoring and providing assistance to the Liquidator of Bellpac regarding the \$8M bonds claim, progressing this matter, and also dealing with the MPF's claim for

- reimbursement of litigation funding costs from the proceeds of the Bonds. See section 1.2.2 above;
- Progressing the claim against the MPF and others with a trial set for March/April 2019. See Section 1.1.2;
- Progressing claims against guarantors. See Section 1.2.4 above.
- Maintaining the management accounts of the Fund and preparing the management accounts for the half year ending 31 December 2017 and year ending 30 June 2018;
- Undertaking the investor management function for approximately 4,500 investors including answering queries on the winding up of the Fund and maintaining the investment database, including any change in details or transfer of units;
- Preparing affidavit and supporting material for an application to Court for approval of the receiver's remuneration for the period 1 November 2018 to 30 April 2018;
- Finalising outstanding matters from the sale of five retirement villages, including tax compliance issues;
- Further investigations into the migration of the Composer investor management database to the AX investor management databases;
- Attending to compliance with the conditions of ASIC's grant of relief from the requirements of a half year review and annual audit of the financial reports and compliance plan;
- Preparation of unit price calculations; and
- Preparation of update reports to investors in March and June 2018.

## **5.2 Actions required to complete the winding up**

I provide below a summary of the proposed actions to be taken in the next 12 months in relation to the winding up of the Fund:

- Take steps to finalise the various ongoing litigation matters outlined in this report;
- Continue to monitor and assist the Bellpac liquidator to achieve settlement or determination of the \$8M bonds claim;
- Resolve the MPF claim against the proceeds of the Bonds;
- Finalise all claims against guarantors;
- Resolve or have determined FTI's indemnity claims against the Fund;
- Maintain the accounts of the Fund and prepare management accounts;
- Resolve the issues relating to the investor units subscribed in foreign currencies in the investor management database, and obtain court approval to correct the member records of the FMIF;
- Maintain the investor management database;
- Subject to the retirement of the DB receivers and obtaining the necessary approvals from the Court, process an interim distribution to investors;
- Report to investors on a quarterly basis; and
- Make applications to Court for remuneration approval.



Please note that the timing to finalise some of the above matters will be subject to *inter alia*, progress of the outstanding legal actions.

### 5.3 Actions required to complete the winding up

I provide below a summary of the key actions required to complete the winding up:

- Finalise all litigation currently on foot and contemplated;
- Resolve or have determined FTI's further remuneration or indemnity claims against the Fund;
- Discharge all liabilities of the Fund;
- Obtain a discharge of the DB security and of the DB Receivers;
- Obtain approval from the Court to process interim distributions and a final distribution to investors;
- Prepare final accounts for the Fund;
- Arrange for an auditor to audit the final accounts of the Fund after the Fund is wound up; and
- Obtain court orders in relation to the finalisation of my role in relation to the Fund.

I anticipate that the winding up of the Fund will be finalised in approximately 18 to 24 months, however, this may vary subject to the progression of the outstanding legal matters detailed in this report.

### 6. Queries

Should unit holders wish to advise of any changes in details or require further information, please contact BDO as follows:

BDO  
GPO Box 457  
Brisbane QLD 4001  
Phone: +61 7 3237 5999  
Fax: +61 7 3221 9227  
Email: [enquiries@lmfmif.com](mailto:enquiries@lmfmif.com)

Yours sincerely



David Whyte  
Receiver

**REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2018 to 31 August 2018**  
**LM First Mortgage Income Fund (Receivers & Managers Appointed)**

Name	Position	Rate	Total		Assets		Liabilities		Total fees		Net fee	Net fee as % of net assets
			710	0.4	352.2	209,559.00	352.2	209,559.00	0.4	284.00	0.6	357.00
Leila Barter	Partner	595	352.2	209,559.00	352.2	209,559.00	352.2	209,559.00	0.4	284.00	0.6	357.00
Clark Jarrold	Partner	595	83.4	49,633.00	31.9	18,980.50	8.8	5,236.00	42.1	25,049.50	24.5	14,210.00
David Whyte	Partner	595	130.6	75,748.00	42.7	24,766.00	12.8	7,424.00	5.3	3,074.00	24.5	14,210.00
Clark Jarrold	Partner	590	85.3	49,474.00	42.7	24,766.00	12.8	7,424.00	5.3	3,074.00	24.5	14,210.00
David Whyte	Partner	590	85.3	49,474.00	42.7	24,766.00	12.8	7,424.00	5.3	3,074.00	24.5	14,210.00
Gerry Collins	Consultant	580	0.9	522.00	0.9	522.00	0.9	522.00	0.9	504.50		
Mark Whitaker	Partner	570	3.0	1,710.00	3.0	1,710.00	3.0	1,710.00	0.9	504.50		
John Garrard	Senior Manager	565	0.9	508.50	30.2	15,553.00	1.3	630.50	1.7	867.00		
Craig Jenkins	Partner	515	30.2	15,553.00	30.2	15,553.00	1.3	630.50	1.7	867.00		
Charles Haines	Associate Director	510	1.7	867.00	30.2	15,553.00	1.3	630.50	1.7	867.00		
Alastair Raphael	Senior Manager	485	1.3	630.50	30.2	15,553.00	1.3	630.50	1.7	867.00		
Arthur Taylor	Senior Manager	485	285.1	138,273.50	285.1	138,273.50	1.5	727.50	1.2	582.00	80.1	37,647.00
Arthur Taylor	Senior Manager	470	258.8	121,436.00	169.8	79,806.00	4.8	2,256.00	4.1	1,927.00	80.1	37,647.00
Samuel Alexander	Senior Manager	450	2.7	1,215.00	169.8	79,806.00	4.8	2,256.00	2.7	1,215.00	80.1	37,647.00
Chris Demeyere	Manager	445	5.8	2,581.00	5.8	2,581.00	5.8	2,581.00	2.7	1,215.00	80.1	37,647.00
Michael Dhammaratne	Manager	445	26.2	11,659.00	26.2	11,659.00	5.8	2,581.00	2.7	1,215.00	80.1	37,647.00
Chris Demeyere	Manager	430	1.5	645.00	1.5	645.00	5.8	2,581.00	2.7	1,215.00	80.1	37,647.00
Julie Pagcu	Associate Director	430	264.8	113,864.00	264.8	113,864.00	5.8	2,581.00	2.7	1,215.00	80.1	37,647.00
Julie Pagcu	Associate Director	400	152.8	61,120.00	152.8	61,120.00	5.8	2,581.00	2.7	1,215.00	80.1	37,647.00
Almsley Watt	Senior Accountant - Ex	380	166.1	59,796.00	50.0	18,000.00	65.7	23,652.00	39.5	14,220.00	10.9	3,924.00
Almsley Watt	Senior Accountant - Ex	350	138.8	48,580.00	33.4	11,690.00	69.3	24,258.00	10.0	3,500.00	18.9	6,615.00
Reuben Thom	Senior Consultant	295	2.2	649.00	33.4	11,690.00	69.3	24,258.00	2.2	649.00	18.9	6,615.00
Antoinette Fielding	Graduate Accountant	220	77.0	16,940.00	33.4	11,690.00	69.3	24,258.00	2.2	649.00	18.9	6,615.00
Eloise Carroll	Graduate Accountant	220	53.8	11,836.00	33.4	11,690.00	69.3	24,258.00	2.2	649.00	18.9	6,615.00
George Leithbridge	Graduate Accountant	220	72.5	15,950.00	33.4	11,690.00	69.3	24,258.00	2.2	649.00	18.9	6,615.00
Sarah Cunningham	Accounting Assistant	220	1.3	286.00	33.4	11,690.00	69.3	24,258.00	2.2	649.00	18.9	6,615.00
Antoinette Fielding	Graduate Accountant	215	61.8	13,287.00	33.4	11,690.00	69.3	24,258.00	2.2	649.00	18.9	6,615.00
Eloise Carroll	Graduate Accountant	215	30.4	6,536.00	33.4	11,690.00	69.3	24,258.00	2.2	649.00	18.9	6,615.00
Ryan Whyte	Undergraduate	180	91.9	16,542.00	33.4	11,690.00	69.3	24,258.00	2.2	649.00	18.9	6,615.00
George Leithbridge	Graduate Accountant	175	92.7	16,222.50	33.4	11,690.00	69.3	24,258.00	2.2	649.00	18.9	6,615.00
Ryan Whyte	Undergraduate	175	75.7	13,247.50	33.4	11,690.00	69.3	24,258.00	2.2	649.00	18.9	6,615.00
Brooke Strelid	Practice Assistant	130	4.3	559.00	33.4	11,690.00	69.3	24,258.00	2.2	649.00	18.9	6,615.00
Julia Rose	Practice Assistant	130	88.9	11,557.00	33.4	11,690.00	69.3	24,258.00	2.2	649.00	18.9	6,615.00
Leah Clark	Practice Assistant	130	3.0	390.00	33.4	11,690.00	69.3	24,258.00	2.2	649.00	18.9	6,615.00
Tanya Bennett	Practice Assistant	130	11.0	1,430.00	33.4	11,690.00	69.3	24,258.00	2.2	649.00	18.9	6,615.00
Maira Hattingh	Practice Assistant	100	19.7	1,970.00	33.4	11,690.00	69.3	24,258.00	2.2	649.00	18.9	6,615.00
Maira Hattingh	Practice Assistant	95	18.2	1,729.00	33.4	11,690.00	69.3	24,258.00	2.2	649.00	18.9	6,615.00

TOTALS 2,090.9 1,082,949.50  
 1,009.8 820,004.00  
 1,081.1 262,945.50  
 1,009.8 820,004.00  
 1,081.1 262,945.50

Note: All amounts exclude GST unless otherwise noted.

Disbursements for the period 1 May 2018 to 31 August 2018

**LM First Mortgage Income Fund (Receivers & Managers Appointed)**

Expense Type	Amount (\$ ex GST)
Airfares	444.66
Search Fee	982.54
Postage	14,862.80
Taxi fares	147.02
Courier	76.77
Printing	317.10
IT Expenses	1,895.00
<b>TOTAL</b>	<b>18,725.89</b>
<b>GST</b>	<b>1,872.59</b>
<b>TOTAL INC GST</b>	<b>20,598.48</b>





**REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2018 to 31 August 2018**  
**Bridgewater Lake Estate Pty Limited (Controllers Appointed)**

		Totals				Task Area	
Employee	Position	Rate	hrs	\$	hrs	Trade On	Administration
Leisa Rafter	Partner	680	0.3	204.00	0.3	204.00	
David Whyte	Partner	580	0.1	58.00	0.1	58.00	
Samuel Alexander	Senior Manager	450	1.1	495.00	1.1	495.00	
Ainsley Watt	Senior Accountant - Experienced	360	0.9	324.00	0.2	72.00	0.7
Ainsley Watt	Senior Accountant - Experienced	350	4.1	1,435.00	1.1	385.00	3.0
Reuben Tham	Senior Consultant	280	3.9	1,092.00	3.9	1,092.00	
George Lethbridge	Graduate Accountant	220	2.3	506.00			2.3
Eloise Carroll	Graduate Accountant	220	1.1	242.00	0.5	110.00	0.6
George Lethbridge	Graduate Accountant	175	4.5	787.50			4.5
Maira Hattingh	Practice Assistant	95	0.1	9.50			0.1
TOTALS			18.4	5,153.00	7.2	2,416.00	11.2
GST				515.30			
TOTAL INC GST				5,668.30			
AVERAGE HOURLY RATE				280		336	264

**Note:** All amounts exclude GST unless otherwise noted



**REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2018 to 31 August 2018**  
**Cameo Estates Lifestyle Villages (Launceston) Pty Ltd (Controllers Appointed)**

		Totals				Task Area	
Employee	Position	Rate	hrs	\$	hrs	Trade On	Administration
Ainsley Watt	Senior Accountant - Experienced	360	0.9	324.00	0.2	72.00	0.7
Ainsley Watt	Senior Accountant - Experienced	350	0.1	35.00			0.1
George Lethbridge	Graduate Accountant	220	2.1	462.00			2.1
Eloise Carroll	Graduate Accountant	220	1.0	220.00	0.3	66.00	0.7
George Lethbridge	Graduate Accountant	175	3.0	525.00			3.0
Ashley Richardson	Administration Assistant	175	0.2	35.00			0.2
Moir Hattingh	Practice Assistant	95	0.1	9.50			0.1
<b>TOTALS</b>			<b>7.4</b>	<b>1,610.50</b>	<b>0.5</b>	<b>138.00</b>	<b>6.9</b>
			<b>GST</b>	<b>161.05</b>			
			<b>TOTAL INC GST</b>	<b>1,771.55</b>			
			<b>AVERAGE HOURLY RATE</b>	<b>218</b>		<b>276</b>	<b>15</b>

**Note:** All amounts exclude GST unless otherwise noted



**REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2018 to 31 August 2018**  
**OVST Pty Ltd (Controllers Appointed)**

		Totals				Task Area	
Employee	Position	Rate	hrs	\$	hrs	Trade Qtr	Administration
Leisa Rafter	Partner	680	0.3	204.00	0.3	204.00	
Samuel Alexander	Senior Manager	450	1.9	855.00	1.9	855.00	
Ainsley Watt	Senior Accountant - Experienced	360	0.9	324.00	0.2	72.00	0.7 252.00
Ainsley Watt	Senior Accountant - Experienced	350	1.6	560.00			1.6 560.00
Reuben Tham	Senior Consultant	280	3.1	868.00	3.1	868.00	
George Lethbridge	Graduate Accountant	220	2.6	572.00			2.6 572.00
Eloise Carroll	Graduate Accountant	220	1.7	374.00	0.1	22.00	1.6 352.00
George Lethbridge	Graduate Accountant	175	3.0	525.00			3.0 525.00
Molra Hattingh	Practice Assistant	95	0.2	19.00			0.2 19.00
<b>TOTALS</b>			<b>15.3</b>	<b>4,301.00</b>	<b>5.6</b>	<b>2,021.00</b>	<b>9.7 5,322.00</b>
			GST	430.10			
			<b>TOTAL INC GST</b>	<b>4,731.10</b>			
			<b>AVERAGE HOURLY RATE</b>	<b>281</b>	<b>361</b>		

**Note:** All amounts exclude GST unless otherwise noted





**REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2018 to 31 August 2018**  
**Pinevale Villas Morayfield Pty Ltd (Controllers Appointed)**

		Totals			Task Area		
Employee	Position	Rate	hrs	\$	Trade On	Administration	
			hrs	\$	hrs	hrs	
Angie Hicks	Partner	710	1.3	923.00	1.3	923.00	
Ainsley Watt	Senior Accountant - Experienced	360	3.0	1,080.00	0.3	108.00	972.00
Reuben Tham	Senior Consultant	295	1.8	531.00	1.8	531.00	
George Lethbridge	Graduate Accountant	220	4.0	880.00			880.00
Sarah Cunningham	Accounting Assistant	220	1.9	418.00			418.00
Jessica Fuller	Graduate Consultant	200	11.5	2,300.00	11.5	2,300.00	
<b>TOTALS</b>			<b>23.5</b>	<b>6,132.00</b>	<b>14.9</b>	<b>3,862.00</b>	<b>2,270.00</b>
			GST	613.20			
			TOTAL INC GST	6,745.20			
			AVERAGE HOURLY RATE	261		261	

**Note:** All amounts exclude GST unless otherwise noted



**REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2018 to 31 August 2018**  
**Redland Bay Leisure Life Pty Ltd (Controllers Appointed)**

		Totals				Task Area	
Employee	Position	Rate	hrs	\$	hrs	Trade Op.	Administration
Leisa Rafter	Partner	710	0.8	568.00	0.8	568.00	
John Garrard	Senior Manager	565	0.3	169.50	0.3	169.50	
Susan Rix	Partner	520	0.3	156.00			0.3 156.00
Ainsley Watt	Senior Accountant - Experienced	360	0.8	288.00			0.8 288.00
Ainsley Watt	Senior Accountant - Experienced	350	0.2	70.00			0.2 70.00
George Lethbridge	Graduate Accountant	220	6.0	1,320.00			6.0 1,320.00
Eloise Carroll	Graduate Accountant	220	1.2	264.00	0.8	176.00	0.4 88.00
Ryan Whyte	Undergraduate	180	0.1	18.00			0.1 18.00
George Lethbridge	Graduate Accountant	175	0.2	35.00			0.2 35.00
Ashley Richardson	Administration Assistant	175	0.2	35.00			0.2 35.00
Cristen Glockling	Practice Assistant	155	0.3	46.50	0.3	46.50	
Moirra Hattingh	Practice Assistant	95	0.3	28.50			0.3 28.50
<b>TOTALS</b>			<b>10.7</b>	<b>2,998.50</b>	<b>2.2</b>	<b>960.00</b>	<b>1.3 2,998.50</b>
			<b>GST</b>	<b>299.85</b>			
			<b>TOTAL INC GST</b>	<b>3,298.35</b>			
			<b>AVERAGE HOURLY RATE</b>	<b>280</b>		<b>436</b>	<b>270</b>

**Note:** All amounts exclude GST unless otherwise noted



**REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2018 to 31 August 2018**  
**Redland Bay Leisure Life Development Pty Ltd (Controllers Appointed)**

Employee	Position	Totals			Task Area	
		Rate	hrs	\$	Trade On	Administration
					hrs	\$
Ainsley Watt	Senior Accountant - Experienced	360	0.8	288.00		0.8 288.00
Ainsley Watt	Senior Accountant - Experienced	350	0.2	70.00		0.2 70.00
George Lethbridge	Graduate Accountant	220	3.2	704.00	0.7 154.00	2.5 550.00
Eloise Carroll	Graduate Accountant	220	1.3	286.00		1.3 286.00
Jessica Fuller	Graduate Consultant	200	2.0	400.00	2.0 400.00	
George Lethbridge	Graduate Accountant	175	0.3	52.50		0.3 52.50
Maira Hattingh	Practice Assistant	95	0.2	19.00		0.2 19.00
<b>TOTALS</b>			<b>8.0</b>	<b>1,819.50</b>	<b>2.7</b>	<b>554.00</b>
			GST	181.95		
			<b>TOTAL INC GST</b>	<b>2,001.45</b>		
			<b>AVERAGE HOURLY RATE</b>	<b>227</b>		<b>205</b>
						<b>1,265.10</b>

**Note:** All amounts exclude GST unless otherwise noted



28 September 2018

**TO WHOM IT MAY CONCERN****LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED) ARSN 089 343 288 ('the Fund' or 'FMIF')**


I refer to my appointment as the Receiver of the Fund's assets and the person responsible for ensuring the winding up of the Fund in accordance with the terms of its constitution by Order of the Supreme Court of Queensland on 8 August 2013.

I provide an update on the estimated unit price of the fund as at 30 June 2018, calculated as follows:

Description	\$
<b>Total Value of Fund Assets as at 30 June 2018 (net of land tax and rates)</b>	<b>70,707,593</b>
Less Creditors and Other Payables	3,823,179
<b>Total Net Value of Fund Assets</b>	<b>66,884,414</b>
<b>Total Number of Units</b>	<b>478,100,386</b>
<b>Unit Price Estimate</b>	<b>14 cents</b>

Should you have any queries in respect of the above, please contact my office on (07) 3237 5999 or [enquiries@lmfmif.com.au](mailto:enquiries@lmfmif.com.au).

Yours sincerely,



David Whyte  
Receiver



Tel: +61 7 3237 5999  
Fax: +61 7 3221 9227  
www.bdo.com.au

Level 10, 12 Creek St  
Brisbane QLD 4000  
GPO Box 457 Brisbane QLD 4001  
Australia

TO THE INVESTOR AS ADDRESSED

29 April 2016

**LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)**  
**ARSN 089 343 288 ('the Fund' or 'FMIF')**

## 1. Executive Summary

I refer to my appointment as the Receiver of the Fund's assets and the person responsible for ensuring the winding up of the Fund in accordance with the terms of its constitution by Order of the Supreme Court of Queensland on 8 August 2013.

I now provide my thirteenth update to investors, which provides details of the progress made in the winding up of the Fund since my last report to investors dated 28 January 2016. This report should be read in conjunction with my previous reports, which are available on the website [www.lmfimf.com](http://www.lmfimf.com).

A summary of the key issues covered in this report is as follows:

- There is one property asset plus two residential units remaining to be sold that are estimated to realise approximately \$2.3M. Further details are provided at Section 3 below;
- Cash at bank as at 31 March 2016 was \$70.95 million;
- The estimated return to investors is currently 13.6 to 14.6 cents per unit as detailed at Section 8.1 below and before taking into account future costs and recoveries from legal proceedings on foot;
- The MPF Trustee has issued third amended statements of claim in two proceedings against LM Investment Management Ltd (In Liquidation) (Receivers and Managers Appointed) (LMIM) and myself as second defendant (seeking equitable compensation against LMIM and other relief over assets of the Fund in the sum of about \$29.2M plus interest). Further details are provided in Section 2.1 below;
- I will not be in a position to make distributions to investors until the claims by Korda Mentha as trustee of the LM Managed Performance Fund (MPF Trustee) and other litigation matters involving a potential claim against the Fund have been resolved and the Receivers and Managers of the Fund (DB Receivers) appointed by the secured creditor have retired. Further details in relation to the status of the retirement of the DB Receivers are provided in Section 2.2 below;

- The proceedings against the MPF and others for in excess of \$20M is at discovery stage with mediation to take place by 31 July 2016 as detailed in Sections 2.3 and 4.2.1 below;
- A further amended statement of claim against the former auditors was filed and served on 14 April 2016. Further details are provided in Section 4.1 below;
- The Liquidator of Bellpac Pty Ltd (Bellpac Liquidator) has issued proceedings against Wollongong Coal Limited for failure to convert the \$8M Bonds into shares and is seeking redemption of those Bonds plus interest for cash or damages for the same amount. The decision awarded in favour of the Bellpac Liquidator that it is the true owner of the \$8M Bonds held in Wollongong Coal Limited is still subject to an appeal. Further details are provided in Section 4.2.2 below;
- Orders have now been made with judgement in my favour for \$2.39M inclusive of interest plus costs in relation to a claim against a quantity surveyor. The calculation and quantum of costs will now be considered and in the absence of reaching agreement on a commercial basis with the defendant, the costs will be assessed by the Court. Further details are provided in Section 4.4.1 below;
- I continue to pursue claims against guarantors where it is considered commercially viable to do so. Further details are provided in Section 4.4.2;
- An application has been submitted to the Australian Securities and Investments Commission (ASIC) for relief from the financial reporting obligations in Part 2M.3 and Chapter 5C of the *Corporations Act 2001 (Cth)*. Further details are provided in Section 7 below;
- As advised in my twelfth report to investors, the liquidators of LMIM (FTI) filed a Further Amended Originating Application on 16 December 2015 for the determination of their remuneration in the amount of \$3,098,251.83 for the period from the date of their appointment to 30 September 2015 from assets of the Fund. The application was heard on 22 February 2016 and was subsequently adjourned to 14 March 2016. Judgement is awaited in this respect. Further details are provided in Section 9.1 below.

## **2. Position of the Secured Creditor, the potential claim by KordaMentha, the trustee of the LM Managed Performance Fund ('MPF') and claims filed against the Fund**

### **2.1 Proceedings by the Trustee of the MPF against LMIM and the Fund**

The Trustee of the MPF (the Trustee) filed two second further amended statements of claim on 29 February 2016.

In accordance with orders made on 9 March 2016, my solicitors wrote to the Trustee's solicitors raising certain issues in relation to the second further amended statements of claim, and requesting further and better particulars of certain allegations made in the statements of claim. The solicitors for the Trustee replied to this correspondence advising that the plaintiff will be filing third further amended statements of claim (3<sup>rd</sup> FASOC's) in each proceeding addressing a number of issues raised by me.



Orders were made on 15 April 2016 requiring the Trustee to file the 3rd FASOC's, by 19 April 2016.

On 26 April 2016, my solicitors filed and served on the applicants strike-out applications in relation to a number of paragraphs within the claims. These applications are listed for hearing on 31 May 2016.

## **2.2 Position of the Secured Creditor**

As previously advised, the Trustee of the MPF has confirmed that it has concluded its investigations in relation to a number of matters and that it is unlikely that it will pursue many of the other possible claims against the Fund. In addition, the Trustee has confirmed that it no longer considers it likely that its claims will exhaust the Fund's assets.

The matter precluding the retirement of the DB Receivers is the provision of a release by the Trustee.

Further information requested by the Trustee on litigation matters involving the FMIF has recently been provided to the Trustee. I understand that the Trustee is considering this further information and its position in regard to the release requested by the DB receivers. I continue to liaise with the DB receivers about their ongoing role and the possibility of their retirement.

## **2.3 Proceedings against the MPF, LMIM and the Directors of LMIM**

As advised in previous reports to investors, on 17 December 2014, I filed a statement of claim in the Supreme Court of Queensland, against a number of parties including the MPF Trustee, in respect of the loss suffered by the FMIF as a result of the amount paid to MPF in the Bellpac litigation matter. The claim is for in excess of \$20M.

The proceedings are at the discovery stage with mediation to take place by 31 July 2016. See Section 4.2.1 below for further details.

## **3. Realisation of Assets**

Since my last report:

- the property held in Western Australia settled on 2 February 2016 with gross realisations of \$530,000
- the balance of the deferred settlement proceeds from the sale of the retirement villages of \$16 million was received in March 2016
- the settlement of 26 units and management rights was effected on 18 April 2016 with gross realisations of \$3.052 million. A further two units remain to be sold at the strata titled unit resort

In addition to the two units discussed above, there is one property asset of the FMIF remaining to be sold. A summary of the status of the remaining property is provided below.

Location	Description of asset	
QLD	Residential land subdivision with 11 out of 80 lots remaining. Since my last report to investors, no further lots have been sold, however a further marketing campaign is underway.	On the market

#### 4. Other Potential Recoveries/Legal Actions

I provide an update in relation to investigations undertaken to date, legal proceedings on foot and further work to be done, as follows:

##### 4.1 Claim Against the Former Auditors

A further amended statement of claim was filed by me in the Supreme Court of Queensland and served on the former auditors of the Fund on 14 April 2016.

There has been a considerable amount of work undertaken in assisting our solicitors and Counsel in preparing the further amended statement of claim primarily due to:

- the consideration of the substantial information in the public examinations (PE) transcripts and work papers obtained from the former auditors and directors and officers of LMIM for the PE's in 2015. As previously advised, the manner in which the former auditors sought to comply with their obligations for the production of documents for the PE has made our investigations more difficult;
- the number of issues identified from our investigation of the financial year audits and half yearly review periods from 30 June 2008 to 30 June 2012 included in the claim;
- the number of issues identified from our investigation of the annual compliance plan audits from 30 June 2008 to 30 June 2012 included in the claim;
- consideration of the significant regulatory provisions including the Corporations Act, accounting and auditing standards, ASIC regulatory guides, the Fund's Constitutions, Compliance Plans, documentation and policies and the changes in these regulatory provisions and documents through the period 2008 to 2012.

In addition, there has been a considerable amount of work undertaken in quantifying the loss suffered by the Fund as a result of the auditors failing to identify and report on the material deficiencies in the Fund's financial accounts and LM's compliance with the Compliance Plan. The calculation of the loss is currently being finalised although will be in excess of \$100M. I am hopeful of achieving a substantial recovery from this matter for the benefit of investors.

The auditors' solicitors lodged and served on me a strike-out application and supporting affidavit on 27 April 2016 in relation to the amended parts of the claim. This has been listed for hearing by the Court on 13 May 2016.

##### 4.2 Bellpac Proceedings

###### 4.2.1 Proceedings against LMIM, MPF and Certain Directors

The proceedings are still at the discovery stage although a mediation to try and settle the matter is to be held by 31 July 2016. In this regard, I note the following:-

- Our investigations to identify if there are any relevant permanently deleted emails, which entailed comparing the email folders of key persons from the forensic image of the LM exchange server obtained by FTI on their appointment with the copy obtained by me from the receiver of LM Administration Pty Ltd in March 2015, are ongoing. I anticipate that this process will be finalised within two weeks
- I have completed our disclosure in accordance with the required timetable as varied and agreed by the parties
- The Trustee of the MPF had to provide disclosure of relevant documents within 28 days of the disclosure by FTI which was due by 22 March 2016. However, FTI did not provide disclosure as required. Instead FTI advised that LMIM has insufficient funds to maintain its defence and that it proposed to make application for orders that it take no further part in the proceedings. An application was filed and served on 14 April 2016 seeking orders that:
  - the orders regarding disclosure (made on 14 August 2015 as varied) as they relate to them be vacated;
  - they be excused from taking further steps in the proceedings; and
  - there be no order as to costs.
- The hearing of FTI's application was on 28 April 2016 where they were excused regarding disclosure with no order as to costs of the application
- The final steps have now been agreed in relation to disclosure with a mediation to be held by 31 July 2016

#### **4.2.2 Other Bellpac litigation**

##### **a. Wollongong Coal Ltd (WCL) - Convertible Bonds**

As advised in my last report, the defendants appealed the decision of the Court which acknowledged that Bellpac (under the control of a liquidator) is the true owner of the \$8 million convertible bonds. The appeal is to be set down for a hearing in May 2016.

The Bellpac Liquidator has applied for the conversion of the bonds to shares pending the appeal hearing. WCL has advised the Bellpac Liquidator that it has issued the shares in part and that it requires a meeting of shareholders to approve the issue of the balance of the shares.

The Bellpac Liquidator brought proceedings against WCL on 19 April 2016 as it has failed to issue the shares as required in accordance with the terms of the bonds and is seeking the redemption of the bonds for cash. The matter is listed for hearing on 2 May 2016.

##### **b. Proceedings against Bellpac Receivers, LMIM, PTAL and others ("the Parties")**

The ongoing proceedings by the third mortgagee against PTAL alleging a sale of the former Bellpac property at Bellambi NSW (sold to Gujarat NRE Minerals Limited in 2011) at undervalue are not yet at discovery stage with a further hearing set down for 5 May 2016.

As advised in my last report, the discontinuance of the claim against LMIM and the Bellpac Receivers entitles the Fund and the Bellpac Receivers to seek the reimbursement of costs incurred in defending



this matter. The costs of the Fund have been assessed and the Court has confirmed the costs payable, however, the plaintiffs have filed a notice of objection which has yet to be heard by the Court. The Bellpac Receivers have filed their costs in the Court and are awaiting the Court's decision in this respect.

### **4.3 Other Potential Claims against LMIM and related Parties**

#### **4.3.1 LM Administration Pty Ltd (In Liquidation)('LMA')/Director related claims**

As advised in my previous reports, my investigations into the following matters as they relate to the financial statements and compliance plan audits were included in the public examinations held in 2015:-

- Management Service Agreements with LMA;
- Changes to Constitution; and
- Fund Valuation Policy.

These matters and certain transactions involving these matters have been included in the claim against the auditors (see section 4.1).

#### **4.3.2 Distribution to Class B Unit Holders**

As advised in my previous reports, investigations have been undertaken via the public examinations conducted in 2015 and subsequent thereto in relation to redemptions and distributions paid to the Class B unit holders (the feeder funds) when the Fund had suspended redemptions and distributions to other classes of members. These matters have been included in my claim against the auditors (see section 4.1). Investigations have yet to be concluded in relation to the issue of the increase in the Class B members' interest in the Fund as a consequence of these transactions.

#### **4.3.3 External Valuations**

I am finalising my investigations into whether the valuations relied on in advancing loans was too high and if there was negligence by the valuer which contributed to the losses, however, I have not at this stage identified any claims that would be commercial to pursue with the exception of one loan. In this regard, I am liaising with an expert valuer to assist in determining the position with respect to this potential claim.

#### **4.3.4 Claim by ASIC against the directors**

As advised in my previous reports, ASIC commenced civil penalty proceedings in the Federal Court of Australia in November 2014 against Peter Drake, Francene Mulder, Eghard Van Der Hoven, Simon Tickner and Lisa Darcy. ASIC alleges Mr Drake used his position to gain an advantage for himself and the former directors breached their duties for failing to act with the proper degree of care and diligence regarding transactions involving the MPF.

The matter is set down for trial for four weeks from 29 August 2016 to 23 September 2016 with the next directions hearing scheduled for 30 May 2016.

Further details can be found on the ASIC website [www.asic.gov.au](http://www.asic.gov.au) under media releases.

#### **4.4 Other actions against Borrowers and guarantors**

##### **4.4.1 Claim against a quantity surveyor in the amount of \$2.4 million plus interest**

As advised in my previous report, judgement was handed down on 18 December 2015 in my favour for \$2.1M with the final orders to be agreed regarding quantum of interest and costs payable on the principal claim and contractor's margin. As there was no agreement, further submissions were made by the parties and a Court hearing held with the decision reserved.

The decision was handed down on 24 March 2016 with judgement in my favour for \$2.39M inclusive of interest plus costs as agreed or assessed. The calculation and quantum of costs will now be considered and in the absence of reaching agreement on a commercial basis with the defendant, will be assessed by the Court.

On 8 January 2016, a notice of appeal was filed by the defendant whereby the defendant has indicated that they intend commencing appeal proceedings. No application has been filed for the appeal at this stage.

##### **4.4.2 Various claims against guarantors**

I continue to review the remaining loan book to ascertain if there are any further claims against guarantors capable of commercial recoveries. Current ongoing matters that are being prosecuted will not result in material recoveries to investors although will more than cover the costs of the proceedings.

#### **5. Western Union**

As advised in my previous reports, Western Union held funds on account of the FMIF at the date of FTI's appointment, which represented investor capital distributions returned due to incorrect account details held.

Western Union sought to set off funds held in the FMIF account against liabilities of other LM related entities, however a confidential commercial settlement has been negotiated. The amount of the claim is approximately \$93,000 (subject to exchange rate fluctuations). I am currently waiting on Western Union to provide their further comments on the draft settlement deed.

#### **6. Management Accounts**

The management accounts for the half year ending 31 December 2015 have been prepared and are available on the website [www.lmfimif.com](http://www.lmfimif.com).

#### **7. Application for Relief from Financial Reporting Obligations**

An application has been submitted to the Australian Securities and Investments Commission (ASIC) for exemption, or alternatively, deferral of the financial reporting obligations imposed on the Fund by Part 2M.3 and section 601HG of the *Corporations Act 2001 (Cth)* for a period of 24 months from the due

date for the next financial reporting obligation. The application has been made pursuant to the Orders made by Justice Jackson dated 17 December 2015.

The relief is sought on the basis that:

- (i) The Fund is in wind up mode;
- (ii) there would be unreasonable costs imposed on the members of the Fund if audited accounts were prepared;
- (iii) there are no members or third parties that are reliant on audited accounts or would be prejudiced by not receiving audited financial reports;
- (iv) financial information and information on the status of the winding up of the Fund has been and will continue to be disclosed to members in a timely manner; and
- (v) the interests of members will be adequately protected by the requirement under the Fund's Constitution for the final accounts to be audited upon completion of the winding up.

I will provide a further update to investors in relation to the outcome of the application in my next report.

## 8. Investor Information

### 8.1 Estimated Return to Investors

Based on the professional valuations, offers received and unconditional contracts entered into for the properties charged to the Fund, I provide an estimated return to Investors of between 13.6 cents and 14.6 cents per unit as at 31 March 2016, calculated as follows:

Cash at Bank	70,946,182	70,946,182
Estimated selling prices of properties to be sold (\$3.582M settled since 31 March 2016)	6,388,664	6,588,664
<b>Estimated Assets Position</b>	<b>77,334,846</b>	<b>77,534,846</b>
Selling costs (estimated 2.5% of sale price)	(159,717)	(164,717)
Other unsecured creditors	(6,350,663)	(1,621,598)
FTI Fees & legal expenses advised (subject to approval)- refer to Section 9.1 for further details - maximum amount shown	(4,211,638)	(4,211,638)





Receivers and Managers' Fees (DB Receivers)	(218,248)	(218,248)
Receivers and Managers' Legal fees (DB Receivers)	(40,233)	(40,233)
Receiver's fees & outlays (BDO) (including controllerships)	(1,165,640)	(1,165,640)
Receiver's legal fees (BDO)	(83,200)	(83,200)
<b>Total Liabilities</b>	<b>(12,229,338)</b>	<b>(7,505,273)</b>
<b>Estimated net amount available to investors as at 31 March 2016</b>	<b>65,105,528</b>	<b>70,029,573</b>
<b>Total investor units</b>	<b>478,274,000</b>	<b>478,274,000</b>
<b>Estimated return in the dollar</b>	<b>13.6 cents</b>	<b>14.6 cents</b>

In my last report to investors I calculated that the estimated return to investors would be between 14.4 and 15.4 cents in the dollar. The estimated return as at 31 March 2016 has been revised downwards slightly by 0.8 cents as the estimate and prior estimates do not take into account future operating costs and future Receiver's fees. However, the estimate also excludes any legal recoveries against borrowers, valuers or other third parties, which would improve the overall return to investors.

In calculating the estimated return to investors, I have also not provided any allowance for the claim filed by the MPF Trustee (as detailed in Section 2.1 of this report) as the prospects of a successful claim against the Fund is unknown at this stage noting the claim will be vigorously defended.

As advised in my previous report, I have identified a discrepancy between the units recorded in the investor register and the units recorded in the audited and management accounts for the 2012 financial year. Investigations indicate that the discrepancy relates to the Fund's migration to a new investor management database in 2010 whereby the units of investors who subscribed in a foreign currency were incorrectly recorded in the foreign currency equivalent amount, and not in the Australian dollar equivalent amount in accordance with the Fund's Product Disclosure Statement and Constitution. Legal advice has been sought in relation to addressing this issue and a further update will be provided in due course.

## **8.2 Distributions to Investors**

As previously advised, I am on notice from the MPF Trustee of potential breach of trust claims against the Fund. Indeed two proceedings have been commenced in this respect seeking relief against the Fund's assets. In addition, the Receivers and Managers who were appointed to Bellpac have put me on notice not to distribute funds until the proceedings mentioned at section 4.2.2b above are resolved and also due to the MPF position, the secured creditor has not yet released its charge or retired its Receivers.



Once the Receivers and Managers of the fund have retired and funds released to me, I will be required to retain certain funds to meet the liabilities of the Fund, including contingent claims that may arise from the Bellpac litigation and potentially in relation to the MPF Trustee claims.

I am also required to seek the directions of the Court before proceeding with the next distribution.

I will update investors as to the expected timing of a distribution as these matters become clearer, however, I am hopeful to be in a position to commence distributions towards the end of 2016.

Please note that the distribution to Investors will take place after paying secured creditors, costs, land tax, rates, Receivers fees and the unsecured creditors who rank ahead of Investors' interests.

### **8.3 Ongoing Reporting to Investors**

Reports will be distributed to investors in accordance with the preferred method of correspondence recorded for each investor in the Fund's database. In order to assist in reducing distribution costs, it would be appreciated if investors could nominate an email address as their preferred method to receive correspondence. Investors may update their details as outlined in Section 8.4 below. For those investors that do not have an email address, correspondence will continue to be sent to you via post.

My next report to investors will be issued by 31 July 2016.

### **8.4 Investors Queries**

For any changes to investors details, please review the Useful Forms/Procedures tab on the website [www.lmfmf.com](http://www.lmfmf.com) which includes information regarding the following procedures:

- Change of Contact Address/Bank Account Details
- Change of Contact Address/Bank Accounts Details of a Deceased Estate
- Change of Trustee of Self-Managed Super Fund
- Transfer of Unit Holding from a Super Fund/ Trustee Company to Personal Name(s)
- Transfer of Unit Holding from a Deceased Estate to a Sole Survivor
- Transfer from a Deceased Estate to a Beneficiary of an Estate

It is a requirement that advisors or other third parties acting on behalf of Unit Holders are doing so pursuant to a relevant Authority/Power of Attorney. Please ensure that a relevant Authority/Power of Attorney accompanies the abovementioned documents as necessary (if an Authority/Power of Attorney has not previously been provided).

It is preferable that all communications are sent via email to [enquiries@lmfmif.com](mailto:enquiries@lmfmif.com) with original documents to be mailed as required to:

BDO  
GPO Box 457  
Brisbane QLD 4001  
Phone: +61 7 3237 5999  
Fax: +61 7 3221 9227

## 9 LM Investment Management Ltd (“LMIM”)

### 9.1 Liquidators of LMIM’s (FTI Consulting) application for remuneration approval

As advised in my 12<sup>th</sup> report to investors, FTI filed a Further Amended Originating Application on 16 December 2015 for the determination of their remuneration claimed as liquidators of LMIM in the amount of \$3,098,251.83 for the period from the date of their appointment to 30 September 2015 from assets of the Fund.

The material filed by FTI in support of their remuneration claim did not fully address various issues in relation to the invoicing and payment of various management fees, loan management fees and resources fees subsequent to FTI’s appointment. Further material has been placed before the Court and submissions made in relation to FTI’s entitlements pre and post the appointment of the DB Receivers.

The matter was heard on 22 February 2016 and the application was subsequently adjourned to 2 March 2016 and 14 March 2016. Judgement is awaited in this respect.

I will provide a further update on the outcome of the Court’s decision in my next report to investors. Please note that all material filed with the Court in relation to FTI’s remuneration claim is available on the websites [www.lmfimf.com](http://www.lmfimf.com) and [www.lminvestmentadministration.com](http://www.lminvestmentadministration.com).

FTI have not submitted further details of their outstanding remuneration and costs up to 31 March 2016 and have advised that they are awaiting the outcome of the judgement noted above.

As advised in my previous report, FTI’s outstanding remuneration and costs, made out to the Fund, for the period up to 31 December 2015 total \$4,211,638 excluding GST. The claim can be broken down into the following four categories:

- Category 1 relates to time spent working on specific fund matters;
- Category 2 is in respect of LMIM’s role as the Responsible Entity of the Fund with the time spent by the liquidators and their staff being allocated across all Funds under their control based on a percentage of funds under management;
- Operational costs;
- Legal advisors costs; and
- Loan recovery costs.

	Outstanding (GST exclusive) \$
Direct time charged to work undertaken for the Fund - including outlays (category 1)	1,870,571
Allocation of Responsible Entity time (category 2)	1,289,742
Operational costs	61,315