

Attachment to MR 05-228: Summary of actions relating to ASIC's National Insolvent Trading Program (2004/05)

A. Insolvent trading program statistics for the 12 months to 30 June 2005

	NSW	QLD	VIC	WA	SA	TOTAL
Surveillance visits of companies	119	119	107	129	14	488
Companies that had an External Administrator appointed after an ASIC visit	20	13	13	16	1	63
Companies ASIC sought to appoint an External Administrator to, after a visit	5	1	3	1	0	10

B. Examples of appointments of external administrators to companies following an ASIC visit

- **Australian Foods Company Pty Ltd** (WA), a grain trading company – ASIC succeeded in a court application to appoint Barry Honey of Honey & Honey as interim Receiver and Manager on 29 October 2004, following a NICU surveillance in August 2004.
- **Henry Walker Eltin Group Ltd** (NSW) listed mining company – the directors appointed McGrath Nicol & Partners as Voluntary Administrators on 31 January 2005, following a NICU surveillance in December 2004.
- **Collins Booksellers Pty Ltd** (VIC) based book retailer – the directors appointed Grant Thornton as Voluntary Administrator on 22 April 2005, following a NICU surveillance in early April 2005.
- **Sam's Seafood Holdings Ltd** (QLD) listed seafood company – the directors appointed PPB as Voluntary Administrators on 20 May 2005, following a NICU surveillance in April 2005.

C. Examples of positive outcomes following an ASIC visit

- ASIC's involvement influenced an Australian subsidiary company with an annual turnover of approximately \$55 million and employing approximately 400 staff to focus on the recoverability of its work in progress and its impact on the company's solvency. This led to the restatement of accounts and a reliable letter of support from the overseas based foreign parent.
- ASIC had concerns about the accuracy of one company's internal management accounts and suggested that the directors engage an insolvency practitioner to review its business. The review highlighted that the financial position was significantly worse than represented by the management accounts and emphasised to the directors the importance of timely and reliable information to enable informed decision making.
- Directors of a building company sought the services of mid-sized chartered accounting firms to assist and prepare up to date cashflows and financial accounts following a review by ASIC. The company was facing cashflow shortages and the accounting advice obtained assisted the company to obtain further bank finance to fund the completion of a major project.
- A flower wholesaler had a growing and profitable business but appeared to be

on the verge of insolvency through inadequate cashflow management. After ASIC's visit, a cashflow projection was prepared based on reasonable sales forecasts. The director also sought drought relief assistance from the Australian Taxation Office via an extended repayment arrangement.