



ASIC

Australian Securities & Investments Commission

REPORT 412

Insolvency statistics: External administrators' reports (July 2013 to June 2014)

September 2014

About this report

This report is for insolvency practitioners and other interested stakeholders.

It presents an overview of total lodgements of statutory reports lodged by liquidators, receivers and voluntary administrators (external administrators) from 1 July 2013 to 30 June 2014, as well as our statistical findings from external administrators' reports lodged electronically when a company enters external administration (EXAD) status (initial external administrators' reports).

About ASIC regulatory documents

In administering legislation, ASIC issues the following types of regulatory documents.

Consultation papers: seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

Regulatory guides: give guidance to regulated entities by:

- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

Information sheets: provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

Reports: describe ASIC compliance or relief activity or the results of a research project.

Previous reports

Report number	Report date	Financial year covered
REP 372	October 2013	2012–13
REP 297	September 2012	2011–12
REP 263	November 2011	2010–11
REP 225	December 2010	2007–08, 2008–09 and 2009–10
REP 132	June 2008	2004–05, 2005–06 and 2006–07

Disclaimer

This report has not been prepared for and should not be relied on for commercial use. In compiling the statistics in this report, ASIC has relied on the information in the external administrators' reports lodged electronically with ASIC.

Other than as discussed in Section B of this report, ASIC has not verified or sought to confirm the accuracy of any information in the external administrators' reports lodged electronically. Accordingly, the statistics in this report cannot be construed or relied on as representing a complete and accurate depiction or statement about the matters or events to which the statistics relate.

Contents

A	Executive summary	4
	ASIC and company insolvency	4
	About this report	4
	Summary of main statistical findings	6
B	Conditions and limitations on the statistics	8
	General conditions and limitations	8
	Conditions and limitations on statistics in Section D	8
C	Lodgements of external administrators' reports	12
	Total lodgements of external administrators' reports	12
	Lodgements of initial external administrators' reports	13
D	Statistical findings from initial external administrators' reports	15
	Lodgements by region	15
	Lodgement period	16
	Section lodged under	16
	Size of company	17
	Industry	17
	Nominated causes of failure	18
	Possible misconduct	19
	Liabilities and assets	33
	Employee entitlements	37
	Secured creditors	39
	Unpaid taxes and charges	39
	Unsecured creditors	43
	Cents in the dollar dividend	43
	Expected completion of external administration	47
	Proposed action	47
	Company officers	47
	External administrators' remuneration	47
	Key terms	49
	Related information	51

A Executive summary

ASIC and company insolvency

- 1 One of ASIC's regulatory responsibilities is the administration of the insolvency-related provisions of the *Corporations Act 2001* (Corporations Act). This responsibility is wide: see Table 1.

Table 1: ASIC's activities in insolvency

Stakeholder	ASIC activities
Companies and company officers	<ul style="list-style-type: none"> • Reviewing certain companies suspected of trading while insolvent, to ensure directors focus on the solvency of their companies and take early action where solvency problems exist • Investigating possible misconduct associated with the collapse of a company, and taking appropriate enforcement action • Deregistering companies • Disqualifying directors of failed companies
Insolvency practitioners	<ul style="list-style-type: none"> • Registering liquidators • Providing assistance in the conduct of external administrations by insolvency practitioners, including prosecuting directors who do not provide books and records or reports to external administrators • Administering the Assetless Administration Fund (AA Fund), which finances preliminary investigations and reports by liquidators into the failure of companies with few or no assets, when it appears to ASIC that enforcement action may be warranted as a result of liquidators' investigations and reports • Assessing external administrators' reports lodged with ASIC as part of their statutory responsibilities to investigate company failure and report findings to ASIC • Investigating possible misconduct by registered liquidators in their conduct of external administrations and, where appropriate, entering into enforceable or voluntary undertakings, or referring the conduct to the court or to the Companies Auditors and Liquidators Disciplinary Board (CALDB)
All stakeholders	<ul style="list-style-type: none"> • Developing ASIC policy and guidance on the insolvency-related provisions of the Corporations Act • Publishing statistics on corporate insolvency about: <ul style="list-style-type: none"> – companies entering external administration – insolvency appointments – findings from reports lodged by liquidators, receivers and voluntary administrators

About this report

- 2 This statistical report provides a broad picture of corporate insolvencies in Australia for the information of the insolvency profession, creditors,

academics, the Australian Government and other interested stakeholders. This report covers the financial year 2013–14.

Note: In this report, spans of two years (e.g. 2013–14) always refer to financial years.

- 3 This report was compiled from the estimates and opinions contained in statutory reports lodged with ASIC by liquidators, receivers and voluntary administrators (external administrators' reports) in the format of Schedule B to Regulatory Guide 16 *External administrators: Reporting and lodging* (RG 16) (Schedule B report).
- 4 Liquidators, receivers and voluntary administrators (external administrators) must lodge reports under the following sections of the Corporations Act:
- (a) s533 (by a liquidator);
 - (b) s422 (by a receiver); and
 - (c) s438D (by a voluntary administrator).
- 5 External administrators must lodge a report with ASIC as soon as practicable:
- (a) when they suspect an offence under an Australian law, or instances of negligence or misconduct relating to the company to which they are appointed; or
 - (b) in the case of a liquidation only, when unsecured creditors are unlikely to receive more than 50 cents in the dollar dividend.
- 6 Changes to the Corporations Act introduced a statutory time limit on the lodgement of a s533(1) report by a liquidator appointed after 31 December 2007. A liquidator must lodge a report as soon as practicable and, in any event, within six months after it so appears to the liquidator that any of the conditions in s533(1)(a), (b) or (c) apply. No statutory time limit was introduced under s422 or 438D.
- 7 We also ask external administrators to submit financial and other data when they complete an external administrator report.
- 8 When interpreting the statistics in this report, certain conditions and limitations should be kept in mind: see Section B.
- 9 Section C of this report provides data on the total number of external administrators' reports lodged in 2013–14, as well as the proportion of these that comprised *initial* external administrators' reports (i.e. the first electronically lodged Schedule B report after a company has entered external administration). Section D of this report presents our statistical findings from these initial external administrators' reports for the period 2013–14.

Percentages in this report

- 10 Percentages may not add up to 100% due to rounding. In this section, we have rounded the percentages to whole numbers. In Sections C and D, we have rounded to one decimal place.

Summary of main statistical findings

- 11 The total number of external administrators' reports lodged in 2013–14 was 10,073. Initial external administrators' reports comprised almost 94% of this total (or 9,459 reports).
- 12 The number of external administrators' reports lodged electronically, as a percentage of total reports, has increased from 98% in 2011–12 to 99% in 2013–14.
- 13 Table 2 summarises the main findings relating to the initial external administrators' reports for 2013–14 (presented in Section D), and includes comparative data for the previous two reporting periods.

Note: For the data for previous reporting periods, see the reports listed on page 2.

Table 2: Summary of findings—Initial external administrators' reports (2011–12 to 2013–14)¹

	2013–14	2012–13	2011–12
Profile of companies			
No. of employees affected	81% of reports concerned companies with less than 20 employees	81% of reports concerned companies with less than 20 employees	78% of reports concerned companies with less than 20 employees
Industries with most lodgements	<ul style="list-style-type: none"> Other (business and personal) services (2,482 reports or 26%) Construction (2,153 reports or 23%) Accommodation and food services (916 reports or 10%) 	<ul style="list-style-type: none"> Construction (2,245 reports or 24%) Other (business and personal) services (2,220 reports or 24%) Retail trade (904 reports or 10%) 	<ul style="list-style-type: none"> Other (business and personal) services (2,369 reports or 24%) Construction (2,229 reports or 22%) Retail trade (1,024 reports or 10%)
Assets and liabilities	<ul style="list-style-type: none"> 86% of failed companies had estimated assets of \$100,000 or less 43% of failed companies had estimated liabilities of \$250,000 or less 	<ul style="list-style-type: none"> 85% of failed companies had estimated assets of \$100,000 or less 43% of failed companies had estimated liabilities of \$250,000 or less 	<ul style="list-style-type: none"> 85% of failed companies had estimated assets of \$100,000 or less 42% of failed companies had estimated liabilities of \$250,000 or less
Deficiency	65% of failed companies had an estimated deficiency of \$500,000 or less	65% of failed companies had an estimated deficiency of \$500,000 or less	64% of failed companies had an estimated deficiency of \$500,000 or less

	2013–14	2012–13	2011–12
Top 3 nominated causes of failure	<ul style="list-style-type: none"> • Inadequate cash flow or high cash use (4,031 or 43% of reports) • Poor strategic management of business (3,975 or 42% of reports) • Trading losses (3,078 or 33% of reports) 	<ul style="list-style-type: none"> • Poor strategic management of business (3,908 or 42% of reports) • Inadequate cash flow or high cash use (3,829 or 41% of reports) • Trading losses (2,989 or 32% of reports) 	<ul style="list-style-type: none"> • Poor strategic management of business (4,449 or 44% of reports) • Inadequate cash flow or high cash use (4,048 or 40% of reports) • Trading losses (3,326 or 33% of reports)
Top 3 alleged possible misconduct	<ul style="list-style-type: none"> • s588G(1)–(2) Insolvent trading (5,425 or 57% of reports) • s286 and 344(1) Obligation to keep financial records (3,486 or 37% of reports) • s180 Care and diligence—Directors' and officers' duties (2,542 or 27% of reports) 	<ul style="list-style-type: none"> • s588G(1)–(2) Insolvent trading (4,872 or 53% of reports) • s286 and 344(1) Obligation to keep financial records (3,263 or 35% of reports) • s180 Care and diligence—Directors' and officers' duties (2,302 or 25% of reports) 	<ul style="list-style-type: none"> • s588G(1)–(2) Insolvent trading (5,075 or 50% of reports) • s286 and 344(1) Obligation to keep financial records (3,361 or 33% of reports) • s180 Care and diligence—Directors' and officers' duties (2,376 or 24% of reports)
Dividends to unsecured creditors	In 97% of cases, the dividend estimate was less than 11 cents in the dollar	In 97% of cases, the dividend estimate was less than 11 cents in the dollar	In 98% of cases, the dividend estimate was less than 11 cents in the dollar

¹ The term 'reports' in this table means 'initial external administrators' reports'.

B Conditions and limitations on the statistics

Key points

This section explains the conditions and limitations relating to the statistics in this report, including:

- the general conditions and limitations of the statistics in this report; and
- specific conditions and limitations relating to the statistical findings in Section D, which are based on initial external administrators' reports.

General conditions and limitations

- 14 When interpreting the statistics in this report, the following conditions and limitations should be kept in mind:
- (a) Although we encourage external administrators to report in the Schedule B format in RG 16, the use of this format is voluntary. It is not a statutory requirement. External administrators' reports not lodged in this format are only included in the total external administrators' report statistics (see Section C) and not in the statistics in Section D.
 - (b) The statistics in this report do not directly correlate with the monthly statistics for 'Companies entering external administration' and 'Insolvency appointments' on ASIC's website due to the time difference in lodgement of external administrators' reports: see Table 6. External administrators are not required to lodge reports where the pre-conditions of s422, 438D or 533 of the Corporations Act are not met.
 - (c) Some external administrators' reports are lodged for statistical purposes only, rather than under the Corporations Act. For example, a liquidator may choose to lodge a report for a company with no suspected misconduct and with an estimated dividend of more than 50 cents in the dollar. Therefore, this report includes financial and other data from these lodgements in the aggregated statistics.

Conditions and limitations on statistics in Section D

- 15 To avoid double counting, all statistics in Section D are compiled only from the initial external administrator report lodged electronically when the company enters external administration (EXAD) status. This allows for the following situations:
- (a) While a company is in EXAD status, it may be subject to more than one appointment type. Even though a report may be lodged for each

- appointment type, the statistics only include the first electronically lodged report for the company.
- (b) More than one report may also be lodged for each appointment type. Again, the statistics only include the first electronically lodged report.
 - (c) A company may go in and out of EXAD status more than once. For each period in EXAD status, only the first electronically lodged report is included.
- 16 While the statistics only include the electronically lodged initial external administrators' reports, an external administrator may have lodged an additional report on paper in a narrative form (not in the Schedule B format).
- 17 Financial information provided in an initial external administrator report reflects estimates and opinions of the external administrator at a point in time. The statistics do not reflect revised information from subsequent or updated reports.
- 18 When completing the initial external administrator report, the external administrator selects from a predetermined set of options for qualitative questions, and ranges for quantitative questions. Limited testing carried out by ASIC while compiling these statistics identified a small number of reports with estimated employee entitlements inconsistent with other responses in those reports (e.g. very high unpaid employee entitlements but less than five employees; high unpaid employee entitlements that are significantly greater than estimated total liabilities). These reports have been eliminated from the employee entitlements statistics where the impact was material.
- 19 The top 12 industries by number of initial external administrators' reports lodged are shown for some statistics by industry, with remaining industries grouped under 'Other industries'.
- 20 Statistics broken down by region use the latest registered address on ASIC's corporate database (ASCOT). When an external administrator from another region becomes the external administrator and changes the registered office address on ASCOT, the new address is used. The regional statistics do not include companies with an international registered address.

Amendments to Schedule B report format

- 21 In July 2008, we reissued RG 16 to enhance the quality of information disclosed. The key parts of the Schedule B report format amended were:
- (a) 'Contraventions' was renamed 'Possible misconduct' and divided into civil and criminal breaches of the Corporations Act or other Commonwealth or state or territory laws. Availability of evidence is now disclosed for each type of possible misconduct identified.
 - (b) Contraventions were not included in Report 132 *External administrators: Schedule B statistics 1 July 2004–30 June 2007*

(REP 132). Possible misconduct has only been disclosed since Report 225 *Insolvency statistics: External administrators' reports 1 July 2007–30 June 2010* (REP 225)—for 2008–09 and 2009–10.

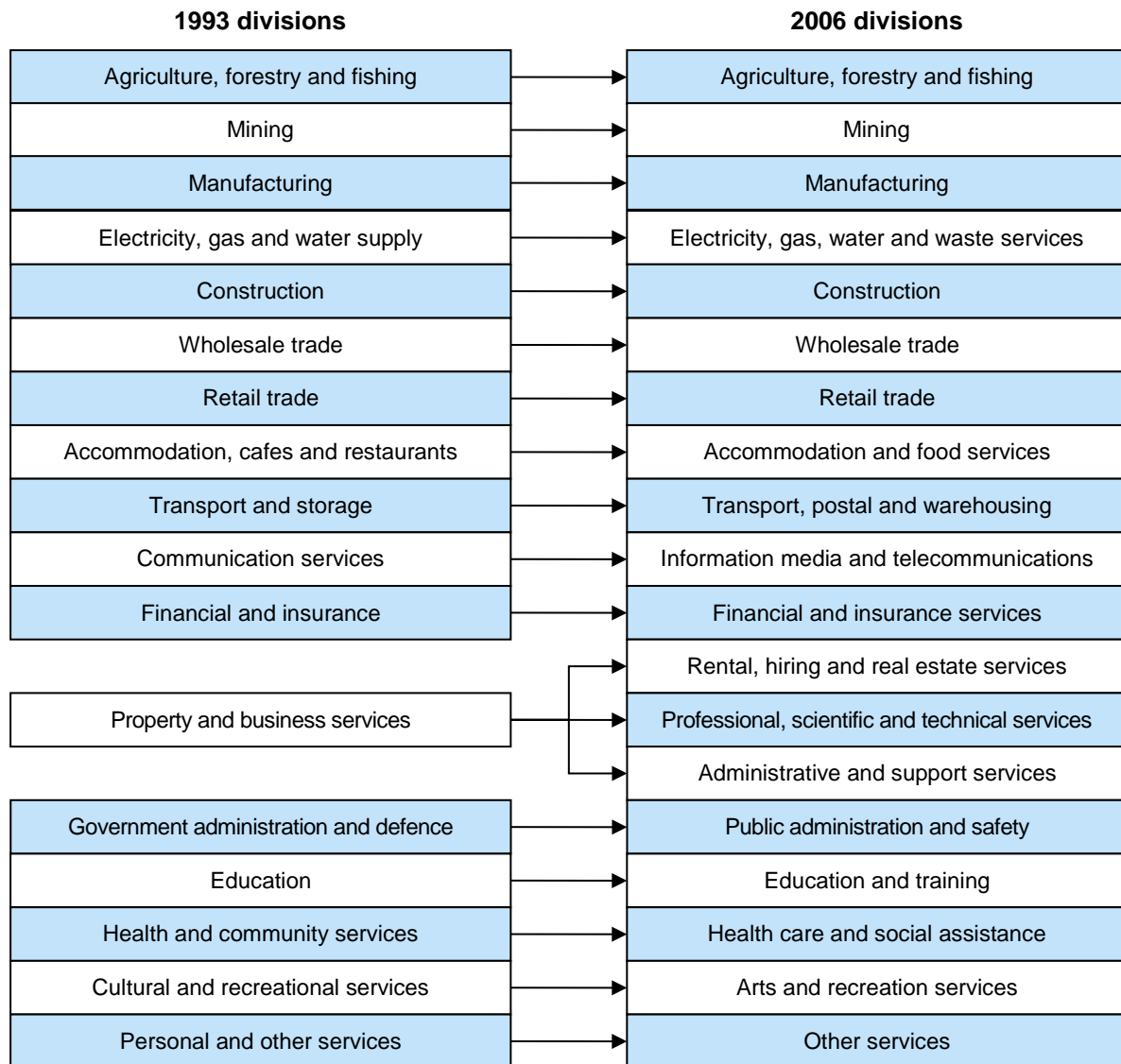
Changes to industry categories

22 Industry categories were updated to align with 2006 Australian and New Zealand Standard Industrial Classification (ANZSIC) divisions: see Figure 1. ANZSIC divisions are classified into subdivisions, groups and classes. Due to the large number of changes made at subdivision and group level, comparison of industry data before and after 1 July 2008 is more difficult. Changes to the Schedule B report format for industry categories include the following:

- (a) The 'Financial and insurance' industry category was previously broken down as separate industry categories due to ASIC's particular focus in this area. The sub-categories in the Schedule B report format of 'Credit provider', 'Deposit taking institutions', 'Insurance', 'Managed investments', 'Superannuation' and 'Other financial services' are now combined under 'Financial and insurance services' (FIS) and do not align with ANZSIC subdivision, group or class titles.
- (b) The number of divisions was increased by rearranging the 'Property and business services' category into 'Administrative and support services', 'Professional, scientific and technical services', and 'Rental, hiring and real estate services'.
- (c) Some industries were renamed to better reflect their composition: 'Accommodation, cafes and restaurants' is now 'Accommodation and food services'; 'Cultural and recreational services' is now 'Arts and recreation services'; 'Education' is now 'Education and training'; 'Electricity, gas and water supply' is now 'Electricity, gas, water and waste services'; 'Health and community services' is now 'Health care and social assistance'; 'Personal and other services' is now 'Other services'; 'Government administration and defence' is now 'Public administration and safety'; and 'Transport and storage' is now 'Transport, postal and warehousing'.
- (d) Schedule B's former industry category 'Agriculture' has been renamed 'Agriculture, forestry and fishing' in line with ANZSIC divisions.
- (e) 'Information media and telecommunications' effectively replaced 'Communication services', bringing together a number of classes from previous divisions.
- (f) A new Schedule B category 'Other (business and personal) services' (ANZSIC division name 'Other services') groups 'Personal and other services' and Schedule B's former industry category, 'Services to business'.

23 For details of industry descriptions, visit www.abs.gov.au/anzsic.

Figure 1: ANZSIC division changes



C Lodgements of external administrators' reports

Key points

This section provides statistics on the total lodgements of external administrators' reports, including statistics on:

- the method of lodgement (electronic and manual) compared with previous years; and
- the proportion of external administrators' reports that comprise initial external administrators' reports, as well as statistics on the timing of lodgement of these reports compared with the two previous reporting periods.

Total lodgements of external administrators' reports

- 24 The total number of external administrators' reports lodged rose from 9,788 in 2012–13 to 10,073 in 2013–14: see Table 3. We believe that a compliance project undertaken by ASIC increased the total number of reports lodged in 2011–12. The project involved ASIC writing to registered liquidators where we identified no report had been lodged for an external administration.
- 25 The percentage of electronically lodged reports continues to increase—98.9% of reports were electronically lodged in 2013–14 compared with 36.8% in 2002–03 (when electronic lodgement first became available). The number of reports lodged directly by external administrators through the registered liquidators' portal increased marginally from 97.1% in 2011–12 to 98.1% in 2013–14: see Figure 2.

Table 3: Total external administrators' reports by lodgement type (1 July 2011 to 30 June 2014)

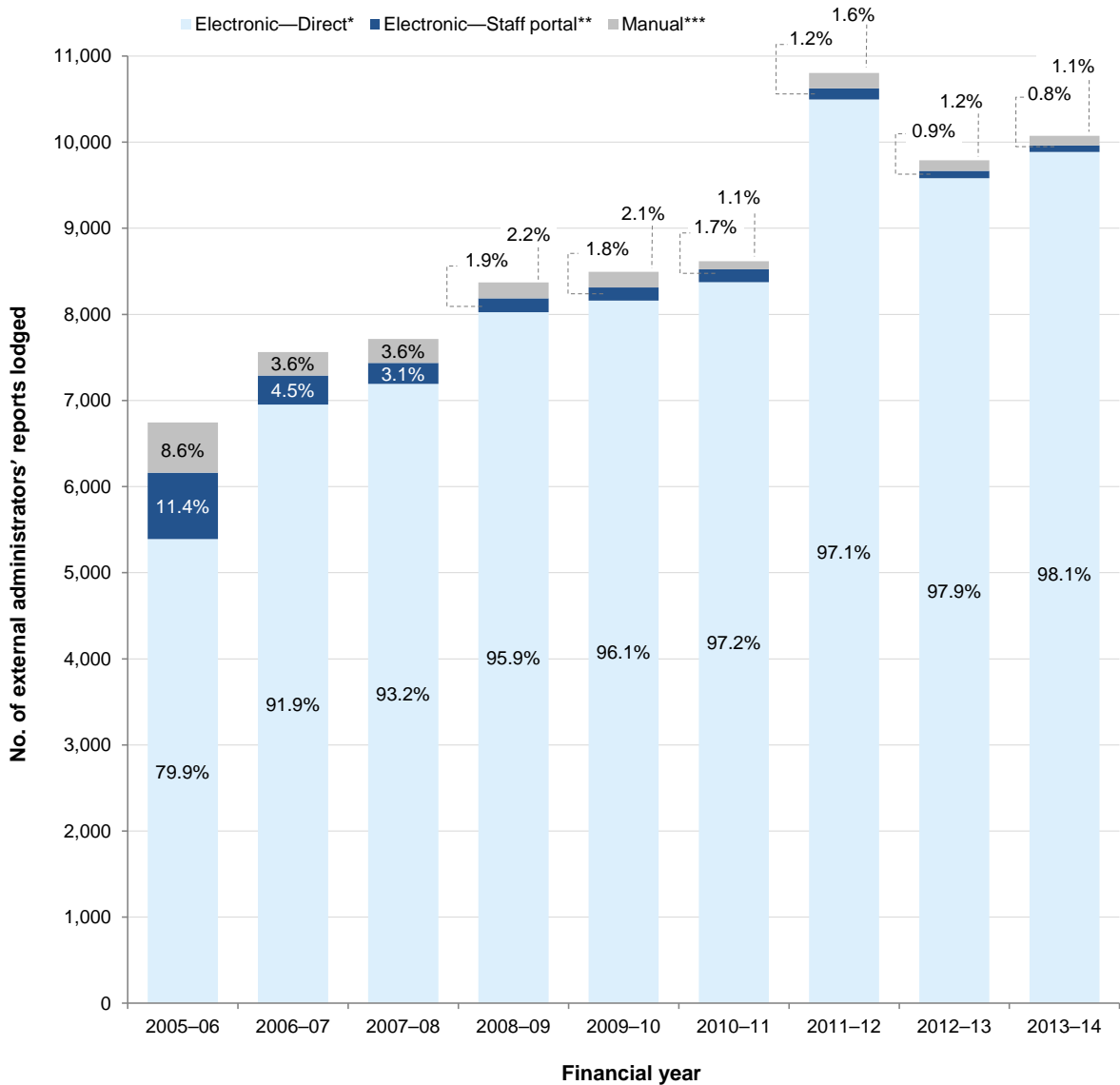
Lodgement type	2013–14		2012–13		2011–12	
	No.	%	No.	%	No.	%
Electronic—direct ¹	9,885	98.1%	9,582	97.9%	10,496	97.1%
Electronic—staff portal ²	77	0.8%	85	0.9%	130	1.2%
Manual ³	111	1.1%	121	1.2%	178	1.6%
Total	10,073	100.0%	9,788	100.0%	10,804	100.0%

¹ 'Electronic—direct' means Schedule B reports lodged directly by external administrators through the registered liquidators' portal.

² 'Electronic—staff portal' means Schedule B reports lodged on paper by external administrators in the Schedule B report format and subsequently entered by ASIC staff through the staff portal.

³ 'Manual' means reports (not in the Schedule B report format) lodged on paper by external administrators. However, it excludes supplementary reports (Schedule C reports).

Figure 2: Total external administrators' reports by lodgement type (1 July 2005 to 30 June 2014)



* 'Electronic—direct' means Schedule B reports lodged directly by external administrators through the registered liquidators' portal.

** 'Electronic—staff portal' means Schedule B reports lodged on paper by external administrators in the Schedule B report format and subsequently entered by ASIC staff through the staff portal.

*** 'Manual' means reports (not in the Schedule B report format) lodged on paper by external administrators. However, it excludes supplementary reports (Schedule C reports).

Lodgements of initial external administrators' reports

26

Table 4 shows the number of initial external administrators' reports lodged in 2013-14 and the previous two financial years.

Table 4: Initial external administrators' reports (1 July 2011 to 30 June 2014)

	2013–14	2012–13	2011–12
Total	9,459	9,254	10,074

27 In 2013–14, initial external administrators' reports made up 93.9% (or 9,459 reports) of the total number of external administrators' reports lodged. This compares to 94.5% (or 9,254 reports) in 2012–13.

Timing of lodgement

28 Table 5 shows the percentage of initial external administrators' reports lodged within six months of, and more than 12 months after, the appointment of the external administrator—compared with the previous two financial years.

Table 5: Initial external administrators' reports by timing of lodgement after appointment (1 July 2011 to 30 June 2014)

Financial year	Reports lodged within 6 months	Reports lodged more than 12 months after
2013–14	55.1%	18.1%
2012–13	56.5%	17.7%
2011–12	50.5%	22.3%

29 Section D sets out the statistics relating to the initial external administrators' reports lodged in 2013–14.

D Statistical findings from initial external administrators' reports

Key points

This section presents our detailed findings from initial external administrators' reports lodged electronically in 2013–14.

As in previously published reports, highlighted here are figures that have changed by three percentage points or more from the previous financial year (2012–13):

- The number of reports indicating 'Poor economic conditions' as the cause of failure of the company decreased from 28.9% to 24.4%.
- Liquidators estimating they would take three to less than six months to complete the appointment from the date of their report increased from 29.3% to 32.4%.
- The number of reports that alleged misconduct increased from 73.1% to 76.3%.

Note 1: All other reported figures have not changed by three percentage points or more from the previous financial year. For the data for previous reporting periods, see the reports listed on page 2 and www.asic.gov.au/insolvency.

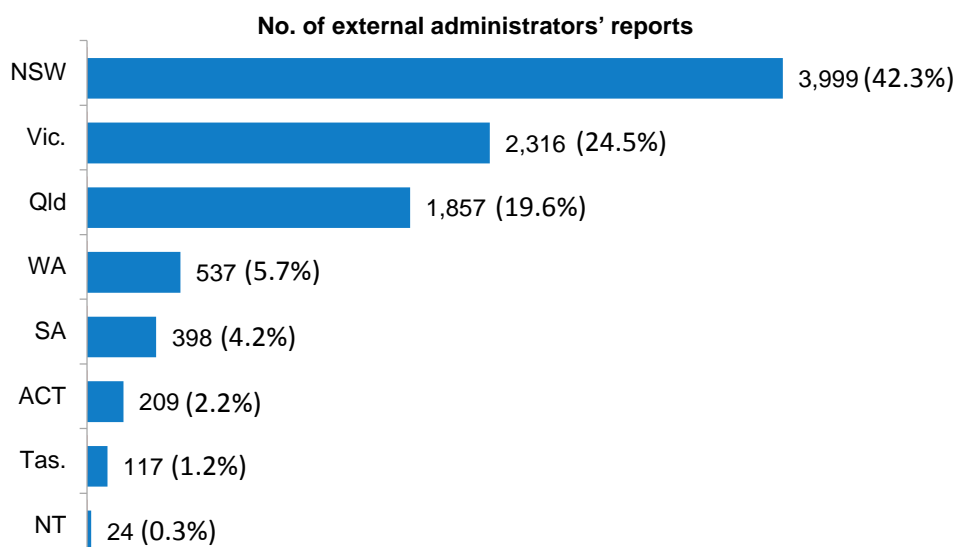
Note 2: The term 'reports' in this section means 'initial external administrators' reports'.

Lodgements by region

30

Most reports in 2013–14 related to companies registered in New South Wales (3,999 reports or 42.3%), followed by Victoria (2,316 reports or 24.5%) and Queensland (1,857 reports or 19.6%). The five remaining states and territories made up 13.6% of reports: see Figure 3.

Figure 3: Initial external administrators' reports by region¹ (1 July 2013 to 30 June 2014)



¹ Two companies with international registered addresses are not included in regional statistics.

Lodgement period

- 31 In 2013–14, 55.1% of reports were lodged within six months of the external administrator's appointment (this compares with 56.5% in 2012–13). Another 18.1% of reports were lodged more than 12 months after appointment: see Table 6.

Table 6: Initial external administrators' reports by lodgement period after appointment^{1,2} (1 July 2013 to 30 June 2014)

Lodgement period after appointment	No.	%
Less than 2 months	1,326	14.0%
Between 2 and 5 months	3,885	41.1%
Between 6 and 12 months	2,540	26.9%
More than 12 months	1,708	18.1%
Total	9,459	100.0%

¹ A liquidator appointed after 31 December 2007 must lodge reports as soon as practicable, and in any event within six months after it so appears to the liquidator that any of the conditions in s533(1)(a), (b) or (c) apply.

² The result does not reflect instances where the first electronically lodged report was not the first report lodged.

Section lodged under

- 32 Most reports in 2013–14 (94.7%) were lodged by liquidators for the purpose of complying with s533 of the Corporations Act: see Table 7.

Table 7: Initial external administrators' reports by section of the Corporations Act (1 July 2013 to 30 June 2014)

Section of Corporations Act	No.	%
Section 422 (reports by receiver)	62	0.7%
Section 438D (reports by administrator)	424	4.5%
Section 533 (reports by liquidator)	8,959	94.7%
Statistical purposes	14	0.1%
Total	9,459	100.0%

Size of company

- 33 The number of employees or the number of full-time equivalent (FTE) employees is used as a measure of the size of the company. In 2013–14, 80.6% of reports related to companies with less than 20 employees: see Table 8.

Table 8: Initial external administrators' reports—Size of company as measured by number of FTEs (1 July 2013 to 30 June 2014)

Number of FTEs	No.	%
Less than 5 FTE	6,302	66.6%
Between 5 and 19 FTE	1,325	14.0%
Between 20 and 199 FTE	478	5.1%
200 or more FTE	26	0.3%
Not known	1,328	14.0%
Total	9,459	100.0%

Industry

- 34 In 2013–14, the three industries with the highest number of reports lodged were Other (business and personal) services (2,482 reports or 26.2%), Construction (2,153 reports or 22.8%) and Accommodation and food services (916 reports or 9.7%): see Table 9.
- 35 The top 12 industries have not changed from the previous year (see Section B), but their order of ranking changed.

Table 9: Initial external administrators' reports by industry type (1 July 2013 to 30 June 2014)

Industry type	No.	%
Other (business and personal) services	2,482	26.2%
Construction	2,153	22.8%
Accommodation and food services	916	9.7%
Retail trade	870	9.2%
Transport, postal and warehousing	508	5.4%
Manufacturing	463	4.9%
Rental, hiring and real estate services	272	2.9%

Industry type	No.	%
Wholesale trade	244	2.6%
Information media and telecommunications	223	2.4%
Agriculture, forestry and fishing	195	2.1%
Professional, scientific and technical services	187	2.0%
Electricity, gas, water and waste services	179	1.9%
FIS—Other financial services	147	1.6%
Administrative and support services	143	1.5%
Mining	108	1.1%
Arts and recreation services	102	1.1%
Health care and social assistance	92	1.0%
Education and training	73	0.8%
FIS—Managed investments	54	0.6%
FIS—Credit provider	19	0.2%
Public administration and safety	11	0.1%
FIS—Insurance	8	0.1%
FIS—Superannuation	7	0.1%
FIS—Deposit taking institutions	3	0.0%
Total	9,459	100.0%

Nominated causes of failure

- 36 There is commonly more than one reason for a company's failure. External administrators nominated an average of between two and three causes of failure per report in 2013–14.
- 37 The top three nominated causes of failure for companies (see Table 11) were:
- (a) inadequate cash flow or high cash use (4,031 or 42.6% of reports);
 - (b) poor strategic management of business (3,975 or 42% of reports); and
 - (c) trading losses (3,078 or 32.5% of reports).

- 38 Of the top 12 industries, the three industries that most exceeded the percentage of reports for these three causes of failure were as follows:
- (a) *Inadequate cash flow or high cash use*: Construction (46.4% of reports), Manufacturing (46.2% of reports), and Retail trade (45.9% of reports);
 - (b) *Poor strategic management of business*: Accommodation and food services (46.5% of reports), Electricity, gas, water and waste services (44.7% of reports), and Information media and telecommunications (43.9% of reports); and
- Note: In the 'Other industries' category, seven industries exceeded the average percentage across all industries for poor strategic management of business (42%). The three industries that most exceeded this average were: FIS—Deposit taking institutions (100%), FIS—Credit provider (63.2%) and FIS—Managed investments (48.1%).
- (c) *Trading losses*: Accommodation and food services (44.8% of reports), Retail trade (40.5% of reports) and Manufacturing (40.4% of reports).
- 39 All states and territories, except the Australian Capital Territory, the Northern Territory and South Australia, shared the same top two causes: see Table 12.

Possible misconduct

- 40 In 2013–14, external administrators alleged misconduct in 7,218 or 76.3% of reports. External administrators reported 18,195 possible breaches at an average of between two and three breaches per report where possible misconduct was reported: see Table 10.

Table 10: Initial external administrators' reports—Possible misconduct (1 July 2013 to 30 June 2014)

Reported misconduct	No. of reports	% of reports	No. of breaches
No misconduct reported	2,241	23.7%	–
'Possible misconduct' reported	7,218	76.3%	18,195
Total	9,459	100.0%	18,195

Table 11: Initial external administrators' reports—Nominated causes of failure by industry (1 July 2013 to 30 June 2014)

Causes of failure	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Rental, hiring and real estate services	Wholesale trade	Information media and telecommunications	Agriculture, forestry and fishing	Professional, scientific and technical services	Electricity, gas, water and waste services	Other industries ¹	Total
Under capitalisation	349	435	188	165	82	111	53	50	56	44	35	34	141	1,743
Poor financial control, including lack of records	894	660	270	240	182	118	64	64	63	46	50	49	208	2,908
Poor management of accounts receivable	223	336	24	53	57	77	26	35	28	17	26	24	91	1,017
Poor strategic management of business	999	892	426	363	221	201	95	101	98	85	76	80	338	3,975
Inadequate cash flow or high cash use	949	1,000	405	399	223	214	108	81	98	86	74	80	314	4,031
Poor economic conditions	444	558	258	283	88	156	73	65	59	42	35	53	198	2,312
Natural disaster	22	17	17	15	11	8	2	2	0	21	3	1	3	122
Fraud	32	30	6	10	11	5	7	12	5	3	4	1	20	146
Deed of company arrangement failed	2	35	4	3	1	2	0	1	3	1	0	1	2	55
Dispute among directors	54	52	36	27	8	23	12	5	11	7	9	5	22	271
Trading losses	672	698	410	352	150	187	57	85	88	65	61	50	203	3,078
Industry restructuring	45	50	8	24	9	23	1	5	12	9	3	10	23	222
Other	739	611	205	220	159	121	81	82	53	64	65	52	274	2,726
Total	5,424	5,374	2,257	2,154	1,202	1,246	579	588	574	490	441	440	1,837	22,606

¹ 'Other industries' includes Administrative and support services, Arts and recreation services, all FIS sub-categories, Health care and social assistance, Mining, and Public administration and safety.

Table 12: Initial external administrators' reports—Nominated causes of failure by region¹ (1 July 2013 to 30 June 2014)

Causes of failure	ACT	NSW	NT	Qld	SA	Tas.	Vic.	WA	Total
Under capitalisation	57	647	3	312	97	23	464	140	1,743
Poor financial control, including lack of records	80	1,463	5	433	93	22	652	160	2,908
Poor management of accounts receivable	20	396	2	208	38	14	256	82	1,016
Poor strategic management of business	68	1,681	9	883	167	48	842	276	3,974
Inadequate cash flow or high cash use	106	1,721	13	773	171	45	910	290	4,029
Poor economic conditions	36	826	6	609	114	36	542	143	2,312
Natural disaster	0	20	0	79	1	0	19	2	121
Fraud	3	48	0	28	12	0	45	10	146
Deed of company arrangement failed	1	15	0	26	2	0	8	3	55
Dispute among directors	6	83	1	54	8	8	75	36	271
Trading losses	91	1,241	10	552	172	45	745	221	3,077
Industry restructuring	1	83	0	50	9	9	52	18	222
Other	70	1,186	8	434	108	38	728	154	2,726
Total	539	9,410	57	4,441	992	288	5,338	1,535	22,600

¹ Causes of failure for companies with international registered addresses are not included in regional statistics.

- 41 As a result of reports lodged, we asked the external administrator to prepare a supplementary report under s422, 438D or 533 for 802 (11.1%) of the 7,218 reports for 2013–14 where they identified possible misconduct. The request for an additional report is a function of our assessment of risk based on a number of factors, including, but not limited to:
- (a) the nature of the possible misconduct reported;
 - (b) the amount of liabilities;
 - (c) the deficiency suffered;
 - (d) the availability of evidence;
 - (e) prior misconduct; and
 - (f) the advice of the external administrator that the reported possible misconduct warrants further investigation.
- 42 Alleged criminal misconduct has been split between alleged misconduct occurring before the appointment of the external administrator (pre-appointment misconduct) and post-appointment misconduct related to directors' and officers' failure to assist the liquidator. In 2013–14, 15.7% of all reported misconduct related to post-appointment misconduct: see Table 13.
- 43 Alleged breaches of civil obligations are the most common breaches (13,950 or 76.7% of all reported misconduct). For a detailed analysis of civil breaches by section of the Corporations Act, industry and region, see Table 21 and Table 23.

Table 13: Initial external administrators' reports—Categories of possible misconduct (1 July 2013 to 30 June 2014)

Categories of possible misconduct	No. of breaches	% of breaches
Alleged criminal misconduct under the Corporations Act by officers or employees:		
• pre-appointment criminal misconduct	1,199	6.6%
• post-appointment criminal misconduct	2,836	15.6%
Alleged breaches of civil obligations	13,950	76.7%
Other criminal offences ¹	55	0.3%
Other possible misconduct ²	155	0.9%
Total	18,195	100.0%

¹ 'Other criminal offences' includes breaches by a member or contributory under the Corporations Act or breaches under other Commonwealth statutes or state or territory laws.

² 'Other possible misconduct' relates to people who have taken part in the formation, promotion, administration, management or winding up of the company and may have misapplied or retained, or become liable or accountable for, any money or property of the company; or been guilty of any negligence, default, breach of duty or trust in relation to the company.

Documentary evidence and further inquiry

44 External administrators confirmed they had documentary evidence to support alleged pre-appointment misconduct for 4,446 reports (47%) for 2013–14: see Table 14. Of these, they considered that only 1,483 reports (15.7%) warranted ASIC's inquiry into the alleged misconduct, based on their assessment of the information and documentary evidence available.

Table 14: Initial external administrators' reports—Possible pre-appointment misconduct¹ reported (1 July 2013 to 30 June 2014)

	No. of reports	% of reports	No. of breaches
External administrator has documentary evidence to support allegation			
Yes	4,446	47.0%	10,945
No	1,627	17.2%	4,413
Total	6,073	64.2%	15,358
Of those with documentary evidence, did the external administrator recommend further inquiry by ASIC?			
Yes	1,483	15.7%	
No	2,963	31.3%	
Total	4,446	47.0%	
External administrator is aware of another person with documentary evidence			
Yes	358	3.8%	1,247
No	5,715	60.4%	14,111
Total	6,073	64.2%	15,358
Where the evidence was with another person, did the external administrator recommend further inquiry by ASIC?			
Yes	187	2.0%	
No	171	1.8%	
Total	358	3.8%	

¹ 'Pre-appointment misconduct' refers to pre-appointment criminal misconduct, alleged breaches of civil obligations, other criminal offences and other possible misconduct.

45 Documental evidence in the possession of a third party was identified in 358 reports. Based on this and their assessment, the external administrator recommended we make further inquiry in 187 reports.

Note: For 160 of the 187 reports where evidence was identified as being with a third party, the external administrator also held evidence. Therefore, these 160 reports were also included in the 1,483 reports where the external administrator recommended further inquiry.

46 Of the 1,483 reports where external administrators alleged misconduct and advised that they held evidence and recommended further inquiry by ASIC, we requested supplementary reports (or Schedule C reports) for 345 of those matters (23.3%). We requested a further 457 supplementary reports (802 in total for 2013–14) where external administrators had not recommended further inquiry but the matter met our risk assessment criteria: see paragraph 41.

47 One of the criteria we consider as part of our risk assessment is the size of the reported deficiency: see paragraph 41. An analysis of the size of the deficiency reported in external administrator reports is set out in Table 15. We requested the preparation of 48 supplementary reports by external administrators where the reports related to deficiencies of \$5 million or more: see Table 15.

Table 15: Initial external administrators' reports—Evidence with liquidator and further inquiry recommended by deficiency categories (1 July 2013 to 30 June 2014)

Deficiency	Schedule C report requested	Assessed and recorded	Total
\$0–\$50,000	25	108	133
\$50,001–\$250,000	53	358	411
\$250,001–less than \$500,000	54	225	279
\$500,000–less than \$1 million	60	176	236
\$1 million–less than \$5 million	105	199	304
\$5 million–\$10 million	19	48	67
Over \$10 million	29	24	53
Total	345	1,138	1,483

48 It is important to note that an external administrator's report of misconduct is an allegation and may not be substantiated by sufficient evidence to warrant action. We will not take action in every instance an external administrator

reports alleged misconduct and we obtain a supplementary report. Information Sheet 151 *ASIC's approach to enforcement* (INFO 151) sets out the matters we consider before taking further action after completing our assessment of a supplementary report.

Alleged criminal misconduct

Pre-appointment criminal misconduct

- 49 Statistics for alleged pre-appointment criminal misconduct are shown by industry and region: see Table 20 and Table 22. These tables also show the number of reports where the external administrator is able to advise that evidence is available. Pre-appointment criminal misconduct predominantly relates to the conduct of an officer or director of the company before the appointment of the external administrator.
- 50 External administrators held evidence for 862 possible criminal breaches out of 1,199 (72.0% reported in 2013–14).
- 51 The top three nominated criminal breaches for companies for 2013–14 were the same as in the previous four financial years:
- (a) *Section 588G(3) Insolvent trading*: 381 breaches reported (4% of reports);
 - (b) *Sections 286 and 344(2) Obligation to keep financial records*: 333 breaches reported (3.5% of reports); and
 - (c) *Section 184 Good faith, use of position and use of information*: 255 breaches reported (2.7% of reports).
- 52 Of the top 12 industries, the three industries that most exceeded the percentage of reports for these three nominated criminal breaches were:
- (a) *Section 588G(3) Insolvent trading*: Professional, scientific and technical services (7% of reports), Information media and telecommunications (5.4% of reports), and Manufacturing (5.2% of reports);
 Note: Four industries grouped in the 'Other industries' category exceeded the average 4% of reports for s588G(3) Insolvent trading. These industries were Public administration and safety (18.2% of reports), FIS—Other financial services (8.2% of reports), Administrative and support services (4.9% of reports), and Education and training (4.1% of reports).
 - (b) *Sections 286 and 344(2) Obligation to keep financial records*: Professional, scientific and technical services (7.5% of reports), Wholesale trade (5.7% of reports), and Transport, postal and warehousing (3.7% of reports).
 Note: Seven industries grouped in the 'Other industries' category exceeded the average 3.5% of reports for s286 and 344(2) Obligation to keep financial records. The three industries that most exceeded this average were FIS—Deposit taking institutions (33.3% of reports), Public administration and safety (18.2% of reports), and FIS—Superannuation (14.3% of reports).

- (c) *Section 184 Good faith, use of position and use of information:* Professional, scientific and technical services (4.8% of reports), Wholesale trade (4.5% of reports), and Rental, hiring and real estate services (3.7% of reports).

Note: Eight industries grouped in the 'Other industries' category exceeded the average 2.7% of reports for s184 Good faith, use of position and use of information. The eight industries were FIS—Managed investments (37% of reports), FIS—Superannuation (28.6% of reports), FIS—Credit provider (21.1% of reports), Education and training (16.4% of reports), FIS—Insurance (12.5% of reports), Public administration and safety (9.1% of reports), Mining (7.4%) and FIS—Other financial services (6.1% of reports).

Post-appointment criminal misconduct

- 53 Alleged post-appointment criminal misconduct reported by external administrators relates to officers of the company failing to assist external administrators subsequent to the appointment of the external administrator. The 2,836 post-appointment breaches related to 1,437 reports (15.2%): see Table 16.

Table 16: Initial external administrators' reports—Possible post-appointment criminal misconduct reported by section of Corporations Act¹ (1 July 2013 to 30 June 2014)

Section of the Corporations Act	No. of breaches
Sections 429, 438B, 446C and 475 Report as to company's affairs	1,018
Section 530A Officers to help liquidator	949
Section 530B Requirement to provide liquidator with company's books	869
Total	2,836

¹ The Schedule B report format does not require external administrators to advise whether or not evidence is available given the nature of the misconduct being reported.

- 54 We assist external administrators in obtaining compliance by officers with their obligations to prepare a report as to company's affairs, provide books and records, and assist liquidators through our liquidator assistance program.

Alleged breaches of civil obligations

- 55 Statistics for alleged breaches of civil obligations are available by industry and region: see Table 21 and Table 23. The tables also show the number of reports where the external administrator is able to advise evidence is available. External administrators held evidence for 9,902 possible breaches of civil obligations out of 13,950 (71%) reported.
- 56 The top three nominated civil breaches for companies for 2013–14 were the same as in the previous three years:

- (a) *Section 588G(1)–(2) Insolvent trading*: 5,425 breaches reported (57.4% of reports);
- (b) *Sections 286 and 344(1) Obligation to keep financial records*: 3,486 breaches reported (36.9% of reports); and
- (c) *Section 180 Care and diligence—Directors' and officers' duties*: 2,542 breaches reported (26.9% of reports).

57 Of the top 12 industries, the three industries that most exceeded the percentage of reports for these three nominated breaches of civil obligations were:

- (a) *Section 588G(1)–(2) Insolvent trading*: Manufacturing (64.4% of reports), Accommodation and food services (62.3% of reports), and Electricity, gas, water and waste services (59.2% of reports);
- (b) *Sections 286 and 344(1) Obligation to keep financial records*: Other (business and personal) services (43.4% of reports), Transport, postal and warehousing (39.2% of reports), and Accommodation and food services (36.7% of reports); and
- (c) *Section 180 Care and diligence—Directors' and officers' duties*: Information media and telecommunications (33.6% of reports), Wholesale trade (29.5% of reports), and Electricity, gas, water and waste services (28.5% of reports).

Note: Eight industries grouped in the 'Other industries' category exceeded the average 26.9% of reports for s180 Care and diligence—Directors' and officers' duties. The three industries that most exceeded this average were FIS—Managed investments (61.1% of reports), Public administration and safety (54.5% of reports), and Mining (39.8% of reports).

Other possible criminal offences

58 There were only 55 other possible criminal offences (0.3% of overall offences) by a member or contributory under the Corporations Act or other Commonwealth statutes or state or territory laws. Of these, 48 were possible criminal offences other than under the Corporations Act: see Table 17.

Table 17: Initial external administrators' reports—Other possible criminal offences (1 July 2013 to 30 June 2014)

Offence	No. of breaches
Criminal offence under the Corporations Act (if a member or contributory)	7
Criminal offence under another Commonwealth statute	26
Criminal offence under a state or territory law	22
Total	55

Other possible misconduct

59 'Other possible misconduct' relates to persons who took part in the formation, promotion, administration, management or winding up of the company: see Table 18. A further 155 instances of other possible misconduct were reported in 2013–14 (0.9% of overall breaches).

Table 18: Initial external administrators' reports—Other possible misconduct (1 July 2013 to 30 June 2014)

Possible misconduct	No. of breaches
May have misapplied or retained, or may have become liable or accountable for, money or property of the company	75
May have been guilty of negligence, default, breach of duty or breach of trust in relation to the company	80
Total	155

Referred to other authorities

60 For reports where external administrators reported possible misconduct, 115 reports in 2013–14 indicated the external administrator had or was intending to refer the matter to another authority. The three highest number of referrals to other authorities were to the Australian Taxation Office (42 reports), state or territory police (25 reports) and Fair Trading / Consumer Affairs (15 reports).

Table 19: Initial external administrators' reports—Referred to other authorities (1 July 2013 to 30 June 2014)

Authorities	No.
State or territory police	25
Australian Federal Police	6
Fair Trading / Consumer Affairs	15
Australian Taxation Office	42
Australian Consumer and Competition Commission	0
Other ¹	27
Total	115

¹ In the 'Other' category, 14 reports indicated the external administrator had or was intending to refer the matter to creditors.

Table 20: Initial external administrators' reports—Possible pre-appointment criminal misconduct by section of the Corporations Act and industry (1 July 2013 to 30 June 2014)

Section of the Corporations Act	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Rental, hiring and real estate services	Wholesale trade	Information media and telecommunications	Agriculture, forestry and fishing	Professional, scientific and technical services	Electricity, gas, water and waste services	Other industries ¹	Total
Section 184 Good faith, use of position and use of information—Directors', officers' and employees' duties	50	42	15	15	10	15	10	11	8	7	9	2	61	255
Section 206A Disqualified persons not to manage corporations	6	10	4	1	3	0	1	2	2	1	1	1	4	36
Sections 286 and 344(2) Obligation to keep financial records	77	78	30	30	19	14	8	14	7	5	14	6	31	333
Section 471A Powers of other officers suspended during winding up	8	4	5	1	4	1	0	1	0	0	0	0	2	26
Section 588G(3) Insolvent trading	91	75	38	42	22	24	12	11	12	3	13	3	35	381
Section 590 Offences by officers or employees	16	25	9	12	9	6	4	11	4	0	3	2	15	116
Section 596AB Agreements to avoid employee entitlements	1	1	0	1	0	0	0	0	0	1	0	1	0	5
Other criminal offences under the Corporations Act	11	12	3	2	4	2	1	0	0	1	1	1	9	47
Total for industry	260	247	104	104	71	62	36	50	33	18	41	16	157	1,199

¹ 'Other industries' includes Administrative and support services, Arts and recreation services, all FIS sub-categories, Health care and social assistance, Mining, and Public administration and safety.

Table 21: Initial external administrators' reports—Possible breaches of civil obligations by section of the Corporations Act and industry (1 July 2013 to 30 June 2014)

Section of the Corporations Act	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Rental, hiring and real estate services	Wholesale trade	Information media and telecommunications	Agriculture, forestry and fishing	Professional, scientific and technical services	Electricity, gas, water and waste services	Other industries ¹	Total
Section 180 Care and diligence—Directors' and officers' duties	666	507	239	233	128	130	74	72	75	52	51	51	264	2,542
Section 181 Good faith—Directors' and officers' duties	304	280	104	120	67	70	46	41	45	25	27	22	151	1,302
Section 182 Use of position—Directors', officers' and employees' duties	194	196	60	73	50	61	39	26	29	13	25	13	121	900
Section 183 Use of information—Directors', officers' and employees' duties	48	73	15	35	21	21	10	6	7	3	5	4	47	295
Sections 286 and 344(1) Obligation to keep financial records	1,076	782	336	292	199	133	80	77	77	54	65	51	264	3,486
Section 588G(1)–(2) Insolvent trading	1,437	1,220	571	503	289	298	121	137	130	86	99	106	428	5,425
Total for industry	3,725	3,058	1,325	1,256	754	713	370	359	363	233	272	247	1,275	13,950

¹ 'Other industries' includes Administrative and support services, Arts and recreation services, all FIS sub-categories, Health care and social assistance, Mining, and Public administration and safety.

Table 22: Initial external administrators' reports—Possible pre-appointment criminal misconduct by section of the Corporations Act and region (1 July 2013 to 30 June 2014)

Section of the Corporations Act	ACT		NSW		NT		Qld		SA		Tas.		Vic.		WA		Total	
	No. of breaches	Evidence with liquidator	No. of breaches	Evidence with liquidator	No. of breaches	Evidence with liquidator	No. of breaches	Evidence with liquidator	No. of breaches	Evidence with liquidator	No. of breaches	Evidence with liquidator	No. of breaches	Evidence with liquidator	No. of breaches	Evidence with liquidator	No. of breaches	Evidence with liquidator
Section 184 Good faith, use of position and use of information—Directors', officers' and employees' duties	5	4	89	65	1	1	60	51	14	13	3	3	60	51	23	18	255	206
Section 206A Disqualified persons not to manage corporations	2	2	15	12	0	0	6	4	4	4	0	0	8	8	1	0	36	30
Sections 286 and 344(2) Obligation to keep financial records	4	3	181	96	0	0	65	39	7	4	2	2	48	40	26	13	333	197
Section 471A Powers of other officers suspended during winding up	1	1	13	10	0	0	1	1	0	0	1	1	8	6	2	2	26	21
Section 588G(3) Insolvent trading	7	4	171	109	0	0	73	61	46	41	3	3	53	45	28	14	381	277
Section 590 Offences by officers or employees	2	2	40	29	1	1	23	19	2	2	0	0	35	28	13	11	116	92
Section 596AB Agreements to avoid employee entitlements	0	0	2	2	0	0	1	1	0	0	0	0	1	0	1	1	5	4
Other criminal offences under the Corporations Act	0	0	26	18	0	0	7	5	3	3	0	0	10	9	1	0	47	35
Total	21	16	537	341	2	2	236	181	76	67	9	9	223	187	95	59	1,199	862

Table 23: Initial external administrators' reports—Possible breaches of civil obligations by section of the Corporations Act and region¹
(1 July 2013 to 30 June 2014)

Section of the Corporations Act	ACT		NSW		NT		Qld		SA		Tas.		Vic.		WA		Total	
	No. of breaches	Evidence with liquidator	No. of breaches	Evidence with liquidator	No. of breaches	Evidence with liquidator	No. of breaches	Evidence with liquidator	No. of breaches	Evidence with liquidator	No. of breaches	Evidence with liquidator	No. of breaches	Evidence with liquidator	No. of breaches	Evidence with liquidator	No. of breaches	Evidence with liquidator
Section 180 Care and diligence—Directors' and officers' duties	89	82	1,153	744	6	4	471	379	101	94	25	19	475	343	222	152	2,542	1,817
Section 181 Good faith—Directors' and officers' duties	39	36	506	356	5	3	278	242	33	31	15	13	271	201	155	96	1,302	978
Section 182 Use of position—Directors', officers' and employees' duties	25	23	365	293	3	3	155	133	27	23	11	9	217	175	97	54	900	713
Section 183 Use of information—Directors', officers' and employees' duties	2	2	131	106	1	1	53	42	3	2	6	5	73	59	26	11	295	228
Sections 286 and 344(1) Obligation to keep financial records	95	80	1,797	1,029	6	5	437	304	91	74	29	21	865	514	166	116	3,486	2,143
Section 588G(1)–(2) Insolvent trading	138	116	2,624	1,768	13	12	789	648	260	234	68	59	1,211	950	322	236	5,425	4,023
Total	388	339	6,576	4,296	34	28	2,183	1,748	515	458	154	126	3,112	2,242	988	665	13,950	9,902

¹ Civil breaches for companies with international registered addresses are not included in regional statistics.

Books and records

61 External administrators indicated they obtained or inspected the company's books and records in 7,283 reports (77%) in 2013–14. Of these, 4,367 reports (46.2%) indicated that the company's books and records were considered adequate.

Assetless Administration Fund

62 In 2013–14, 459 of the 8,959 reports by a liquidator (see Table 7) indicated the liquidator made, or intended making, an application for funding from the AA Fund.

63 The Australian Government established the AA Fund on 22 February 2006 and ASIC administers the fund. It finances preliminary investigations and reports by liquidators into the failure of companies with few or no assets, where it appears to ASIC that enforcement action may result from the investigation and report. A particular focus of the AA Fund is the curbing of illegal phoenix activity.

Liabilities and assets

64 External administrators provide estimates of the assets, liabilities and overall financial deficiency of companies on which they report. Table 24 shows the assets and liabilities categories and Table 25 shows the deficiency for the top 12 industries by reports lodged (as noted in Table 9).

Assets

65 In 61.8% of reports, companies had estimated assets of \$10,000 or less; 85.6% of reports indicated companies had estimated assets of \$100,000 or less.

66 Of the top 12 industries, those with the greatest percentage of reports estimating assets of \$10,000 or less were Other (business and personal) services (71%), Accommodation and food services (62.1%), and Construction (60.4%).

67 In 41.2% of reports, the external administrator reported the administration as assetless. Of the top 12 industries, those that most exceeded this percentage for assetless administrations (41.2%) were Other (business and personal) services (50%), Rental, hiring and real estate services (43.8%), and Wholesale trade (40.6%).

Note: Seven industries in the 'Other industries' category exceeded this percentage (41.2%) but made up only 5.5% of all reports. The three industries that most exceeded this average were FIS—Deposit taking institutions (100%), FIS—Managed investments (55.6%), and Administrative and support services (52.4%).

68 In 8.6% of reports, estimated assets were over \$250,000. Of the top 12 industries, those well above this percentage were Rental, hiring and real

estate services (19.9%), Agriculture, forestry and fishing (17.9%), and Manufacturing (14.7%).

Note: Five industries in the 'Other industries' category exceeded this percentage (8.6%) but made up only 3% of all reports. The three industries that most exceeded this average were FIS—Credit provider (36.8%), Mining (25%), and FIS—Superannuation (14.3%).

Liabilities

- 69 In 43.3% of reports, the estimated liabilities of failed companies were \$250,000 or less, and 76.3% indicated estimated liabilities of less than \$1 million.
- 70 Of the top 12 industries, those with the greatest percentage of companies with estimated liabilities of \$250,000 or less were Other (business and personal) services (53%), Transport, postal and warehousing (51.8%), and Professional, scientific and technical services (43.9%).
- 71 Of the top 12 industries, with estimated liabilities over \$10 million, Agriculture, forestry and fishing (14.4%), Wholesale trade (8.2%), and Rental, hiring and real estate services (5.1%), most exceeded the proportion of reports in that category across all industries of 3.6%.

Note: In the 'Other industries' category, FIS—Credit provider (10.5%), Administrative and support services and Health care and social assistance (9.8% each), Mining and FIS—Managed investments (9.3% each), Public administration and safety (9.1%), and FIS—Other financial services (5.4%), all exceeded this percentage across all industries (3.6%), but comprised only 6.1% of all reports.

Deficiency

- 72 Across all industries, 46.2% of reports estimated the shortfall between estimated assets and estimated liabilities of \$250,000 or less, while 64.7% of reports estimated a shortfall of 500,000 or less. When comparing the deficiency estimates between the top 12 industries, the three industries with the highest percentage of estimates of \$250,000 or less were, equal first, Other (business and personal) services and Transport, postal and warehousing (55.7% each), and Construction (45.6%).
- 73 Only 3.2% of all reports estimated a deficiency of over \$10 million. Of the top 12 industries, the three industries that most exceeded this percentage were Agriculture, forestry and fishing (12.3%), Wholesale trade (8.2%) and Manufacturing (4.1% each).

Note: Seven industries grouped in the 'Other industries' category exceeded this percentage across all industries (3.2%). The three industries that most exceeded this average were FIS—Credit provider (10.5%) and, equal second, Administrative and support services and Health care and social assistance (9.8% each). However, when combined, all seven industries comprised only 6.1% of reports.

Table 24: Initial external administrators' reports—Amount of assets and liabilities by industry (1 July 2013 to 30 June 2014)

	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Rental, hiring and real estate services	Wholesale trade	Information media and telecommunications	Agriculture, forestry and fishing	Professional, scientific and technical services	Electricity, gas, water and waste services	Other industries ¹	Total	% of total
Asset categories															
Less than \$1	1,242	860	367	290	205	125	119	99	78	73	66	55	319	3,898	41.2%
\$1–\$10,000	521	441	202	224	87	88	34	44	52	25	44	31	150	1,943	20.5%
\$10,001–\$20,000	174	193	90	91	49	34	17	18	20	17	18	27	74	822	8.7%
\$20,001–\$30,000	111	90	68	35	20	27	11	7	9	4	6	7	35	430	4.5%
\$30,001–\$50,000	94	89	57	63	31	31	6	13	14	8	11	12	32	461	4.9%
\$50,001–\$100,000	108	126	51	60	29	38	16	21	12	14	14	14	38	541	5.7%
\$100,001–\$250,000	90	138	34	52	32	52	15	12	21	19	16	21	48	550	5.8%
\$250,001–\$5 million	137	191	47	53	54	61	41	30	16	28	11	12	63	744	7.9%
Over \$5 million	5	25	-	2	1	7	13	-	1	7	1	-	8	70	0.7%
Total for industry	2,482	2,153	916	870	508	463	272	244	223	195	187	179	767	9,459	100.0%
Liability categories															
\$1–\$250,000	1,316	901	373	329	263	138	109	79	87	60	82	71	285	4,093	43.3%
\$250,001–less than \$1 million	766	693	374	318	157	165	79	79	85	52	68	71	221	3,128	33.1%
\$1 million–less than \$5 million	293	413	143	163	63	122	52	59	39	46	29	32	164	1,618	17.1%
\$5 million–\$10 million	48	65	14	31	13	17	18	7	6	9	3	2	44	277	2.9%
Over \$10 million	59	81	12	29	12	21	14	20	6	28	5	3	53	343	3.6%
Total for industry	2,482	2,153	916	870	508	463	272	244	223	195	187	179	767	9,459	100.0%

¹ 'Other industries' includes Administrative and support services, Arts and recreation services, all FIS sub-categories, Health care and social assistance, Mining, and Public administration and safety.

Table 25: Initial external administrators' reports—Amount of deficiency by industry (1 July 2013 to 30 June 2014)

Deficiency categories	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Rental, hiring and real estate services	Wholesale trade	Information media and telecommunications	Agriculture, forestry and fishing	Professional, scientific and technical services	Electricity, gas, water and waste services	Other industries ¹	Total	% of total
\$0–\$50,000	492	280	88	75	96	28	42	22	27	26	27	18	85	1,306	13.8%
\$50,001–\$250,000	890	701	305	276	187	124	76	60	69	39	58	59	221	3,065	32.4%
\$250,001–less than \$500,000	435	373	221	170	87	91	48	39	50	27	36	43	128	1,748	18.5%
\$500,000–less than \$1 million	298	299	151	144	64	78	33	44	28	27	31	28	91	1,316	13.9%
\$1 million–less than \$5 million	268	372	126	148	52	106	49	53	39	44	28	26	151	1,462	15.5%
\$5 million–\$10 million	47	61	13	31	13	17	14	6	4	8	3	2	40	259	2.7%
Over \$10 million	52	67	12	26	9	19	10	20	6	24	4	3	51	303	3.2%
Total for industry	2,482	2,153	916	870	508	463	272	244	223	195	187	179	767	9,459	100.0%

¹ 'Other industries' includes Administrative and support services, Arts and recreation services, all FIS sub-categories, Health care and social assistance, Mining, and Public administration and safety.

Employee entitlements

74 In all categories of employee entitlements (i.e. wages, annual leave, pay in lieu of notice, redundancy, long service leave and superannuation), 'not applicable' was selected in the majority of reports: see Table 26 and Table 27. 'Not applicable' means that no amount of entitlement of that type remained unpaid to employee creditors as at the date of the appointment of the external administrator.

Table 26: Initial external administrators' reports—Amounts owed in unpaid employee entitlements (1 July 2013 to 30 June 2014)¹

Amount owed	Unpaid wages		Unpaid annual leave		Unpaid pay in lieu of notice		Unpaid redundancy		Unpaid long service leave	
	No.	%	No.	%	No.	%	No.	%	No.	%
\$1–\$1,000	287	3.0%	201	2.1%	176	1.9%	135	1.4%	144	1.5%
\$1,001–\$10,000	875	9.3%	851	9.0%	415	4.4%	162	1.7%	224	2.4%
\$10,001–\$50,000	468	5.0%	706	7.5%	445	4.7%	261	2.8%	340	3.6%
\$50,001–\$150,000	148	1.6%	306	3.2%	168	1.8%	201	2.1%	152	1.6%
\$150,001–\$250,000	32	0.3%	62	0.7%	41	0.4%	76	0.8%	27	0.3%
\$250,001–\$500,000	23	0.2%	35	0.4%	19	0.2%	54	0.6%	20	0.2%
\$500,001–less than \$1.5 million	9	0.1%	12	0.1%	15	0.2%	24	0.3%	4	0.0%
\$1.5 million–\$5 million	2	0.0%	6	0.1%	1	0.0%	5	0.1%	3	0.0%
Over \$5 million	1	0.0%	1	0.0%	2	0.0%	9	0.10%	3	0.0%
Not applicable	7,591	80.4%	7,256	76.9%	8,154	86.4%	8,509	90.2%	8,519	90.3%
Total	9,436	100.0%	9,436	100.0%	9,436	100.0%	9,436	100.0%	9,436	100.0%

¹ Twenty-three reports identified as being internally inconsistent were excluded from this table.

Unpaid wages

75 Unpaid wages were 'not applicable' in 80.4% of reports. In 12.3% of reports, external administrators estimated unpaid wages at between \$1 and \$10,000. Categories from \$10,001 to over \$5 million comprised 7.2% of reports.

Unpaid annual leave

76 In all, 76.9% of reports showed unpaid annual leave as 'not applicable'. In 11.1% of cases, employees were owed \$1 to \$10,000, and 18.6% of

companies owed \$50,000 or less. In 4.5% of reports, entitlements for unpaid annual leave were in the 'over \$50,000' category.

Unpaid pay in lieu of notice

- 77 Unpaid pay in lieu of notice was 'not applicable' in most cases (86.4%). Only 2.6% of reports showed entitlements for unpaid pay in lieu of notice in the 'over \$50,000' category.

Unpaid redundancy

- 78 Unpaid redundancy was 'not applicable' in 90.2% of reports. In all, 3.1% of reports showed employees were owed \$1 to \$10,000 in redundancy payments. Only 0.1% of reports showed unpaid redundancy of over \$5 million.

Unpaid long service leave

- 79 Employees were owed \$1 to \$10,000 in unpaid long service leave in 3.9% of reports, and unpaid long service leave of \$1.5 million or more was estimated in only 0.1% of reports. The majority of reports (90.3%) indicated a long service leave debt was 'not applicable'.

Unpaid superannuation

- 80 Due to the different value categories of superannuation entitlements, these figures are shown separately in Table 27. The results show a similar pattern to other employee entitlements with a majority (58.4%) of reports showing unpaid superannuation as 'not applicable'.

Table 27: Initial external administrators' reports—Amounts owed in unpaid superannuation entitlements (1 July 2013 to 30 June 2014)

Amount owed	No.	%
\$1–\$100,000	3,368	35.6%
\$100,001–\$250,000	400	4.2%
\$250,001–\$1 million	148	1.6%
Over \$1 million	17	0.2%
Not applicable	5,526	58.4%
Total	9,459	100.0%

Note: No reports were identified as being internally inconsistent.

Secured creditors

- 81 Table 28 and Figure 4 show the amounts owed to secured creditors by industry. Most reports for 2013–14 (68.4%) indicated that nothing was owed to secured creditors.
- 82 A significant proportion (22.7%) of 2013–14 reports showed secured creditors were owed between \$1 and less than \$1 million.
- 83 A comparison of those industries where secured creditors were owed less than \$1 million reveals that the proportion of reports in that category across all industries (91.1%) was most exceeded by Electricity, gas, water and waste services (97.8%), Other (business and personal) services (95.2%), and Information media and telecommunications (94.2%).
- 84 In 2.5% of reports, the company owed secured creditors more than \$10 million.
- 85 Of the top 12 industries, the three industries that most exceeded this percentage of reports across all industries with amounts owed to secured creditors over \$10 million (2.5%) were Agriculture, forestry and fishing (11.8%), Administrative and support services (9.1%), and Health care and social assistance (7.6%).

Unpaid taxes and charges

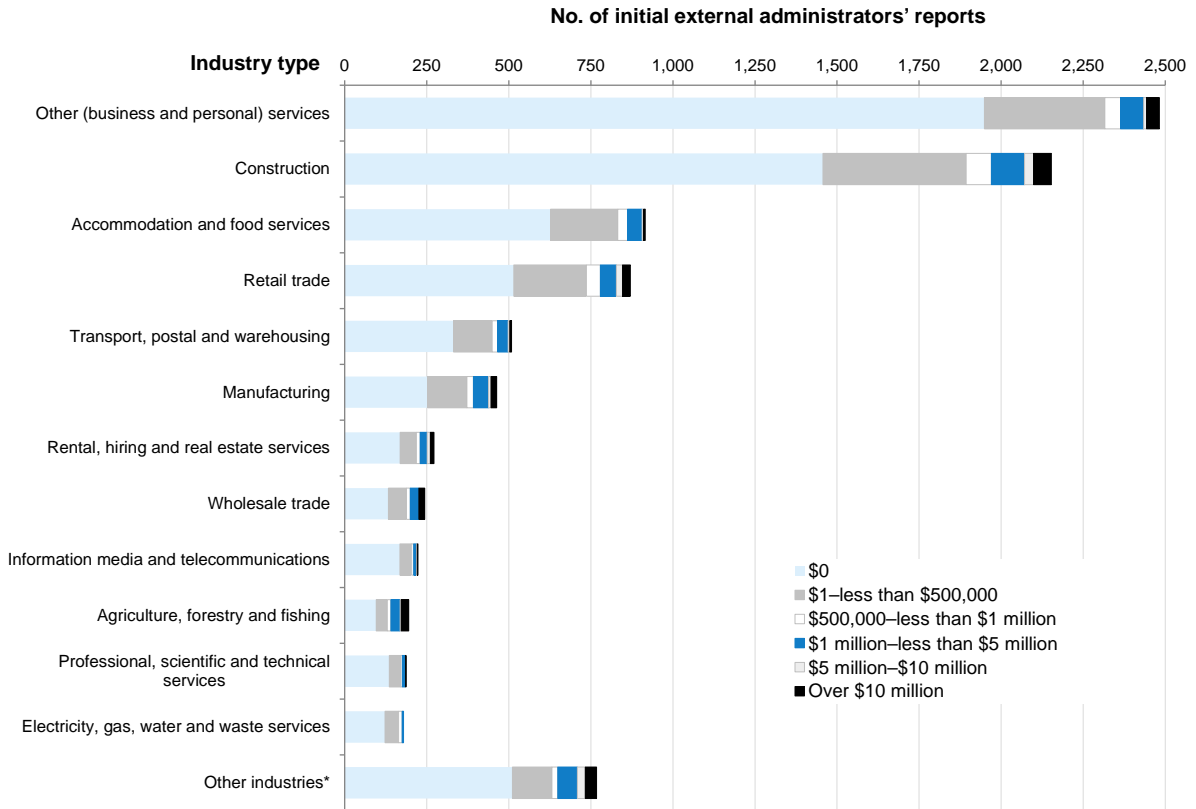
- 86 Most reports (81.7%) indicated that the amount of unpaid taxes and charges was \$250,000 or less: see Table 29.
- 87 Of the top 12 industries, the three that most exceeded this percentage of reports owing \$250,000 or less in unpaid taxes and charges were Retail trade (88.4%), Agriculture, forestry and fishing (84.6%), and Wholesale trade (84.4%).
- 88 Of the top 12 industries, the three industries that exceeded the percentage of unpaid taxes and charges over \$1 million compared to the percentage across all industries of 3.4% were Wholesale trade (7%), Other (business and personal) services (4.4%), and Professional, scientific and technical services (4.3%).

Table 28: Initial external administrators' reports—Amount owed to secured creditors by industry (1 July 2013 to 30 June 2014)

Amount owed	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Rental, hiring and real estate services	Wholesale trade	Information media and telecommunications	Agriculture, forestry and fishing	Professional, scientific and technical services	Electricity, gas, water and waste services	Other industries ¹	Total	% of total
\$0	1,949	1,457	627	515	332	253	169	133	168	96	136	123	511	6,469	68.4%
\$1–less than \$500,000	367	436	205	221	117	119	49	55	36	34	35	41	120	1,835	19.4%
\$500,000–less than \$1 million	48	77	30	43	17	20	12	12	6	11	5	11	18	310	3.3%
\$1 million–less than \$5 million	70	101	44	49	32	46	21	26	9	28	9	4	60	499	5.3%
\$5 million–\$10 million	9	28	5	18	5	8	10	0	2	3	1	0	24	113	1.2%
Over \$10 million	39	54	5	24	5	17	11	18	2	23	1	0	34	233	2.5%
Total for industry	2,482	2,153	916	870	508	463	272	244	223	195	187	179	767	9,459	100.0%

¹ 'Other industries' includes Administrative and support services, Arts and recreation services, all FIS sub-categories, Health care and social assistance, Mining, and Public administration and safety.

Figure 4: Initial external administrators' reports—Amount owed to secured creditors by industry (1 July 2013 to 30 June 2014)



* 'Other industries' includes Administrative and support services, Arts and recreation services, all FIS sub-categories, Health care and social assistance, Mining, and Public administration and safety.

Table 29: Initial external administrators' reports—Amount owed in unpaid taxes and charges by industry (1 July 2013 to 30 June 2014)

Amount owed	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Rental, hiring and real estate services	Wholesale trade	Information media and telecommunications	Agriculture, forestry and fishing	Professional, scientific and technical services	Electricity, gas, water and waste services	Other industries ¹	Total	% of total
\$0	391	303	97	142	55	46	48	44	28	51	30	18	164	1,417	15.0%
\$1–\$250,000	1,641	1,404	656	627	369	311	174	162	152	114	120	130	450	6,310	66.7%
\$250,001–\$1 million	342	358	151	85	70	93	45	21	36	26	29	26	128	1,410	14.9%
Over \$1 million	108	88	12	16	14	13	5	17	7	4	8	5	25	322	3.4%
Total for industry	2,482	2,153	916	870	508	463	272	244	223	195	187	179	767	9,459	100.0%

¹ 'Other industries' includes Administrative and support services, Arts and recreation services, all FIS sub-categories, Health care and social assistance, Mining, and Public administration and safety.

Unsecured creditors

Number of unsecured creditors

- 89 Most reports for 2013–14 (89.6%) indicated the company had 50 or fewer unsecured creditors. Of the top 12 industries, those that had the greatest percentages of 50 or fewer unsecured creditors were Rental, hiring and real estate services (96%), Other (business and personal) services (94.2%), and Professional, scientific and technical services (93%): see Table 30.

Amount owed to unsecured creditors

- 90 The majority (63%) of companies owed less than \$250,000 to unsecured creditors. Of the top 12 industries, the three that had the greatest percentage of companies in this category were Transport, postal and warehousing (73.6%), Other (business and personal) services (72.8%), and Professional, scientific and technical services (67.4%).
- 91 Of the top 12 industries, the three industries with the highest number of reports where companies owed more than \$10 million to unsecured creditors were Other (business and personal) services (32 reports), Construction (24 reports), and Agriculture, forestry and fishing (12 reports).

Amounts owed to related parties

- 92 Of the total amount owed to unsecured creditors, 19.7% of reports showed that the failed company owed more than 50% of the debt to related parties. Of the top 12 industries, those with the greatest percentage of reports showing more than 50% owed to related parties were Rental, hiring and real estate (29.8%), Retail trade (24.6%), and Accommodation and food services (24.3%)

Note: A number of industries grouped in the 'Other industries' category exceeded the average 19.7%. The top four of these were FIS—Credit provider (42.1%), FIS—Deposit taking institutions (33.3%), FIS—Managed investments (31.5%), and FIS—Other financial services (28.6%).

Cents in the dollar dividend

- 93 The dividend estimated as payable to unsecured creditors was less than 11 cents in the dollar for most reports (97%). Of the top 12 industries, the top three with an estimated return of less than 11 cents in the dollar were Retail trade (98.6%) and, equal second, Accommodation and food services and Manufacturing (98.1%). 'Other industries' includes four industries where 100.0% estimated less than 11 cents in the dollar: FIS—Credit provider (19 reports), Public administration and safety (11 reports), FIS—Insurance (8 reports), and FIS—Deposit taking institutions (three reports).

94 Of the top 12 industries, the two industries with the greatest percentage of estimated returns of more than 50 cents in the dollar to unsecured creditors were Agriculture, forestry and fishing (3.1%) and Rental, hiring and real estate services (2.6%), compared to the proportion across all industries of 0.9%: see Table 31.

Note: In the 'Other industries' category, the following industries exceeded this percentage (0.9%): Mining (7.4%), Arts and recreation services (3.9%), FIS— Managed investments (3.7%), and Health care and social assistance (1.1%). However, when combined, these industries made up only 3.8% of all reports.

Table 30: Initial external administrators' reports—Number of unsecured creditors, amount owed and reports where more than 50% is owed to related parties by industry (1 July 2013 to 30 June 2014)

	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Rental, hiring and real estate services	Wholesale trade	Information media and telecommunications	Agriculture, forestry and fishing	Professional, scientific and technical services	Electricity, gas, water and waste services	Other industries ¹	Total	% of total
Number of unsecured creditors															
Less than 25	2,207	1,667	703	597	427	273	241	165	183	146	154	142	617	7,522	79.5%
25–50	132	231	128	146	33	92	20	39	17	22	20	14	59	953	10.1%
51–200	72	217	74	103	35	87	11	25	13	16	8	20	57	738	7.8%
More than 200	12	15	2	12	5	9	0	9	2	3	3	2	10	84	0.9%
Unknown	59	23	9	12	8	2	0	6	8	8	2	1	24	162	1.7%
Total for industry	2,482	2,153	916	870	508	463	272	244	223	195	187	179	767	9,459	100.0%
Amount owed to unsecured creditors															
Less than \$250,000	1,807	1,283	576	476	374	218	164	123	130	111	126	114	458	5,960	63.0%
\$250,000–\$500,000	263	296	147	146	57	87	34	42	36	22	24	23	97	1,274	13.5%
\$500,001–less than \$1 million	193	224	98	130	36	60	24	33	24	19	11	21	59	932	9.9%
\$1 million–less than \$5 million	157	279	81	100	32	79	37	35	24	27	20	16	103	990	10.5%
\$5 million–\$10 million	30	47	9	11	6	13	4	5	4	4	4	3	29	169	1.8%
Over \$10 million	32	24	5	7	3	6	9	6	5	12	2	2	21	134	1.4%
Total for industry	2,482	2,153	916	870	508	463	272	244	223	195	187	179	767	9,459	100.0%
Amount owed to related parties															
> 50% owed to related parties	437	363	223	214	64	100	81	47	42	43	40	28	177	1,859	19.7%
% of reports lodged for industry	17.6%	16.9%	24.3%	24.6%	12.6%	21.6%	29.8%	19.3%	18.8%	22.1%	21.4%	15.6%	23.1%	19.7%	

¹ 'Other industries' includes Administrative and support services, Arts and recreation services, all FIS sub-categories, Health care and social assistance, Mining, and Public administration and safety.

**Table 31: Initial external administrators' reports—Amount payable to unsecured creditors—Cents in the dollar dividend by industry
(1 July 2013 to 30 June 2014)**

Cents in the dollar dividend	Other (business and personal) services	Construction	Accommodation and food services	Retail trade	Transport, postal and warehousing	Manufacturing	Rental, hiring and real estate services	Wholesale trade	Information media and telecommunications	Agriculture, forestry and fishing	Professional, scientific and technical services	Electricity, gas, water and waste services	Other industries ¹	Total	% of total
0 cents	2,333	1,974	865	828	471	436	236	225	202	175	169	163	700	8,777	92.8%
Greater than 0 but less than 11 cents	84	104	34	30	21	18	16	12	15	8	10	9	33	394	4.2%
11–20 cents	23	32	8	4	7	5	9	5	5	3	2	4	5	112	1.2%
21–50 cents	19	23	7	5	5	4	4	1	1	3	6	3	13	94	1.0%
51–100 cents	23	20	2	3	4	0	7	1	0	6	0	0	16	82	0.9%
Total for industry	2,482	2,153	916	870	508	463	272	244	223	195	187	179	767	9,459	100.0%

¹ 'Other industries' includes Administrative and support services, Arts and recreation services, all FIS sub-categories, Health care and social assistance, Mining, and Public administration and safety.

Expected completion of external administration

- 95 External administrators expected to complete their administration within six months of the date of lodging their report in 69.2% of cases. This was in addition to the time taken to lodge the report.

Table 32: Initial external administrators' reports—Expected time to complete the external administration (1 July 2013 to 30 June 2014)

Expected time	No.	%
0–less than 3 months	3,476	36.7%
3 months–less than 6 months	3,069	32.4%
6 months–1 year	2,207	23.3%
Over 1 year	707	7.5%
Total	9,459	100.0%

Proposed action

Public examinations

- 96 In 165 reports (1.7%), the external administrator noted that they intended holding public examinations to question a company's officer or another person about the affairs of the company.

Recovery proceedings

- 97 In 2,417 reports (25.6%), the external administrators had initiated, or they contemplated initiating, recovery proceedings for property or compensation for the benefit of creditors under Pt 5.7B of the Corporations Act.

Company officers

- 98 External administrators advised in 602 reports (6.4%) that, in their opinion, there were shadow directors.

External administrators' remuneration

- 99 Excluding the \$0 and 'not applicable' results, the most common category of an external administrator's estimated collectible fees was liquidator fees, with 6,584 reports. Of these, 5,797 reports (88%) estimated collectible liquidator fees between \$1 and \$50,000.

100 Of the reports answering the voluntary administration fees question, 727 estimated the collectible fees to be between \$1 and \$50,000: see Table 33.

Table 33: Initial external administrators' reports—External administrators' remuneration¹
(1 July 2013 to 30 June 2014)

Remuneration	Voluntary administration fees		Deed of company arrangement fees		Liquidator fees		Receiver/ controller fees	
	No.	%	No.	%	No.	%	No.	%
\$0	885	9.4%	904	9.6%	2,588	27.4%	890	9.4%
\$1–\$50,000	727	7.7%	122	1.3%	5,797	61.3%	33	0.3%
\$50,001–\$100,000	207	2.2%	25	0.3%	538	5.7%	18	0.2%
\$100,001–\$250,000	108	1.1%	12	0.1%	201	2.1%	11	0.1%
Over \$250,000	38	0.4%	10	0.1%	48	0.5%	19	0.2%
Not applicable	7,494	79.2%	8,386	88.7%	287	3.0%	8,488	89.7%
Total	9,459	100.0%	9,459	100.0%	9,459	100.0%	9,459	100.0%

¹ More than one fee type may be entered if the appointee has been, is or expects to be appointed to more than one type of role in relation to the company.

Key terms

Term	Meaning in this document
AA Fund	Assetless Administration Fund
ANZSIC	Australian and New Zealand Standard Industrial Classification
ASCOT	ASIC's corporate database
ASIC	Australian Securities and Investments Commission
CALDB	Companies Auditors and Liquidators Disciplinary Board
Ch 5 (for example)	A chapter of the Corporations Act (in this example numbered 5)
Corporations Act	<i>Corporations Act 2001</i> , including regulations made for the purposes of that Act
deed administrator	An administrator of a deed of company arrangement
electronically lodged report	A Schedule B report lodged: <ul style="list-style-type: none"> • directly by external administrators through the registered liquidators' portal on ASIC's website; or • on paper by external administrators in the Schedule B format, and subsequently entered by ASIC staff through the staff portal
EXAD	External administration
external administration	The corporate insolvency that the external administrator has been appointed to administer
external administrator	A liquidator, receiver or voluntary administrator
external administrator report	Means: <ul style="list-style-type: none"> • a Schedule B report lodged by an external administrator: <ul style="list-style-type: none"> – directly through the registered liquidators' portal on ASIC's website; or – on paper and subsequently entered by ASIC staff through the staff portal; and • a manually lodged report, on paper, which is not in the Schedule B format
FIS	Financial and insurance services
initial external administrator report	The first electronically lodged Schedule B report after a company enters external administration

Term	Meaning in this document
insolvency practitioner	A generic term to describe registered liquidators generally, regardless of whether they have been appointed to one or more specific types of external administrations
liquidator	An insolvency practitioner appointed under Ch 5 of the Corporations Act to wind up the affairs and distribute the property of a body corporate
Pt 5.7B (for example)	A part of the Corporations Act (in this example numbered 5.7B)
receiver	An insolvency practitioner appointed under an instrument or by the court to receive property of a body corporate
registered liquidator	A person registered by ASIC under s1282(2)
remuneration	Estimated remuneration to be paid to the external administrator for services rendered in conducting an external administration
report	In Table 2 and Section D—means an initial external administrator report
RG 16	Regulatory Guide 16 <i>External administrators: Reporting and lodging</i> issued by ASIC on 1 July 2008 for external administrators on their reporting obligations to ASIC
s9 (for example)	A section of the Corporations Act (in this example numbered 9)
Schedule B report	A report whose format is in accordance with Schedule B of RG 16 and lodged with ASIC under s533 (by a liquidator), s438D (by a voluntary administrator) or s422 (by a receiver)
secured creditor	A chargee as defined by s9
voluntary administrator	An administrator of a company but not a deed of company arrangement

Related information

Regulatory guide

RG 16 *External administrators: Reporting and lodging*

Legislation

Corporations Act, Pts 5.2, 5.3A, 5.6, 5.7B

Information Sheet

INFO 151 *ASIC's approach to enforcement*

Other

Statistics on companies entering external administration and insolvency appointments are available from www.asic.gov.au/insolvency.

Information on 2006 Australian and New Zealand Standard Industrial Classification (ANZSIC) divisions is available from www.abs.gov.au/anzsic.