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## **Circular to former clients of BBY Limited**

15 September 2015

Dear Sir/Madam

**BBY Limited (Receivers and Managers Appointed) (In Liquidation) (“BBYL”)**  
**ACN 006 707 777**

### **End of year client holdings and client statements 30 June 2015**

We refer to the appointment of Stephen Vaughan and Ian Hall of KPMG as Administrators of BBY Limited on 17 May 2015 and subsequent appointment as Liquidators on 22 June 2015.

This circular to former clients of BBYL provides an update and some guidance in response to inquiries regarding client monies and financial year end statements.

### **Client money accounts (CMAs)**

In our report to creditors dated 12 June 2015 we advised there are not sufficient funds in the CMAs to pay out all client entitlements. Corporations regulations provide that, in an insolvency, client money in a CMA is to be paid to each client out of the CMA in accordance with their "entitlement", and if there are insufficient funds in the CMA to do so, then in proportion to their entitlement.

The precise entitlement of each client to money in the CMAs is not clear due to various reasons which include the poor state of the financial records, including unreconciled accounts across various product groups, as well as the transfer of trust funds between product groups and other accounts.

We discussed in our report some of the key issues that may require an application to court for directions before funds can be paid out of the CMAs to clients.

The Liquidators have commenced an application to the Supreme Court of New South Wales seeking directions regarding the calculation of entitlements and distribution of funds held in CMAs to meet client entitlements. The court proceedings are complex and currently ongoing, and we expect this will require at least several months to complete.

**End of year portfolio valuations and client statements**

We are unable to provide statements to clients.

We understand that system generated statements were issued by BBYL after the date of the Administration whilst the business was under the control of the Receivers and Managers, Stephen Parbery and Brett Lord of PPB Advisory. Given there are shortfalls in the CMAs and uncertainty around precise entitlements, any information in those statements may not reflect the value of ultimate distributions to clients from the CMAs.

Respective entitlements of individual clients will depend on the outcome of the court proceedings and ultimate returns will be influenced by the outcome of various recovery initiatives by the Liquidators to increase the available funds.

Due to limitations in information and the uncertainty in outcomes, we cannot provide any specific advice in relation to year end portfolio valuations, nor provide annual statements for the year ended 30 June 2015.

We recommend that former clients of BBYL seek their own independent advice in relation to tax and audit matters. You may wish to provide this letter to your advisor.

We will update our web site when there are further developments to report.

Please refer to the KPMG BBY web site at <http://www.kpmg.com/AU/bby> (or follow the link from the KPMG home page) and direct any enquiries to [bby@kpmg.com.au](mailto:bby@kpmg.com.au).

Yours faithfully



Stephen Vaughan  
Joint and Several Liquidator