



McDonald
Vague

business recovery partners

**ITSS Limited (In Liquidation)
(Formerly known as
Impresa Tile Shower Systems Limited
until 17 January 2017)**

McDonald Vague Limited

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**Liquidators' Second Report
For the period from 20 January 2017 to 19 July 2017**

1 INTRODUCTION AND APPOINTMENT

Peri Micaela Finnigan and Boris van Delden, CAANZ Accredited Insolvency Practitioners, of Auckland, were appointed jointly and severally as liquidators of ITSS Limited ("the company") on 20 January 2017.

Pursuant to Section 255(2)(d) of the Companies Act 1993 ("the Act"), the liquidators herewith report on the progress of the liquidation. This second report should be read in conjunction with the liquidators' previous report. This report is being sent to all shareholders and all creditors who have filed a claim in the liquidation.

A Statement of Realisations and Distributions is not attached there having been no realisations or distributions during the liquidation.

2 RESTRICTIONS

Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever to any party as a result of the circulation, publication, reproduction or use of this report.

We reserve the right (but are under no obligation) to review and, if we consider necessary, revise this report in respect of any information existing at the date of this report which becomes known to us after that date.

3 CONDUCT OF THE LIQUIDATION DURING THE PRECEDING SIX MONTHS

Asset Realisations

There have been no asset realisations to date.

3.1 Fixed Assets

The company sold its assets including intellectual property prior to liquidation and had ceased trading by January 2015. The company never owned any manufacturing equipment. The minor office furnishings and hand tools were sold well before liquidation to another entity following a restructure.

3.2 Current Account

As reported under the creditors section of this report, Inland Revenue Department (“IRD”) are reviewing amended tax returns which impact the accounts for the company and individuals. The expected outcome is that the current account will be cleared by salaries being declared and IRD will have no claim in the liquidation. The liquidators await the update from the IRD on this matter. The liquidation will continue until all returns are assessed and IRD confirm if they have a claim in the liquidation. This will impact on whether the liquidators have a current account asset to recover for the benefit of the creditors.

4 INVESTIGATIONS

The liquidators have completed their investigations into the books, records and affairs of the company. During the course of the liquidation the company shareholders sought to reduce the current account exposure in the company by declaring salaries personally and taking over the resulting personal tax obligations. IRD have been provided amended records and this is currently under review.

There were no other matters that came to the knowledge of the liquidators that could eventuate in a benefit to creditors.

5 CREDITORS' CLAIMS

There have been no creditor claims lodged, however IRD are considering if they have a claim following their formal review. The taxpayer has amended historic company and personal tax returns. These are now being assessed. The outcome is that the tax that was owing by the company will be the obligation of the shareholders following salaries being declared. The amendment of tax returns and accounts has led to a revision of the shareholder current account. The salaries declared in each year have set off the balance owing to the company by the shareholders. The completion of the liquidation is reliant on IRD completing their assessment and review of the amended tax position and then confirming how this impacts the current account and claim (if any) in the liquidation.

5.1 Secured Creditors

No secured claims have been received during the liquidation.

5.2 *Preferential Creditors*

No preferential claims have been received during the liquidation, however, it is known that the Inland Revenue Department are currently reassessing company and shareholder tax returns and the outcome may be that they have a small claim if they accept proposed salaries being declared by the individual tax payers clearing the company profit each year.

5.3 *Unsecured Creditors*

No unsecured creditor claims have been received during the course of the liquidation, however IRD may claim for interest/penalties following their review and assessment of tax returns.

6 FUNDS / LIKELY OUTCOME

It is too early to determine whether or not there will be a distribution to unsecured creditors. The IRD review of the tax position of company and shareholders will impact whether there is a current account exposure and claim in the liquidation. The amended position presented to IRD eliminates the current account exposure and debt to IRD in the company and transfers the tax obligations to the individuals.

7 MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION

The following matters are outstanding:

- Assessment and review of tax returns by IRD
- Completion of the liquidation

8 ESTIMATED DATE OF COMPLETION

Based on the information contained in this report the liquidators presently propose to complete all outstanding matters with a view to retiring as liquidators within the next six months. Any progress relies on the IRD to provide an update following assessment and review of tax returns.


9 CONTACT DETAILS

Enquiries should be directed to Peri Finnigan on DDI (09) 303 9519 or by email to pfinnigan@mvp.co.nz.

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PERI M FINNIGAN
LIQUIDATOR

DATED this 24th day of July 2017

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ITSS/Reports/Second Report