



McDonald
Vague

business recovery partners

PWNS Limited (In Liquidation) (Trading as 24hr Print)

Liquidators' Fourth Report to creditors and shareholders (for the period from 1 May 2018 to 31 October 2018)

McDonald Vague Limited

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1 INTRODUCTION AND APPOINTMENT

Boris van Delden and Peri Micaela Finnigan, CAANZ Accredited Insolvency Practitioners, of Auckland, were appointed jointly and severally as liquidators of PWNS Limited ("the company") on 1 May 2017.

Pursuant to Section 255(2) (d) of the Companies Act 1993 ("the Act"), the liquidators herewith report on the progress of the liquidation to creditors and shareholders of the company. This fourth report should be read in conjunction with the liquidators' previous reports. 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 **attached**.

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

Once the liquidators resolved ownership and entitlement issues between competing secured creditors, all machinery belonging to such creditors was removed by the secured creditors. The removal was required to be completed prior to the sale of remaining stock and assets by public auction, and involved building alteration to remove certain large machinery from the company's premises. The liquidators monitored the removals due to potential damage to premises and remaining stock and assets.

After some considerable delay and cost, various work in progress projects and installations were able to be completed, that had previously been delayed pending readiness of premises by customers of the company. Completion of the above works has enabled collection of accounts receivable invoiced but not completed at the date of liquidation.

Our investigations into the affairs of the company prior to liquidation have been hindered due to the fact that the de facto head of the company had passed away prior to liquidation of the company, leaving a complex web of various agreements and arrangements with customers, creditors and staff. Recoveries are ongoing, as are our investigations. Former company staff have assisted us in our investigations to enable us to effectively recover the company's accounts receivable.

Our investigations have also revealed various transactions which constitute either voidable preferences or dispositions without value, which has required unravelling inconsistent terms of trade and transaction recording which were managed by the de facto director. We are in the process of voiding such transactions in order to realise assets for the benefit of all creditors. We have also begun realising assets recovered from dispositions without value.

Asset Realisations

3.1 Debtors and Work in Progress

The liquidators have realised \$95,198 in recovery of accounts receivable, and completion of work in progress post liquidation.

3.2 Assets

(Estimate Statement of Affairs: \$35,000)

At the date of this report \$40,394 has been realised from the sale of company assets. Recovery is on-going; as the company's intellectual property is being paid for by way of instalments.

The sale of the right to use the company's customer database was complex, as it not involved third party intellectual property that required protection and preservation. As many of the agreements in place for the company to use this intellectual property were with the director in his personal capacity, the relevant third parties insisted that the director retain custody of their intellectual property and purchase the right to use it from the company.

3.2 Trading on Sales

From a brief period of trading on sales, \$8,332 was realised.

4 INVESTIGATIONS

Our investigations into the trading affairs of the company prior to liquidation are almost complete. As a result of our investigations the following matters arose:

- Various contra entries were passed immediately prior to liquidation against debtor accounts, where no value had been given for these contras. We have successfully negotiated recovery of some of these contra amounts and are in the process of recovering others.
- The company had conducted a significant percentage of its business using some or other form of barter system. We are in the process of recovering and realising assets or credits owed to the company through such barter arrangements.

5 CREDITORS' CLAIMS

5.1 *Secured Creditors*

Secured claims have been received from three secured creditors totalling \$25,514. The major secured creditor has submitted a claim for \$5,121,544, which is subject to future adjustment as the secured creditor has not yet accounted to the liquidators for realisations from assets it recovered.

5.2 *Preferential Creditors*

Wages and Holiday pay amounting to \$16,732 has been paid in full to former employees.

The Inland Revenue Department has submitted a preferential claim for \$36,128. No dividend has been paid to the IRD at the date of this report.

5.3 *Unsecured Creditors*

As at the date of preparing this report 14 unsecured creditors claim forms have been received totalling \$5,846,906 (including the unsecured portion of the secured creditors claim). In the interests of minimising liquidators' fees, the liquidators will not attend to the formality of accepting or rejecting creditors' claims unless we are in a position to pay a distribution.

6 FUNDS / LIKELY OUTCOME

It is too early to determine whether or not there will be a distribution to unsecured creditors.

7 MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION

The following matters are outstanding:

- Recovery and realisation of contra barterers.
- Recovery of sale proceeds by instalments – ongoing.

8 ESTIMATED DATE OF COMPLETION

Due to the nature of the remaining recoveries, it is impracticable to estimate a date for completion of the liquidation at this stage.

9 CONTACT DETAILS

Enquiries should be directed to Dalwyn Whisken on DDI (09) 969 5336 or by email to dwhisken@mvp.co.nz.

The Liquidators can be contacted at:

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PERI FINNTIGAN
LIQUIDATOR

DATED this 5 day of December 2018

Realisations and Distributions

PWNS Limited (In Liquidation) 1 May 2017 to 31 October 2018

Realisations	Cash Received \$
Debtors	95,198
Interest	450
Sale of Assets	40,394
Third Party Recoveries	2,550
Pre-liquidation GST Refund	8,332
Total Realisations	\$146,923
Payments	
Liquidators Fees	
Liquidators Fees	90,344
Disbursements	2,955
Total Liquidators Fees	\$93,300
Other Costs of Liquidation and Trading On	
Bank Fees	83
Computer Expenses	3,340
Sundry Costs	1,073
Residents Withholding Tax on Interest	136
Trading on Expenses	91
Wages and PAYE	1,233
Post Liquidation - Electricity	700
Total Costs of Liquidation	\$6,656
Distribution to Preferential Creditors	
Auctioneers Commission	428
Preferential Wages and Holiday Pay	16,732
Total Distributions to Unsecured Creditors	\$17,160
Total Payments	\$117,116
BALANCE HELD	\$29,807

Note: the above figures are GST exclusive