



The Insolvency & Business Recovery Specialists

R J Dairy Farming Limited (In Liquidation)

Liquidators' Third Report For the period from 26 August 2014 to 25 February 2015

1 INTRODUCTION AND APPOINTMENT

Tony Leonard Maginness and Boris van Delden, Insolvency Practitioners of Auckland, were appointed jointly and severally as liquidators of R J Dairy Farming Limited ("the company") on 26 February 2014.

Pursuant to Section 255(2)(d) of the Companies Act 1993 ("the Act"), the liquidators herewith report on the progress of the liquidation. This third 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

This report has been prepared in accordance with section 255(2)(d) of the Act. 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

3.1 Debtors

(Statement of Affairs: \$300,000)

The accounts receivable consists of the amounts owed to the company by the two milk processing companies that it supplied, namely Westland Milk Products and Fonterra.

The final payments were received in October 2014 and the total received from this source is \$196,467

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3.2 Plant Machinery & Vehicles *(Statement of Affairs: \$63,000)*

The plant, machinery and vehicles were secured to Heartland Bank. They are still in the process of realising assets held. There is one asset, a Nissan vehicle, still to be located.

3.3 Livestock *(Statement of Affairs: \$800,000)*

Stockco took possession of the livestock prior to the commencement of the liquidation. They have a small number yet to be sold.

3.4 Inventory *(Statement of Affairs: \$Nil)*

CRT Farmlands held a Purchase Money Security Interest (PMSI) in relation to goods supplied. They have advised that there was none of their goods available to be uplifted at the date of liquidation and they are an unsecured creditor for the shortfall of \$143,204.

PGG Wrightson held a PMSI in respect of goods supplied to the company. They have advised that there was none of their goods available to be uplifted at the date of liquidation and they are an unsecured creditor for the shortfall of \$7,495

3.5 Fonterra Shares *(Statement of Affairs: \$Nil)*

The company held shares in Fonterra which it was required to sell as it was no longer supplying Fonterra. The net realisation from the sale of shares after the costs of sale were deducted was \$5,836. These funds have been paid to General Security Holder.

4 INVESTIGATIONS

The liquidators are continuing their investigations into the books, records and affairs of the company. The investigations to date have identified an overdrawn shareholders' current account in the joint names of the two shareholders.

The financial statements for the company for the year ending 31 May 2012 recorded an overdrawn current account of \$129,121. Analysis of the transactions through the company's bank accounts from 1 June 2012 to liquidation identified numerous transactions that appear to be of a personal nature.

It was also established that the directors had given instructions to the two milk processing companies to pay a percentage of the company's milk payments to sharemilkers. There were no sharemilkers engaged and the funds were paid directly to the shareholders personally.

The total amount owed by the shareholders to the company, including the "sharemilker" payments, is \$375,127.

The Liquidators made demand on the shareholders for payment of the amount outstanding but received no response. Legal proceedings to commence recovery have been initiated.

5 CREDITORS' CLAIMS

5.1 *Secured Creditors*

At the date of liquidation we were advised that Stockco Limited had a secured claim, pursuant to a General Security Agreement, of \$1,100,798. As advised above this amount has been reduced by the realisation of some of the secured livestock, with the current debt being \$248,534.

As identified in section 3.5 above \$5,836 has been paid to Stockco from the realisation of Fonterra shares held by the company.

Heartland Bank Limited hold specific securities over certain assets of the company. At the commencement of the liquidation they were owed \$65,376. They have realised most of the assets subject to their security. They are still owed \$22,673 and, based on the estimated realisable value of the assets remaining, are anticipating that there will be a shortfall.

5.2 *Preferential Creditors*

A preferential claim of \$1,209 has been received from a former employee for unpaid holiday pay. This amount has been paid in full.

A preferential claim has been received in respect of the company accountant's lien amounting to \$1,097 (incl of GST). This amount has been paid in full.

The Inland Revenue Department has submitted a preferential claim for \$142,386. An interim dividend of \$50,000 has been paid in respect of this claim.

5.3 *Unsecured Creditors*

As at the date of preparing this report 26 unsecured creditors claim forms have been received which total \$508,850. In the interests of minimising liquidators' fees, the liquidators will not attend to the formality of accepting or rejecting creditors' claims until such time as we are in a position to pay a distribution.

6 FUNDS / LIKELY OUTCOME

There will be a short fall on the amount due to the General Security Agreement holder. Therefore, at this stage the liquidator does not anticipate paying a distribution to unsecured creditors

7 MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION

The following matters are outstanding:-

- Legal proceedings against the shareholders
- Completion of the investigation of the company books and records

8 ESTIMATED DATE OF COMPLETION

Based on the information contained in this report the liquidators presently are unable to estimate when the liquidation will be completed.

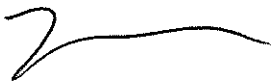
9 CONTACT DETAILS

Enquiries should be directed to Colin Sanderson on DDI (079) 838 0908 or by email to CSanderson@mvp.co.nz.

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TONY L MAGINNESS
LIQUIDATOR

DATED this 4th day of March 2015

Realisations and Distributions

R J Dairy Farming Limited (In Liquidation) 26 February 2014 to 25 February 2015

25 Feb 15

Realisations	
ACC Refund	1,253
Bank Account Closure	24
Fonterra Dividends Received	51
Fonterra Milk Revenue	37,546
Interest Received	2,191
Sale of Shares	6,076
Westland Co-Operative Milk Revenue	158,921
Total Realisations	206,062
Payments	
Liquidators' Fees	
Disbursements	530
Liquidators' Fees	47,152
Total Liquidators' Fees	47,682
Other Costs of Liquidation	
Accountants and Other Advisors	2,407
Fonterra Fees and Levies	189
Legal Fees	7,646
Preferential - Accountant Lien	955
Resident Withholding Tax	630
Total Other Costs of Liquidation	11,827
Distributions	
Distribution to Secured Creditor (480)	5,836
Preferential GST and PAYE	50,000
Preferential Wages and Holiday Pay	1,210
Total Distributions	57,045
Total Payments	116,554
BALANCE HELD	89,508