

The Media Counsel Limited (In Liquidation)
Liquidators' Eleventh Report
For the period from 22 October 2014 to 21 April 2015

1 INTRODUCTION AND APPOINTMENT

Boris van Delden and Iain McLennan, Insolvency Practitioners of Auckland, were appointed jointly and severally as liquidators of The Media Counsel Limited ("the company") on 22 April 2010.

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

Asset Realisations

3.1 *GST Refunds (to 31 December 2009)*

The liquidators have concluded the process of assessing the true GST refund. We filed the GST return and received a refund.

3.2 *Accounts Receivable (as at 31 December 2009)*

The liquidators continue to deal with the issues surrounding ownership of debtors' funds, so funds are held pending finalisation of this assessment.

3.3 *Furniture and Fittings*

The furniture and fittings have been realised. There is still some computer hardware of doubtful value to sell in due course, however this has been retained to assist investigations.

3.4 Litigation in Progress

The liquidators have continued to assist the Serious Fraud Office (“SFO”) when required, including giving evidence in the proceedings that the SFO have taken against Glenda Wynyard.

4 INVESTIGATIONS

The liquidators have completed their investigations into the books, records and affairs of the company. The liquidators have concluded that the reason for the company’s failure lies solely with the director’s action of removing funds from the company to fund her lifestyle.

On 23 March 2015, Ms Wynyard appeared in the Auckland District Court and was found guilty of 11 out of 13 Crimes Act charges laid by the SFO.

The 11 charges on which Ms Wynyard was found guilty were as follows:

- One charge of causing loss by deception;
- Six charges of theft by person in a special relationship; and
- Four charges of dishonestly using a document.

The charges were in relation to approximately \$1.8 million of payments to media suppliers and client invoices. Ms Wynyard redirected payments that were due to her accredited agency, to repay a debt under an invoice factoring facility. Ms Wynyard was also convicted of presenting cheques she knew would not be honored, and for providing false and misleading information to the Print Media Accreditation Authority in order to gain accreditation.

Ms Wynyard was acquitted on one count of causing loss by deception and one count of theft by person in a special relationship.

Ms Wynyard reappeared for sentencing on Friday, 24 April 2015. At the end of that hearing she appealed the decision on the above 11 charges.

5 CREDITORS’ CLAIMS

5.1 Secured Creditors

There are no secured creditors.

5.2 Preferential Creditors

Total preferential claims for wages or salary, holiday pay and redundancy amount to \$236,069.

The Inland Revenue Department has advised that it has a preferential claim for \$44,883 in respect of PAYE and GST. Following an assessment of the likely cost of challenging the Inland Revenue Department's right to those funds, the liquidators decided the employee creditors would not receive any benefit from the action if taken. Consequently we record that the Inland Revenue Department has received a distribution for this amount.

5.3 *Unsecured Creditors*

As at the date of preparing this report 98 unsecured creditors' claims have been received which total \$2,216,297. 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 they are in a position to pay a distribution, except where the assessment of creditors' claims will assist in advancing the liquidators investigations.

6 SHAREHOLDER'S CURRENT ACCOUNT

Glenda Wynyard was adjudicated bankrupt on 19 August 2010. The liquidators have filed an unsecured creditors' claim with the Official Assignee. The liquidators continue to monitor other avenues against trusts and other parties that benefited directly from the funds advanced by the company.

7 WORK IN PROGRESS

The company also overstated the work in progress at the time of liquidation. No work in progress has been commenced or completed by the liquidator.

8 LIQUIDATORS' FEES

Liquidators' fees incurred to the date of this report are \$129,388 excluding GST. The fees are based on 557 hours of work undertaken as follows:

| Work Category | \$ |
|--|-------------------------|
| Appointment functions | 9,059 |
| Creditors' claims, enquiries and reports | 14,893 |
| GST refunds and investigations | 25,643 |
| Other asset realisations | 5,354 |
| Investigations | 44,665 |
| Management and administration | 14,617 |
| Disbursements including legal fees | 15,157 |
| Total | <u>\$129,388</u> |

9 FUNDS / LIKELY OUTCOME

Given the limited recovery options the liquidators do not anticipate paying any significant distribution to unsecured creditors.

10 MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION

The following matters are outstanding:

- Finalise debtors collection
- Complete the various recovery actions.

11 ESTIMATED DATE OF COMPLETION

Based on the above the liquidators presently propose to complete all outstanding matters with a view to retiring as liquidators as soon as practicable.

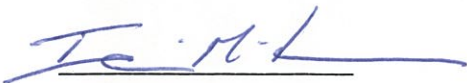
12 CONTACT DETAILS

Enquiries should be directed to Boris van Delden on DDI (09) 306 3342 or by email to bvandelden@mvp.co.nz.

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Auckland 1141



IAIN McLENNAN
LIQUIDATOR

DATED this 28th day of April 2015

Realisations and Distributions

The Media Counsel Limited (In Liquidation) 22 April 2010 to 21 April 2015

21 Apr 15

Realisations

| | |
|----------------------------|----------------|
| Advance from MVP | 90 |
| Debtors Recovered | 30,306 |
| Interest Received | 1,026 |
| Other Income | 43 |
| Pre Liquidation GST Refund | 93,914 |
| Sale of Business | 2,548 |
| Total Realisations | 127,927 |

Payments

Liquidators' Fees

| | |
|--------------------------------|---------------|
| Disbursements | 6,243 |
| Liquidators Fees | 75,645 |
| Total Liquidators' Fees | 81,888 |

Other Costs of Liquidation

| | |
|---|--------------|
| Bank Fees | 161 |
| Legal Fees | 525 |
| Repairs & Maintenance | 150 |
| Resident Withholding Tax | 320 |
| Total Other Costs of Liquidation | 1,156 |

Distributions

| | |
|---------------------------------------|---------------|
| Distribution to IRD by way of Set-off | 44,883 |
| Total Distributions | 44,883 |

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|-----------------------|----------------|
| Total Payments | 127,926 |
|-----------------------|----------------|

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|---------------------|----------|
| BALANCE HELD | 1 |
|---------------------|----------|