



McDonald
Vague

business recovery partners

Topclass Kitchens Limited (In Liquidation)

Liquidators' Second Report for the period from 23 January 2017 to 22 July 2017

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 as joint and several liquidators of Topclass Kitchens Limited ("the company") on 23 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 **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

Asset Realisations

3.1 Debtors and Work in Progress

(Statement of Affairs: \$50,000)

On our appointment, our investigations quickly revealed that much of the accounts receivable in the company's records would not be economically recoverable.

Various factors which contributed to poor collectability of the company's accounts receivable included:

- Work that had been invoiced but not yet completed.
- Customers who had paid up to 90% of quoted prices in advance of completion.
- Work that had been unsatisfactorily completed.
- Debts due to the company that were subject to set-off claims.

There are however some accounts receivable claims in respect of commercial projects that we hope to recover within the next reporting period.

On our appointment, we assessed the economic viability of completing work in progress. As the company has already collected up to 90% of residential project billing in advance from customers, there were very few residential jobs that could be economically completed post liquidation. We have collected \$5,471 in trading on sales relating to residential projects.

At the time of writing this report we have completed remedial work on certain commercial projects, from which we expect further recoveries which will be detailed in our next report to creditors.

3.2 Sale of Equipment ***(Statement of Affairs: not estimated)***

Almost all of the company's machinery and equipment was subject to securities held by the ASB. With the bank's consent and cooperation, we realised these assets by public auction, and accounted for the proceeds to the secured creditor. \$155,497 was realised from the sale of equipment, and various costs of sale are detailed in the attached realisations and distributions.

The results of the sale indicated that much of the company's equipment purchased when it was incorporated just over a year prior, was worth significantly less than had been paid for it.

3.3 Inventory ***(Statement of Affairs: \$10,000)***

We have realised \$18,660 from sale of stock. The company had inherited a considerable quantity of board stock which no longer used within the cabinetry industry and worth relatively little.

3.4 Computer and Office Equipment ***(Statement of Affairs: \$9,500)***

The recoveries from computer and office equipment have been included in the realisations accounted for to the secured creditor in paragraph 3.2.

4 INVESTIGATIONS

Our investigations into the business affairs of the company and conduct of its officer prior to liquidation are almost complete. The director of the company was made bankrupt on 22 March 2017.

5 CREDITORS' CLAIMS

5.1 *Secured Creditors*

Although the ASB Bank has realised its security, and we have distributed \$95,845 net proceeds on the sale of secured assets, we know there was a significant shortfall remaining. The ASB has not submitted a claim in respect of the balance.

5.2 *Preferential Creditors*

Total preferential claims for wages or salary, and holiday pay amount to \$14,475.

The Inland Revenue Department has submitted a claim of \$178,437.40 in respect of outstanding GST, PAYE and other payroll related taxes. The preferential portion of the IRD's claim is \$129,882. No dividend has been paid to preferential creditors at the date of this report.

5.3 *Unsecured Creditors*

As at the date of preparing this report unsecured creditor claims amounting to \$558,442 have been received. 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

At the time of writing this report it appears unlikely that there will be sufficient funds for any distribution to unsecured creditors. If further recoveries are made and the position changes, we will advise of this in our next report.

7 MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION

The following matters are outstanding:

- Collection of amounts owed for completion of remedial work.
- Collection of sundry debtors and retentions.

8 ESTIMATED DATE OF COMPLETION

We estimate that the liquidation will be completed within 6 months.

9 CONTACT DETAILS

Enquiries should be directed to Dalwyn Whisken on (09) 303 0506 or by email to dwhisken@mvp.co.nz.

The Liquidators can be contacted at:

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PERI FINNIGAN
LIQUIDATOR

DATED this 19 day of September 2017

Realisations and Distributions

Topclass Kitchens Limited (In Liquidation) 23 January 2017 to 22 July 2017

Realisations	Cash Received \$
Trading-on Sales	5,471
Interest	2
Sale of Equipment	155,497
Sale of Stock	18,660
GST refunds received	4,773
Total Realisations	\$184,403
Payments	
Liquidators Fees	
Liquidators Fees	24,405
Disbursements	1,083
Total Liquidators Fees	\$25,488
Other Costs of Liquidation	
Auctioneer Commission	31,794
Auctioneer Disbursements	5,189
IT Disbursements	1,341
Trading on Expenses	2,899
Rent	12,500
Travel Costs	939
Security Costs	219
Xero Subscription Fees	348
Trading-on wages and PAYE	6,444
Total Costs of Liquidation	\$61,674
Distributions	
Secured Creditor	95,854
Total Distributions to Creditor	\$95,854
Total Payments	\$183,016
BALANCE HELD	\$1,387

Note: the above figures are GST exclusive