



McDonald
Vague

business recovery partners

Topline International Limited (In Liquidation)

McDonald Vague Limited
Level 10, 52 Swanson Street,
Auckland Central

Liquidators' Second Report

PO Box 6092, Wellesley Street,
Auckland 1141, New Zealand

For the period from 5 March 2019 to 4 September 2019

p: 09 303 0506

f: 09 303 0508

e: insol@mvp.co.nz

www.mvp.co.nz

1 INTRODUCTION AND APPOINTMENT

Boris van Delden and Iain McLennan, Accredited Insolvency Practitioners, of Auckland, were appointed as joint and several liquidators of Topline International Limited ("the company") on 5 March 2019 by resolution of the shareholders.

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 Cash at Bank

(Statement of Affairs: \$50,198)

Balances in bank accounts recovered totalled \$79,944 as at the date of liquidation, after bank deduction of \$19,476 for credit card balances.

These balances included proceeds from pre liquidation sales to overseas customers that were delayed in overseas card and banking systems.

3.2 Debtors

(Statement of Affairs: \$Nil)

The company had no collectable debtors.

3.3 Inventory

(Statement of Affairs: \$300,000)

A stocktake of inventory was performed after liquidation.

The company had approximately \$240k at cost of mostly slow-moving branded stock as at the date of liquidation. Product sales continued through the customer database, using the pre liquidation sales and distribution network. Some product was purchased to support the sales of slower moving product. Sales resulted in the amount of NZ\$618,802 from sales in New Zealand, Australia, and USA, and including a small realisation for stock sold to the database purchaser. After paying all of the costs of sale, including paying GST on sales in NZ and Australia respectively, the net realisation was \$243,191.

3.4 Fixed Assets **(Statement of Affairs: \$Unknown)**

The director has advised that the book value of the assets in the management accounts largely related to fitout of previously occupied premises. The realisable fixed assets were inspected and comprised a small amount of old furniture in a storage facility. The liquidators decided that it was uneconomic to remove and sell the items after taking into account costs.

3.5 Intellectual Property, Trademarks, Database and Goodwill **(Statement of Affairs: \$Unknown)**

Topline was part of a relatively complex ownership structure. An investigation into the structure confirmed that as at the date of liquidation it's asset was its retail customer database, and a controlled but revocable ability to sell branded product through that database. Valuations were done on that database and we have sold it at above valuation, on a time payment basis.

4 INVESTIGATIONS

The liquidators continue to consider if there are other recovery avenues on a cost benefit basis.

5 CREDITORS' CLAIMS

5.1 Secured Creditors

A secured claim of \$484,357 was received from Jeffrey Bernard Cook in respect of a General Security Agreement. This has been repaid in full.

5.2 Preferential Creditors

Preferential claims for wages or salary, holiday pay or redundancy amounted to \$11,121. This amount has been paid in full.

PAYE for the month ending 28 February 2019, totalling \$4,176 was paid post liquidation. There was no preferential GST payment obligation.

5.3 Unsecured Creditors

As at the date of preparing this report 15 unsecured creditors claim forms have been received totalling \$541,909. The liquidators are seeking further information from some of these creditors before distributions are commenced. The company also has a fine that is partly unpaid but that according to the Companies Act 1993 is not a creditor in the liquidation.

6 FUNDS / LIKELY OUTCOME

The GSA holder has been repaid in full. We expect that as funds flow in from the sale of the database, that unsecured creditors will receive a distribution.

7 MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION

The following matters are outstanding:

- Collection of Sales Proceeds
- Distribution
- Finalisation

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 2 years.

9 CONTACT DETAILS

Enquiries should be directed to Jacinda Nisbet on DDI (09) 306 3332 or by email to jnisbet@mvp.co.nz.

The Liquidators can be contacted at:

McDonald Vague Limited
Level 10, 52 Swanson Street
Auckland 1010

P O Box 6092
Wellesley Street
Auckland 1141



IAIN McLENNAN
LIQUIDATOR

DATED this 4th day of October 2019

Realisations and Distributions

Topline International Limited (In Liquidation) 5 March 2019 to 4 September 2019

Realisations	As Per Statement of Affairs \$	Cash Received \$
Bank Account Closures – ANZ, BNZ, Westpac	50,198	79,944
Debtors	Unknown	Nil
Inventory Sales	300,000	618,802
Sale of Fixed Assets	Unknown	Nil
Intellectual Property, Trademarks, Database and Goodwill	Unknown	306,250
Income Tax Refund re 31 March 2018		11
Interest	-	94
Pre liquidation GST Refund	-	8,398
Total Realisations	\$350,198	\$1,013,499
Payments		
Liquidators Fees		
Liquidators Fees		47,608
Disbursements		1,698
Total Liquidators Fees		\$49,307
Other Costs of Liquidation		
Cost of sales		375,610
Residents Withholding Tax on Interest		26
Valuation and other Asset sale Costs		3,979
Total Costs of Liquidation		\$379,615
Distributions		
Secured Creditor		484,357
Statutory Set-Offs – Bank		19,476
Preferential Wages and Holiday Pay		11,121
Preferential GST and PAYE		4,176
Total Distributions to Unsecured Creditors		\$519,130
Total Payments		\$948,052
BALANCE HELD		\$65,447

Note: the above figures are GST exclusive