



McDonald
Vague

business recovery partners

TOPLINE KITCHENS LIMITED (IN LIQUIDATION)

McDonald Vague Limited

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Liquidators' Second Report For the period from 2 February 2023 to 1 August 2023

1 INTRODUCTION AND APPOINTMENT

Colin Sanderson and Keaton Pronk, Licensed Insolvency Practitioners, of Hamilton and Auckland, were appointed as joint and several liquidators of Topline Kitchens Limited (In Liquidation) ("the company") on 02 February 2023.

This report has been prepared pursuant to Section 255(2)(d) of the Companies Act 1993 (**Act**) for the purpose of reporting on the liquidation of the Company. A Statement of Realisations and Distributions is **attached** as Appendix 1.

The report is being sent to all shareholders and all creditors who have filed a claim in the liquidation.

2 RESTRICTIONS

This report should be read in conjunction with the liquidators' previous report.

This report has been prepared using the information known to us. We have not independently verified the accuracy or reliability of the information provided or undertaken audit of the Company. We do not accept any liability whatsoever to any party arising from 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 UPDATED INTERESTS STATEMENT

We have not become aware of any circumstances, relationships, or other facts since we last prepared an interests statement that create, or could reasonably be perceived as creating, a conflict of interest for us in relation to our independence as liquidators.

4 CONDUCT OF THE LIQUIDATION DURING THE PRECEDING SIX MONTHS

During the reporting period, we have:

- Realised all assets of the company. Details are included in the realisations and distributions statement included with this report.
- Commenced our investigations of the books, records and affairs of the company.
- Held a creditors' meeting, at the request of a creditor, to discuss whether or not a liquidation committee should be formed. The decision of the meeting was that a committee was not required.

Since our appointment, we have:

- Interviewed the director and other parties with knowledge of the affairs of the Company
- Uplifted and reviewed the Company's books and records
- Investigated the affairs of the Company and the reasons for its failure

5 INVESTIGATIONS

The liquidators have completed their investigations into the books, records and affairs of the company. As a result of the investigation the following matters arose:

An overdrawn shareholder current account of \$14,427 was identified. The shareholders have accepted that the debt is owed and have commenced making regular payments to reduce the total whilst they look at options to raise funds to pay the amount owed in a lump sum.

The actions of the directors were examined to see if there were any breaches of duty in relation to reckless trading. We note that in the creditors meeting discussions, many creditors did not support pursuing the directors. Some did however.

Based on the fact that the period from when insolvency was apparent to when the company ceased trading was only a matter of weeks and included the Christmas – New Year period, and that, in regard to pre-Christmas conduct, the directors had a reasonable belief that further work would come in after the holiday period, we do not believe that the directors breached their duties in that period, however they may have breached duties in the early New Year period. Ultimately, that would be for a high Court judge to decide.

However, even if action was taken, taking into account litigation risk, the legal costs of preparing and arguing such a claim, and taking into account our understanding of the directors' ability to fund a defence/or meet any judgment it is likely that there could be no recovery that would benefit any/all creditors.

As a benefit appears unlikely, no further action is proposed to be taken in relation to that issue.

There are no known current or pending proceedings for which the company is a party.

6 CREDITORS' CLAIMS

In the interest of minimising liquidator's fees, the liquidators will only formally accept or reject creditors' claims if there are funds available to pay a distribution.

The following claims have been received:

CLAIMS RECEIVED	NUMBER	VALUE	DISTRIBUTIONS	¢ IN THE \$
GSA Holders	0	0	0	0
Specific Securities	1	42,550	42,550	100
Employee Preferential Claims	3	8,814	8,814	100
IRD Preferential Claims	1	37,679	32,589	86.5
Unsecured Claim	19	300,937	0	0

Heartland Bank held a security over a Range Rover vehicle owned by the company. The debt to Heartland was cleared in full, from the proceeds of the sale.

Following the distribution to IRD there is still a preferential amount of \$5,089.64 payable to IRD in relation to GST and PAYE.

7 LIQUIDATORS' FEES

The Company has paid liquidators' fees and disbursements to the end of the reporting period totalling \$21,664 plus GST.

The liquidators' time costings to the cut-off date total \$21,157 plus GST, based on 90.6 hours of work undertaken are detailed as follows:

Work Category	Hours	\$
Appointment functions	14.1	3,576
Asset realisations	8.0	1,732
Creditors' claims, enquiries and reports	32.2	7,771
Taxation & Management	16.4	2,557
Investigations	19.9	5,521
Total	90.6	21,157

There have been general disbursements of \$543 plus GST.

8 FUNDS / LIKELY OUTCOME

There is still an amount of \$5,089.64 to pay on the IRD's preferential claim. Any distribution to unsecured creditors will be dependent on the collection of the full amount of the shareholder current account and liquidation costs.

9 COMPLETION DATE AND MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION

The following matters are outstanding:

- Recovery of the current account debt

- Distribution of any available funds

We are unable to estimate a completion date for the liquidation as it is dependent on the rate at which the current account debt is repaid.

10 CONTACT DETAILS

Enquiries should be directed to Colin Sanderson on DDI +64 (7) 838 0908 or by email to csanderson@mvp.co.nz.

The Liquidators can be contacted at:

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Colin Sanderson
LIQUIDATOR (License No: IP89)

Dated this 7th day of August 2023

Realisations and Distributions		Since initial report
TOPLINE KITCHENS LIMITED (IN LIQUIDATION)		
2 February 2023 to 1 August 2023		
		01/08/2023
Realisations		
Current Account Settlement		135
Bank Account Closure		6,088
Insurance Refund		1,363
Debtors		3,325
Interest		525
Sale of Assets		33,900
Sale of Vehicle		77,739
Pre receivership GST Refund		-
Total Realisations		123,076
Payments		
Liquidators Fees		
Liquidators Fees		21,121
Disbursements		543
Total Liquidators Fees		21,664
Other Costs of Liquidation and Trading On		
Legal Fees		-
Commission Costs		12,415
Insurance		122
Wages and PAYE		1,128
RWT on Interest		147
Salvage Payment		332
Total Costs of Liquidation and Trading On		14,145
Distributions		
Secured Creditor		42,550
Preferential Wages and Holiday Pay		8,814
Preferential GST and PAYE		32,589
Dividends to Unsecured Creditors		-
Total Distributions to Unsecured Creditors		83,953
Total Payments		119,762
BALANCE HELD		3,314