



McDonald
Vague

business recovery partners

Wenztro Co-operation Limited (In Liquidation)

McDonald Vague Limited

Level 10, 52 Swanson Street,
Auckland Central

Formerly Trojan Foods (NZ) Limited

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

Liquidators' Thirteenth Report

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(for the period from 9 October 2017 to 8 April 2018)

1 INTRODUCTION AND APPOINTMENT

On 9 October 2012 Rob Merlo was appointed as liquidator of Wenztro Co-operation Limited (In Receivership & In Liquidation). On 8 February 2013 Rob Merlo was appointed as receiver of the company. On the same day Paul Sargison and Simon Dalton of Gerry Rea Partners, replaced Rob Merlo as joint and several liquidators of the company. On 21 August 2013, Henry David Levin and Vivien Judith Madsen-Ries, of Deloitte, replaced Paul Sargison and Simon Dalton as joint and several liquidators of the company. On 31 July 2013 Rob Merlo resigned his position as receiver of the company.

On the resignation of Henry David Levin and Vivien Judith Madsen-Ries, of Deloitte, Auckland, on 4 February 2016, Peri Micaela Finnigan and Boris van Delden, CAANZ Accredited Insolvency Practitioners of Auckland, were appointed as joint and several replacement liquidators of Wenztro Co-operation Limited ("the company").

Pursuant to Section 255(2)(d) of the Companies Act 1993 ("the Act"), the liquidators herewith report on the progress of the liquidation. This thirteenth report should be read in conjunction with the twelve previous liquidators' 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**.

The company was a start-up involved in the manufacture and export of infant milk formula to China. Its first order was significantly delayed, then when delivered, was defective due to critical mislabelling of the product expiry date. The company was financially unprepared for a product recall event and had no capital. A replacement was agreed but never supplied. The purchaser fully paid for the product but received no product and is the major creditor. The purchaser also incurred significant costs in China and suffered large losses and reputational damage.

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

No assets have been realised to date. The only asset is the litigation. The liquidators have concluded the company never had capital, nor assets of any note.

3.1 Litigation

The current liquidators advanced an action against the directors of the company alleging breaches of various duties, including a breach of obligations and insolvent trading. The action also was advanced against a shadow director. The directors defended the action at a one week High Court trial held from 12 February 2018. The liquidators await the decision from the High Court.

4 INVESTIGATIONS

The liquidators have sought orders from the High Court under section 301 of the Companies Act 1993 making the defendants (the directors) jointly and severally liable for all the debts of the company arising from breaches of sections s135, s136, and s137, plus interest and costs. The liquidators have claimed the directors were careless and that their acts and omissions caused loss.

5 CREDITORS' CLAIMS

The total admitted unsecured creditor claims amount to \$765,692. The liquidators have received the following claims:

Related Creditor	\$82,049
Employee	\$59,000
Unsecured	\$624,643

The validity of the security claimed by the related creditor was challenged in the litigation. The liquidators are seeking the court to void the security and priority of the claim. By formal notice of rejection, the liquidators reduced the related creditor's claim from \$90,734 to \$82,049. No objection to the notice of rejection was received.

The contingent claims relating to damages and losses incurred by two creditors were withdrawn by each creditor during the course of the trial. The director, prior to trial, lodged an additional claim for \$398,835. The liquidators questioned the additional claim and sought evidence and supporting documents. These were not provided, and the claim was withdrawn.

6 LIQUIDATORS' FEES

According to the liquidator reports, liquidators' fees paid to prior liquidators totalled \$97,519.

Liquidators' paid fees (including disbursements) for the current liquidators' appointment are \$252,083 plus GST. This includes fees associated with a section 266 claim of \$11,348. This also includes costs seeking records and information from the former liquidators of \$14,951. The fees billed and unbilled to report date are based on 1,133 hours of work undertaken as follows:

Work Category	Hours	\$
Appointment functions/Management	130	27,704
Asset realisations	11	3,962
Creditors' claims, enquiries and reports	22	6,562
Taxation	10	1,739
Investigations/Legal work	960	268,762
Total	1,133	\$308,729
Less not billed at date of report		-\$1,260
Less billed not paid		-\$61,573
		\$245,896
Add adjustment for disbursements/other		6,187
Balance per Report (Page 5)		\$252,083

Liquidators' fees in a Court ordered liquidation are to be approved by the Court.

Section 284 (1) of the Act provides that an application (with the leave of the Court) may be made by a creditor, shareholder or director of a company in liquidation to review or fix the remuneration of the liquidators. In circumstances where no application has been made to review or fix the liquidators' remuneration the Court will be less inclined to rigorously examine the fees submitted by the liquidators for subsequent approval.

7 FUNDS / LIKELY OUTCOME

It is too early to determine whether or not there will be a distribution to unsecured creditors. This is dependent upon the outcome of the Court decision and recovery of any judgment sum (if any).

8 MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION

The following matters are outstanding:

- High Court decision on trial (February 2018)
- Distributions (if any)
- Completion

9 ESTIMATED DATE OF COMPLETION

It is too soon to report on a likely conclusion date for this liquidation.

10 CONTACT DETAILS

Enquiries should be directed to Iain McLennan on DDI (09) 303 9512 or by email to imclennan@mvp.co.nz.

The Liquidators can be contacted at:

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Level 10
52 Swanson Street
Auckland 1010

P O Box 6092
Wellesley Street
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PERI M FINNIGAN
LIQUIDATOR

DATED this 13th day of April 2018

Realisations and Distributions

Wenztro Co-Operation Limited (In Liquidation) 4 February 2016 to 8 April 2018

Realisations	Cash Received \$
Advance from Creditor	830,345
McDonald Vague Advance	15,000
Interest	33
GST Refund relating to the period prior to McDonald Vague's Appointment	47
Total Realisations	\$845,425
Payments	
Liquidators Fees	
Liquidators Fees	248,670
Disbursements	3,413
Total Liquidators Fees	\$252,083
Other Costs of Liquidation	
Consultancy Fees	2,050
Legal Fees	398,777
Legal Fees – Section 266 High Court	10,000
Legal Fees – Section 266 Appeal	20,833
Filing Fees	15,398
Service Fees	9,202
Ministry of Justice Security for Costs	59,969
Costs Award	9,201
Prior Liquidators Fees - Deloitte	44,520
Residents Withholding Tax	7
Total Costs of Liquidation	\$569,957
Total Payments	\$822,040
BALANCE HELD	\$23,385

Note: the above figures are GST exclusive