



McDonald
Vague

business recovery partners

Western Property Management Limited (In Liquidation)

Liquidators' Eighth Report (for the period from 17 May 2019 to 16 November 2019)

McDonald Vague Limited

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1 INTRODUCTION AND APPOINTMENT

Peri Micaela Finnigan and Boris van Delden, Chartered Accountants and CAANZ Accredited Insolvency Practitioners, of Auckland, were appointed joint and several liquidators of Western Property Management Limited ("the company") on 17 May 2016.

Pursuant to Section 255(2)(d) of the Companies Act 1993 ("the Act"), the liquidators are reporting on the progress of the liquidation. This eighth 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

Whilst all care and attention has been taken in compiling this report, 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 but that become known to us after this report is published.

3 POST APPOINTMENT CREDITORS' MEETING

At the request of one of the company's creditors, a creditors' meeting was held on 27 July 2016. A quorum was present at the meeting.

At the meeting, it was resolved that:

- (a) Peri Micaela Finnigan and Boris van Delden remain as liquidators of the company; and
- (b) No creditors' committee be formed.

4 CONDUCT OF THE LIQUIDATION DURING THE PRECEDING SIX MONTHS

Asset Realisations

4.1 *Sale of Business*

(Statement of Affairs: \$275,000)

The liquidators sold the company's business to West Management Limited ("WML") for \$275,000. As at the cut-off date of this report, payments towards the purchase price totalling \$265,000 had been received.

The liquidators pursued WML for the balance of the purchase price owing and reached a settlement with WML. Further payments towards the purchase price totalling \$9,500 were received after the cut-off date of this report. A final payment of \$3,000, which includes a contribution to the liquidators' legal fees arising from WML's payment default, is due in December 2019.

4.2 *Interest*

The liquidators have earned \$4,084 in interest on funds held.

5 INVESTIGATIONS

5.1 *Books and Records*

The liquidators have completed their investigations into the books, records, and affairs of the company. The following matters have arisen:

5.1.1 *Bonds*

The liquidators reviewed the company's records relating to bond payments received and have spoken to the Bond Centre. The discrepancies identified in the bond payments has been resolved with assistance from the director. The bond moneys held in the company's trust account as at the date of liquidation has been released to the Bond Centre. No further action is required.

5.1.2 *Rental Account*

The liquidators have undertaken an extensive review of the transactions through the company's bank accounts, the transactions through the company's trust account, and the entries made in the company's property management software.

The liquidators have been provided with documents showing that WML made post-liquidation payments to a number of landlords in payment of pre-liquidation rental collected by the company but not paid to landlords prior to the company's liquidation and prior to settlement of the sale of the business. Following enquiries made of the company's landlords, the liquidators received three claims from landlords for rent collected but not paid totalling \$3,240.31.

The liquidators continue to hold \$6,277 from the funds held in the company's trust account. These funds will be distributed, once the liquidators have determined who is entitled to the funds held.

5.1.3 *Overdrawn Shareholders' Current Accounts*

The liquidators and the shareholder have resolved their dispute over the balance of the shareholders' current account as at the date of liquidation. No further action is required.

5.1.4 *Conduct of Director*

The liquidators raised a number of matters of concern with the director regarding his conduct while the company was trading. Following discussions with the director, the liquidators determined that any claim against the director arising from his conduct is unlikely to result in any further recoveries for the benefit of the company's non-related party creditors.

6 CREDITORS' CLAIMS

6.1 *Secured Creditors*

No secured claims have been received to date.

The liquidators are aware of the existence of an unregistered security interest in specific personal property belonging to the company. This security is held by a related party controlled by the director/shareholder of the company in liquidation.

The secured creditor has claimed that it holds an unregistered general security and has valued its security at \$200,000. The liquidators have investigated the security and have determined that the secured creditor holds a specific security over certain assets belonging to the company to a maximum value of \$102,600. This security interest has been subrogated by the secured creditor for the benefit of the company's preferential creditors.

No distribution has been made to the secured creditor as at the date of this report.

6.2 *Preferential Creditors*

The liquidators have received a preferential claim from a former employee totalling \$80,520 net (\$100,249 gross). After formally reviewing the claim, the liquidators accepted the former employee had a preferential claim for \$8,517. The balance of the former employee's claim has been accepted as an unsecured claim in the liquidation.

Payment of the former employee's preferential claim has been made in full. The relevant payroll deductions and employer contributions relating to this preferential payment have been paid to the Inland Revenue Department in full.

The Inland Revenue Department has submitted a preferential claim for \$88,645 for unpaid GST, KiwiSaver payments, and other employee deductions. The Inland Revenue Department has received a preferential payment in respect of its claim for KiwiSaver employee deductions and student loan employer deductions totalling \$7,992.

6.3 Unsecured Creditors

As at the date of preparing this report, nine unsecured creditors' claims have been received. These claims total \$167,372, including the landlord claims, the unsecured portion of the former employee's claim, and unsecured portion of the Inland Revenue Department's claim but excluding any unsecured amounts that may be owing to the secured creditor but not secured by its security.

7 FUNDS / LIKELY OUTCOME

The liquidators anticipate that there will not be sufficient funds available to make a distribution to unsecured creditors.

8 MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION

The following matters are delaying the completion of the liquidation:

- Payment of the final instalment by WML; and
- Distribution of funds held to the creditors entitled to receive those funds.

9 ESTIMATED DATE OF COMPLETION

The liquidators anticipate that they will be in a position to retire before the end of the next reporting period.

10 CONTACT DETAILS

Enquiries should be directed to Marisa Brugeyroux on DDI (09) 306 3340 or by email to mbrugeyroux@mvp.co.nz.

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PERI M FINNIGAN
LIQUIDATOR

DATED this *6* day of December 2019

Realisations and Distributions

Western Property Management Limited (in liquidation) 17 May 2016 to 16 November 2019

	Per Statement of Affairs	Received
	\$	\$
Realisations		
Bank Account Closure	170	Nil
Sundry Recoveries		2,609
Funds Held in Company's Trust Account (DOL)	-	62,477
Interest Received	-	4,084
Sale of Business	275,000	265,000
Total Realisations	\$275,170	\$334,170
Payments		
Liquidators Fees		
Liquidators' Fees		192,995
Disbursements		4,130
Total Liquidators Fees		\$197,125
Other Costs of Liquidation		
Legal Fees		8,549
Filing Fee		540
Professional Services		614
Resident Withholding Tax on Interest		1,135
Total Costs of Liquidation		\$10,838
Distributions		
Creditor - Employee re Preferential Wages and Holiday Pay		8,773
Creditor - IRD re KiwiSaver and Student Loan Deductions		7,992
Beneficiaries – Trust Funds		56,200
Total Distributions		\$72,965
Total Payments		\$280,928
BALANCE HELD		\$53,242

Note: the above figures are GST exclusive