



McDonald
Vague

business recovery partners

Western Property Management Limited (In Liquidation)

Liquidators' Fifth Report (for the period from 17 November 2017 to 16 May 2018)

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 fifth 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 CONDUCT OF THE LIQUIDATION DURING THE PRECEDING SIX MONTHS

Asset Realisations

3.1 Sale of Business

(Statement of Affairs: \$275,000)

The liquidators sold the company's business to West Management Limited ("WML") for \$275,000. To date payment of \$255,000 has been received. WML is disputing its obligation to pay the remaining balance of \$20,000. This dispute has not yet been resolved.

3.2 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 INVESTIGATIONS

4.1 Books and Records

The liquidators' investigations into the books, records, and affairs of the company are ongoing. The following matters have arisen:

4.1.1 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.

4.1.2 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.

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. Based on the liquidators' investigations to date, historical landlords and/or historical tenants of the company may be the beneficiaries entitled to the remaining trust funds held by the liquidators.

4.1.3 Overdrawn Shareholders' Current Accounts

Based on the liquidators' investigations to date, the shareholders' current account was overdrawn as at the date of liquidation. Until the liquidators' investigation of the company's

books and records has been completed, the liquidators will not be able to determine the extent to which the shareholder's current account is overdrawn.

The secured creditor is a company related to the director/shareholder.

4.1.4 Conduct of Director

The liquidators are continuing to investigate the conduct of the director while the company was trading and whether he breached his director's duties.

In the course of their investigations, the liquidators have identified the following matters of interest:

1. From time to time, funds held in the trust account maintained by the company were used to fund the company's trading. The liquidators have received three claims in the liquidation from landlords for rent collected but not paid totalling \$3,240.31. There may be further amounts owed to landlords for rental collected but not paid as well as bonds collected but not paid.
2. Shortly before liquidation, the company entered into a settlement agreement pursuant to which it agreed to make a lump sum payment. The company did not have the funds to pay the settlement sum, both at the date that it entered into the settlement agreement and at the date the funds became due for payment. The liquidation of the company was a direct result of the company entering into this obligation.

5 CREDITORS' CLAIMS

5.1 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 as at the date of liquidation. This security is held by a related party. The secured creditor has valued its claim at \$200,000. The liquidators consider that the claim is overstated and are in the process of quantifying the value of the secured claim.

5.2 Preferential Creditors

The liquidators have received a preferential claim from a former employee totalling \$80,520 (net). 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.

5.3 Unsecured Creditors

As at the date of preparing this report, nine unsecured creditors' claims have been received. These claims total \$167,372, including the 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.

6 FUNDS / LIKELY OUTCOME

At this stage, the liquidators do not anticipate that there will be sufficient recoveries made to make a distribution to the company's unsecured creditors.

7 MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION

The following matters are delaying the completion of the liquidation:

- Payment of the balance of the purchase price of the business;
- Completion of the liquidators' investigations into the affairs of the company and the actions of the director;
- Resolution of any actions taken by the liquidators following the completion of their investigations;
- Review and quantification of the secured creditor's claim; and
- Distribution of funds held to the preferential and/or secured creditor.

8 ESTIMATED DATE OF COMPLETION

It is too early for the liquidators to estimate the date of completion of this liquidation.


9 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 24 day of May 2018

Realisations and Distributions

Western Property Management Limited (in liquidation) 17 May 2016 to 16 May 2018

	Per Statement of Affairs	Received
	\$	\$
Realisations		
Bank Account Closure	170	Nil
Funds Held in Company's Trust Account (DOL)	-	62,477
Interest Received	-	2,599
Sale of Business	275,000	255,000
Sundry Recoveries		2,609
Total Realisations	\$275,170	\$322,685
Payments		
Liquidators Fees		
Liquidators' Fees		144,017
Disbursements		4,057
Total Liquidators Fees		\$148,074
Other Costs of Liquidation		
Legal Fees		1,420
Professional Services		614
Resident Withholding Tax on Interest		726
Total Costs of Liquidation		\$2,760
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		\$223,799
BALANCE HELD		\$98,886

Note: the above figures are GST exclusive