



McDonald  
Vague

business recovery partners

## Western Property Management Limited (In Liquidation)

### Liquidators' Fourth Report (for the period from 17 May 2017 to 16 November 2017)

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 fourth 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 the 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 investigated the transactions through the company's rental account.

The liquidators have undertaken an extensive review of the transactions through the company's trust account and the company's property management software. The liquidators have also reviewed transactions by WML pursuant to which any funds that were showing as owing to landlords as the date of the company's liquidation per the company's property management software have been paid to landlords post-liquidation.

The liquidators are holding the rental funds that were held in the company's trust account as at the date of liquidation. The rental funds will be distributed, once the liquidators have determined who is entitled to the funds held. The company's property management software suggests that the funds held may relate to historical landlords and/or tenants.

#### **4.1.3 Overdrawn Shareholders' Current Accounts**

Until the liquidators' investigation of the company's books and records has been completed, the liquidators will not be able to determine whether the shareholder's current account is overdrawn. The secured creditor is a company related to the shareholder.

#### **4.1.4 Conduct of Director**

The liquidators are continuing to investigate the conduct of the director while the company was trading.

From time to time, the trust account maintained by the company was used to fund the company's trading. The liquidators have made enquiries of the Bond Centre and sent letters to the company's landlords with a view to ascertaining whether the company had any outstanding obligations to landlords and tenants as at the date of their enquiries. As a result of these enquiries, the liquidators received four claims in the liquidation from landlords for unpaid rent totalling \$5,486 and funds collected by the company as bonds have been paid to the Bond Centre.

Shortly before the company's liquidation, the company director entered into an obligation, being an obligation to pay funds pursuant to a settlement agreement that resolved a disputed claim with a creditor. The company was unable to pay the settlement funds when they fell due for payment. The company's inability to pay this obligation led to the company's liquidation.

## **5 CREDITORS' CLAIMS**

### **5.1 Secured Creditors**

No secured claims have been received to date.

The liquidators are aware of one secured creditor who holds an unregistered security interest in specific personal property belonging to the company as at the date of liquidation. The secured creditor has valued its claim at \$200,000. The liquidators 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. After formally reviewing the claim, the liquidators accepted the former employee had a preferential claim for \$8,517. The balance of the claim has been treated as unsecured.

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

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 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' claim forms have been received. The unsecured creditors' claims total \$167,017. This amount includes the unsecured portion of the former employee's claim and unsecured portion of the Inland Revenue Department's claim but does not include any unsecured amounts that may be owing to the secured creditor.

## **6 FUNDS / LIKELY OUTCOME**

At this stage, the liquidators do not anticipate that there will be sufficient recovery 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:

- Settlement of the issue surrounding the final payment of the purchase price;
- Completion of the liquidators' investigations into the affairs of the company and the actions of the director;
- Review and quantification of the secured claim; and
- Distribution of funds held to 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](mailto:mbrugeyroux@mvp.co.nz).

The Liquidators can be contacted at:

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A handwritten signature in black ink, appearing to read 'Peri M Finnigan', written over a horizontal line.

PERI M FINNIGAN  
LIQUIDATOR

DATED this 30 day of November 2017

# Realisations and Distributions

## Western Property Management Limited (In Liquidation) 17 May 2016 to 16 November 2017

Realisations	As Per Statement of Affairs \$	Cash Received \$
Bank Account Closure	170	Nil
Recoveries from Shareholder	-	2,609
Trust Funds	-	62,477
Interest Received	-	1,978
Sale of Business	275,000	255,000
<b>Total Realisations</b>	<b>\$275,170</b>	<b>\$322,064</b>
<b>Payments</b>		
<b>Liquidators Fees</b>		
Liquidators Fees		139,017
Disbursements		4,057
<b>Total Liquidators Fees</b>		<b>\$143,074</b>
<b>Other Costs of Liquidation</b>		
Legal Fees		1,420
Professional Services		614
Resident Withholding Tax on Interest		553
<b>Total Costs of Liquidation</b>		<b>\$2,587</b>
<b>Distributions</b>		
Creditor - Employee re Preferential Wages and Holiday Pay		8,773
Creditor - IRD re KiwiSaver and Student Loan		7,992
Beneficiaries – Trust Funds		56,200
<b>Total Distributions</b>		<b>\$72,965</b>
<b>Total Payments</b>		<b>\$218,626</b>
<b>BALANCE HELD</b>		<b>\$103,438</b>

Note: the above figures are GST exclusive