



McDonald
Vague

business recovery partners

Western Property Management Limited (In Liquidation)

Liquidators' Second Report (for the period from 17 May 2016 to 16 November 2016)

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

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 Bank Account Closure

(Statement of Affairs: \$170)

No funds were recovered from the bank on closure of the company account.

3.2 Sale of Business

(Statement of Affairs: \$275,000)

The liquidators sold the company's business to West Management Limited ("WML") for \$275,000. The purchase price was based on a valuation undertaken by a registered valuer obtained prior to the sale of the business.

The sale and purchase agreement provided for the purchase price to be paid in monthly instalments and granted the liquidators a registered general security over all WML's present and after acquired personal property. The liquidators' security interest has been registered on the PPSR.

As at 16 November 2016, payments totalling \$20,000 had been received in reduction of the purchase price. WML breached its payment obligations under the sale and purchase agreement so the liquidators called up the full purchase price of the business. The liquidators have been advised by the director of WML that WML should be in a position to pay the full purchase price of the business before the end of November 2016. A significant lump sum payment was received prior to signing this report in early December 2016.

3.3 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

Books and Records

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

Bonds

The liquidators have reviewed the company's records relating to bond payments received and have spoken to the Bond Centre. The director is to provide further data as to the treatment of bonds. The discrepancies are in the process of being resolved.

Rental Account

The liquidators have investigated the transactions through the company's rental account. The liquidators' investigations are ongoing.

The liquidators are holding \$62,476.56 being the balance of the rent account as at date of liquidation. Those funds will be distributed, once the liquidators have determined who is entitled to the funds held.

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 while the above matters are being investigated.

Conduct of Director

Shortly before the company's liquidation, the company director entered into an obligation that the company was unable to perform when required to do so. The liquidators are continuing to investigate this matter.

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 claim is for \$200,000 however the proportion that is secured has not yet been quantified.

5.2 Preferential Creditors

The Inland Revenue Department has submitted a preferential claim for \$64,388 in respect of unpaid income tax. The IRD also has a preferential claim in respect of unpaid PAYE, student loan deductions, and KiwiSaver, which is yet to be quantified.

The liquidators have received a preferential claim from a former employee totalling \$80,519.92. The liquidators anticipate the employee's preferential claim will be between \$10,000 and \$15,000. In the interests of minimising liquidators' fees, the liquidators will not attend to the formality of accepting or rejecting this claim until they are in a position to pay a distribution.

No dividend has been paid to preferential creditors as at the date of this report.

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 \$220,000 approximately. This sum excludes the \$10,000 to \$15,000 preferential sum above. The balance of the former employee's claim will be an unsecured claim.

6 FUNDS / LIKELY OUTCOME

At this stage, the liquidators do not know 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:

- The purchase price for the business has not yet been paid in full
- The liquidators' investigations into the affairs of the company and the actions of the director are ongoing

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.

The Liquidators can be contacted at:

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PERI M FINNIGAN
LIQUIDATOR

DATED this 30th day of November 2016

Realisations and Distributions

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

Realisations	As Per Statement of Affairs \$	Cash Received \$
Bank Account Closure	170	Nil
Shareholder Advance	-	2,609
Rental Income Held for Landlord in Trust	-	62,477
Sale of Business	275,000	20,000
Total Realisations	\$275,170	\$85,086
Payments		
Liquidators Fees		
Liquidators Fees		17,609
Disbursements		Nil
Total Liquidators Fees		\$17,609
Other Costs of Liquidation		
Legal Fees		80
Professional Services		614
Total Costs of Liquidation		\$694
Total Payments		\$18,303
BALANCE HELD		\$66,783

Note: the above figures are GST exclusive