



McDonald
Vague

business recovery partners

**ETR International Limited
(In Liquidation)**

**Liquidators' Second Report
(for the period from 1 December 2015
to 1 June 2016)**

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1 INTRODUCTION AND APPOINTMENT

Tony Leonard Maginness and Peri Micaela Finnigan, Insolvency Practitioners of Auckland, were appointed jointly and severally as liquidators of ETR International Limited ("the company") on 1 December 2015. On 18 December 2015 Tony Leonard Maginness resigned his position as liquidator appointing Boris van Delden as his successor.

Pursuant to Section 255(2)(d) of the Companies Act 1993 ("the Act"), the liquidators herewith report 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 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

3.1 Account Closure

The company used a number of foreign currency accounts in New Zealand and Australia. The accounts that were not necessary for trading-on or collections purposes were closed and \$5,597 was recovered from these accounts.

3.2 Sale of Stock, Fixed Assets and Intellectual Property

On our appointment we continued to trade the business to maintain the value of the company's major brands. We re-employed certain key staff, and the director worked with us to negotiate with potential purchasers of these brands. Before the end of 2015 we concluded a sale and purchase agreement with a third party, for brands "Ideal", "Hi Hop" and "Accessory Street". The sale included related stock, and the right to take assignment of various supply and sales contracts already in place.

We subsequently removed the company's fixed assets and stock of remaining brands and vacated the company's premises. Over the next few months we sold the company's remaining brands and stock of "Pacific Silver" and "Prive Bridal Jewellery".

Subsequent to the sale of the company's main brands, complications arose over differing stock counts between the liquidators and the purchaser. This required a substantial reconciliation of all stock movements in the months prior to the completion of the sale. The reconciliation and subsequent negotiations yielded a recovery of the value of the stock.

We have realised a total of \$261,640 for the stock of the company and \$95,397 for the company's fixed assets and Intellectual Property.

3.3 Accounts Receivable

The company's stock sales were classified as either direct or indent:

The collection of accounts receivable for direct stock sales has been complicated by trading terms common to the industry, allowing customers to return unsold stock at the end of Summer or Winter respectively. It also meant that the collection process has been drawn out due to end of season stock takes by many debtors.

We have recovered \$411,408 in accounts receivable to date and anticipate further recoveries in the months to follow.

3.4 Trading on Sales Receipts

On our appointment we continued to trade, and from post liquidation stock sales we have received \$45,328.

3.5 Sundry Receipts

We have recovered sundry receipts amounting to \$12,537 as detailed in the attached Statement of realisations and Distributions.

4 INVESTIGATIONS

We have commenced our investigations into the books, records and affairs of the company prior to liquidation. No matters have come to our knowledge that require further investigation or action on our part.

5 CREDITORS' CLAIMS

5.1 *Secured Creditors*

Secured creditors claims amounting to \$1,000,000.00 have been received during the course of the liquidation. These creditors concerned had perfected their securities by registration on the Personal Property Securities Register. We have made distributions totalling \$432,150 to the above secured creditors.

An unperfected security interest claim has been received from Hang Chow Industrial Co., Limited, Taiwan, for the amount of \$10,800. Interest continues to accrue on this amount.

5.2 *Preferential Creditors*

Total preferential claims for staff wages, salary, holiday pay and redundancy amount to \$86,972. These claims have been paid in full.

A preferential amount of \$15,895 owed to the Inland Revenue Department for pre-liquidation PAYE and Kiwisaver deductions and contributions has been paid in full.

At this stage we do not have sufficient information to determine with certainty what, if any, further amounts are owed to preferential creditors. However we have set aside funds in trust to the maximum value such claims could amount to, pending further and more complete information.

5.3 *Unsecured Creditors*

As at the date of preparing this report 26 unsecured creditors claim forms have been received which total \$81,307. As we anticipate a shortfall in the distributions to the secured creditors we do not expect there will be any distribution to unsecured creditors.

6 FUNDS / LIKELY OUTCOME

We anticipate further recoveries and distributions in the following six month period, however as we anticipate a shortfall to the secured creditors, we do not expect there will be sufficient realisations for a distribution to unsecured creditors.

7 MATTERS REMAINING

The following matters are outstanding:

- Further collection of accounts receivable.
- Sale of redundant sample stock.
- Finalisation of further preferential claims, if any.
- Further distributions to creditors.

8 ESTIMATED DATE OF COMPLETION

It is estimated that the bulk of the liquidation will be completed within the next six months.

9 CONTACT DETAILS

Enquiries should be directed to Dalwyn Whisken on DDI (09) 969 5336 or by email to dwhisken@mvp.co.nz.

The Liquidators can be contacted at:

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BORIS VAN DELDEN
LIQUIDATOR

DATED this 3rd day of June 2016

Realisations and Distributions

ETR International Limited 1 December 2015 to 2 June 2016

Realisations	
Bank Account Closure	5,597
Sale of Stock - all brands.	261,640
Collection of Accounts Receivable	411,408
Trading On Sales Receipts	45,328
Sale of Fixed and Intangible Assets	95,397
Interest	2,423
Insurance Refund	1,758
ACC Refund	510
Post Liquidation GST ATO	1,284
Unreferenced Receipts in Trust	6,562
Total Realisations	831,907
Liquidators' Costs	
Liquidators Fees	173,482
Disbursements	1,937
Total Liquidators's Costs	175,419
Costs of Liquidation and Trading On	
Rent	15,902
Winding Down Expenses	16,181
Commissions Paid	3,275
Third Party Refunds	9,932
Post Liquidation Wages	16,518
Auction Expenses	1,250
GST - ATO	1,284
Resident Withholding Tax on Interest	679
Total Costs of Liquidation and Trading On	65,021
Distributions	
Secured Creditors	432,150
Preferential Wages and Holiday Pay	86,972
Preferential GST and PAYE	15,895
Preferential Distribution: NZ Customs	3,952
Total Distributions	538,968
Total Costs and Distributions	779,407
BALANCE HELD	52,499
Less: Funds and Provisions held in Trust	
Provision for preferential claims	45,080
Unreferenced Receipts in Trust	6,562
Total Funds and Provisions held in Trust	51,642
AVAILABLE BALANCE	857