



McDonald
Vague

business recovery partners

McDonald Vague Limited

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**PWNS Limited
(In Liquidation)
(Trading as 24hr Print)
Liquidators' Third Report
to creditors and shareholders
(for the period from 1 November 2017
to 30 April 2018)**

1 INTRODUCTION AND APPOINTMENT

Boris van Delden and Peri Micaela Finnigan, CAANZ Accredited Insolvency Practitioners, of Auckland, were appointed jointly and severally as liquidators of PWNS Limited ("the company") on 1 May 2017.

Pursuant to Section 255(2) (d) of the Companies Act 1993 ("the Act"), the liquidators herewith report on the progress of the liquidation to creditors and shareholders of the company. This third 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 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

Once the liquidators resolved ownership and entitlement issues between competing secured creditors, all machinery belonging to such creditors was removed by them, and all remaining assets were sold by public auction.

We have completed various work in progress projects that had been put on hold pending completion of premises fit-outs and other issues which caused delay, and are continuing to collect accounts receivable.

Our investigations into the affairs of the company prior to liquidation have been complex, due to the fact that the de facto head of the company had passed away, leaving a complex web of various agreements with customers, creditors and staff. Recoveries are ongoing, as are our investigations.

We have identified various transactions which constitute either voidable preferences or dispositions without value, which has required unravelling inconsistent terms of trade and transaction recording which were managed by the de facto director. We are in the process of voiding such transactions in order to realise assets for the benefit of all creditors.

Asset Realisations

3.1 Debtors and Work in Progress (Statement of Affairs: \$56,000 and \$27,000 respectively)

The liquidators have collected \$84,759 in accounts receivable recovery and completion of work in progress post liquidation.

3.2 Assets (Statement of Affairs: \$35,000)

At the date of this report \$34,307 has been received from the sale of company assets. Recovery is on-going; as the company's intellectual property is being paid for by instalments.

The sale of the right to use the company's customer database was particularly complex, as it not involved third party intellectual property, that had to be protected and preserved. As many of the agreements in place for the company to use this intellectual property, were with the director in his personal capacity, the relevant third parties insisted that he retain custody of their intellectual property and purchase the right to use it from the company.

3.3 GST Refunds

GST refunds amounting to \$7,245 have been received.

4 INVESTIGATIONS

Our investigations into the trading affairs of the company prior to liquidation are almost complete. As a result of our investigations the following matters arose:

- Various contra entries were passed immediately prior to liquidation against debtor accounts, where no value had been given for these contras. We have successfully negotiated recovery of some of these contra amounts and are in the process of recovering others.
- The company had conducted a significant percentage of its business using some or other form of barter system. It is our impression that, since the return benefit from debtors consisted predominantly luxury items, they did not contribute to necessary income or expenditure, and that such practice contributed to the eventual insolvency of the company.

5 CREDITORS' CLAIMS

5.1 *Secured Creditors*

Secured claims have been received from three secured creditors totalling \$25,514. The major secured creditor has submitted a claim for \$5,121,544, which is subject to future adjustment as the secured creditor has not yet accounted to the liquidators for realisations from assets it recovered.

5.2 *Preferential Creditors*

Wages and Holiday pay amounting to \$16,732 has been paid in full to former employees.

The Inland Revenue Department has submitted a preferential claim for \$36,128. No dividend has been paid to the IRD at the date of this report.

5.3 *Unsecured Creditors*

As at the date of preparing this report 14 unsecured creditors claim forms have been received totalling \$5,846,906 (including the unsecured portion of the secured creditors claim). In the interests of minimising liquidators' fees, the liquidators will not attend to the formality of accepting or rejecting creditors' claims unless we are in a position to pay a distribution.

6 FUNDS / LIKELY OUTCOME

It is too early to determine whether or not there will be a distribution to unsecured creditors.

7 MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION

The following matters are outstanding:

- Recovery and realisation of contra barter.
- Ongoing debt recovery.
- Recovery by instalments of sale proceeds – ongoing.

8 ESTIMATED DATE OF COMPLETION

Based on the information contained in this report the liquidators presently propose to complete all outstanding matters with a view to retiring as liquidators within the next 9 months.

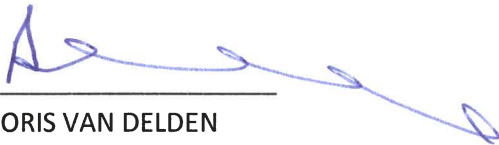
9 CONTACT DETAILS

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 ^{HL}28 day of May 2018

Realisations and Distributions

PWNS Limited (In Liquidation) 1 May 2017 to 30 April 2018

Realisations	Cash Received \$
Debtors	84,759
Interest	285
Accounts Reconciliation - ADHB	1,717
Sale of Assets	34,307
Pre-liquidation GST Refund	7,245
Total Realisations	\$128,313
Payments	
Liquidators Fees	
Liquidators Fees	85,854
Disbursements	2,617
Total Liquidators Fees	\$88,471
Other Costs of Liquidation and Trading On	
Bank Fees	83
Computer Expenses	2,603
Settlement Credits	761
Sundry Costs	313
Residents Withholding Tax on Interest	80
Trading on Expenses	91
Wages and PAYE	1,233
Post Liquidation - Electricity	700
Total Costs of Liquidation	\$5,863
Distribution to Preferential Creditors	
Auctioneers Commission	428
Preferential Wages and Holiday Pay	16,732
Total Distributions to Unsecured Creditors	\$17,160
Total Payments	\$111,494
BALANCE HELD	\$16,819

Note: the above figures are GST exclusive