



The Insolvency & Business Recovery Specialists

R J Dairy Farming Limited (In Liquidation)

Liquidators' Second Report

For the period from 26 February 2014 to 25 August 2014

1 INTRODUCTION AND APPOINTMENT

Tony Leonard Maginness and Boris van Delden, Insolvency Practitioners of Auckland, were appointed jointly and severally as liquidators of R J Dairy Farming Limited ("the company") on 26 February 2014.

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

This report has been prepared in accordance with section 255(2)(d) of the Act. 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 Debtors

(Statement of Affairs: \$300,000)

The accounts receivable consists of the amounts owed to the company by the two milk processing companies that it supplied, namely Westland Milk Products and Fonterra. To date payments totalling \$ 148,773 have been received.

At the date of liquidation the company owed \$39,239.42 (including GST) to RD1 Limited (RD1). As RD1 is a related company to Fonterra, pursuant to their terms of supply, amounts payable by Fonterra have been set off against the amount owed to RD1.. To date \$31,298.89 (including GST) from the proceeds has been paid to RD1.

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CHARTERED
ACCOUNTANTS 

3.2 Plant Machinery & Vehicles **(Statement of Affairs: \$63,000)**

The plant, machinery and vehicles were secured to Heartland Bank. They are still in the process of realising assets held. There is one asset, a Nissan vehicle, still to be located.

3.3 Livestock **(Statement of Affairs: \$800,000)**

Stockco have realised most of the livestock but still have 65 head to sell. At the date of this report the amount outstanding to Stockco is \$285,814 (including GST).

3.4 Inventory **(Statement of Affairs: \$Nil)**

CRT Farmlands held a Purchase Money Security Interest (PMSI) in relation to goods supplied. They have advised that there was none of their goods available to be uplifted at the date of liquidation and they are an unsecured creditor for the shortfall of \$143,204.

PGG Wrightson held a PMSI in respect of goods supplied to the company. They have advised that there was none of their goods available to be uplifted at the date of liquidation and they are an unsecured creditor for the shortfall of \$7,495

4 INVESTIGATIONS

The liquidators are continuing their investigations into the books, records and affairs of the company. The investigations to date have identified an overdrawn shareholders' current account in the joint names of the two shareholders.

The financial statements for the company for the year ending 31 May 2012 recorded an overdrawn current account of \$129,121. Analysis of the transactions through the company's bank accounts from 1 June 2012 to liquidation identified numerous transactions that appear to be of a personal nature.

It was also established that the directors had given instructions to the two milk processing companies to pay a percentage of the company's milk payments to sharemilkers. There were no sharemilkers engaged and the funds were paid directly to the shareholders personally.

The total amount owed by the shareholders to the company, including the "sharemilker" payments, is \$375,127.

The Liquidators made demand on the shareholders for payment of the amount outstanding but received no response. Legal proceedings to commence recovery have been initiated.

5 CREDITORS' CLAIMS

5.1 *Secured Creditors*

At the date of liquidation we were advised that Stockco Limited had a secured claim, pursuant to a General Security Agreement, of \$1,100,798. As advised above this amount has been reduced by the realisation of some of the secured livestock, with the current debt being \$248,534.

Heartland Bank Limited hold specific securities over certain assets of the company. At the commencement of the liquidation they were owed \$65,376. They have realised most of the assets subject to their security. They are still owed \$22,673 and, based on the estimated realisable value of the assets remaining, are anticipating that there will be a shortfall.

5.2 *Preferential Creditors*

A preferential claim of \$1,209 has been received from a former employee for unpaid holiday pay.

A preferential claim has been received in respect of the company accountant's lien amounting to \$1,097.

The Inland Revenue Department has submitted a preferential claim for \$142,386.

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

5.3 *Unsecured Creditors*

As at the date of preparing this report 24 unsecured creditors claim forms have been received which total \$505 631. In the interests of minimising liquidators' fees, the liquidators will not attend to the formality of accepting or rejecting creditors' claims until such time as we are in a position to pay a distribution.

6 FUNDS / LIKELY OUTCOME

There will be a short fall on the amount due to the General Security Agreement holder. Therefore, at this stage the liquidator does not anticipate paying a distribution to unsecured creditors

7 MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION

The following matters are outstanding:-

- Legal proceedings against the shareholders
- Completion of the investigation of the company books and records

8 ESTIMATED DATE OF COMPLETION

Based on the information contained in this report the liquidators presently are unable to estimate when the liquidation will be completed.

9 CONTACT DETAILS

Enquiries should be directed to Colin Sanderson on DDI (079) 838 0908 or by email to CSanderson@mvp.co.nz.

The Liquidators can be contacted at:

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TONY L MAGINNESS
LIQUIDATOR

DATED this 10th day of September 2014

Realisations and Distributions

R J Dairy Farming Limited (In Liquidation) 26 February 2014 to 25 August 2014

25 Aug 14

Realisations

Bank Account Closure	24
Fonterra Milk Revenue	17,387
Interest Received	638
Sale of Shares	51
Westland Co-Operative Milk Revenue	131,386
Total Realisations	149,487

Payments

Liquidators' Fees	
Disbursements	399
Liquidators' Fees	36,415
Total Liquidators' Fees	36,814
Other Costs of Liquidation	
Accountants and Other Advisors	2,407
Legal Fees	2,828
Resident Withholding Tax	179
Total Other Costs of Liquidation	5,414
Total Payments	42,228
BALANCE HELD	107,259