



McDonald
Vague

business recovery partners

RRUU NZ LIMITED (IN LIQUIDATION)

Liquidators' Second Report

For the period from 28 October 2020 to 27 April 2021

McDonald Vague Limited

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1 INTRODUCTION AND APPOINTMENT

Peri Micaela Finnigan and Iain McLennan, Licensed Insolvency Practitioners, of Auckland, were appointed as joint and several liquidators of RRUU NZ Limited (In Liquidation) ("the company") on 28 October 2020.

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(s). 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

Since appointment the liquidators have made enquiry with offshore entities to seek recovery of customer funds paid to an offshore account for travel. The advice is that the offshore entity has failed due to Covid-19. It is understood that formal bankruptcy proceedings have advanced and there is no prospect for recovery.

Asset Realisations

3.1 Debtors

(Statement of Affairs: \$1,388,424)

The first report included a statement of affairs that recorded a sum owing of \$1.38 million. It has been established that the customers paid an offshore bank account and there are no funds held. RRUU had no transactions with customers. Customers booked travel through an international website and paid the international travel agent. RRUU entrusted an offshore entity to operate

the tourism products for RRUU and incurred an agency operation fee obligation for this arrangement (which was not paid). The agent is a major creditor for unpaid costs from 2017 to 2020 year.

The director advised that after the guests finished their trip in New Zealand, the funds were released to RRUU to settle suppliers invoices.

RRUU received no funds from 25 November 2020. Travel however occurred after this date.

3.2 IRD Receivable

(Statement of Affairs: \$7746)

This has not been recovered.

3.3 Bank Account

(Statement of Affairs \$52)

The sum of \$52 was recovered following bank account closure.

4 INVESTIGATIONS

The liquidators have partially completed their investigations into the books, records and affairs of the company. There are concerns that the company director traded the NZ company insolvently and should be held personally responsible for a contribution to pay the creditors. The liquidators calculate that if the bad debtor had been recovered in full there would have still been a large shortfall. The company incurred agency fees over 3 years of trading that were not paid. The differential between the receivable and known liabilities is about \$1.4 million. The aging of supplier invoices supports the company was trading insolvently.

It appears the company was relying on new bookings to cover the costs of the travel costs of former customers. RRUU had no prospect of being able to pay creditors as they fell due. There is an action available to be taken against the director for breach of directors duties.

The director is offshore, is not a NZ resident and is not responding to communications. Any action would require funding from creditors. If any creditor has an interest in funding further actions please contact the liquidators.

The spokesperson for the director has also advised that there are no books and records for the company which is an offence under NZ law that the director can also be held liable for.

The liquidators are seeking the director's response. A sworn statement of assets and liabilities has been requested but not provided.

5 CREDITORS' CLAIMS

5.1 Preferential Creditors

The Inland Revenue Department has not yet submitted a claim.

5.2 Unsecured Creditors

As at the date of preparing this report 31 unsecured creditors claim forms have been received which total \$2,177,594. 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.

There are a further 41 suppliers who have not lodged claims and records suggest are owed a further \$646K.

The claims lodged include the unpaid agency fees for three years of services. The liquidators have not reviewed the contract or validity of this claim.

6 FUNDS / LIKELY OUTCOME

There will be a short fall on the amount due to creditors. At this stage the liquidator does not anticipate paying a distribution to unsecured creditors.

8 MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION

The following matters are outstanding:

- Funding to advance a claim against the director for breaches of director's duties
- Settlement with Director
- Review of IRD position
- Completion of liquidation

9 ESTIMATED DATE OF COMPLETION

There are delays attributed to the difficulty gaining a response from the director. It is too early to estimate the likely date of completion.

10 CONTACT DETAILS

Enquiries should be directed to Yvonne Wei on DDI +64 (9) 969 5352 or by email to ywei@mvp.co.nz.

The Liquidators can be contacted at:

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Peri M Finnigan
LIQUIDATOR (Licence No: IP17)

Dated this 19th day of May 2021

Realisations and Distributions

RRUU NZ Limited (In Liquidation)
28 October 2020 to 27 April 2021

Realisations			
Advance - upfront fee			9,200
Bank Account Closure			52
Total Realisations			9,252
Payments			
Liquidators Fees			
Liquidators Fees			8,045
Disbursements			-
Total Liquidators Fees			8,045
Distributions			
Preferential GST and PAYE			-
Dividends to Unsecured Creditors			-
Total Distributions to Unsecured Creditors			-
Total Payments			8,045
BALANCE HELD			1,207
Funds Available			
ASB Cheque Account			(0)
ASB Interest Bearing Trust Account			-
McDonald Vague Trust Account			-
GST Receivable (Payable)			1,207
BALANCE HELD			1,207