



McDonald
Vague

business recovery partners

Western Property Management Limited (In Liquidation)

Liquidators' Sixth Report (for the period from 17 May 2018 to 16 November 2018)

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 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 sixth 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 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 Sale of Business

(Statement of Affairs: \$275,000)

The liquidators sold the company's business to West Management Limited ("WML") for \$275,000. To date payment of \$255,000 has been received. WML is disputing its obligation to pay the remaining balance of \$20,000. This dispute has not yet been resolved.

3.2 Interest

The liquidators have earned \$3,365 in interest on funds held.

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 as liquidators of the company; and
- (b) No creditors' committee be formed.

4 INVESTIGATIONS

4.1 Books and Records

The liquidators have largely completed their investigations into the books, records, and affairs of the company. The following matters have arisen:

4.1.1 Bonds

The liquidators reviewed the company's records relating to bond payments received and have spoken to the Bond Centre. The discrepancies identified in the bond payments has been resolved with assistance from the director. The bond moneys held in the company's trust account as at the date of liquidation has been released to the Bond Centre.

4.1.2 Rental Account

The liquidators have undertaken an extensive review of the transactions through the company's bank accounts, the transactions through the company's trust account, and the entries made in the company's property management software.

The liquidators have been provided with documents showing that WML made post-liquidation payments to a number of landlords in payment of pre-liquidation rental collected by the company but not paid to landlords prior to the company's liquidation and prior to settlement of the sale of the business. Following enquiries made of the company's landlords, the liquidators received three claims from landlords for rent collected but not paid totalling \$3,240.31.

The liquidators continue to hold \$6,277 from the funds held in the company's trust account. These funds will be distributed, once the liquidators have determined who is entitled to the funds held.

4.1.3 Overdrawn Shareholders' Current Accounts

The liquidators have reconstructed the shareholder's current account and have determined that the shareholder's current account was overdrawn as at the date of liquidation. The shareholder has challenged the liquidators' reconstruction of the shareholder's current account. The liquidators are in discussion with the shareholder with a view to resolving this dispute.

4.1.4 Conduct of Director

Following the liquidators' investigations, the liquidators have raised a number of matters of concern with the director regarding his conduct while the company was trading. The liquidators are in discussions with the director with a view to resolving this dispute.

5 CREDITORS' CLAIMS

5.1 Secured Creditors

No secured claims have been received to date.

The liquidators are aware of the existence of an unregistered security interest in specific personal property belonging to the company as at the date of liquidation. This security is held by a related party controlled by the director/shareholder of the company in liquidation.

The secured creditor has claimed that it holds an unregistered general security and has valued its security at \$200,000. The liquidators have investigated the security and have determined that the secured creditor holds a specific security over certain assets belonging to the company to a maximum value of \$102,600. This security interest has been subrogated for the benefit of the company's preferential creditors.

5.2 Preferential Creditors

The liquidators have received a preferential claim from a former employee totalling \$80,520 net (\$100,249 gross). After formally reviewing the claim, the liquidators accepted the former employee had a preferential claim for \$8,517. The balance of the former employee's claim has been accepted as an unsecured claim in the liquidation.

Payment of the former employee's preferential claim has been made in full. The relevant payroll deductions and employer contributions relating to this preferential payment have been paid to the Inland Revenue Department in full.

The Inland Revenue Department has submitted a preferential claim for \$88,645 for unpaid GST, KiwiSaver payments, and other employee deductions.

The Inland Revenue Department has received a preferential payment in respect of its claim for KiwiSaver employee deductions and student loan employer deductions totalling \$7,992.

5.3 Unsecured Creditors

As at the date of preparing this report, nine unsecured creditors' claims have been received. These claims total \$167,372, including the landlord claims, the unsecured portion of the former employee's claim and unsecured portion of the Inland Revenue Department's claim but excluding any unsecured amounts that may be owing to the secured creditor but not secured by its security.

6 FUNDS / LIKELY OUTCOME

The availability of a distribution to the company's unsecured creditors is dependent on the liquidators making sufficient recoveries from the company's director/shareholder and related parties to enable a payment to unsecured creditors to be made.

7 MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION

The following matters are delaying the completion of the liquidation:

- Payment of the balance of the purchase price of the business;
- Resolution of the liquidators' claims against the company's director/shareholder relating to the shareholder's current account, breach of director's duties, and other amounts owing by the director/shareholder; and
- Distribution of funds held to the creditors entitled to receive those funds.

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.

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PERI M FINNIGAN
LIQUIDATOR

DATED this 11 day of December 2018

PMF/CRS/gck/220
Western Property/Reports/4101 Sixth Report

Realisations and Distributions

Western Property Management Limited (in liquidation) 17 May 2016 to 16 November 2018

	Per Statement of Affairs	Received
	\$	\$
Realisations		
Bank Account Closure	170	Nil
Funds Held in Company's Trust Account (DOL)	-	62,477
Interest Received	-	2,599
Sale of Business	275,000	255,000
Sundry Recoveries		2,609
Total Realisations	\$275,170	\$323,365
Payments		
Liquidators Fees		
Liquidators' Fees		144,017
Disbursements		4,057
Total Liquidators Fees		\$172,139
Other Costs of Liquidation		
Legal Fees		1,420
Professional Services		614
Resident Withholding Tax on Interest		726
Total Costs of Liquidation		\$2,950
Distributions		
Creditor - Employee re Preferential Wages and Holiday Pay		8,773
Creditor - IRD re KiwiSaver and Student Loan Deductions		7,992
Beneficiaries – Trust Funds		56,200
Total Distributions		\$72,965
Total Payments		\$248,054
BALANCE HELD		\$75,311

Note: the above figures are GST exclusive.