

NNS New Zealand Limited (In Liquidation)

Liquidators' six monthly report and notices to creditors
and shareholders

As at 28 March 2021

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Our Ref: 508589



On 28 September 2020, Colin Owens and David Webb were appointed liquidators of NNS New Zealand Limited (In Liquidation) ("the Company").

As Licensed Insolvency Practitioners, we are bound by the RITANZ Code of Professional Conduct when carrying out all professional work relating to our appointment as Liquidators.

Liquidators of insolvent companies are required to be licensed insolvency practitioners. More information about the regulation of insolvency practitioners is available from the Registrar of the Companies.

This is our six monthly report required by section 255 (2) (d) of the Companies Act 1993.

Restrictions

We take no responsibility for any incorrect information contained in this report that has been supplied by the company, its officers or other persons.

This document is a report to creditors and shareholders, and notices to creditors in terms of the Companies Act 1993. This report is confidential to creditors and shareholders and is not to be reproduced or used for any other purpose without our prior written consent in each case. We do not accept any liability whatsoever to any party from any use of, or reliance on, this report.

Information included in the Liquidators' six monthly report

The liquidators' six monthly report includes the following appendices:

- Appendix A: Updated Statement of Affairs for the Company
- Appendix B: Statement of Realisations and Distributions
- Appendix C: Updated Interests Statement
- Appendix D: Liquidators Remuneration Report

Conduct of the liquidation during the preceding six months

The Liquidators have undertaken their statutory duties, including maintaining records of the liquidation, preparing accounts of the liquidation, preparing and filing GST returns and reporting to creditors. The Liquidators have also undertaken their duties under the RITANZ Code of Professional Conduct, including preparing a Declaration of Independence, Relevant Relationships and Indemnities (DIRRI) and Remuneration Report.

The Liquidators have been undertaking their investigation into the financial affairs of the Company to ascertain any further recoveries that may be available for the benefit of creditors.



Realisations and distributions

A statement of the realisations and distributions in the six months covered by this report is detailed in Appendix B.

The Liquidators wrote to the Company's debtors at the date of liquidation and have monitored their responses. The majority of these debtors have disputed the debt owed on the basis that the Company cannot fulfil its obligations under the contract as it is in now liquidation. As a result, it is now envisaged that the Liquidators will not recover any monies from debtors recorded at the date of liquidation.

Upon liquidation, the funds that the Administrators were holding were transferred to the Liquidators. In pursuant to the Seventh Schedule of the Companies Act 1993, the Administrators have a priority for their unpaid remuneration and disbursements. The Liquidators paid the outstanding Administrators fees to the value of \$46,317 (excl GST and disbursements).

Liquidators remuneration paid in the six month period ended 28 March 2021 was \$11,649 (excl GST and disbursements).

Further proposals for completing the liquidation

There are no material changes to the proposed actions outlined in the Liquidators' first report.

The Liquidators are finalising their investigation into the financial affairs of the Company. It is unclear at the present time whether this will disclose any further recoveries for the benefit of creditors.

Distribution to creditors

At this stage, it is expected that there will be a distribution to creditors. The Liquidators intend to make a distribution to creditors within the next reporting period.

Notice to creditors/shareholders/director or other entitled person

Section 284(1)(e) of the Companies Act 1993 details the right of a creditor, shareholder, director or other entitled person to seek the leave of the Court to, in the respect of any period, review or fix the remuneration of the Liquidator at a level which is reasonable in the circumstances.

Information for creditors and shareholders

The Companies Act 1993 allows a creditor in many circumstances (but not a shareholder) a higher priority for distributions in the liquidation if such creditor takes action, or provides funding to the liquidation, for the benefit of the Company's creditors. Creditors and shareholders may have their own remedies, independent of the Liquidators, for seeking to recover any losses, including under section 301 of the Companies Act 1993.

Creditors or shareholders that wish the Liquidators to undertake recovery actions and are willing to provide funding or other assistance, or who have information that would assist the Liquidators in recovering funds for the benefit of creditors and shareholders, should contact the Liquidators as soon as possible, as delay may cause legal recovery action to become impossible or unproductive. Information in writing and copies of relevant correspondence or documents would be helpful to the Liquidators in undertaking recovery actions.



Remuneration report

The Remuneration Report that is required to be provided to the Company's creditors under the RITANZ Code of Professional Conduct is attached as Appendix D.

Estimated completion date

We cannot at present provide an estimate of the date by which the liquidation will be completed.

If you require any further information, please do not hesitate to contact Lily Choun.

Dated: 28 April 2021

A handwritten signature in blue ink, appearing to read "Colin Owens".

Colin Owens
Liquidator

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Appendix A: Updated Statement of Affairs for the Company

Estimated Statement of Financial Position		Liquidators First Report	Estimated to 28 March 2021
	Note.	\$'000s	\$'000s
Assets at book or advised values*			
Cash & cash equivalents	[1]	255	258
Trade & other receivables	[2]	7	0
Assets total		<u>262</u>	<u>258</u>
Liabilities*			
Preferential Creditors	[3]	<u>(1)</u>	<u>(1)</u>
Secured and Preferential Creditor total			
Estimated Net before Other Unsecured Creditors		261	257
Other Unsecured Creditors	[4]	<u>(159)</u>	<u>(159)</u>
Unsecured Creditor total			
Calculated net balance (shortfall) to creditors prior to costs of liquidation		<u><u>102</u></u>	<u><u>98</u></u>

Notes

- 1 The actual funds transferred from the Administrators control were \$258k
- 2 After completing our review, the Liquidators' estimate that there will be no further realisations from debtors
- 3 No change
- 4 The original figure was provided in the Directors' statement of position to the Administrators. To date, unsecured creditors claims filed in the liquidation totals \$159k.

***No provision has been made for costs of the liquidation**

Appendix B: Statement of Realisation and Distributions

Period 28 September 2020 to 28 March 2021

All figures exclude GST.

	Six Month Period 28 Sept 2020 to 28 March 2021	Total Liquidation
	\$	\$
Realisations		
Interest Nett	169	169
Funds Transferred from Administration	257,557	257,557
Total Receipts	<u>257,726</u>	<u>257,726</u>
Distributions		
Legal Costs (Administration)	8,435	8,435
Liquidators' Fees	11,649	11,649
Liquidators' Disbursements	303	303
Administrators' Fees	46,317	46,317
Administrators' Disbursements	3,262	3,262
GST Net	607	607
Total Payments	<u>70,573</u>	<u>70,573</u>
Closing Bank Balance	<u>187,153</u>	<u>187,153</u>

Appendix C: Updated Interests Statement

The Liquidators included an Interests Statement in their first Liquidators report, and this was made available to all creditors of the Company.

No further information has come light that requires the Liquidators to update the original Interests Statement filed in the Liquidators first report.

Appendix D: Liquidators Remuneration report

Restrictions

This report is confidential to creditors and is not to be reproduced or used for any other purpose without our prior written consent in each case. We do not accept any liability whatsoever to any party from any use of, or reliance on, this report.

Licensed Insolvency Practitioners

We, Colin Owens and David Webb, Licensed Insolvency Practitioners, are bound by the RITANZ Code of Professional Conduct when carrying out all professional work relating to our appointment as Liquidators.

Remuneration

The work undertaken during the period 28 September 2020 (date of liquidation) to 28 March 2021 is set out below:

Statutory, creditor & professional duties

The liquidators have:

- Maintained the records of the liquidation;
- Prepared accounts of the liquidation;
- Prepared and filed GST returns;
- Reported to creditors;
- Prepared a Declaration of Independence Relevant Relationships and Indemnities as required by the RITANZ Code of Professional Conduct; and
- Prepared a Remuneration Report as required by the RITANZ Code of Professional Conduct.

Protecting & realising assets

The liquidators have:

- Organised for the cash held in the Company's bank account to be transferred to the liquidators' trust account;
- Written to debtors;
- Reviewed the responses received;
- Requested and reviewed information in relation to the Company's pre-liquidation insurance policies;
- Reviewed the Company's insurance requirements; and
- Liaised with third party suppliers to collect refunds.

Investigation & litigation

The liquidators have:

- Interviewed the directors;
- Obtained and reviewed the Company's bank statements;
- Obtained and reviewed the Company's financial statements;
- Obtained access to and reviewed the Company's records; and
- Completing an investigation into the financial affairs of the Company.

The Liquidators have received remuneration of \$11,649 (net of GST) in part payment for the work performed in the six month period ended 28 March 2021. The classification of staff engaged on each category of work, broken down into hourly rate, hours and costs is attached as **Appendix I**.

As mentioned earlier in the report, the Liquidators have paid Administrators remuneration of \$46,317 (net of GST) in full payment of the work performed during their appointment from the funds transferred from the Administrators at the conclusion of the Administration. As this remuneration was not reported or paid in the Administration, the Liquidators are choosing to report the break down on this remuneration in this report. The classification of staff engaged on each category of work, broken down into hourly rate, hours and costs is also attached as **Appendix II**.

Disbursements

Classes of disbursements

Disbursements are costs paid by the company in liquidation, either:

- Initially from the liquidators' resources and then claimed back from the company in liquidation; or
- Directly by the company in liquidation.

Disbursements fall into three categories:

- Externally provided professional services (e.g. legal fees)
- Externally provided non-professional costs (e.g. insurance, travel, advertising)
- Internal disbursements (e.g. photocopying, printing, postage)

These are all recovered at cost.

Disbursements for the period

The following disbursements were paid during the period 28 September 2020 (date of liquidation) to 28 March 2021:

Disbursement	\$ (excl GST)
Advertising: Used to advertise the liquidation	3,439
Data storage: Used to store a company's records where there is a volume of the records	126
Administrators Legal costs (e.g. legal fees, expert witness costs, Court filing fees, digital transcription): Used to protect the Company/Administrators and litigate	8,435
	12,000

The incurrence of these disbursements was necessary and proper.

Disbursements paid to the Liquidators' firm

The total disbursements paid by the Company to the Liquidators' firm (either directly or in reimbursement of a payment to a third party) during the period 28 September 2020 (date of liquidation) to 28 March 2021 was \$303, as follows:

Recipients	Purpose	Amount paid (excl GST) \$
Allied Press Limited	Advertising	42
Department of Internal Affairs	Advertising	35
NZME Publishing Limited	Advertising	108
Stuff Limited	Advertising	119
		303

This amount was paid by the Liquidators during the six month period ended 28 March 2021.

Disbursements paid to the Administrators' firm

The total disbursements paid by the Company to the Administrators firm (either directly or in reimbursement of a payment to a third party) during the period 28 September 2020 (date of liquidation) to 28 March 2021 was \$3,262 as follows:

Recipients	Purpose	Amount paid (excl GST) \$
Allied Press Limited	Advertising	573
Department of Internal Affairs	Advertising	180
Iron Mountain New Zealand Limited	Advertising	8
NZME Publishing Limited	Advertising	1,088
Stuff Limited	Advertising	1,286
Credit card purchase	Data storage	126
		3,262

This amount was paid by the liquidators during the six month period ended 28 March 2021.

Changes to the basis for charging internal disbursements in the future

There has been no change in the basis of charging internal disbursements that will be charged to the liquidation in the future.

Matters that have contributed to the level of remuneration

The work undertaken is summarised above.

If you require any further information, please contact us.



Colin Owens

28-04-2021

Date

Appendix I

The total remuneration received in the liquidation (net of GST) between 28 September 2020 and 28 March 2021 was:

Level	Hourly rates \$	Description	Hours	Cost \$
Office Assistant	95	Statutory, Creditor & Professional Duties	1.2	114
			1.2	114
Office Administrator	125	Statutory, Creditor & Professional Duties	1.9	238
			1.9	238
Analyst	215	Statutory, Creditor & Professional Duties	2.7	581
			2.7	581
Senior Analyst	260	Protecting & Realising Assets Statutory, Creditor & Professional Duties	0.3	78
			1.7	442
			2.0	520
Manager	325	Statutory, Creditor & Professional Duties	0.1	33
			0.1	33
Associate Director	400	Statutory, Creditor & Professional Duties	1.6	640
			1.6	640
Director	500	Protecting & Realising Assets Statutory, Creditor & Professional Duties	0.5	250
			2.2	1,100
			2.7	1,350
Liquidator	500 - 620	Protecting & Realising Assets Statutory, Creditor & Professional Duties	3.6	1,795
			12.5	6,379
			16.1	8,174
Total Remuneration			28.3	11,649

Appendix II

The total Administrators' remuneration (net of GST) paid during the liquidation between 28 September 2020 and 28 March 2021 was:

Level	Hourly rates \$	Description	Hours	Cost \$
Office Assistant	95	Statutory, Creditor & Professional Duties	2.2	209
			2.2	209
Office Administrator	125	Investigation & Enforcement	0.5	62
		Statutory, Creditor & Professional Duties	4.7	587
		5.2	650	
Analyst	215	Investigation & Enforcement	2.3	494
		Protecting & Realising Assets	0.5	107
		Statutory, Creditor & Professional Duties	2.3	494
		5.1	1,096	
Senior Analyst	260	Investigation & Enforcement	2.1	546
		Protecting & Realising Assets	1.6	428
		Statutory, Creditor & Professional Duties	11.7	3,041
		15.4	4,015	
Associate Director	400	Investigation & Enforcement	1.5	600
		Statutory, Creditor & Professional Duties	12.2	4,878
		13.7	5,478	
Director	500	Investigation & Enforcement	1.6	800
		Protecting & Realising Assets	2.4	1,200
		Statutory, Creditor & Professional Duties	13.1	6,548
		17.1	8,547	
Administrator	500 - 620	Investigation & Enforcement	3.7	1,969
		Protecting & Realising Assets	5.0	2,641
		Statutory, Creditor & Professional Duties	39.6	21,712
		48.3	26,322	
Total Remuneration			107.0	46,317

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