

# STA Travel (NZ) Limited (In Liquidation)

Liquidators' final report to creditors and shareholders

As at 26 September 2023

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The Directors placed STA Travel (NZ) Limited ("**the Company**") into Voluntary Administration on 24 August 2020 and appointed Colin Owens and David Webb Joint and Several Administrators.

At the watershed meeting of creditors held on 28 September 2020, the creditors voted to place the Company into liquidation with Colin Owens and David Webb being appointed as Liquidators at 10.33am on 28 September 2020 pursuant to Section 241(2)(d) of the Companies Act 1993 ("**the Act**").

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. 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.

## 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 is our final report to creditors and shareholders in terms of section 257 of the Act. This report is confidential to creditors and shareholders and 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.

## Summary of actions the Liquidators' have taken in the liquidation

STA was an established travel agency that was operating from a number of sites in New Zealand.

Following the collapse of its overseas parent company, all remaining stores were closed on 20 August 2020. The Directors then placed the Company into Voluntary Administration on 24 August 2020 and appointed Colin Owens and David Webb Joint and Several Administrators.

The Administrators undertook an assessment of the financial position of the Company. The ultimate parent company and other companies within the STA Travel Group were or were about to be in some sort of formal administration. Given the financial position of the Company in New Zealand and without the support of the STA Travel Group, the Company could not continue to trade in New Zealand.

At the watershed meeting of creditors held on 28 September 2020, the creditors voted to place the Company into liquidation with Colin Owens and David Webb being appointed as Liquidators.

A substantial number of claims were received from customers whose travel had been cancelled, due to Covid-19, but had not received refunds. The Liquidators corresponded with the various airlines and third-party suppliers seeking details and repayment of refunds (not previously refunded) due to customers. Funds were received from the International Air Travel Association (**IATA**) and a small number of travel vendors.

Of the travel vendors who did not remit funds to the liquidators:

- some advised that they were dealing with affected customers directly and would not be remitting funds to the Liquidators,
- others advised they would follow the directions of the Court (see below);
- others advised that they had previously made refunds to STA, prior to the Company going into Administration, (these funds were not available to the Liquidators); and
- some travel vendors did not respond.



The Liquidators sought legal advice as to whether the funds recovered should be distributed to the individually affected customer to which the refund related (where this could be identified), or whether these should be distributed in accordance with the priority order set out in the 7th Schedule of the Act. The legal advice recommended that the Liquidators apply to the Court for directions on how refunds recovered should be distributed. The funds which were remitted were held in trust by the Liquidators, until such time as a directions order could be obtained from the Court.

The Liquidators secured third-party funding from the Liquidation Surplus Account to cover the initial Liquidators and legal costs in making the application to the Court for directions. This was required to be repaid and was subsequently repaid during the liquidation.

The Liquidators worked with their solicitors to file the application to Court to seek directions and notified all creditors who filed claims in the liquidation of the application. The Liquidators adopted a neutral position, and the purpose of the application was for the Court to determine the appropriate direction. However, when the matter was initially heard in November 2021 by the High Court, the Court ruled that further counsel was to be appointed so as both sides of the argument could be presented to the Court. The matter was then rescheduled for early February 2022.

The Liquidators applied, and initially had confirmation, the Company was eligible for the Government Travel Reimbursement Scheme, subject to the directions given by the Court. As referred to below, this application was subsequently declined.

The Liquidators received the judgment from the Court in May 2022. The order made by the Court was that any customer refunds received were held in trust for the particular customer to which they related. The judgment from the Court also allowed the Liquidators and legal costs, in relation to the application to the Court and the calculating and distribution of refunds, to be deducted from the funds recovered to the extent that funds from the Government Consumer Travel Reimbursement scheme were insufficient to cover these costs.

Unfortunately, the Government declined the Liquidators' application to claim under the Government Travel Reimbursement Scheme based on the direction given by the Court that liquidators and their legal costs could be deducted from the funds held for customers, that is because the scheme did not allow for any deduction to be made.

As a result, and to enable us to make a distribution, the Liquidators (and legal advisors) significantly discounted their costs associated with the Court and distribution process.

The Liquidators also worked with various airlines and travel vendors who indicated that they would make direct refunds to the customers and assisted in those refunds being made to some of the customers.

Many passengers had already obtained a charge back on their credit cards for their cancelled travel from their respective Banks. As a result, the Liquidators contacted the associated airlines or providers requesting that those customers refunds be refunded directly to the Company.

The Liquidators recovered \$406,577 for customers and, after deduction of costs per the Court order, distributions were made to eligible customers. The Liquidators identified those customers who were eligible for a refund and communicated the outcome with all creditors who filed a claim in the liquidation, as well as those who had not filed a claim in the liquidation at that time but were eligible for a distribution and should file a claim.

The distribution to eligible customers has subsequently been made to customers who provided the appropriate details to receive their refund. There remained a small number of customers that could not be refunded as we did not receive and/or had no contacts details for them. As a result, these customers, had their refund amounts handed over to the Unclaimed Monies Account administered by Inland Revenue.

## Summary of outcomes

The recoveries made in the liquidation are recorded in the Statement of realisations and distribution detailed in **Appendix A**.

The following assets were disclaimed as onerous property under section 269 of the Companies Act 1993:

Description of asset disclaimed	Reason disclaimed
Lease of premises	The leases of the remaining stores at the date of liquidation were unsaleable and gave rise to a liability to pay money or perform onerous right. As a result, these leases were disclaimed by the liquidators

No assets were distributed to creditors without realisation.

The outcome for each class of creditor, who filed claims in the liquidation, is as follows:

Class of creditor	Total claims filed (\$000)	Amount paid (\$000)	Cents per dollar	Unpaid balance (\$000)	Reason not paid in full
Secured creditors	0	0	0	0	N/A
Unsecured (preferential) creditors	489	0	0	489	Insufficient funds
Unsecured (non-preferential) Customers refunds recovered	407	208	51%	199	Costs of recovering the refunds
Unsecured (non-preferential) Other creditors	10,465*	0	0	10,465*	Insufficient funds
<b>Total</b>	<b>\$11,361</b>	<b>\$208</b>		<b>\$11,153</b>	

*Note\* - this amount will be lower as the liquidators were unable to quantify how much these customers may have received direct from the travel providers in relation to refunds or credits issued and used.*

## Realisations and distributions

A statement of the realisations and distributions for the Company since the commencement of the liquidation, and Liquidators' previous report is detailed in **Appendix A**.

There were no material differences between the amounts reported in the statement of realisations and distributions for the period of this final report and the amounts estimated in the Liquidators' previous report.

## Summary of fees paid

A summary of the fees, allowances, reimbursements and other benefits paid since the commencement of the liquidation is incorporated into the remuneration report that is required to be provided to the Company's creditors under the RITANZ Code of Professional Conduct. This is attached as **Appendix B**.

## Liquidators' statements

1. All known assets have been disclaimed, or realised, or distributed without realisation.
2. All proceeds of realisation have been distributed.
3. The Company is now ready to be removed from the New Zealand Register.

## Summary of grounds for objection to removal from the register

Anyone wishing to object to the removal may do so on the following grounds:

1. That the Company is still carrying on business or there is other reason for it to continue in existence; or
2. That the Company is a party to legal proceedings; or
3. That the Company is in receivership, or liquidation, or both; or
4. That the person is a creditor, or a member, or a person who has an undischarged claim against the Company (see note below); or
5. That the person believes that there exists and intends to pursue a right of action on behalf of the Company under Part IX of this Act; or
6. That, for any reason, it would not be just and equitable to remove the Company from the register.

**Note:** A claim by a shareholder or any other person against a company is not an "undischarged" claim if a Receiver or Liquidator has notified the shareholder, or that person, that the assets of the company are not sufficient to enable payment in part, or in full, to the creditor, (as in this case).

Objections are to be lodged with the Registrar of Companies 20 working days after public notice has been given of the intention to remove the company from the Register.

If you require any further information, please contact Louise Craig or Lily Choun.

Dated: 26 September 2023



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**Colin Owens**  
Liquidator

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### Statement of realisation and distributions

	1st six- monthly Report \$	2nd six- monthly Report \$	3rd six- monthly Report \$	4th six- monthly Report \$	5th six- monthly Report \$	Final Period Report \$	TOTAL \$
	(GST excl) 28/9/20 - 28/3/21	(GST excl) 29/3/21 - 28/9/21	(GST excl) 29/9/21 - 28/3/22	(GST excl) 29/3/22 - 28/9/22	(GST excl) 29/9/22 - 28/3/23	(GST excl) 29/3/23 - 26/9/23	(GST excl)
<b>Opening Bank Balance (28 September 2020)</b>	<b>0</b>	<b>8,125</b>	<b>8,205</b>	<b>25,048</b>	<b>50,721</b>	<b>22,046</b>	<b>0</b>
<b>Realisations</b>							
Interest (Net)	35	80	92	757			964
Funds Transferred from Administration	32,664						32,664
Sale of assets	5,226		8,818				14,044
Liquidation Surplus Account funding ( <i>Court directions</i> )			48,737	1,263			50,000
Trade creditor refund	74						74
Travel Provider refunds ( <i>customer funds held on trust</i> )				391,326		15,251	406,577
Travel Provider refunds ( <i>non-customer related</i> )			6,738	195,901	13,828	(15,251)	201,216
Pre-Liquidation insurance refund	6,183						6,183
Other income				455		(175)	280
GST net			1,196				1,196
<b>Total Receipts</b>	<b>44,182</b>	<b>80</b>	<b>65,581</b>	<b>589,702</b>	<b>13,828</b>	<b>(175)</b>	<b>713,198</b>
<b>Distributions</b>							
Cost of asset sales	1,222						1,222
Bank fees				364	36		400
Insurance	250						250
Repaying Liquidation Surplus Account funding ( <i>Court directions</i> )				50,000			50,000
Distribution to customers ( <i>funds held on trust</i> )				190,092	501	17,620	208,213
Liquidators' fees ( <i>General</i> )				170,516			170,516
Liquidators' fees ( <i>Court Directions &amp; distribution process</i> )			8,419	73,921	26,548	3,687	112,575
Legal costs ( <i>Court directions &amp; distribution process</i> )			40,318	68,700	15,418		124,437
Administrators' fees ( <i>contracted work</i> )	30,000						30,000
Liquidators' disbursements				2,761		391	3,152
GST net	4,585			7,675		173	12,433
<b>Total Payments</b>	<b>36,057</b>	<b>0</b>	<b>48,737</b>	<b>564,029</b>	<b>42,503</b>	<b>21,871</b>	<b>713,198</b>
<b>Closing Bank Balance (26 September 2023)</b>	<b>8,125</b>	<b>8,205</b>	<b>25,048</b>	<b>50,721</b>	<b>22,046</b>	<b>0</b>	<b>0</b>

# Remuneration report and summary of liquidation fees paid

This report incorporates the requirements of the RITANZ Code of Professional Conduct and the Companies (Reporting by Insolvency Practitioners) Regulations 2020.

## 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 period 28 September 2020 (date of liquidation) to 26 September 2023 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 customers/creditors;
- Attended to queries from customers/creditors;
- Filed application with Ministry of Business Innovation & Employment regarding the Government travel reimbursement scheme;
- Corresponded with government officials regarding the travel reimbursement scheme application made;
- Maintained dedicated STA Travel page for customers/creditors on Deloitte website;
- Collating customer database;
- Calculating, preparing and distribution of funds to customers;
- Prepared a Declaration of Independence Relevant Relationships and Indemnities as required by the RITANZ Code of Professional Conduct; and
- Preparing Remuneration Reports as required by the RITANZ Code of Professional Conduct.

### Protecting & realising assets

The Liquidators have:

- Reviewed and reconciled the Company's records to ascertain amounts owing to either the Company and/or customers by travel providers;
- Contacting and continuously following up travel providers seeking refunds payable to either Company and/or customers;
- Reviewed the Company's records, filed a claim in the liquidation of an airline and monitored this liquidation;
- Arranged for the Company's assets to be valued;
- Requested information in relation to the Company's pre-liquidation insurance policies;
- Requested information in relation to the Company's pre-liquidation leases;

- Reviewed the Company's insurance requirements;
- Instructed auctioneers to sell certain Company's assets;
- Sold the remaining assets;
- Sought legal advice in regard to the distribution of customer refunds recovered from travel providers;
- Prepared and assisted their legal advisors in regard to the application to the Court for direction on how customers funds should be distributed; and
- Adhered to the Court directions order delivered by the Court.

The total remuneration we have received in the liquidation is \$283,091 (net of GST). The classification of staff engaged on each category of work, broken down into hourly rate, hours and costs is attached as **Appendix B.1**.

## 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 period 28 September 2020 (date of liquidation) to 26 September 2023:

Disbursement	\$ (excl GST)
<b>Advertising:</b> Used to advertise the liquidation	2,328
<b>Communication costs</b> (e.g. postage, phone calls, faxes, courier charges)	578
<b>Costs of asset sale</b> (e.g. commission, advertising/marketing, transport): The direct cost of selling the company's assets (i.e. not the liquidators' time)	1,222
<b>Insurance:</b> Used to protect the cost of insuring risks of a company (e.g. material damage, general liability)	250
<b>Legal costs</b> (e.g. legal fees, expert witness costs, Court filing fees, digital transcription): Used to protect the company/liquidators and litigate	124,437
<b>Offsite storage:</b> Used to store a company's records where there is a volume of the records	231
<b>Transport:</b> Taxi	15
	<b>129,061</b>

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 26 September 2023 was \$3,152, as follows:

Recipients	Purpose	Amount paid (excl GST) \$
Allied Press Limited	Advertising	488
Department of Internal Affairs	Advertising	315
NZME Publishing Limited	Advertising	830
Stuff Limited	Advertising	695
Courier	Communication costs	578
Iron Mountain New Zealand Limited	Offsite storage	231
Taxi	Transport	15
		<u>3,152</u>

## 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.



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Colin Owens

26 September 2023

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Date

## Appendix B.1

### Total remuneration breakdown

The total remuneration received in the liquidation (net of GST) between 28 September 2020 to 26 September 2023 was:

Level	Hourly rates \$	Description	Hours	Cost \$
Office Administrator	95 - 140	Protecting & Realising Assets	1.6	201
		Statutory, Creditor & Professional Duties	47.1	5,679
			<b>48.7</b>	<b>5,880</b>
Analyst	215	Protecting & Realising Assets	3.2	700
		Statutory, Creditor & Professional Duties	16.3	3,501
			<b>19.5</b>	<b>4,201</b>
Senior Analyst	260	Protecting & Realising Assets	23.5	6,113
		Statutory, Creditor & Professional Duties	140.3	36,488
			<b>163.8</b>	<b>42,601</b>
Manager	325	Protecting & Realising Assets	9.8	2,970
		Statutory, Creditor & Professional Duties	23.8	8,110
			<b>33.6</b>	<b>11,080</b>
Associate Director	400	Protecting & Realising Assets	135.9	54,992
		Statutory, Creditor & Professional Duties	159.2	64,007
			<b>295.1</b>	<b>118,999</b>
Director	500	Protecting & Realising Assets	7.2	3,610
		Statutory, Creditor & Professional Duties	1.2	614
			<b>8.4</b>	<b>4,224</b>
Liquidator	500-620	Protecting & Realising Assets	86.5	44,434
		Statutory, Creditor & Professional Duties	98.9	51,673
			<b>185.4</b>	<b>96,106</b>
<b>Total Remuneration</b>			<b>754.6</b>	<b>283,091</b>

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