

Liquidators' Six Monthly Report

M & G YOUNG HOLDINGS LIMITED (IN LIQUIDATION)

Introduction

On 19 July 2016 at 11.14am, Iain Bruce Shephard and Heath Leslie Gair were appointed liquidators jointly and severally of M & G Young Holdings Limited by special resolution signed by the shareholders. Hair Gair retired as a liquidator on 12 August 2016.

This is our six monthly report required by Section 255(2)(d) of the Companies Act 1993 and is to be read in conjunction with our previous report.

Background

M & G Young Limited (in liquidation) ("M & G Young") operated 11 Z Energy service stations and one mechanical workshop in the Wellington Region.

A related entity, Black Ink Limited (in liquidation) ("Black Ink") employees the staff that operated the service stations and provided the administrative support services to M & G Young.

Trading results of the service stations resulted in cashflow difficulties. Z Energy, in conjunction with the directors had commenced steps to cancel the Business Operating Agreement and replace the operators. The shareholders sought advice and resolved to place the company into liquidation.

Liquidators' Actions

The Petrol Stations

On day one of the liquidation, an agreement was reached between Z Energy and the liquidators that Z Energy would take over the operation of the 11 service stations.

As mentioned above, Z Energy had already begun to take steps to put new operators in place. The Liquidators assisted Z Energy with the transfer of the management of the stations to the new operators by continuing to manage the payroll and transfer daily takings.

Z Energy

Z Energy undertook a stock take which enabled the liquidators and Z Energy to agree a sale of the unencumbered stock. The stock take was extensive and time consuming as a consequence of the number of stores and number of line items.

There was a “wash up” as between the liquidator and Z Energy for the purchase of stock, assets and monies held on trust.

Mechanical Workshop

The Liquidator's did not continue to trade the workshop and it was closed following liquidation. The assets, which consisted of usual mechanical workshop tools and hoists, were sold for \$10,000.

General Matters

The liquidators have liaised with many parties including Inland Revenue, the Companies Office, the New Zealand Gazette and the Accident Compensation Corporation, and completed a review of all information received.

The liquidators advertised their appointment in the relevant publications and made a call for creditor claims. The liquidators also directly contacted all known creditors and answered any queries they may have had. The liquidators subsequently reviewed all completed creditor claim forms received.

Investigations

The liquidators have reviewed the actions of the directors with consideration as to whether there were any potential breaches of appropriate sections of the Companies Act 1993. The liquidators' investigations have thus far included interviewing the directors, examining the Company's financial statements and considering the Company's bank transactions.

The shareholders had an overdrawn current account of approximately \$989,000 owed to Black Ink. Given the level of debt owed by the shareholders and their apparent inability to repay, the liquidators determined that proceeding with further investigations in Companies Act 1993 breaches would be economically futile.

The directors were subsequently made bankrupt on 15 February 2017.

Realisation of Assets

Accounts Receivable

The accounts receivable ledger related primarily to the mechanical workshop and had an opening balance of \$95,301. A significant number of these receivables were unrecoverable and to date \$38,424.01 has been written off. There is a remaining balance of \$10,842.50 which the liquidator is attempting to collect.

Tangible Assets

The fixed assets of the service station were sold to Z Energy. The mechanical workshop assets were sold for \$10,000 as mentioned above.

Shareholders' Current Accounts

The shareholder of M & G Young is the related company, Black Ink. The shareholders account is overdrawn however there is no prospect of a distribution to unsecured creditors of Black Ink and therefore there is no prospect of a recovery of the current account.

Creditors' Claims

Secured Creditors

The BNZ held security, in the form of a General Security Agreement for All Present and After Acquired Personal Property. The debt to BNZ was approximately \$104,000. Black Ink have made a distribution to BNZ of \$39,934.35. M & G Young have made a distribution of \$64,000 and the debt has been repaid in full.

Four creditors held valid security over stock supplied and unpaid for. After reviewing the stock holding the liquidator has distributed \$388,090 to these creditors.

Preferential Creditors

Inland Revenue have confirmed that they do not have a preferential claim in the liquidation.

Unsecured Creditors

The liquidators have received 43 unsecured claims, totaling \$1,028,360.

Prospect of a Distribution

The liquidators are currently reviewing the GST position of the Company and it may be that a GST refund would allow for a distribution to unsecured creditors.

Receipts and Payments

A schedule of the liquidators' receipts and payments is enclosed.

Estimated Date of Completion

It is not practical to estimate the date of completion at this time.

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IAIN SHEPHARD
Liquidator

Dated 10 August 2017

M & G YOUNG HOLDINGS LIMITED (IN LIQUIDATION)

Schedule of Liquidators' Receipts & Payments

As at: 10 August 2017

Receipts

Accounts Receivable	45,482.49
Inland Revenue - GST Refund	34,411.17
Interest	1,199.60
Ministry of Justice - Fines	220.39
NZTA Refund	4,014.00
Proceeds Pre Liquidation Account	150.00
Repayment of staff purchases	500.00
Sale of Assets	331,785.56
Z Sale Receipts	211,201.75

628,964.96

Less Payments

Distribution to GSA creditor	64,000.00
Legal Fees	14,742.88
Liquidators Costs and Disbursements	158,914.12
RWT	395.87
Distribution to PMSI creditors	388,090.00
Telephone Charges	2,662.93

628,805.80

Liquidators' Bank Account

159.16