



McGrathNicol

McGrathNicol Limited

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Lugis (NZ) Limited (In Liquidation) (Company)

Company number: 6765037

NZBN: 9429046666581

Liquidators' first report and notice to creditors (pursuant to s255 of the Companies Act 1993)

1. Appointment

On 8 July 2021 Domenic Calabretta, Grahame Ward and Thyge Trafford-Jones of Mackay Goodwin, Sydney (**Initial Administrators**) were appointed as Voluntary Administrators of the Company by director's resolution. At the first creditors meeting held on 20 July 2021 the Initial Administrators were replaced as administrators pursuant to section 239R(1)(b) of the Companies Act 1993 (**Act**) and Andrew John Grenfell and Kare Johnstone, of Auckland, were appointed as replacement administrators of the Company pursuant to section 239R(2)(a) of the Act.

On 13 August 2021, at the Watershed Meeting, the creditors resolved at 10.15 am that Andrew John Grenfell and Kare Johnstone (**Liquidators**) be appointed joint and several liquidators of the Company pursuant to section 241(2)(d) of the Act.

Andrew Grenfell (registration number IP24) and Kare Johnstone (registration number IP29) are licensed insolvency practitioners pursuant to the Insolvency Practitioners Regulation Act 2019. Liquidators of insolvent companies are required to be licensed insolvency practitioners. You may obtain more information regarding the regulation of insolvency practitioners from the Registrar of Companies.

The Liquidators are members of the Restructuring Insolvency and Turnaround Association of New Zealand Inc (**RITANZ**) and accordingly act in compliance with the RITANZ Code of Professional Conduct, a copy of which can be located on RITANZ's website (www.ritanz.org.nz).

2. Disclaimer

The purpose of this report is to report to the creditors and shareholders in accordance with Section 255 of the Act.

This report has been prepared based on the information known to the Liquidators as at the date of this report. We reserve the right (but will be under no obligation) to review this report and, if we consider it necessary, to revise the report in the light of any information existing at the date of this report that becomes known to us after that date. We have not independently verified the accuracy of information provided to us, nor have we conducted an audit in respect of the Company. We express no opinion on the reliability, accuracy, or completeness of information provided to us and upon which we have relied.

In association
with



**ADVISORY
RESTRUCTURING**



The Liquidators do not accept responsibility or liability for any losses occasioned to any party as a result of the circulation, publication, reproduction, or use of this report.

3. Company information

Date of incorporation:	21 March 2018
Trading address:	1 Parkhead Place, Rosedale, Auckland
Type of business:	Hospitality equipment sales
Shareholder:	Basile Papadimitriou
Director:	Basile Papadimitriou

4. Events leading to appointment of liquidators

The director's appointment of administrators to the Company followed Westpac New Zealand Limited issuing a Statement of Claim on 30 June 2021 naming the Company as defendant, alleging irregularities in customer lease agreements (which were subsequently purchased and assigned to Westpac) relating to equipment sold to purported customers of the Company.

5. Statement of affairs

Attached as Appendix 1 is a statement of the Company's affairs as at 8 July 2021, the date of the appointment of the Initial Administrators.

The statement has been prepared from Company's records, however the accounting records were not current at the date of the Initial Administrators' appointment. Accordingly, we have restated the balances estimated values based on our knowledge as at the date of liquidation. The Liquidators have experienced difficulty in obtaining full accounting records of the Company.

6. List of creditors

A list of all known creditors and their addresses has been compiled by the Liquidators based on the information available to us and is attached as Appendix 2.

7. Proposals for conducting the liquidation

The Liquidators will be attending to the following matters during the course of the liquidation:

- a) Working with the liquidators of related group companies based in Australia to trace the ultimate destination of payments made from the Company's bank accounts to foreign group companies.
- b) Complete and file GST returns.
- c) Comply with statutory reporting requirements.
- d) Determine the validity and collectability of the debtor book.
- e) Determine and admit creditors' claims.
- f) If required, consider:
 - i) the prospects of recoveries for creditors from voidable transactions and breaches of directors' duties; and
 - ii) other actions that may be available for the benefit of all unsecured creditors. Should any creditors have any information on any matter that they feel warrants investigation, please advise the Liquidators in writing.
- g) Pay dividends, if any, to creditors in line with statutory requirements.



8. Liquidators' Interests Statement/Declaration of Independence, Relevant Relationships and Indemnities (Declaration)

Attached as Appendix 3 is a copy of the Liquidators' Declaration provided on 3 August 2021. There has been no change to this statement. The Liquidators have not identified any matters that would prevent them from accepting the appointment as liquidators of the Company.

9. Liquidators' remuneration

The Liquidators' remuneration is charged on an hourly basis at their standard hourly rates, which are set out in Appendix 4. A schedule of the qualifications and experience generally of staff at each level is also included in this schedule, together with the basis of recharging disbursements paid by the Liquidators.

The Liquidators have not drawn any remuneration at the date of this report.

10. Estimated date of completion of liquidation

It is not practicable to estimate the date of the completion of the liquidation at this stage, due to the uncertainty of the time required to trace, identify, and realise assets.

11. Creditors' meeting

A liquidator may call a meeting of creditors in order to decide whether to appoint a replacement liquidator.

The Liquidators were appointed at the Watershed Meeting pursuant to section 241(2)(d) of the Act. Accordingly, in accordance with section 243 of the Act a meeting of creditors is not required to be called to confirm the appointment of the Liquidators.

12. Liquidation committee

In accordance with section 314 of the Act, a creditor or shareholder may request the Liquidators call a meeting of creditors or shareholders at any time in the course of the liquidation to vote on a proposal that a Liquidation Committee be appointed to act with the Liquidators. This request must be in writing.

The Liquidators may decline a request by a creditor or a shareholder to call a meeting on the grounds that:

- a) the request is frivolous or vexatious; or
- b) the request was not made in good faith; or
- c) the costs of calling the meeting would be out of proportion to the value of the Company's assets.

The decision to decline a request may be reviewed by the Court on the application of any creditor or shareholder.

The Liquidators do not consider a committee to be necessary in relation to this liquidation at this time. We will continue to report to creditors on the conduct of the liquidation as appropriate.

13. Creditors' claims

13.1. Personal Property Securities Act / Reservation of Title

Should any creditor believe they have registered a Purchase Money Security Interest (**PMSI**) on the Personal Property Securities Register (**PPSR**) over any goods, or proceeds from realisation of goods, they should contact the Liquidators immediately.

If any creditor believes they have a Retention of Title over goods and they have not registered their interest on the PPSR, they should also contact the Liquidators.



13.2. Claim forms

Attached as Appendix 5 is a claim form for completion by unsecured creditors. If you consider you are a secured creditor of the Company, please contact the Liquidators and they will supply to you a secured creditor's valuation and claim form. Completion of your claim should be given your urgent attention.

If creditors have previously submitted a claim in the Administration, and the quantum of that claim has not changed, a new claim is not required to be submitted.

14. Further information

Should you have any information that you believe would lead to realisations for the benefit of creditors, please set it out in writing, attaching copies of all documentary evidence, and send it to the Liquidators. Please note that the Liquidators can only act on written information as telephone, or other, conversations will be regarded as hearsay by the Court.

15. Prospect of a dividend

As significant funds have flowed from the Company to related entities, the level of dividend (if any) available to unsecured creditors will depend on the success of the asset tracing exercise currently being undertaken by the liquidators of the related Australian group of companies

If there are insufficient proceeds from the realisation of assets to pay unsecured creditors in full, then the level of the distribution to unsecured creditors or shareholders will also depend on the success of any voidable transactions or legal actions commenced by the Liquidators (if any).

16. Contact details

The Liquidators can be contacted at McGrathNicol, Level 17, AIG Building, 41 Shortland Street, Auckland (PO Box 106-733, Auckland 1143). Telephone enquiries should be directed to Leanne de Seymour direct dial (09) 926 5104.

Dated: 20 August 2021

A handwritten signature in black ink, appearing to read 'Andrew Grenfell'.

Andrew Grenfell
Liquidator



Appendix 1 – Statement of Company affairs

Iugis (NZ) Limited (In Liquidation)			
\$'000	Jul-21	Estimated Value	Note
Assets			
Bank	59	106	1
Debtors	20	-	
Prepayments	2	-	
Total assets	81	106	
Current liabilities			
BHO Clearing Account	(2,319)	48,511	2
Trade creditors	34	6	
Total current liabilities	(2,284)	48,517	
Non-current liabilities			
Intercompany loans	2,391	tbc	3
Total liabilities	2,391	tbc	
Net assets/(liabilities)	(26)	tbc	

Source: Company financial information, Liquidators' records

Disclaimer: The statement of assets and liabilities as at July 2021 has been prepared based on information supplied by the Company's external accountant. This information has not been verified. The Liquidators have not carried out an audit of the information supplied and therefore they do not accept any responsibility for the accuracy of the information from which the Statement has been prepared. The Liquidators do not accept any responsibility on any ground whatever, including liability in negligence, to any other person.

Notes

- 1 The Company's accounts have not been updated to 8 July 2021 being the date of appointment of the Initial Administrators. On 8 July 2021 the Company held \$143k in funds. The balance of \$108k reflects the net funds to be remitted to McGrathNicol after the Initial Administrators deducted their fees.*
- 2 This balance has been adjusted to reflect the claim submitted by Westpac for monies advanced in relation to alleged fraudulent customer leasing transactions, together with related costs.*
- 3 Work is currently being undertaken by the Liquidators of the Australian group of related companies to verify the intercompany funds flows that have occurred across the wider group and to ascertain the current intercompany debt balances.*



Appendix 2 – List of creditors

Westpac New Zealand Limited	16 Takutai Square, Auckland 1010
REB Group Limited	1 Parkhead Place, Albany Auckland 0632
Iugis Pty Ltd	C/O McGrathNicol, Sydney
Orca Enviro Systems Pty Ltd	C/O McGrathNicol, Sydney



Appendix 3 – Liquidators' Interests Statement

Interest Statement (Declaration of Independence, Relevant Relationships and Indemnities)

Iugis (NZ) Limited (Administrators Appointed)

Forum Group NZ Limited (Administrators Appointed) (together the Companies)

Section 255A and 239APA of the Companies Act 1993 and the Restructuring Insolvency and Turnaround Association of New Zealand Inc. (**RITANZ**) Code of Professional Conduct requires Licensed Insolvency Practitioners appointed to an insolvent entity to provide an Interest's Statement/Declaration as to:

- A. their independence generally, including any potential conflict of interest;
- B. relationships, including
 - a) the circumstances of the appointment;
 - b) any relationships with the Companies and others within the previous two years;
 - c) any prior professional services for the Companies within the previous two years;
 - d) that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This Declaration is made in respect of ourselves, our partners and the firm McGrathNicol.

A. Independence

We, Andrew John Grenfell and Kare Johnstone (**Administrators**), Chartered Accountants and Licensed Insolvency Practitioners of the firm McGrathNicol, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as administrators or liquidators of the Companies in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. Declaration of Relationships

(i) *Circumstances of appointment*

McGrathNicol was initially approached by Westpac to act as replacement administrators. Neither the Administrators nor McGrathNicol were engaged by the Companies at any time to provide services in relation to the Companies.

(ii) *Relevant Relationships*

Neither we, nor our firm, have, or have had, within the preceding two years, any relationships with the Companies, their director or any of the Companies' or director's associates.

(iii) *Prior professional services to the Insolvent*

Neither we, nor our firm, have provided any professional services to the Companies.

(iv) *No other relevant relationships to disclose*

There are no other known relevant relationships, including personal, business and professional relationships, with the Companies, that should be disclosed.



C. Indemnities and Up-front Payments

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute. We have not received any up-front payments to cover our remuneration and disbursement costs in relation to the administration.

Dated: 3 August 2021



Andrew John Grenfell



Kare Johnstone



Appendix 4 – Hourly rates and disbursements

Explanation of hourly rates		
Title	Guide to qualifications and roles	Hourly rate (excl GST)
Appointee/ Partner	Licensed Insolvency Practitioners, Chartered Accountant or equivalent and generally degree qualified with more than twelve years of experience. Leads assignments with full accountability for strategy and execution.	\$645
Director	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than ten years of experience. Autonomously leads insolvency appointments reporting to Appointee/Partner.	\$555
Senior Manager	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than seven years of experience. Self-sufficiently conducts small to medium insolvency appointments and leads major work streams in larger matters.	\$485
Manager	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than five years of experience. Self-sufficiently conducts small insolvency appointments and takes a supervisory role on work streams in larger matters.	\$430
Assistant Manager	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than three years of experience. Autonomously manages work stream activity within appointments.	\$380
Senior Analyst	Generally, degree qualified and undertaking Chartered Accountant's qualification or comparable relevant qualification with more than 16 months of experience. Completes tasks within work streams and appointments under supervision.	\$305
Analyst	Generally, degree qualified and undertaking or about to undertake Chartered Accountant's qualification or comparable relevant qualification with less than one year of experience. Assists with tasks within work streams and appointments under supervision.	\$290
Administrator	Appropriately experienced and undertakes senior level administrative support activities or Treasury activities. May be responsible for day to day management of projects or operations and may have supervisory responsibility for junior staff.	\$280
Secretaries	Appropriately experienced and undertakes support activities, such as meeting co-ordination and preparation of materials where it is efficient and appropriate to do so.	\$175



Appendix 4 – Hourly rates and disbursements continued

Explanation of disbursements	
Disbursements	Rate (excl GST)
Externally provided professional services	At cost
Externally provided non-professional services	At cost
Internal disbursements: office service charge	3.0% of hourly rate
Internal disbursements: staff vehicle use*	\$0.62-\$1.00 per KM, depending on the size of the vehicle's engine
Internal disbursements: conference calls	At cost



Appendix 5 – Unsecured creditors claim form

Form 1



UNSECURED CREDITOR'S CLAIM

Section 304(1) Companies Act 1993

<p>Name and postal address of creditor in full:</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>Telephone Number ()</p> <p>Address for electronic communications</p> <p>My Reference is (if applicable)</p>	<p>Any personal information collected is for the purpose of administering the liquidation in accordance with the Companies Act 1993. *</p> <p>The information will be used and retained by McGrathNicol, 41 Shortland Street, Auckland and will be released to other parties only with your authorisation or in compliance with the Privacy Act 1993.</p> <p>Under section 304 (1) of the Companies Act 1993 any claim by an unsecured creditor against a company in liquidation must be made in this prescribed form and must –</p> <p>(a) Contain full particulars of the claim; and</p> <p>(b) Identify any documents that evidence or substantiate the claim.</p> <p>You may have access to and request correction of any personal information.</p> <p>(*Not applicable, if creditor is not an individual within the meaning of the Privacy Act 1993.)</p>									
<p>Name of Company in Liquidation: (In Liquidation)</p>										
<p>I</p> <p><i>[If claim is made on behalf of creditor, specify relationship to creditor and authority]</i> claim that the company was at the date it was put into liquidation indebted to the abovenamed creditor for the sum of <i>[Amount in words and figures]</i>:</p> <p style="text-align: right;">\$ _____</p>										
<p>Either: I hold no security for the amount claimed; or</p> <p>I am surrendering my security and I am claiming as an unsecured creditor</p> <p><i>[Omit whichever does not apply]</i></p>										
<p>Full particulars of the claim are set out, and any supporting documents that substantiate the claim are identified, on the reverse of this form. (The liquidator may require the production of a document under section 304 (1) (b) of the Companies Act 1993. You are not required to attach any supporting documents at this stage, but you may attach them now, if you think it would expedite the processing of the claim.)</p> <p>The abovenamed creditor [is/is not*] a related entity of the company in liquidation. (See section 245A(3) of the Companies Act 1993).</p> <p>The abovenamed creditor [consents/does not consent*] to receive documents by electronic means at the address for communication specified above.</p> <p>*Select one.</p>										
<p>Signed: _____ Date: _____ / _____ / _____</p>										
<p>WARNING - It is an offence under section 304 (6) of the Companies Act 1993 to –</p> <p>Make, or authorise the making of, a claim that is false or misleading in a material particular in knowing it to be false or misleading; or</p> <p>Omit, or authorise the omission, from a claim of any matter knowing that the omission makes the claim false or misleading in a material particular.</p>										
<p>Reserved for Office Use:</p> <p>Received (Date Stamp)</p>	<p>Reserved for Office Use:</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 60%;">Claim admitted for voting purposes:</td> <td style="width: 20%;">Signed:</td> <td style="width: 20%;">Date: / /</td> </tr> <tr> <td>Claim rejected for voting purposes:</td> <td>Signed:</td> <td>Date: / /</td> </tr> <tr> <td>Claim rejected for payment:</td> <td>Signed:</td> <td>Date: / /</td> </tr> </table>	Claim admitted for voting purposes:	Signed:	Date: / /	Claim rejected for voting purposes:	Signed:	Date: / /	Claim rejected for payment:	Signed:	Date: / /
Claim admitted for voting purposes:	Signed:	Date: / /								
Claim rejected for voting purposes:	Signed:	Date: / /								
Claim rejected for payment:	Signed:	Date: / /								



	Claim admitted for payment:		
	Preferential Claim for:	Ordinary Claim for:	Deferred claim for:
	\$	\$	\$
	Signed Liquidator		Dated:
	Note: If the decision to admit or reject a claim is amended, regulation 8 of the Companies Act 1993 Liquidation Regulations 1994 requires that it be recorded in writing.		



Appendix 6 – Particulars of claim form

PARTICULARS OF CLAIM

Date	Details of claim and identification of documents that evidence or substantiate the claim If applicable, less retention of title for goods supplied by creditor to the company [describe goods] If applicable, less debts owed by creditor to the company [describe debts]	Amount \$

If applicable, please record here your GST Registration number: _____
and total GST included in your claim \$ _____

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