



McGrathNicol

McGrathNicol Limited

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**Liquidators' second report
(pursuant to s255 of the Companies Act 1993)
Kumfs Brand Limited (In Liquidation) (Company)
Company number: 2166895**

1. Appointment

Conor McElhinney and Andrew Grenfell (**Liquidators**) were appointed jointly and severally as liquidators of the Company on 7 February 2020 by a resolution of the Company's creditors at the Watershed Meeting.

As Accredited Insolvency Practitioners, the Liquidators are bound by the Restructuring Insolvency and Turnaround Association of New Zealand Inc's (**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 Companies Act 1993 (Companies 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.

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: 26 August 2008
Trading address: 59 Mahunga Drive, Mangere Bridge, Auckland
Type of business: Women's Footwear
Shareholders: Kumfs Group Limited (in Liquidation)
Directors: Robert Paul Edwards, Andrew John Robertson, John David Robertson

In association
with



**ADVISORY
RESTRUCTURING**



4. Report on conduct of the liquidation

The Liquidators have attended to the following matters during the course of the liquidation:

- a) Determination and admittance of creditors' claims.
- b) Consideration of the prospects of recoveries for creditors from voidable transactions and breaches of Directors duties. None were identified.
- c) Consideration of 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.
- d) Marketing and sale of the intellectual property associated with the Kumfs and Ziera brands occurred during the period of the Voluntary Administration. Realisations from the sale of the intellectual property is currently held by a related entity, Ziera Shoes NZ Limited (In Liquidation). Prior to the Voluntary Administration, this company had advanced monies to Kumfs Brand Limited (In Liquidation) via an intercompany advance, which is pending repayment. The liquidation has been ongoing pending finalisation of the liquidations of the trading companies, at which point intercompany funds will be repaid via creditor distributions.
- e) There have been no receipts and payments to report for the period 7 February 2020 to 6 August 2020.

5. Proposals for completing the liquidation

The Company operated as part of a wider group with the related party trading entities Ziera Shoes NZ Limited (In Liquidation), Ziera Retail NZ Limited (In Liquidation) and Ziera Retail Pty Limited (In Liquidation), funded via intercompany advances. Any distribution to the Company is dependent on the outcome from the liquidations of the trading entities. The liquidators will remain in office pending the receipt and subsequent distribution to creditors of dividends received from these related companies.

6. Liquidators' Declaration of Independence, Relevant Relationships and Indemnities (**Declaration**)

The Liquidators provided a Declaration in the Watershed Report dated 29 January 2020 previously provided to creditors. There have been no changes since that report.

7. Liquidators' remuneration

The Liquidators' remuneration is charged on an hourly basis at their standard hourly rates. These rates, the qualifications and experience generally of staff at each level, and how we charge disbursements, was set out in our first report dated 14 February 2020. There has been a change in charge out rates effective 1 April 2020 and a new schedule of rates is set out in Appendix 1.

There has been no Liquidators' remuneration received for the period 7 February 2020 to 6 August 2020 in this entity within the Group.

8. Estimated date of completion of liquidation

The liquidators estimate that the liquidation will be completed by 31 December 2020.

9. 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.

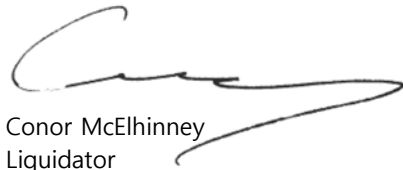
10. Prospect of a dividend

The only creditor of the Company is a related entity Ziera Shoes NZ Limited (In Liquidation). Unsecured creditors will receive a dividend from the liquidation; however, until the liquidations of the related party trading companies are completed, the quantum of any distribution cannot be determined.

11. 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 Priscilla Cooper direct dial (09) 926 5107.

Dated: 2 September 2020



Conor McElhinney
Liquidator



Appendix 1 – Hourly rates and disbursements

Explanation of hourly rates		
Title	Guide to qualifications and roles	Hourly rate (excl GST)
Appointee/ Partner	Accredited 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.	\$550
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.	\$425
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.	\$375
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.	\$300
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.	\$285
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.	\$275
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.	\$170



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