



McGrathNicol

**McGrathNicol Limited**

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mcgrathnicol.com

**TRENDS PUBLISHING INTERNATIONAL LIMITED (IN RECEIVERSHIP AND IN LIQUIDATION)  
("COMPANY")**

**LIQUIDATORS' FIRST REPORT AND NOTICE TO CREDITORS (PURSUANT TO SECTION 255 AND 245 OF  
THE COMPANIES ACT 1993)**

**Company Number: 575043**

**1. Appointment**

Trends Publishing International Limited (In Receivership and In Liquidation) was put into liquidation by the High Court at Auckland on 1 November 2019. Kare Johnstone and Andrew John Grenfell ("Liquidators") were appointed jointly and severally as liquidators of the Company.

**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 (**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. Declaration of Independence, Relevant Relationships and Indemnities**

Attached is the Declaration of Independence, Relevant Relationships and Indemnities, as prepared by the Liquidators, in accordance with the Restructuring Insolvency and Turnaround Association of New Zealand Inc. (**RITANZ**) Code of Professional Conduct.

In association  
with



**ADVISORY  
RESTRUCTURING**



#### **4. Company information**

Date of Incorporation:	23 December 1992
Trading address:	49B Main Highway, Ellerslie, Auckland 1051
Type of business:	Publishers
Business sold:	24 September 2019
Shareholders:	Trends Publishing Systems Ltd and PIJ Trustee Ltd
Director:	David Alan Johnson

#### **5. Events leading to appointment of Liquidators**

In May 2015 the director of the Company made a proposal under Part 14 of the Act to compromise the Company's debts. The compromise was approved, by a majority in number and 75 percent in value at a meeting of the creditors. An application was made to the Court by creditors who voted against the proposal to set aside the compromise. Justice Heath made an order in September 2016 that the compromise approved by the creditors be set aside. The Company unsuccessfully appealed to the Court of Appeal and the Supreme Court. The Company's appeals were dismissed in decisions dated 24 August 2017 and 16 July 2018 respectively.

The Court ordered in May 2017 that Kare Johnstone and Andrew Grenfell may be appointed as liquidators to the Company if an application was made to put the Company into liquidation.

A receiver was appointed to the Company on 7 October 2019 by TheCircle.co.nz Limited.

Callaghan Innovation, a Crown entity and creditor under a funding agreement, issued a Statutory Demand seeking repayment from the Company. Following expiry of the Statutory Demand, Callaghan Innovation sought an order from the Court that the Company be put into liquidation.

Documents ordered by the Court to be provided to creditors and shareholders can be accessed from McGrathNicol's website (<https://www.mcgrathnicol.com/creditors/trends-publishing-international-limited/>)

#### **6. Statement of Affairs**

Attached is a statement of the Company's affairs as at the date of our appointment.

This has been prepared from information provided by the Receiver of the Company and the Liquidators are not yet able to express an opinion on the validity of that information.

#### **7. List of Creditors**

A list of all known creditors has been compiled by the Liquidators based on the Company's information available to us. A copy is attached to this report.

#### **8. Proposals for conducting the liquidation**

The Liquidators current key course of actions is to:

- Assess the validity of the security under which the Receiver was appointed
- Review the sale of the business in September 2019 to an entity related to the Director of the Company;



- Investigate the Company's books and records to establish if there are any potentially voidable transactions that may require further investigation;
- If there are funds available for a distribution, the Liquidators will admit creditor claims and make a distribution;
- Complete a final report and request that the Registrar of Companies remove the Company from the register.

#### **9. Estimated date of completion of liquidation**

It is not practicable to estimate the date of the completion of the liquidation at this stage.

#### **10. Creditors meeting**

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

Having regard to the assets and liabilities of the Company, the likely result of the liquidation and the purpose of the liquidation, the Liquidators consider in accordance with Section 245 of the Act that no such meeting should be held.

A meeting will not be called unless within 10 working days after receiving this notice a creditor gives notice in writing to the Liquidators requiring a meeting to be called.

#### **11. 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 the:

- a) request is frivolous or vexatious; or
- b) request was not made in good faith; or
- c) 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.

#### **12. Liquidators' Remuneration**

An approval has been obtained from the High Court in respect of Liquidators' fee rates applicable to the liquidation. Under Section 284(1)(e) of the Act creditors or shareholders are entitled to have the Liquidators' remuneration reviewed by the Court.

#### **13. 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.



#### **14. Contact details**

The Liquidators can be contacted at:

McGrathNicol  
Level 17  
41 Shortland Street  
Auckland  
(PO Box 106-733, Auckland 1143)

Telephone enquiries should be directed to David Walker, direct dial 09 926 5112.

Dated 4 December 2019

Kare Johnstone  
Liquidator



## **Declaration of Independence, Relevant Relationships and Indemnities (Declaration)**

### **Trends Publishing International Limited (In Receivership and In Liquidation) Company Number 575043 (Company)**

The Restructuring Insolvency and Turnaround Association of New Zealand Inc. (**RITANZ**) Code of Professional Conduct (**Code**) requires the Practitioner/s appointed to an insolvent entity to make a Declaration as to:

- A. their independence generally;
- B. relationships, including
  - a) the circumstances of the appointment;
  - b) any relationships with the company and others within the previous 2 years;
  - c) any prior professional services for the company within the previous 2 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 (**Liquidators**), RITANZ Accredited Insolvency Practitioners of the firm McGrathNicol, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as liquidators of the Company 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***

In May 2015 the directors of the Company made a proposal, under Part 14 of the Companies Act 1993 to compromise the Company's debts. The compromise was approved by a majority in number and 75 percent in value at a meeting of the affected creditors. An application was made to the Court by creditors who voted against the proposal to set aside the compromise. Justice Heath made an order in September 2016 that the compromise approved by the creditors be set aside. The Company unsuccessfully appealed to the Court of Appeal and the Supreme Court. The Company's appeals were dismissed in decisions dated 24 August 2017 and 16 July 2018 respectively.

The Court ordered in May 2017 that Kare Johnstone and Andrew Grenfell may be appointed as liquidators to the Company if an application was made to put the Company into liquidation.

A receiver was appointed to the Company on 7 October 2019.

Callaghan Innovation, a Crown entity and creditor under a funding agreement, issued a Statutory Demand seeking repayment from the Company. Following expiry of the Statutory Demand, Callaghan Innovation sought an order from the Court that the Company be put into liquidation. The Liquidators were appointed by Order of the High Court on 1 November 2019.

Our appointment occurred as a result of a referral from the petitioning creditor's lawyer. The relationship with the referrer does not result in a conflict of interest or duty because:



- the referrals from this referrer are irregular;
- there is no formal or informal agreement or arrangement with this referrer in respect to the referral of insolvency appointments;
- this referrer has the discretion to refer potential insolvency appointments to any insolvency practitioner of its choosing. There is no expectation; agreement; or understanding that the referrer will refer any potential insolvency appointments going forward. Importantly, the referral of potential insolvency appointments going forward is not contingent on the outcome of this appointment;
- referrals from professional advisers, accountants and solicitors are commonplace and do not impact upon independence; and
- referrals are received from a wide range of sources. There is no reliance on the income generated from this referrer and therefore this insolvency appointment will be approached with an independent mind in an impartial manner.

**(ii) *Our pre-appointment engagement with the Company***

Prior to our appointment we had no relationship, nor did we meet or communicate with, the Company or its director or the petitioning creditor.

**(iii) *Relevant Relationships (excluding professional services to the Insolvent)***

Neither we, nor our firm, have had, within the preceding two years, any relationships with the Company, an associate of the Company, or any person or entity that has security over the whole or substantially whole of the Company's property.

**(iv) *Prior professional services to the Insolvent***

Neither we, nor our firm, have provided any professional services to the Company, in the previous two years.

**(v) *No other relevant relationships to disclose***

There are no other known relevant relationships, including personal, business and professional relationships, from the previous two years with the Company, an associate of the Company, or any person or entity that has security over the whole or substantially the whole of the Company's property that should be disclosed.

**C. *Indemnities and Up-front Payments***

The petitioning creditor has provided an underwriting of the Liquidators' fees up to an amount of \$25,000.

- The payment will only be provided to meet remuneration and/or disbursements when the services are provided; and disbursements are incurred and if there are insufficient assets available in the Company to meet the Liquidators' fees.
- There are no conditions on the conduct or outcome of the liquidation attached to the payment.
- There are no other indemnities or upfront payments to be disclosed.

**Dated:** 4 December 2019

.....  
**Andrew Grenfell**  
**Liquidator**

.....  
**Kare Johnstone**  
**Liquidator**

**Statement of Affairs of  
Trends Publishing International Limited (In Receivership and In Liquidation)  
As at the date of the Appointment of Liquidators being  
1 November 2019**

	<b>Book value as at \$</b>	<b>Estimated to realise or to rank for payment \$</b>
<b>ASSETS AVAILABLE TO GENERAL SECURITY HOLDER(S)</b>	Note 1	
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	-	-
<b>Less Amounts owing under General Security Agreement(s)</b>		
TheCircle.Co.NZ Ltd	5,440,724	5,440,724
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	5,440,724	5,440,724
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
<b>Surplus (Deficit) as regards General Security Holder(s)</b>	<b>(5,440,724)</b>	<b>(5,440,724)</b>
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
<b>ASSETS AVAILABLE TO PREFERENTIAL CREDITORS</b>		
Accounts Receivable	2,271	Unknown
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	2,271	-
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	2,271	-
<b>Less Preferential Claims</b>		
Employee claims		Unknown
Inland Revenue Department	312,412	Unknown
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	312,412	312,412
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	312,412	312,412
<b>Surplus (Deficit) as regards Preferential Creditors</b>	<b>(310,141)</b>	<b>(312,412)</b>
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
<b>Surplus (Deficit) as regards General Security Holder(s) and Preferential Creditors</b>	<b>(5,750,865)</b>	<b>(5,753,136)</b>
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
<b>Less Unsecured Creditors (known to date)</b>	Note 2	15,219,239
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
<b>Surplus (Deficit) as regards Unsecured Creditors (Subject to costs of Liquidation)</b>	<b>Unknown</b>	<b>(20,972,375)</b>
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>

**Notes**

1. Assets of the Company were sold to The T2 Agency Limited under an Agreement for Sale of a Business and Assets dated 24 September 2019
2. Company records are held by the Receiver

**Disclaimer of Liability:**

The Statement of Affairs has been prepared based on information obtained from the Company records together with information supplied by the Receiver. 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 of Affairs has been prepared. Further, the Statement of Affairs has been prepared for the purpose of the liquidation only, and the Liquidators do not accept any responsibility on any ground whatever, including liability in negligence, to any other person.

**Trends Publishing International Limited (In Receivership and In Liquidation)**  
**List of creditors names and addresses**

<b>Name</b>	<b>Address</b>
2degrees Mobile Ltd	<a href="mailto:tellus@2degreesbroadband.co.nz">tellus@2degreesbroadband.co.nz</a>
Aarque group Limited	<a href="mailto:focus@aarque.co.nz">focus@aarque.co.nz</a>
Accident Compensation Corporation	<a href="mailto:Recoveries@acc.co.nz">Recoveries@acc.co.nz</a>
Bank of New Zealand	<a href="mailto:cl-sophie.hawksworth@simpsongrierson.com">cl-sophie.hawksworth@simpsongrierson.com</a>
Benefitz DMA Limited	<a href="mailto:rob@benefitz.co.nz">rob@benefitz.co.nz</a>
Budget Rent a Car	<a href="mailto:customer.service@avis.com.nz">customer.service@avis.com.nz</a>
Callaghan Innovation	<a href="mailto:matt.kenny@callaghaninnovation.govt.nz">matt.kenny@callaghaninnovation.govt.nz</a> ; <a href="mailto:legal@callaghaninnovation.govt.nz">legal@callaghaninnovation.govt.nz</a>
CSG Finance	<a href="mailto:businessservices@csg.co.nz">businessservices@csg.co.nz</a>
Digital Arena	<a href="mailto:mysupport@digitalarena.co.nz">mysupport@digitalarena.co.nz</a>
Digital Island	<a href="mailto:service@digitalisland.co.nz">service@digitalisland.co.nz</a> , <a href="mailto:SuM@accountsenforcement.co.nz">SuM@accountsenforcement.co.nz</a>
Digital Memories T/A Frog Prints	<a href="mailto:sales@frogprints.co.nz">sales@frogprints.co.nz</a>
Dubsat New Zealand Ltd	<a href="mailto:accounts@adstream.com.au">accounts@adstream.com.au</a>
FileMaker	<a href="mailto:apac_accounts@filemaker.com">apac_accounts@filemaker.com</a>
Inland Revenue	PO Box 432 Hamilton 3240
Key Software Ltd	<a href="mailto:info@keysoftware.co.nz">info@keysoftware.co.nz</a>
Konica Minolta	<a href="mailto:ppsr.admin@csgfinance.co.nz">ppsr.admin@csgfinance.co.nz</a>
Mediaworks Radio Ltd	<a href="mailto:kinduweerasinghe@mediaworks.co.nz">kinduweerasinghe@mediaworks.co.nz</a>
Milner Consulting Ltd	<a href="mailto:murray.milner@xtra.co.nz">murray.milner@xtra.co.nz</a>
Mitre 10 Crofton Down-Hallz Ltd	
Octarine Ltd (In Liquidation)	<a href="mailto:pvlasic@rodgersreidy.co.nz">pvlasic@rodgersreidy.co.nz</a>
Plainview Management Limited	<a href="mailto:greg.pascoe@plainview.co.nz">greg.pascoe@plainview.co.nz</a>
Shieff Angland	<a href="mailto:shelley.eden@shieffangland.co.nz">shelley.eden@shieffangland.co.nz</a> , <a href="mailto:Alice.Alipour@shieffangland.co.nz">Alice.Alipour@shieffangland.co.nz</a>
Soar Printing	<a href="mailto:webenquiry@soarprint.co.nz">webenquiry@soarprint.co.nz</a>
TheCircle.Co.NZ Limited	<a href="mailto:info@caconsult.co.nz">info@caconsult.co.nz</a>
United Parcel Service NZ Ltd	<a href="mailto:krichardwarren@ups.com">krichardwarren@ups.com</a>
Webstar	<a href="mailto:jeantelle.greyling@webstar.co.nz">jeantelle.greyling@webstar.co.nz</a>

**Employees**

Zoltan Flamis	Withheld
Bevan Read	Withheld

**Note**

There may be other related party creditors such as directors family current accounts and family trusts. At the time of preparing this report we have been unable to obtain further details from the receiver.

*Source: Company information*