



McGrathNicol

McGrathNicol Limited

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Accounts of Company in Administration

Pursuant to Section 239ACZ (3), Companies Act 1993

RCR Energy Limited

(formerly Administrators Appointed, now In Liquidation) ("the Company")

Company number: 159951

In association
with



Advisory
Forensic
Transactions
Restructuring
Insolvency



Introduction

Conor John McElhinney and Andrew John Grenfell ("Administrators") were appointed joint and several Administrators of RCR Energy Limited ("Company") on 18 December 2018 pursuant to Section 239I of the Companies Act 1993.

The voluntary administration ended on 7 May 2019 when the Company's creditors resolved that the administration should end and the Company should be placed into liquidation.

These accounts cover the voluntary administration period from 18 December 2018 to 6 May 2019 ("the administration period"). These are the final accounts to be filed by the Administrators. These accounts should be read in conjunction with the watershed report dated 30 April 2019.

Restrictions

This report has been prepared by us in accordance with, and for the purposes of, Section 239ACZ of the Companies Act 1993 ("the Act"). It is prepared for the sole purpose of reporting the Administrators' receipts and payments for the administration period.

In compiling this report we have relied on the accuracy of all relevant information provided by the Company. The Administrators 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.

1 Administrators' details

Date of appointment: 18 December 2018

Name: Conor John McElhinney

Address: McGrathNicol
34 Shortland Street
Auckland 1010

Name: Andrew John Grenfell

Address: McGrathNicol
34 Shortland Street
Auckland 1010

2 Details of accounts

Are the accounts final? Yes

Accounts and statements are for the period 18 December 2018 to 6 May 2019.



3 Payments to creditors

Our estimate of total creditors at the date of this account.

<u>Creditor type</u>	<u>Number</u>	<u>Value</u>
Priority	1	NZ\$529,431
Secured - financiers	5	AU\$235 million
Secured - PMSI	8	NZ\$20,000
Unsecured - external	179	NZ\$1,053,162
Unsecured - intercompany	1	NZ\$28,954
Deferred	Nil	Nil

Payments made to creditors from the date of Administrators' appointment to the date of these accounts:

Priority creditors (employees)

Date paid:	18 December 2018 – 6 May 2019
Total paid:	\$828,286
Rate of payment (cents in the \$):	Preferential entitlements paid in full or transferred to business purchaser.

Secured creditors

Date paid:	N/A
Total paid:	Nil
Rate of payment (cents in the \$):	Nil

Unsecured creditors

Date paid:	N/A
Total paid:	Nil
Rate of payment (cents in the \$):	Nil

Deferred creditors

Date paid:	N/A
Total paid:	Nil
Rate of payment (cents in the \$):	Nil

4 Secured lenders

The Company did not have any direct borrowings, however was a guarantor of RCR Australia's syndicated bank facilities. Amounts owing under the syndicated facility were AUD235 million as at 21 November 2018. There have been no repayments to the Secured Lender. The estimated value of property subject to the instrument at the date of this account is approximately \$6.5 million (cash and receivables).



5 Summary of professional fees

Administrators' fees paid during the Administration period	\$642,585
Administrators' disbursements paid during the Administration period	\$34,889

A detailed breakdown of the Administrators' fees and disbursements, together with a description of tasks undertaken is attached as Appendix one. Note that the figures above exclude GST.

6 Amount of receipts and payments since appointment

A detailed schedule of the Administrators' receipts and payments is attached as Appendix two. Note that the receipts and payments schedule includes GST.

7 Reconciliation of money held

Cash on hand:	Nil
Credit as per bank statement:	\$6,483,194
Less unrepresented cheques:	Nil
Plus outstanding deposits:	Nil
Cash at bank:	\$6,483,194
Amounts invested and not converted to cash:	Nil
Total balance of money held:	\$6,483,194

8 Estimated completion date (if accounts not final)

The Voluntary Administration Accounts are final. The Company was placed into liquidation by a vote of the creditors at the watershed meeting on 7 May 2019.

9 Our verification of this account and statement

The information given in the statement is true to the best of my knowledge and belief at the date of signing.

The account of receipts and payments set out in section 6 contains a full and true account of my receipts and payments in this period and I have not, nor has any other person by my order or for my use during that period, received or paid any money on account of the Company other than and except for the items mentioned and specified in that account.

Signature:

Signed by: Conor McElhinney, Former Administrator

Date: 5 June 2019

Time costs for the period from 18 December 2018 to 30 April 2019

Name/ No. per position	Position	\$/hour (excl GST)	Administration		Creditors		Sale of business		Employees		Trading		Total		
			Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)	
Conor McElhinney	Appointee	640	24.6	15,723	6.1	3,883	122.5	78,379	10.5	6,741	39.4	25,195	203.0	129,920	
Andrew Grenfell	Appointee	640	6.8	4,373	2.4	1,515	1.2	789	1.7	1,088	10.1	6,464	22.2	14,229	
1	Partner	640	0.8	512	0.1	64	0.3	213	-	-	1.5	981	2.8	1,771	
3	Director	545	58.8	32,046	30.3	16,532	101.1	55,081	22.0	12,008	285.2	155,416	497.4	271,083	
1	Senior Manager	475	5.7	2,692	-	-	-	-	-	-	6.5	3,088	12.2	5,779	
2	Manager	416	32.3	13,424	38.3	15,917	94.0	39,080	-	-	164.3	68,272	328.9	136,694	
2	Senior Analyst	295	47.4	13,983	22.7	6,687	33.3	9,824	0.3	89	137.0	40,405	240.6	70,987	
1	Administrator	275	0.9	257	-	-	14.7	4,043	-	-	12.5	3,438	28.1	7,737	
1	Secretary	170	6.6	1,116	9.8	1,660	2.1	357	0.3	51	7.1	1,201	25.8	4,386	
Total (excl GST)				183.9	84,126	109.6	46,257	369.2	187,766	34.9	19,977	663.5	304,459	1361.0	642,585

Disbursements at cost for the period 18 December 2018 to 30 April 2019

\$	Total
Creditor meeting room hire	1,290
Travel expenses	11,049
Office service charge	19,274
Other disbursements	3,276
Total (excl GST)	34,889

The Administrators declare that all disbursements were necessary and proper

Total time costs and disbursements including GST \$779,095

Description of work completed	
Task area	General description
Administration	<p>Plan staff allocation</p> <p>Prepare task list</p> <p>Prepare appointment documents and notices to creditors/employees</p> <p>Arrange travel to sites</p> <p>Respond to media enquiries and issue releases where appropriate</p>
Sale of business	<p>Preparation of and coordination of advertising of businesses' for sale</p> <p>Marketing businesses to targeted potential interested parties</p> <p>Preparation of Information Memorandum</p> <p>Compilation of due diligence information and set up of data room</p> <p>Liaising with potential purchasers</p> <p>Conducting due diligence process and answering detailed purchaser enquiries</p> <p>Drafting legal documentation</p> <p>Negotiating sale conditions with purchasers and their legal advisors</p> <p>Providing transitional operational services</p> <p>Facilitating the transfer of employees to the purchaser</p> <p>Facilitating the transfer of leased assets to purchasers</p> <p>Advising suppliers and customers of change of ownership</p> <p>Transferring essential services accounts to purchaser</p> <p>Realisation of residual fixed assets</p> <p>Realisation of stock</p> <p>Securing assignment of supply agency agreements</p> <p>Analysing debtors receipts during administration</p> <p>Obtain recovery of provisional tax payments made</p> <p>Reporting to the secured creditors regarding the sale process and seeking their consent and release of security</p> <p>Post completion deliverables under sale and purchase agreement</p>

Creditor claims	<p>Recording creditor claim forms</p> <p>Consideration of value to assign to contingent claims</p> <p>Filing and tabulating claim forms</p> <p>Responding to creditor queries re the status of claim</p>
Creditor enquiries	<p>Respond to various creditor enquiries received</p> <p>Upload all relevant creditor information to McGrathNicol website</p> <p>Distribution of information regarding extension of convening period</p>
Creditor meetings	<p>Prepare and submission of application for extension of convening period</p> <p>Preparation of statutory advertising and meeting notices for publication</p> <p>Liaise with meeting venue and coordinate requirements</p> <p>Email notification to all individual creditors of first creditors meeting details, including provision of proxies, voting slips etc</p> <p>Preparation of first creditors meeting presentation</p> <p>Staff attendance at creditors meeting, tabulation of votes</p> <p>Drafting of first creditor meeting minutes</p> <p>Preparation of watershed report and presentation for meeting</p> <p>Staff attendance at watershed meeting, tabulation of votes</p> <p>Drafting of watershed meeting minutes</p>
PMSI creditors	<p>Conducting searches of the PPSR Register</p> <p>Issuing PPSR questionnaires to all parties with a registered security interest</p> <p>Conducting stocktake of stock supplied by secured parties remaining on hand at date of appointment</p> <p>Identifying machinery on site secured by PPSR registrations and cross referencing details</p> <p>Determining validity of PPSR registrations and settling valid security interests</p>
Employees	<p>Meet with all employees and advise of Administration appointment</p> <p>Obtain detail of all employment contracts and collective agreements</p> <p>Calculate employee entitlements due</p> <p>Receive and respond to employee enquiries</p> <p>Review and prepare correspondence to employees</p>

<p>Employees continued</p>	<p>Obtain Court extension pursuant to section 239Y of the Companies Act 1993</p> <p>Deal with a number of personal grievances underway as at the date of appointment and arising during the administration</p> <p>Review Health & Safety controls</p> <p>Seek specialist employment law advice</p> <p>Plan for and implement closure of Dannevirke manufacturing facility and start redundancies</p> <p>Termination of employment contracts</p>
<p>Trading</p>	<p>On-going operational management of the business</p> <p>Establish accounting cut-off</p> <p>Coordinate with trading bank to freeze</p> <p>Open new Administration bank accounts</p> <p>Set up Administrators and authorised agents as signatories</p> <p>Monitor account balances and invest available funds</p> <p>Establish new purchasing authorities</p> <p>Establish an Administration purchase order system</p> <p>Communicate with all suppliers regarding Administrator ordering system</p> <p>Regularly liaising with management and staff</p> <p>Attendance at sites</p> <p>Prepare trading cash flow and regularly update</p> <p>Approve creditor payments and release through Administrators' banking system</p> <p>Enter receipts and payments into accounting system</p> <p>Review and file IRD returns</p> <p>Liaising with the IRD regarding payroll tax arrears</p> <p>Managing ongoing trading issues</p> <p>Managing daily cash flow</p> <p>Attempt to negotiate new terms of trade on loss making contracts</p>

RCR Energy Limited	
GST inclusive	NZ\$'000
Sale of business	
Inventory	1,003
Fixed assets	281
Proceeds from sale of businesses	1,284
Pre-appointment debtors	4,194
Post-appointment debtors	3,116
Cash at bank	1,596
Fixed assets	1,490
Inventory	16
Interest	8
Receipts held on behalf of purchaser	7
Total receipts	11,711
Voluntary administration costs	
Appointee fees and disbursements	(779)
Legal fees and disbursements	(140)
Total voluntary administration costs	(919)
Wages and salaries	(2,170)
Purchases	(875)
Employee preferential wages and entitlements	(828)
Rent & rates	(170)
Freight	(97)
Commission	(39)
GST	(37)
Telephone charges	(27)
FBT	(20)
Electricity	(16)
PMSI claims	(2)
Other costs	(29)
Total payments	(5,228)
Cash at bank as at 6 May 2019	6,483

Notes

1 The above payments include expenses paid on behalf of the purchaser of the business, which are to be reimbursed post the completion of the administration.

2 Preferential wages and leave entitlements were paid during the administration as leave was taken. The purchaser of the business assumed liability for payment of residual leave entitlements due to staff whose employment transferred to the purchaser.