



McGrathNicol

McGrathNicol Limited

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Accounts of Company in Administration

Pursuant to Section 239ACZ, Companies Act 1993

Wirecard NZ Limited

(formerly Administrators Appointed, now In Liquidation)

(Company)

Company number: 518165

New Zealand business number: 9429039073440

Business industry classification code: J542005

Principal place of operation: Auckland

In association
with



**ADVISORY
RESTRUCTURING**



1. Introduction

Andrew John Grenfell and Conor John McElhinney (**Administrators**) were appointed joint and several administrators of Wirecard NZ Limited (**Company**) by a resolution of the Company's directors, at 3 pm on 13 July 2020, pursuant to Section 239I of the Companies Act 1993 (**Act**).

The voluntary administration ended at 10.31 am on 6 November 2020 when the Company's creditors resolved that the administration should end and the Company should be placed into liquidation. Andrew John Grenfell and Conor John McElhinney (**Liquidators**) were appointed as liquidators.

These accounts cover the voluntary administration period from 13 July 2020 to 6 November 2020 (**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 October 2020.

The Liquidators 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 (**Registrar**).

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. Restrictions

This report has been prepared by us in accordance with, and for the purposes of, Section 239ACZ of 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.

3. Administrators' details

| | |
|-------------------------------|--|
| Date and time of appointment: | 3 pm, 13 July 2020 |
| Name: | Andrew John Grenfell |
| Licence Registration Number: | Pending |
| Name: | Conor John McElhinney |
| License Registration Number: | Pending |
| Address: | McGrathNicol 41 Shortland Street Auckland 1010 |
| Email address: | Insolvency@mcnp.co.nz |
| Website: | mcgrathnicol.com |



4. Details of accounts

Are the accounts final: Yes
Date of vacation of office: 6 November 2020
Accounts and statements are for the period: 13 July 2020 to 6 November 2020

5. Creditors

Our estimate of total creditors at the date of this account are as follows.

Summary of creditors - As at 6 November 2020

| Values in NZD Creditor type | As at 6 November 2020 ¹ | |
|--------------------------------|------------------------------------|------------------|
| | Number | Value |
| Priority ² | 6 | 827,262 |
| Secured - financier | - | - |
| Secured - PMSI/Lien | 1 | 282,580 |
| Unsecured - external | 103 | 4,245,991 |
| Unsecured - intercompany | 4 | 2,675,529 |
| Deferred | - | - |
| | 114 | 8,031,361 |

Note 1: Creditor numbers and estimated value of claims of each class of creditor, as at 6 November 2020, are based on those claims submitted in the administration along with those known creditors who are yet to file claims. The Administrators anticipate the number and value of claims to increase once claims are called for in the liquidation.

Note 2: The Administrators made distributions to all priority creditors whose claim could be verified during the course of the administration, which included distributions to employees in relation to preferential claims.



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

Payments to creditors during the course of the Administration

| Priority creditors (employees) | NZD |
|---------------------------------------|----------------------|
| Date paid | 13 Jul - 6 Nov |
| Total paid ¹ | 847,257 ¹ |
| Rate of payment (cents in the \$) | 100 cents |
| Secured creditors | |
| Date paid | 13 Jul - 6 Nov |
| Total paid ² | 21,737 |
| Rate of payment (cents in the \$) | n/a |
| Unsecured creditors | |
| Date paid | - |
| Total paid | - |
| Rate of payment (cents in the \$) | - |
| Deferred creditors | |
| Date paid | - |
| Total paid | - |
| Rate of payment (cents in the \$) | - |

Note 1: Priority creditors paid during the course of the administration include all employees whose claims were confirmed and agreed during the course of the administration. A small number of priority creditors remain outstanding at the end of the administration and their claims will carry through to the liquidation.

Note 2: These payments to secured creditors relates to the ordinary use of secured assets during the course of the administration.

7. Secured creditors

Amounts owing to secured creditors by the Company at the date of appointment of Administrators and as at 6 November 2020 are shown in the table below.

Secured creditor debt

| Amounts in NZD | Exposure at | Exposure at |
|-----------------------|---------------------|------------------------|
| Description | 13 July 2020 | 6 November 2020 |
| Quadrent | 304,317 | 282,580 |
| Total | 304,317 | 282,580 |

The estimated value of the assets subject to security has not been assessed as at the date of this report.



8. Summary of professional fees

| | |
|---|-------------|
| Administrators' fees paid during the Administration Period | \$1,078,394 |
| Administrators' disbursements paid during the Administration Period | \$54,563 |

A detailed breakdown of the Administrators' fees and disbursements incurred, together with a description of tasks undertaken, is attached as Appendix 1. Note that the figures above are GST exclusive.

9. Amount of receipts and payments since appointment

A detailed schedule of the Administrators' receipts and payments is attached as Appendix 2. Note that the receipts and payments schedule is GST exclusive.

10. Reconciliation of money held

Outlined below is a summary of the funds held as at the period end of this report.

Reconciliation of funds held as at 6 November 2020

| | NZD |
|--|------------------|
| Cash on hand | - |
| Cash at bank | 8,027,905 |
| Credit as per bank statement | - |
| Less: unrepresented cheques | - |
| Plus: outstanding deposits | - |
| Amounts invested and not converted to cash | - |
| Total balance of money held | 8,027,905 |

11. Estimated completion date

The Voluntary Administration Accounts are final. The Company was placed into liquidation by a vote of the creditors at the watershed meeting held on 6 November 2020. The Administrators were in office for a period of approximately four months.



12. Our verification of this account and statement


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

The accounts contain a full and true account of 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.

Dated: 27 November 2020



Andrew Grenfell
Former Administrator
Current Liquidator



Conor McElhinney
Former Administrator
Current Liquidator



APPENDIX 1

| Wirecard NZ Limited time costs for the period 13-Jul-2020 to 6-Nov-2020 | | | | | | | | | |
|---|---------------------|----------------|----------------|--------------|----------------|-------------------|----------------|----------------|--------------|
| Position | \$/hour exc. GST | Administration | | Creditors | | Asset realisation | | Investigations | |
| | | Hours | Fees (\$) | Hours | Fees (\$) | Hours | Fees (\$) | Hours | Fees (\$) |
| Partner | 645 | 29.2 | 18,834 | 20.5 | 13,223 | 100.0 | 64,500 | 0.5 | 323 |
| Director | 550 | 46.8 | 24,602 | 85.4 | 45,623 | 544.2 | 299,217 | - | - |
| Assistant Manager | 375 | 145.2 | 54,450 | 175.5 | 65,813 | 127.2 | 47,700 | 6.4 | 2,400 |
| Senior Analyst | 300 | 6.4 | 1,920 | 16.2 | 4,860 | 302.9 | 90,870 | - | - |
| Administrator | 275 | 0.3 | 83 | - | - | - | - | - | - |
| Secretary | 170 | 4.5 | 765 | 1.2 | 204 | - | - | - | - |
| Total (excl GST) | | 232.4 | 100,653 | 298.8 | 129,722 | 1,074.3 | 502,287 | 6.9 | 2,723 |

| Wirecard NZ Limited time costs for the period 13-Jul-2020 to 6-Nov-2020 | | | | | | | |
|---|---------------------|--------------|----------------|-------------|---------------|----------------|------------------|
| Position | \$/hour exc. GST | Trading | | Reporting | | Total | |
| | | Hours | Fees (\$) | Hours | Fees (\$) | Hours | Fees (\$) |
| Partner | 645 | 86.8 | 55,986 | 8.6 | 5,547 | 245.6 | 158,412 |
| Director | 550 | 210.3 | 110,875 | 13.7 | 7,535 | 900.4 | 487,850 |
| Assistant Manager | 375 | 311.5 | 116,813 | 25.6 | 9,600 | 791.4 | 296,775 |
| Senior Analyst | 300 | 121.8 | 36,540 | 0.2 | 60 | 447.5 | 134,250 |
| Administrator | 275 | - | - | 0.2 | 55 | 0.5 | 138 |
| Secretary | 170 | - | - | - | - | 5.7 | 969 |
| Total (excl GST) | | 730.4 | 320,213 | 48.3 | 22,797 | 2,391.1 | 1,078,394 |

| Disbursements at cost for the period 13-Jul-2020 to 6-Nov-2020 | |
|--|---------------|
| NZD\$ | Total |
| Couriers | 151 |
| IT expenses | 9,547 |
| Office service charge | 32,352 |
| Sale of business advertising | 9,522 |
| Staff expenses | 113 |
| Statutory advertising | 1,824 |
| Travel | 29 |
| Other administration costs | 1,026 |
| Total (excl GST) | 54,563 |

The Administrators declare that all disbursements were necessary and proper.



Description of work completed

| Task area | General description |
|-------------------------|---|
| Administration | <ul style="list-style-type: none">▪ Complete AML requirements▪ Plan staff allocations and responsibilities▪ Prepare appointment documents and notices to creditors/employees▪ Respond to media enquiries and issue releases where appropriate |
| Sale of business | <ul style="list-style-type: none">▪ Prepare and coordinate advertising of the business for sale▪ Market the business to targeted potential interested parties▪ Prepare an Information Memorandum for interested parties▪ Compile due diligence information and set up of a virtual data room▪ Liaise with a large number of potential purchasers▪ Conduct due diligence process and answer detailed purchaser enquiries▪ Coordinate management presentations and meetings with potential purchasers▪ Draft legal documentation with assistance from legal advisors▪ Negotiate sale conditions with purchasers and their legal advisors▪ Provide transitional operational services▪ Provide assistance post-completion to the purchaser to transfer assets▪ Advise customers of the sale of the business▪ Coordinate the transfer of employees to the purchaser▪ Provide assistance in novating customer contracts▪ Close and transfer key supplier accounts▪ Coordinate the return of leased assets▪ Realise surplus fixed assets |
| Creditors | <ul style="list-style-type: none">▪ Claims<ul style="list-style-type: none">- Record, file and tabulate creditor claim forms- Consider the value to assign to contingent claims- Respond to creditor queries re the status of claims▪ Enquiries<ul style="list-style-type: none">- Respond to numerous creditor enquiries received- Upload relevant creditor information to McGrathNicol website- Distribute information regarding extension of convening period▪ Meetings<ul style="list-style-type: none">- Prepare and submit applications for an extension of the convening period- Prepare statutory advertising and meeting notices for publication- Arrange meeting venue and coordinate requirements- Email notification to all individual creditors of first creditors meetings |



- details, including provision of proxies, voting slips etc
- Preparation of first creditors meeting presentation
- Attend and chair the creditors meeting, tabulate votes
- Draft meeting minutes
- Draft Watershed Report and distribute it to creditors in advance of the Watershed Meeting
- Preparation of watershed creditors meeting presentation
- Attend and chair the creditors meeting, tabulate votes
- Draft meeting minutes
- Reporting
 - Preparation and distribution of first liquidators' report
- PPSR creditors
 - Conduct searches of the PPSR
 - Issue PPSR questionnaires to all parties with a registered security interest
 - Identify items on site secured by PPSR registrations and cross-referencing details
 - Determine validity of PPSR registration and settling valid security interests/arranging return of secured items

Employees

- Meet with all employees to advise of the Administration and provide updates throughout the process
- Obtain and perform a review of all employment contracts
- Calculate employee entitlements due (preferential and unsecured)
- Receive and respond to numerous employee enquiries
- Review and prepare correspondence to employees
- Obtain Court approval for extensions pursuant to section 239Y of the Companies Act 1993
- Review health and safety controls
- Seek legal advice on interrelationship of NZ Companies Law and rights of foreign based employees
- Seek specialist employment law advice from Greek and Dominican Republic legal advisors
- Terminate employment contracts as required

Trading

- On-going operational management of the business
- Establish accounting cut-off
- Freeze bank accounts, open new administration bank accounts and establish Administrators and authorised agents as signatories
- Monitor account balances and invest available funds
- Coordinate with Greek and Dominican Republic based external accountants
- Establish an administration purchase order system and communicate with suppliers
- Regularly liaising with management and staff
- Prepare and update trading cash flow forecasts



- Review and approve payments, including payroll
- Maintain accounting records of the administration
- Review and file IRD returns
- Manage ongoing trading issues
- Ensure continuity of key services
- Review staff utilisation and allocation
- Establish new terms of trade with customers to enable transfer of work commenced during the administration
- Approve terms of reference for new projects
- Invoice work in progress
- Frequent communication with customers regarding outstanding debts
- Establish new terms of trade with suppliers
- Obtain legal advice on debtor disputes



APPENDIX 2

Wirecard NZ Limited receipts and payments

| For the Administration Period 13 July to 6 November 2020 (GST exclusive) | NZD\$ |
|--|--------------------|
| Receipts | |
| Accounts receivable (pre-appointment) | 2,471,893 |
| Cash at bank | 2,369,562 |
| Other income | 41,753 |
| Post completion debtor receipts ¹ | 126,829 |
| Sale of assets | 15,172 |
| Sale of business and assets ² | 7,028,844 |
| Sales | 60,028 |
| Total receipts | 12,114,081 |
| Payments | |
| Bank charges | (5,593) |
| Contractors, consulting and accounting costs | (64,282) |
| Electricity | (4,124) |
| GST | (88,462) |
| Insurance | (7,847) |
| IT costs | (78,372) |
| JP Morgan - net charge backs and fees (merchant facilities) | (136,093) |
| Legal fees and disbursements | (281,160) |
| Net FX gain / (loss) | (56,813) |
| Other operating costs | (42,072) |
| Pre-administration costs paid | (54,045) |
| Preferential payments | (847,257) |
| Rent, opex and leasing | (172,293) |
| Telephone and internet | (19,546) |
| Voluntary Administrators' disbursements | (54,563) |
| Voluntary Administrators' fees | (1,078,394) |
| Wages and salaries | (1,095,260) |
| Total payments | (4,086,176) |
| Cash at bank as at 6 November 2020 | 8,027,905 |

Note 1: These funds have been received into the Administrators' account, however are due to be paid across to the purchaser as they relate to debtors sold with the sale of the business.

Note 2: Sale of business and assets receipt includes proceeds from the sale of the Australian business that is yet to be remitted to Wirecard Australia Pty Limited (in Liquidation).