



McGrathNicol

McGrathNicol Limited

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mcgrathnicol.com

Administrators Summary Report

Pursuant to Section 239ACZB, 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.

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 in accordance with, and for the purposes of, Section 239ACZB of the Act. It is prepared for the sole purpose of reporting to the Registrar the prescribed information as set out in the Companies (Reporting by Insolvency Practitioners) Regulations 2020.

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. Creditors

The Company's records indicate the creditor numbers and amounts owing at the date of our appointment and as at the end of the administration, as follows:

Summary of creditors				
Values in NZD	As at 13 July 2020 ¹		As at 6 November 2020 ²	
Creditor type	Number	Value	Number	Value
Priority ³	97	2,014,320	6	827,262
Secured - financier	-	-	-	-
Secured - PMSI/Lien	1	304,317	1	282,580
Unsecured - external	78	914,068	103	4,245,991
Unsecured - intercompany	4	2,675,529	4	2,675,529
Deferred	-	-	-	-
Totals	180	5,908,233	114	8,031,361

Note 1: Creditor numbers and estimated value of claims of each class of creditor as at 13 July 2020 are based on the Company's records upon our appointment.

Note 2: 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 3: 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.

5. Secured creditors

Amounts owing to the secured creditors of the Company at the date of appointment of the Administrators is 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

There is no secured creditor holding a GSA over the Company.

The estimated value of property subject to the security is currently unable to be determined.



6. 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.

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