



McGrathNicol

McGrathNicol Limited

Level 17, AIG Building
41 Shortland Street
Auckland 1010, New Zealand

PO Box 106-733
Auckland 1143, New Zealand

T +64 9 366 4655

F +64 9 366 4656

mcgrathnicol.com

**Liquidators' second report
(pursuant to s255 of the Companies Act 1993)
Ziera Retail NZ Limited (In Liquidation) (Company)
Company number: 108298**

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: 2 May 1980
Trading address: 59 Mahunga Drive, Mangere Bridge, Auckland
Type of business: Women's Footwear Retailer
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 Ziera retail stores closed prior to the Company being placed into liquidation. However, the Liquidators have been required to attend to the following matters during the course of the liquidation:

- a) Preparing statutory notices.
- b) Preparation and filing of Voluntary Administrators' statutory report.
- c) Preparation, filing and distribution of the first Liquidators' report to creditors.
- d) Uploading creditors information to the McGrathNicol website.
- e) Providing assistance post-completion to the purchaser of the Ziera intellectual property and arranging the transfer of Ziera branded assets to purchasers' premises.
- f) Preparation and auction of surplus store fixtures.
- g) Termination of employment of remaining management and accounting employees.
- h) Securing backup of all Voluntary Administration trading data.
- i) Processing payment of residual trading costs incurred during the Voluntary Administration.
- j) Maintaining treasury function and management of bank funds.
- k) Determining intercompany recharges for operating costs and securing reimbursement.
- l) Pursuing recovery of funds held by merchant service providers.
- m) Vacating and handover of head office premises.
- n) Maintaining accounting records of the liquidation.
- o) Reviewing and filing IRD returns.
- p) Responding to retail customer complaints and providing refunds as required pursuant to the Consumer Guarantees Act.
- q) Calculating and recording employee unsecured claims.
- r) Engaging retail leasing experts to assist in quantification of retail store landlords' contingent claims.
- s) Communication with landlords and ANZ re rental bond drawdowns.
- t) Calculating landlords' actual and contingent claims, advising landlords of the assessed claim amounts and issuing claim rejection notices where required.
- u) Reviewing, recording, filing and tabulating of all creditor claim forms.
- v) Responding to creditor queries.
- w) Engaging legal advisors to resolve disputed creditor claims.
- x) Repayment of secured creditors.
- y) Performing a review of the historical trading and financial position of the Company to determine the point of insolvency.
- z) Performing a detailed review of potential voidable transactions – none were identified.
- aa) Consideration of the prospects of recoveries for creditors from breaches of directors' duties. No breaches were identified.



- bb) 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
- cc) Payment of any proceeds to creditors in the statutory order.

A schedule of the receipts and payments for the period 7 February 2020 to 6 August 2020 is set out at Appendix 1.

5. Proposals for completing the liquidation

The Liquidators expect to conclude the liquidation in December 2020. Pending matters to resolve prior to the liquidation completing are:

- a) Review and admittance of final creditor claims.
- b) Calculation of interim unsecured creditors dividend distribution.
- c) Receipt of final dividend distribution from related entities.
- d) Processing final creditor distribution and advising creditors.
- a) Filing of final IRD returns.
- b) Obtaining confirmation from IRD all trading taxation matters have been resolved.
- c) Completion and filing of final liquidators' report(s).
- d) Compliance with statutory advertising and reporting requirements.

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 is set out in Appendix 4.

A schedule of liquidators remuneration rates as at 1 April 2020 is set out in Appendix 2.

The Liquidators' remuneration received for the period 7 February 2020 to 6 August 2020 was \$139,313 plus GST. A breakdown of the remuneration charged is set out in Appendix 3.

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

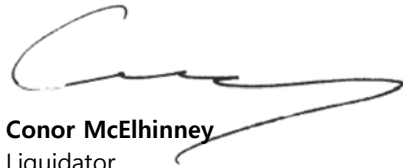
As presented in the Watershed Report provided to all creditors, we estimate that the dividend payable to unsecured creditors will be within the range of 15 to 20 cents in the dollar. The final dividend paid will depend on the quantum of the dividend distribution received from the related companies.

The Liquidators expect to issue a first distribution to creditors of the Company during September 2020. A final distribution may also be paid at the end of the liquidation.

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 – Receipts and payments

Schedule of receipts and payments for the period 7 February 2020 to 6 August 2020

Ziera Retail NZ Limited (In Liquidation)

Receipts and payments summary 7 February to 6 August 2020 \$

Funds on hand 7 February 2020 5,115,182

Receipts

GST inputs	4,121
Interest	646
Sale of plant and equipment	17,713
Sales receipts (delayed funds from merchants)	86,543

Total receipts 109,024

Payments

Bank bonds	130,371
Bank fees	4,312
Cleaning	61
Consultants fees	42,459
Electricity	3,401
Electronic transaction costs	644
FBT paid	203
GST paid	35,714
IT services	1,368
Legal fees	8,051
Liquidators' disbursements	6,180
Liquidators' fees	139,313
Media and PR	425
Preferential creditors - IRD/Customs	38,501
Printing and stationery	239
Rent	34,342
Repairs and maintenance	385
Rubbish and removal	76
Secured creditor distribution	40,738
Security	87
Staff expenses	644
Telephone & internet	286
Transfer of inter-company sales to Ziera Shoes	2,714,563
Wages and salaries	33,822

Total payments 3,236,184

Balance held as at 6 August 2020 1,988,021



Appendix 2 – Hourly rates and disbursements

Liquidators' charge out rates effective 1 April 2020

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



Appendix 3 – Liquidators’ remuneration

Liquidators’ time costs invoiced in the period from 7 February 2020 to 6 August 2020, relating to time incurred from 1 February 2020 to 31 July 2020.

Ziera Retail NZ Ltd time costs for the period 7 February 2020 to 31 July 2020									
Position	\$/hour (excl GST)	Administration		Creditors		Asset realisation		Investigations	
		Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)
Partner	645	2.3	1,461.5	10.0	6,426.5	0.2	133.4	0.8	492.8
Director	550	12.9	7,097.1	55.9	30,635.6	1.3	684.5	-	-
Senior Manager	485	1.3	630.5	2.2	1,067.0	2.0	945.8	-	-
Manager	425	13.4	5,647.8	10.0	4,213.5	0.3	127.5	0.5	206.7
Assistant Manager	375	-	-	74.2	27,825.0	-	-	-	-
Senior Analyst	300	6.3	1,865.1	25.1	7,427.6	0.2	45.0	1.4	413.0
Administrator	275	0.2	55.0	-	-	-	-	-	-
Secretary	170	3.4	574.8	6.5	1,097.0	0.1	17.0	-	-
Total (excl GST)		39.7	17,332	183.9	78,692	4.0	1,953	2.7	1,112

Ziera Retail NZ Ltd time costs for the period 7 February 2020 to 31 July 2020							
Position	\$/hour (excl GST)	Trading		Reporting		Total	
		Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)
Partner	645	1.2	784.1	8.1	5,173.9	22.5	14,472
Director	550	6.0	3,278.1	12.5	6,806.6	88.5	48,502
Senior Manager	485	1.9	921.5	-	-	7.4	3,565
Manager	425	4.5	1,890.0	6.7	2,793.0	35.4	14,878
Assistant Manager	375	0.6	225.0	-	-	74.8	28,050
Senior Analyst	300	53.8	16,011.5	6.9	2,060.4	93.7	27,823
Administrator	275	0.4	96.3	0.6	171.5	1.2	323
Secretary	170	-	-	0.1	11.8	10.0	1,701
Total (excl GST)		68.4	23,206	34.8	17,017	333.4	139,313

Please note that a rate change came into effect on the 1st of April 2020 and that for certain positions, hours multiplied by rate will not equal fees due to this.



Disbursements at cost for the period 7 February 2020 to 6 August 2020

\$	Total
Advertising	1,499
Courier	24
General expenses	33
Office services charge	4,179
Travel	445
Total (excl GST)	6,180

The Liquidators' declare that all disbursements were necessary and proper