



McGrathNicol

**McGrathNicol Limited**

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**Liquidators' second report  
(pursuant to s255 of the Companies Act 1993)  
Ziera Shoes NZ Limited (In Liquidation) (Company)  
Company number: 60885**

**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](http://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: 26 January 1961  
Trading address: 59 Mahunga Drive, Mangere Bridge, Auckland  
Type of business: Women's Footwear Wholesaler  
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 Liquidators have attended 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 purchaser's premises.
- f) Invoicing and recovery of costs from purchaser pursuant to asset sale transitional arrangements.
- g) Shipping of poor-quality stock to original manufacturer for credit.
- h) Preparation and auction of residual fixed assets at the head office and distribution centre.
- i) Termination of employment of remaining management and accounting employees.
- j) Securing backup of all Voluntary Administration trading data.
- k) Processing payment of residual trading costs incurred during the Voluntary Administration.
- l) Maintaining treasury function and management of bank funds.
- m) Determining intercompany recharges for operating costs and securing reimbursement.
- n) Pursuing recovery of funds held by merchant service providers.
- o) Vacating and handover of head office premises.
- p) Maintaining accounting records of the liquidation.
- q) Reviewing and filing IRD returns.
- r) Returning and filing ATO returns.
- s) Responding to retail customer complaints and providing refunds as required pursuant to the Consumer Guarantees Act.
- t) Calculating and recording employee unsecured claims.
- 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 and liens.
- x) Repayment of secured creditors.
- y) Return of PMSI assets to suppliers.
- z) Preparation for unsecured creditors distribution including collating all creditor claims and confirming banking details.
- aa) Calculating and review of estimate of creditor distributions.
- bb) Processing interim creditor distribution and advising creditors.
- cc) Performing a review of the historical trading and financial position of the Company to determine the point of insolvency.
- dd) Performing a detailed review of potential voidable transactions and negotiating the recovery of a substantial voidable payment.



- ee) Collection of international debts from wholesale customers and engagement of legal advisors as required.
- ff) Consideration of the prospects of recoveries for creditors from breaches of directors' duties. No actions have been identified.
- gg) 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.
- hh) 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) Collection of remaining debtors' balances.
- b) Review and admittance of final creditor claims.
- c) Calculation of interim unsecured creditors dividend distribution.
- d) Receipt of final dividend distribution from related entities Ziera Retail Pty Limited (In Liquidation), Ziera Retail NZ Limited (In Liquidation) and Kumfs Brand Limited (In Liquidation).
- e) Submitting returns to obtain final GST refunds from ATO.
- f) 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 Watershed Report dated 29 January 2020. Those rates remained in effect up to 31 March 2020; however, there has been an increase in Liquidators charge out rates effective 1 April 2020 and these new rates are set out in Appendix 2.

The Liquidators' remuneration received for the period 7 February 2020 to 6 August 2020 was \$408,869 plus GST. A breakdown of the remuneration charged is set out in Appendix 3.



## 8. Estimated date of completion of liquidation

The Liquidators estimate the date of completion for the liquidation 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

Unsecured creditors have received an interim dividend of 0.35 cents in the dollar. A second dividend distribution is scheduled to be paid in September 2020. The amount of the second dividend can only be finally determined once the Company in turn receives dividend distributions from related companies Ziera Retail Pty Limited (In Liquidation), Ziera Retail NZ Limited (In Liquidation) and Kumfs Brand Limited (In Liquidation). Creditors will be notified of the dividend payment during September 2020.

There may also be a final distribution to creditors at the conclusion 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

A handwritten signature in black ink, appearing to read 'Conor McEhinney', with a long, sweeping underline that extends to the right.

Conor McEhinney  
Liquidator



## Appendix 1 – Receipts and payments

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

#### Ziera Shoes NZ Limited (In Liquidation)

#### Receipts and payments summary 7 February to 6 August 2020

\$

**Funds on hand 7 February 2020** **3,090,823**

#### Receipts

GST received	426,508
Interest income	366
Plant and equipment	117,797
Pre appointment debtor receipts	745,514
Recovery of voidable payment	297,469
Reimbursement of trading costs from retail network	59,961
Sales - Ziera retail network	2,714,563
Sales - customers	3,555,605

**Total receipts** **7,917,781**

#### Payments

Bank fees	3,515
FX translation losses	4,750
Cleaning	1,959
Consultants fees	17,439
Contractors	4,671
Cost of sales	21,703
Distribution to unsecured creditors	4,247,247
Distributions to preferential creditors - employees	71,760
Distributions to secured lender	3,019,824
Electricity and gas	5,760
FBT paid	3,019
Freight and couriers	89,266
GST paid	107,465
IT costs	40,198
Legal expenses	40,601
Liquidators' disbursements	16,075
Liquidators' fees	408,869
Printing and stationery	4,893
Rubbish and removal	7,157
Security	1,105
Wages and salaries	276,690

**Total payments** **8,393,965**

**Balance held as at 6 August 2020** **2,614,639**



## 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)
<b>Appointee/ Partner</b>	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
<b>Director</b>	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
<b>Senior Manager</b>	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
<b>Manager</b>	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
<b>Assistant Manager</b>	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
<b>Senior Analyst</b>	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
<b>Analyst</b>	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
<b>Administrator</b>	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
<b>Secretaries</b>	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



<b>Explanation of disbursements</b>	
<b>Disbursements</b>	<b>Rate (excl GST)</b>
<b>Externally provided professional services</b>	At cost
<b>Externally provided non-professional services</b>	At cost
<b>Internal disbursements: office service charge</b>	3.0% of hourly rate
<b>Internal disbursements: staff vehicle use*</b>	\$0.62-\$1.00 per KM, depending on the size of the vehicle's engine
<b>Internal disbursements: conference calls</b>	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 Shoes 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	3.1	2,005.5	24.2	15,530.5	6.3	4,042.6	0.8	532.2
Director	550	56.3	30,839.4	131.8	72,176.4	56.5	30,867.0	2.1	1,145.5
Senior Manager	485	6.8	3,298.0	9.4	4,546.5	5.2	2,497.8	-	-
Manager	425	40.7	17,196.7	43.2	18,130.5	0.3	127.5	12.5	5,301.3
Assistant Manager	375	0.2	75.0	67.5	25,312.5	2.4	900.0	5.2	1,950.0
Senior Analyst	300	9.0	2,694.9	130.1	38,434.9	9.5	2,806.5	6.3	1,858.5
Administrator	275	-	-	-	-	-	-	-	-
Secretary	170	7.9	1,346.2	12.1	2,065.0	0.1	17.0	-	-
<b>Total (excl GST)</b>		<b>124.1</b>	<b>57,456</b>	<b>418.3</b>	<b>176,196</b>	<b>80.1</b>	<b>41,258</b>	<b>26.9</b>	<b>10,788</b>

Ziera Shoes 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	2.4	1,520.9	8.4	5,390.1	45.3	29,022
Director	550	38.4	20,939.4	24.9	13,581.4	310.0	169,549
Senior Manager	485	28.8	13,968.0	-	-	50.2	24,310
Manager	425	52.5	22,050.0	7.5	3,129.0	156.6	65,935
Assistant Manager	375	4.9	1,837.5	-	-	80.2	30,075
Senior Analyst	300	122.5	36,439.5	13.6	4,038.1	290.9	86,272
Administrator	275	0.4	96.3	0.6	158.5	0.9	255
Secretary	170	-	-	0.1	22.2	20.3	3,450
<b>Total (excl GST)</b>		<b>249.8</b>	<b>96,852</b>	<b>55.1</b>	<b>26,319</b>	<b>954.4</b>	<b>408,869</b>

Please note that a rate change came into effect on the 1<sup>st</sup> 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	1,550
General expenses	103
Mail	463
Office services charge	12,266
Travel	1,693
<b>Total (excl GST)</b>	<b>16,075</b>

The Liquidators' declare that all disbursements were necessary and proper