



McGrathNicol

McGrathNicol Limited

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**Liquidators' third 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).

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.

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.

In association
with



**ADVISORY
RESTRUCTURING**



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

4. Report on conduct of the liquidation

Since the previous report, the Liquidators have attended to the following matters during the course of the liquidation:

- a) Preparation, filing and distribution of the second Liquidators' report to creditors.
- b) Uploading creditors information to the McGrathNicol website.
- c) Providing assistance post-completion to the purchaser of the Ziera intellectual property and arranging the transfer of Ziera branded assets to purchaser's premises.
- d) Pursuing recovery of funds held by merchant service providers.
- e) Maintaining accounting records of the liquidation.
- f) Reviewing and filing IRD returns.
- g) Returning and filing ATO returns.
- h) Responding to creditor queries.
- i) Engaging legal advisors to resolve disputed creditor claims and liens.
- j) Repayment of secured creditors.
- k) Preparation for, and payment of, unsecured creditors distributions including collating all creditor claims and confirming banking details.

A schedule of the receipts and payments for the period 7 August 2020 to 6 February 2021 is set out at Appendix 1.

5. Proposals for completing the liquidation

The Liquidators expect to conclude the liquidation in June 2021, but the timetable is dependent on third parties and it outside of the Liquidators' control. Pending matters to resolve prior to the liquidation completing are:

- a) Collection of remaining debtors' balances.
- b) Calculation and payment of final unsecured creditors dividend distribution.
- c) Obtaining advice to finalise Australian tax matters.
- d) Filing of final IRD returns and obtaining confirmation from IRD all trading taxation matters have been resolved.
- e) Completion and filing of final liquidators' report(s).
- f) 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. Updated rates effective 1 April 2020 were provided in our previous report.

The Liquidators' remuneration received for the period 7 August 2020 to 6 February 2021 was \$97,174 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 30 June 2021. However, as previously noted, finalising the liquidation is dependent on third parties that are outside the Liquidators' control, specifically the Australian and New Zealand tax authorities.

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 interim dividends totalling 0.65 cents in the dollar. The amount of the third dividend can only be finally determined once the liquidation is concluded.

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: 3 March 2021

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

Conor McEhinney
Liquidator



Appendix 1 – Receipts and payments

Schedule of receipts and payments for the period 7 August 2020 to 6 February 2021

Ziera Shoes NZ Limited (In Liquidation)	
Receipts and payments summary 7 August 2020 to 6 February 2021	
	\$
Funds on hand 7 August 2020	2,614,639
Receipts	
Cash held on behalf of Kumfs Group	24,855
GST received	109,976
Interest income	155
Pre appointment debtor receipts	2,838,681
Profit share	1,095,832
Sales	223,185
Total receipts	4,292,684
Payments	
Bank fees	2,028
Bank revaluations	3,554
Contractors	677
Distribution to unsecured creditors 1st	820,034
Distribution to unsecured creditors 2nd	4,503,401
Distributions to secured lender	191,106
GST paid	15,701
Legal expenses	15,216
Liquidators' disbursements	3,058
Liquidators' fees	97,174
Total payments	5,651,948
Balance held as at 6 February 2021	1,255,375

Note that the pre-appointment debtor receipts of \$2.8m and the second distribution to unsecured creditors of \$4.5m includes receipts and payments of inter-company debts between the various Ziera/Kumfs entities as dividends were paid during the liquidation.



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 August 2020 to 6 February 2021, relating to time incurred from 1 August 2020 to 30 November 2020¹.

Ziera Shoes NZ Ltd time costs for the period 7 Aug 2020 to 6 Feb 2021							
Position	\$/hour (excl GST)	Administration		Creditors		Asset realisation	
		Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)
Partner	645	0.4	258.0	3.3	2,096.3	1.6	1,032.0
Director	550	6.9	3,795.0	20.6	11,330.0	12.4	6,820.0
Senior Manager	485	3.9	1,891.5	35.3	17,120.5	4.1	1,988.5
Manager	425	3.6	1,530.0	-	-	1.2	510.0
Assistant Manager	375	1.9	712.5	34.3	12,862.5	1.7	637.5
Senior Analyst	300	20.5	6,135.0	46.5	13,935.0	7.1	2,115.0
Administrator	275	-	-	-	-	-	-
Secretary	170	1.0	170.0	-	-	-	-
Total (excl GST)		38.2	14,492	139.9	57,344	28.1	13,103

Ziera Shoes NZ Ltd time costs for the period 7 Aug 2020 to 6 Feb 2021							
Position	\$/hour (excl GST)	Trading		Reporting		Total	
		Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)
Partner	645	-	-	0.7	451.5	6.0	3,838
Director	550	1.0	522.5	4.6	2,502.5	45.4	24,970
Senior Manager	485	2.9	1,406.5	0.7	339.5	46.9	22,747
Manager	425	-	-	0.7	276.3	5.5	2,316
Assistant Manager	375	1.3	487.5	-	-	39.2	14,700
Senior Analyst	300	4.4	1,320.0	16.2	4,845.8	94.5	28,351
Administrator	275	-	-	0.3	82.5	0.3	83
Secretary	170	-	-	-	-	1.0	170
Total (excl GST)		9.6	3,737	23.1	8,498	238.7	97,174

Disbursements at cost for the period 7 August 2020 to 6 February 2021	
\$	Total
General expenses	143
Office services charge	2,915
Total (excl GST)	3,058

The Liquidators' declare that all disbursements were necessary and proper

¹ The Liquidators have accrued time from 1 December 2020 to 6 February 2021 as the balances were insufficient to bill during the relevant periods.