



McDonald
Vague

business recovery partners

**Bay Café Limited (In Liquidation)
(Trading as Hollywood Bakery & Espresso Browns Bay)**

**Liquidators' Second Report
to creditors and shareholders,
for the period from 28 November 2018 to 27 May 2019**

McDonald Vague Limited

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1 INTRODUCTION AND APPOINTMENT

Boris van Delden and Peri Micaela Finnigan, CAANZ Accredited Insolvency Practitioners, of Auckland, were appointed jointly and severally as liquidators of Bay Café Limited ("the company") on 28 November 2018 by resolution of the shareholders.

Pursuant to Section 255(2)(d) of the Companies Act 1993 ("the Act"), the liquidators herewith report on the progress of the liquidation. This report should be read in conjunction with the liquidators' previous report. This report is being sent to all shareholders and all creditors who have filed a claim in the liquidation.

A Statement of Realisations and Distributions is **attached**.

2 RESTRICTIONS

Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever to any party as a result of the circulation, publication, reproduction or use of this report.

We reserve the right (but are under no obligation) to review and, if we consider necessary, revise this report in respect of any information existing at the date of this report which becomes known to us after that date.

3 CONDUCT OF THE LIQUIDATION DURING THE PRECEDING SIX MONTHS

Asset Realisations

3.1 Fixed Assets and Intangibles

(Statement of Affairs: \$89,200)

The business was sold for \$61,000 and a waiver of rent for January 2019 for both the company and its guarantors in recompense for a claim in equity for improvements.

Prior to liquidation the franchisor expressed interest in purchasing the business as a going concern but would not do so with the company's accumulated debt. The liquidation ensured the debt remained with the company rather than its business, however the franchisor, for other reasons, subsequently withdrew its interest in purchasing the business as a going concern.

The liquidators then worked with the franchisor to find a new franchisee, but without success. In order to minimise accumulating liquidation costs the liquidators sold the assets to the highest bidder, being the landlord, who wished to preserve the integrity of the fit-out in the hope that a new Hollywood franchisee could be found and would be able to immediately start trading.

The liquidators, franchisor and shareholders agreed the sale could benefit all parties, as the franchisor would be able to retain a flagship franchise, the landlord would minimise any loss in rental whilst a different tenant completed a new fit-out, and by extension the claim against shareholders as guarantors on the company's lease would also be minimised.

Unfortunately, the landlord has since advised that they received no offers from any new franchisee, and that the premises are being re-purposed. The landlord also reported that it has incurred further time and cost obtaining building consent which the company had failed to do during its tenure.

3.2 Sale of Secured Assets

The company's point of sales system was subject to the security of Finance Now. The liquidators sold the system and accounted to the secured creditor for the proceeds.

4 INVESTIGATIONS

The liquidators' investigations to date into the trading affairs of the company prior to liquidation indicate that the company may have paid an excessive amount in purchases in proportion to the company's turnover. Further investigation would require more detailed records and an audit which at this stage would not be economically viable, in part because any claim for insolvent or reckless trading would likely be less than and netted off against the shareholders' present claims against the company.

5 CREDITORS' CLAIMS

5.1 Secured Creditors

Secured claims have been received from three secured creditor for the amount of \$12,019. To date distributions have been made to ANZ Bank New Zealand Limited in full, and a partial payment to Finance Now.

5.2 Preferential Creditors

Total preferential claims for wages or salary, holiday pay and redundancy amount to \$16,654. The Inland Revenue Department has submitted a preferential claim for \$2,974.

5.3 Unsecured Creditors

As at the date of preparing this report seven unsecured creditors claim forms have been received which total \$662,072. The franchisor submitted a claim of \$168,584 against the company, which was disputed by the director. After investigations and meetings between the liquidators, the franchisor and the director, the claim was reduced to \$15,141. A distribution of \$29,392 has been made to unsecured creditors.

6 FUNDS / LIKELY OUTCOME

It is not anticipated there will be any further distributions to creditors.

7 MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION

The following matters are outstanding:

- Report from the landlord awaited regarding final claim and steps taken to mitigate the same.

8 ESTIMATED DATE OF COMPLETION

It is estimated the liquidation will be completed within three months.

9 CONTACT DETAILS

Enquiries should be directed to Dalwyn Whisken on DDI (09) 969 5336 or by email to dwhisken@mvp.co.nz.

The Liquidators can be contacted at:

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PERI M FINNIGAN
LIQUIDATOR

DATED this 27th day of June 2019

Realisations and Distributions

Bay Café Limited (In Liquidation) 28 November 2018 to 27 May 2019

Realisations	Cash Received \$
Sale of Business	61,000
Cash on Hand	258
Interest	61
Sale of Assets subject to security – Finance Now	1,500
Total Realisations	\$62,819
Payments	
Liquidators Fees	
Liquidators Fees	24,466
Disbursements	484
Total Liquidators Fees	\$24,250
Other Costs of Liquidation	
Electricity Costs	116
Residents Withholding Tax on Interest	16
Total Costs of Liquidation	\$132
Distributions	
Secured Creditor – ANZ Bank of New Zealand Limited	4,572
Secured Creditor - Finance Now Limited	1,140
Preferential Wages and Holiday Pay	455
Preferential GST & PAYE	279
Unsecured Creditors	29,770
Total Distributions to Creditors	\$36,216
Total Payments	\$61,298
BALANCE HELD	\$1,521

Note: the above figures are GST exclusive