



The Insolvency & Business Recovery Specialists

Federation Clothing Limited (In Liquidation) *trading as Federation*

Liquidators' First Report

1 INTRODUCTION AND APPOINTMENT

Federation Clothing Limited ("the company") was placed into liquidation by a special resolution of the shareholders pursuant to Section 241(2)(a) of the Companies Act 1993 ("the Act") on 10 February 2016. Boris van Delden and Peri Finnigan, Insolvency Practitioners of Auckland, were appointed as joint and several liquidators of the company.

2 RESTRICTIONS

In preparing this report and its appendices we have relied upon information provided to us. We have not independently verified or audited that information. 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 ATTACHMENTS

The following documents are attached to this report:

- Appendix 1: Statement of Affairs setting out the company's estimated financial position
- Appendix 2: Schedule of company creditors' names and addresses
- Appendix 3: Notice of Liquidators' decision to dispense with meeting of creditors
- Appendix 4: Notice to creditors to prove debts or claims
- Appendix 5: Creditors claim form

4 COMPANY STRUCTURE AND BACKGROUND

Date of incorporation:	9 January 2001
Company number:	1106426
Date ceased trading:	The liquidators are trading on the business
Nature of business:	New Zealand and Australia streetwear wholesaler
Trading address:	38 Barrys Point Road, Takapuna
Trading name:	Federation
Share capital:	100 Shares

McDONALD VAGUE LIMITED

Level 10, 52 Swanson Street, Auckland CBD

PO Box 6092, Wellesley St, Auckland 1141, New Zealand.

Telephone 09 303 0506, Facsimile 09 303 0508, insol@mvp.co.nz, www.mvp.co.nz

Member of Insol International. Consultants to the Accounting and Legal Professions.



Shareholders:	Jenny Elizabeth Joblin (98 shares jointly held) Nicholas James Clegg (98 shares jointly held) Jenny Elizabeth Joblin (2 shares jointly held) Nicholas James Clegg (2 shares jointly held)
Director:	Jenny Elizabeth Joblin
Related companies:	Laundromat Collective Limited (In Liquidation) Public Gallery Limited (In Liquidation) Only Found You Limited (In Liquidation)

Federation Clothing Limited (In Liquidation) operated in conjunction with Laundromat Collective Limited (In Liquidation) and previously Public Gallery Limited (In Liquidation) and Only Found You Limited (In Liquidation) in the business of wholesale streetwear mainly in New Zealand and Australia.

Federation Clothing Limited (In Liquidation), Laundromat Collective Limited (In Liquidation), Public Gallery Limited (In Liquidation) and Only Found You Limited (In Liquidation) were all placed into liquidation on 10 February 2016.

The liquidators have been advised that the failure of the entity was the result of a number of factors. These included the seizure by New Zealand Customs of a large shipment and subsequent payment to release said shipment by way of a short term loan. This loan was subsequently called up by the secured creditor. There was also a reduction in gross profit margins due to increased competition and lower pricing in the market, plus the adverse effects of exchange rate fluctuations. The failure of Public Gallery Limited (In Liquidation) adversely affected the entity's bottom line. There were also material debtor disputes in Australia. Withdrawal of the entity's product line from a large retail chain and its re-instatement at a discounted rate had adverse affects. Lastly, a number of failed improvement projects of a material amount have all contributed to the downfall of this company.

The liquidators are in the process of realising all assets, and are seeking the sale of the business as a going concern. The company was trading as at the date of liquidation. The liquidators have continued to trade the business under their control.

5 STATEMENT OF AFFAIRS

A Statement of Affairs showing the company's estimated financial position as at the date of our appointment is provided at Appendix 1.

6 ASSETS AND PROPOSALS FOR CONDUCTING THE LIQUIDATION

We will realise all available assets. If any creditor is interested or knows of any other party who may be interested in purchasing the business or any of the assets, please advise us urgently.

We will complete a thorough review of the company's books, records and affairs to:

- ensure that all assets have been properly accounted for,
- determine if there are any other avenues of recovery for creditors,
- determine if the company's officers have properly carried out their duties, and take appropriate steps where necessary.

If there are funds available for distribution to creditors we will verify creditors' claims and make a distribution. We will then complete the liquidation and request that the Registrar of Companies remove the company from the register.

7 LIABILITIES AND CREDITOR CLAIMS

7.1 Secured Creditors

As at the date of liquidation twelve secured parties had registered security interests against the company on the Personal Property Securities Register.

Security interests registered include a General Security Agreement held by ASB Bank Limited (owed approximately \$1,044,000). The debt owed to ASB Bank Limited is jointly owed by the company and Public Gallery Limited (In Liquidation).

The balance of the registered security interests relate to security over stock supplied and proceeds, and vehicles subject to operating leases.

Personal Property Securities Act / Reservation of Title

Should any creditor believe that they are entitled to any goods, or proceeds from realisation of goods, due to holding a Purchase Money Security Interest, they should contact us immediately.

If any creditor believes that they have a Reservation of Title over goods and they have not perfected their interest, they should also contact us immediately.

7.2 Preferential Creditors

We estimate that there is approximately \$2,637 owing to employees for holiday pay and redundancy pay.

The Inland Revenue Department has not yet provided us with a creditor's claim form but we understand that there may be amounts due in respect of GST, PAYE and other payroll deductions estimated at around \$48,869.

7.3 Unsecured Creditors

From our review of the company's accounting records and other information we estimate that the amount due to unsecured creditors is approximately \$379,359. A schedule of known creditors and their addresses is provided at Appendix 2, as required by Section 255(2)(c) of the Act.

A notice to creditors to prove debts or claims is included at Appendix 4. Also enclosed is a creditor's claim form for completion and return to this office by 22 March 2016. Creditors that have not made a claim by the date on the notice may be excluded from any distribution made. If you believe that you are a secured creditor please contact us and the appropriate form will be sent to you.

8 CREDITORS' MEETING / LIQUIDATION COMMITTEE

A notice of the Liquidators' decision to dispense with the meeting of creditors is provided at Appendix 3.

Pursuant to Section 314 of the Companies Act 1993, creditors are advised that at any time in the course of the liquidation the Liquidator shall, at the request in writing of any creditor or shareholder, call a meeting for the purpose of appointing a liquidation committee.

9 FURTHER INFORMATION

If you are aware of any information that would assist the Liquidators, please set the details out in writing, attach any supporting evidence and send it to us. Please note that the Liquidators are more able to act on written information.

If any creditor wishes to receive the six monthly reports by email as and when they are published, please ensure that an email address is provided on the attached creditor claim form. This report and all subsequent reports will be available on the Liquidators' website at www.mvp.co.nz

10 ESTIMATED DATE OF COMPLETION

It is currently too early to estimate a date of completion for the liquidation.


11 CONTACT DETAILS

Enquiries should be directed to Keaton Pronk on DDI (09) 969 1518 or by email to kpronk@mvp.co.nz.

The Liquidators can be contacted at:

McDonald Vague Limited
Level 10, 52 Swanson Street
Auckland 1010

P O Box 6092
Wellesley Street
Auckland 1141


PERI FINNIGAN
LIQUIDATOR

DATED this 16 day of February 2016

BVD/KP/rc/150
Federation Clothing/205 First Report

Federation Clothing Limited (In Liquidation)

Schedule of Creditors' Names and Addresses

Pursuant to Section 255(2)(c) of the Companies Act 1993

Creditor Names	Address 1	Address 2	Address 3
Employees			
Ashley Warner			
Casey Reid			
Jenny Joblin			
Joe Amundsen			
Kristy Strid			
Nicole Davies			
Rebecca Brown			
Trade Creditors			
Accident Compensation Corporation	P O Box 3248	WELLINGTON 6140	
Acclaim Group Limited	Unit 4, 6-8 Omega Street	Albany	AUCKLAND
ADT Security Limited	P O Box 2439	Shortland Street	AUCKLAND
Allpress Espresso NZ Limited	P O Box 90 069	Victoria Street West	AUCKLAND 1142
AS Colour Limited	P O Box 56 421	Dominion Road	AUCKLAND 1446
ASB Bank Limited	Lending Services 6035	P O Box 35	AUCKLAND
Beca & Co	P O Box 91 441	Victoria Street West	AUCKLAND 1142
Bellingham Wallace	P O Box 113 150	Newmarket	AUCKLAND 1149
Benefitz Print Limited	P O Box 331 630	Takapuna	AUCKLAND 0740
BMW Financial Services New Zealand Limited	P O Box 9510	Newmarket	AUCKLAND
Bollore Logistics	74 Richard Pearse Drive	Airport Oaks, Mangere	AUCKLAND
BP Oil	73 Remuera Road	Newmarket	AUCKLAND

Creditor Names	Address 1	Address 2	Address 3
Chris Horton Associates	P O Box 1725	AUCKLAND 1140	AUCKLAND
Clean Planet Group	P O box 24 691	Royal Oak	LOWER HUTT 5045
Contact Energy Limited	P O Box 38 097	Wellington Mail Centre	AUCKLAND 1145
Crombie Lockwood	Private Bag 68 910	Newton	AUCKLAND 1021
Embroidery Works	P O Box 8025	Symonds Street	LOWER HUTT 5045
Express Couriers Limited	P O Box 38 817	Wellington Mail Centre	
Federation Webstore			
Fedex	P O Box 409	Shortland Street	AUCKLAND 1140
First Global Logistics	P O Box 107 142	Auckland Airport	AUCKLAND
First Security Limited	2 Arthur Brown Place	Mt Wellington	AUCKLAND
Graham Ashworth Limited	102 Hadfield Street	Beach Haven	AUCKLAND 0626
Hancocks Wine, Spirit and Beer Merchants Ltd	P O Box 47 191	Ponsonby	AUCKLAND 1144
Hayes Knight	P O Box 302 424	North Harbour	AUCKLAND 0751
Inland Revenue Department	P O Box 39 010	Wellington Mail Centre	LOWER HUTT 5045
JJ Richards Limited	P O Box 76 647	Manukau	AUCKLAND 2241
Jones Law	P O Box 33 196	Takapuna	AUCKLAND
Konica Minolta	P O Box 68 045	Newton	AUCKLAND
Leasing Solutions Limited	P O Box 68 542	Newton	AUCKLAND
Mondiale	P O Box 53004	Auckland Airport	AUCKLAND
Monument Finance Limited	Private Bag 11 007	PALMERSTON NORTH	
New Balance New Zealand Limited	P O Box 8335	Symonds Street	AUCKLAND
New Zealand Customs	P O Box 29	Shortland Street	AUCKLAND 1140
Nutech Security Limited	P O Box 14 052	TAURANGA	
Office Max NZ Limited	Private Bag 92 831	Penrose	AUCKLAND 1141
Orcon Limited	P O Box 302 362	North Harbour	AUCKLAND

Creditor Names	Address 1	Address 2	Address 3
Paymark	P O Box 799	Shortland Street	AUCKLAND 1140
Payment Express	33 Wilkinson Road	Ellerslie	AUCKLAND
Platform Print Limited	17a Woodson Place	Wairau Valley	AUCKLAND 0629
Seabreeze Fashions Limited	P O Box 164	Orewa	AUCKLAND
Shopify			
Spark NZ Trading Limited	P O Box 1473	CHRISTCHURCH 8140	
Stem	11 Westmoreland Street West	Grey Lynn	AUCKLAND 1021
Synergy Asia Limited	Unit 2, LG1 Mirror Tower	61 Mody Road, Tsim Sha Tsui	Kowloon, HONG KONG
Synergy USD - Public Gallery			
Trustee for the Joblin Clegg Family Trust	17B William Street	Takapuna	AUCKLAND
TNT Express Worldwide Limited	6 Joseph Hammond Place	Airport Commercial Park	AUCKLAND
Vodafone New Zealand	Private Bag 92 161	AUCKLAND 1142	
Web Drive	3/78 Apollo Drive	Rosedale	AUCKLAND 0632
WolfStrike Rentals Group	P O Box 331 263	Takapuna	AUCKLAND 0740

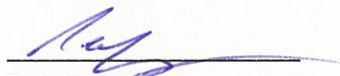
Notice of Liquidators' Decision to Dispense with Meeting of Creditors

After having regard to the assets and liabilities of Federation Clothing Limited (In Liquidation) and the likely result of the liquidation, it is proposed to dispense with a meeting of creditors pursuant to Section 245 of the Companies Act 1993.

We do not, however, wish to preclude creditors from expressing their views. Please contact Keaton Pronk of this office on DDI (09) 969 1518 if you have any specific enquiries.

You are advised that should you desire a creditor's meeting, notice in writing is required within 10 working days of receiving this notice.

At the time of giving notice you must also state the reason you require a meeting so that an agenda can be prepared and advertised and creditors can be given the opportunity to vote on any issue by voting letter.


PERI FINNIGAN
LIQUIDATOR

DATED this 16 day of February 2016

IN THE MATTER of The Companies Act 1993

and

IN THE MATTER of Federation Clothing Limited (In Liquidation)
trading as Federation

Notice to Creditors to Prove Debts or Claims

Notice is hereby given that the undersigned, the liquidator of Federation Clothing Limited (In Liquidation) ("the company"), does hereby fix 22 day of March 2016, as the day on or before which the company's creditors are to make their claims, and to establish any priority their claims may have under Section 312 of the Companies Act 1993. Creditors not having made a claim by this date may be excluded from any distribution made.


PERI FINNIGAN
LIQUIDATOR

DATED this 16 day of February 2016

ADDRESS OF LIQUIDATOR

McDonald Vague Limited
Level 10, 52 Swanson Street
Auckland 1010

PO Box 6092
Wellesley Street
AUCKLAND 1141

Telephone: (09) 303 0506
Facsimile: (09) 303 0508
Website: www.mvp.co.nz

DATE OF LIQUIDATION: 10 February 2016

Unsecured Creditor's Claim

(Also for use by Preferential Creditors)

SECTION 304(1) COMPANIES ACT 1993

(For help see www.mvp.co.nz or email
claims@mvp.co.nz)

NAME AND POSTAL ADDRESS OF CREDITOR IN FULL

* Any personal information collected is for the purpose of administering the liquidation in accordance with the Companies Act 1993.

The information will be used and retained by the liquidators and McDonald Vague and will be released to other parties only with your authorisation or in compliance with the Privacy Act 1993.

Under Section 304(1) of the Companies Act 1993 any claim by an unsecured creditor against a company in liquidation must be in this prescribed form and must –

(a) Contain full particulars of the claim; and

(b) Identify any documents that evidence or substantiate the claim.

You may have access to and request correction of any personal information.

(*Not applicable, if creditor is not an individual within the meaning of the Privacy Act 1993.)

Telephone Numbers: ()

()

E-Mail

My Reference is:
(if applicable)

NAME OF COMPANY IN LIQUIDATION:

(IN LIQUIDATION)

I
(If claim is made on behalf of creditor, specify relationship to creditor and authority)

claim that the company was at the date it was put into liquidation indebted to the abovenamed creditor for the sum of (Amount in words):

STATUS OF CLAIM:

1. **I am an unsecured creditor for**
(Also applicable to secured creditors who hereby surrender their security)

\$

2. **I am a preferential creditor for**
(Refer details on reverse)

\$

3. **My total claim is for**
(State currency if other than \$NZ)

Other
Currency

NZ \$

4. I have claimed retention/reservation of title rights pursuant to rights held by me

Tick if Applicable ☐

Note: If you are a secured creditor contact this office and a Secured Creditors Claim Form will be sent to you. (Refer details on reverse)

Full particulars of the claim are set out, and any supporting documents that substantiate the claim, are identified on the reverse of this form.

(The liquidator may require the production of a document under Section 304(2) of the Companies Act 1993. You are **not required to attach any supporting documents** at this stage, but you may attach them now, if you think it would expedite the processing of the claim.)

SIGNED:

Date: / /

WARNING —

It is an offence under Section 304(6) of the Companies Act 1993 to –

Make or authorise the making of, a claim that is false or misleading in a material particular knowing it to be false or misleading; or

Omit, or authorise the omission from a claim of any matter knowing that the omission makes the claim false or misleading in a material particular.

Received
(Date Stamp)

RESERVED FOR OFFICE USE:

Claim admitted/rejected
for voting purposes:
(Delete one)

Signed:

Date: / /

Preferential Claim for:

Ordinary Claim for:

CLAIM REJECTED
FOR PAYMENT:

\$

\$

or
CLAIM ADMITTED
FOR PAYMENT:

\$

\$

Signed
Liquidator:

Date: / /

Note: If the decision to admit or reject a claim is amended, regulation 8 of the Companies Act 1993 Liquidation Regulations 1994 requires that it be recorded in writing.



The Insolvency & Business Recovery Specialists

McDONALD VAGUE LIMITED

PO Box 6092, Wellesley St, Auckland 1141, New Zealand.

Telephone 0-9-303 0506, Facsimile 0-9-303 0508

Particulars of Claim

If the creditor owes money to the company, please give full details.

Date	Details of Claim and Identification of Documents that Evidence or Substantiate the Claim	Amount \$

CLAIMS AGAINST INVENTORY (Romalpa Claims)(Consignment Goods) (Retention of Title) etc.

Please provide details of the basis of the retention of title claim filed by you and/or details of entry on the Personal Property Securities Register.

PREFERENTIAL CLAIMANTS ONLY

Guideline

The Seventh Schedule of the Companies Act 1993 sets out those claims which are regarded as preferential and shows their extent and order of priority. For example, wages and salary of any employee in respect of services rendered to the company during the four months preceding the commencement of liquidation are preferential AND the total sum to which priority is to be given in the case of any one employee for wages, holiday pay, deductions, redundancy and child support must not exceed \$20,340 or such greater amount as is prescribed at the commencement of the liquidation.

1. Why do you believe you are a preferential creditor?
(eg. employee, GST, etc) _____
2. Details of your claim: _____

If applicable please record here your GST Registration number: _____

and total GST included in your tax invoice: _____

\$