



McDonald
Vague

business recovery partners

Hayfield SHA Limited (In Liquidation)

Liquidators' Eighth Report for the period from 5 April 2022 to 4 October 2022

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1 INTRODUCTION AND APPOINTMENT

Boris van Delden and Peri Micaela Finnigan, Licensed Insolvency Practitioners, of Auckland, were appointed jointly and severally as liquidators of Hayfield SHA Limited (“the company”) on 5 April 2019.

On 25 June 2022 Peri Finnigan retired as liquidator and Iain McLennan was appointed replacement liquidator.

On 4 April 2019, Andrew John McKay and Andrew James Bethell of BDO Auckland, were appointed joint and several receivers and managers of the company pursuant to a General Security Agreement (“GSA”) dated 10 December 2018. The receivers retired on 5 July 2019 having paid the appointing creditors in full.

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 reports. This report is being sent to all shareholders and all creditors who have filed a claim in the liquidation.

A Statement of Realizations 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 Debtors

(Statement of Affairs: \$2,412,028)

All invoiced debtors have been collected by either the receivers or liquidators except for one landowner. There are difficulties with the funding arrangements for that landowner. Further funds are being sought for amounts that had not been invoiced to various landowners as at the

date of receivership and liquidation but there are disputes to resolve.

Realising the assets of the Company relies partly on advancing completion of the project with the landowners.

3.2 Work in progress

The works are part completed and remain an asset of the company. To advance the works further the liquidators had agreed to vary the funding arrangements with two stage 1 landowners who are funding the completion of a significant portion of the remaining watermain work.

Work had restarted however stopped as significant unforeseen difficulties had arisen in the physical pathway for the watermain works. Following significant efforts and costs with engineers, the two funding landowners, various other landowners, Veolia and Watercare, including assessing various routes as the original consented route was not practical without significant extra cost, the parties assessed the costs and benefits associated each of those routes. As a result, the parties have recently concluded an in-principle resolution which will see the re-routing of the watermain, an increase in water capacity and new funding introduced with new landowners projected to meet approximately half of the remaining cost to complete.

The details are being finalised as the variation of the watermain works requires new approved drawings, consents, and final costings and potentially some variation to funding. At the same time negotiations have commenced with a range of new landowners, subject to Veolia's approval.

The aim is to have the works completed in the next works season.

3.2.1 Indemnity

As part of the watermain arrangements the two landowners have paid \$96,000 and \$21,000 towards the liquidation funding indemnity and costs contributions respectively, arising from the contractual variations.

3.2.2 Stage 2 Landowners

The liquidators continue to engage with stage 2 landowners including newly introduced landowners following some properties changing hands, with a view to receiving catch up payments and an overall resolution with creditors.

3.3 Closure of Company Bank Account

(Statement of Affairs: \$22,797)

No further funds have been received since the last report.

3.4 Cash on Hand – Receiver

No further funds have been received since the last report.

3.5 Retentions on Hand – Receiver

The liquidators received \$174,364 in retentions. As previously reported the retention funds have been distributed in the previous reporting period.

3.6 Tax Refund

(Statement of Affairs: \$7,647)

The liquidators are filing the company income tax return claiming a tax refund of \$7,647.

3.7 Solicitors Trust Account

(Statement of Affairs: \$256,686)

These funds were collected by the Receivers. No further funds have been received since the last report.

3.8 Interest Received

During the course of the liquidation, interest has continued to be earned on funds held.

4 INVESTIGATIONS

The liquidators are currently dealing with a wide range of issues with a view to resolving those matters, with the involvement of landowners, and the major creditors in order to make distributions to all creditors.

The company director has cooperated as required in the investigations to date.

5 CREDITORS' CLAIMS

5.1 Secured Creditors

Secured creditors debts of approximately \$1,441,890 (incl Interest) have been paid in full by the receivers.

5.2 Preferential Creditors

While no preferential claims have yet been received from the Inland Revenue Department the liquidators are aware that there is an outstanding GST return yet to be filed which will result in a preferential claim in relation to GST of approximately \$92,000.

5.3 Unsecured Creditors

As at the date of preparing this report 18 unsecured creditors claim forms have been received which total \$12.249 million plus on one case interest and costs. The significant increase arises from 5 landowners lodging claims for amounts that are not due contractually or at the date of liquidation. The liquidators will continue to engage with the creditors in relation to accepting or rejecting their claims in the liquidation.

One third party creditor has applied to the High Court in summary to challenge a number of the liquidators' decisions, and to try to increase its claim in the liquidation outside of a previously agreed process. The hearing has been held however the Court's decision has not yet been released.

The amounts sought by the creditor are significant and along with the proceedings could delay the completion of the creditor claims/ recovery process.

6 LIQUIDATORS' FEES

Liquidators' fees paid to the date of this report are \$447,739 excluding GST. The fees are based on 1,280 hours of work undertaken as follows:

Work Category	Hours	\$
Commencement, dealing with receivers	96	26,855
Creditors' claims, enquiries and Statutory reports	475	182,933
Landowners' claims, collections and dealings	498	166,016
Taxation and GST	67	14,583
Watermain Issues	145	57,352
Total billed Time and Costs	1,280	\$447,739

7 FUNDS / LIKELY OUTCOME

It remains likely that there will be a distribution to unsecured creditors.

8 MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION

The following matters are outstanding:

- Remaining funding /works resolution to assist with collection for creditors
- Collection of outstanding amounts from landowners
- Accepting or rejecting creditor claims
- Distribution
- Completion of liquidation

9 ESTIMATED DATE OF COMPLETION

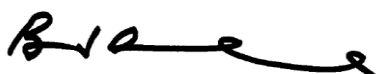
It is not practical to estimate the date of completion of the liquidation at this stage. Our subsequent reports to creditors will, when appropriate, advise of an estimated completion date.

10 CONTACT DETAILS

Enquiries should be directed to the writer on DDI (09) 306 3342 or by email to bvandelden@mvp.co.nz.
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BORIS VAN DELDEN
LIQUIDATOR

DATED this 21st day of July 2023

