



**MEGALOG LIMITED (IN LIQUIDATION)
("Company")**

Company number: 6399973

New Zealand Business Number: 9429046311368

Liquidators' Final Report to Creditors and Shareholders

1. Introduction

Iain Bruce Shephard and Jessica Jane Kellow, Licensed Insolvency Practitioners of BDO Wellington, (Registration Numbers: IP71 and IP75 respectively) were appointed joint and several liquidators (“Liquidators”) of Megalog Limited (“Company”) on 22 March 2021 at 8:30am by special resolution of the shareholders in accordance with section 241(2)(a) of the Companies Act 1993 (“the Act”).

In addition to our statutory obligations, we are also bound by the RITANZ Code of Professional Conduct (“Code”) when carrying out all professional work relating to our appointment as Liquidators.

In accordance with sections 257(1)(a)(i) and 257(1)(c) of the Act we are obliged to report to all creditors, shareholders, and the Registrar that the liquidation has been completed. This report should be read in conjunction with our previous reports pursuant to section 255(2)(d) of the Act.

2. Restrictions

This report is not intended for general circulation, nor is it to be reproduced or used for any purpose other than that outlined above without our written permission in each specific instance.

We do not assume any responsibility or liability for any losses occasioned to any party as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

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 which becomes known to us after that date.

3. Background

The Company operated as a tree felling and logging business. The Company had no central location for its business as it would operate on site wherever the work was required. The contract the Company was completing at the date of liquidation was located in Mataikona, just north of Castlepoint. The Company had six staff including the two directors.

The Company had fallen significantly behind on PAYE and GST and had previously reached a payment arrangement with Inland Revenue for the gradual repayment of the debt. They were unable to adhere to the agreement due to cash flow issues. The Company’s accountant prepared cash flow forecasts and submitted a new proposal to Inland Revenue, however they were viewed as too optimistic and unlikely to be able to support any new arrangement.

The Company had also already been receiving advances on its accounts receivable due to cash shortages in order to pay its trade creditors and employees.

Following professional advice, the shareholders resolved to place the Company into liquidation.

4. Liquidators' Actions

The Liquidators advertised their appointment in the relevant publications and made a call for creditor claims. The Liquidators also directly contacted all known creditors and answered any queries they may have had. The Liquidators subsequently reviewed all completed creditor claim forms received.

The Liquidators have liaised with many parties including Inland Revenue, the Companies Office, the New Zealand Gazette and the Accident Compensation Corporation, and completed a review of all information received.

Upon appointment, the Company was the majority of the way through a logging contract and just a few weeks out from completion. The Liquidators attended the premises at Mataikona, just north of Castlepoint, and advised the employees of their appointment and advised any relevant implications. The liquidators then entered into discussions with the head contractor to come to a suitable arrangement to see out the remainder of the contract.

Appropriate insurances and a health and safety policy was put in place to ensure the contract could be completed safely.

The remainder of the contract was completed in approximately four weeks, then all assets were extracted to a storage yard in Masterton where Turners Auctions were engaged to sell the assets.

4.1. Schedule of Receipts and Payments

Attached as **Appendix 1** is a schedule of receipts and payments for the duration of the liquidation.

Attached as **Appendix 2** is a remuneration schedule covering the duration of the liquidation.

4.2. Asset Realisations

Vehicles

The Company owned two vehicles upon liquidation. One vehicle was under finance of which there was no equity available to the liquidators and was disclaimed.

The other vehicle required extensive maintenance and was stored at a mechanic that had incurred a lien of several thousand dollars. This vehicle was also disclaimed following a cost benefit analysis.

Plant & Equipment

The Company's plant and equipment consisted of excavators and heavy logging machinery. We understand that the equipment was in poor condition due to heavy usage for previous years.

Following the trading period, the machines were all transported to a storage facility in Masterton and put to sale with Turners save for one machine that was sold privately from the premises. Five machines were sold for a gross amount of \$334,976.90.

Debtors

A balance of \$68,857.81 was owing to the Company at liquidation from the head contractor. This was collected in the usual course of business.

4.3. Creditor Claims

Secured Creditors

One creditor was contacted and collected an excavator pursuant to their Purchase Money Security Interest. A claim was later filed for the shortfall of \$82,853.95.

Distributions totalling \$234,160.76 were made to the Bank of New Zealand in respect of both Purchase Money Security Interests and their first ranking general security agreement. We understand the shortfall has been settled by the guarantors.

A claim was also received relating to the shortfall in the realisation of a secured vehicle for \$21,613.83.

Three other securities were registered on the Personal Property Securities Register at appointment. The secured property included items such as fuel supplied and oil. These were returned where appropriate with the balance of the claims being considered unsecured.

Preferential Creditors

Five claims were received from employees relating to preferential wages owed and holiday pay. A net amount of \$27,386.34 was paid in respect of these claims, settling them in full.

A preferential claim of \$273,649.66 has also been received from Inland Revenue.

Unsecured Creditors

Excluding the residual balances of secured claims as outlined above, seven unsecured claims were received totalling \$99,454.83.

4.4. Other Matters

The preferential and unsecured creditors' claims were unable to be satisfied in full due to a shortfall in the realisation of the Company's assets.

The final remaining balance owed to creditors that filed a claim is outlined below:

Secured creditors - \$386,116.44
Preferential creditors - 273,649.66
Unsecured creditors - \$99,454.83

5. Liquidators' Statement

All known assets have been disclaimed, or realised, or distributed without realisation.

All proceeds of realisation have been distributed.

The Company is ready to be removed from the New Zealand Register of Companies.

For the purposes of regulation 9(g) of the Companies (Reporting by Insolvency Practitioners) Regulations 2020, the liquidation of the Company is completed at the date and time the notice is provided to the Registrar of Companies.

6. Removal from New Zealand Register of Companies

As Liquidators, we are obliged to give public notice of the intention to have the Company removed from the Register of Companies. A copy of our notice is attached as **Appendix 3**.

The attention of all creditors and shareholders is drawn to section 321 of the Act which provides that, where public notice is given of an intention to remove a company from the Register, any person may send or deliver to the Registrar, not later than the date specified in the notice, an objection to the removal on any one or more of the following grounds:

- (a) That the company is still carrying on business or there is other reason for it to continue in existence; or
- (b) That the company is party to legal proceedings; or
- (c) That the company is in Receivership, or Liquidation, or both; or

- (d) That the person is a creditor, or a shareholder, or a person who has an undischarged claim against the company; or
- (e) That the person believes that there exists, and intends to pursue, a right of action on behalf of the company under Part IX of this Act; or
- (f) That for any other reason, it would not be just and equitable to remove the company from the New Zealand register.

Creditors and shareholders should be aware of section 321(2)(b)(ii) of the Act which provides that a claim by a shareholder or any other person against a company is not an “undischarged claim” if a receiver or liquidator has notified the shareholder or that person that the company has no surplus assets.

7. Contact information

If you require any further information, please direct enquiries to:

Ryan Kilkolly
DDI: (+64 4) 472 5812
Email: ryan.kilkolly@bdo.co.nz

BDO Wellington
PO Box 10-340
Level 1, Chartered Accountants Building
50 Customhouse Quay
Wellington

Dated this 5th day of April 2022



IAIN SHEPHARD
Liquidator

Appendices

- Appendix 1 - Statement of Receipts and Payments
- Appendix 2 - Remuneration Schedule
- Appendix 3 - Notice of Intention to Remove

APPENDICES

Appendix 1 - Statement of Receipts and Payments

Megalog Limited (in Liquidation)	
Summary of Receipts & Payments	
22 March 2021 - 5 April 2022	
	\$
RECEIPTS	
Accounts Receivable	68,858
GST Refunds	1,445
GST Refund - Yet to be Received	283
Interest	10
Sale of Assets	334,977
Trading Income	138,150
Total Receipts	543,723
PAYMENTS	
Asset Transport	6,728
ACC	2,684
Auctioneer's Commission	29,281
Fuel	9,998
Inland Revenue - GST	54,152
Inland Revenue - PAYE	26,271
Insurance	8,112
Liquidators' Costs and Disbursements	78,373
Liquidators' Purchases	2,783
Loan Payments	5,759
Preferential Wages & Holiday Pay	27,386
Resident Withholding Tax	3
Secured Creditor Distributions	256,988
Wages	35,204
Total Payments	543,723
Cash on hand	-



Appendix 2 - Remuneration Schedule

Megalog Limited Limited (In Liquidation)

Remuneration Report - Period: 22 March 2021 - 5 April 2022

	Hourly Rate (\$)	Assets		Company Records		Creditors		Day One/Initial Tasks		Debtors		Employees		Financial	
		Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours
Partners	395 - 495	6,855.00	14.00	-	-	606.25	1.25	6,223.75	12.75	445.00	1.00	1,162.50	2.50	3,513.25	7.52
Managers	195 - 325	81.25	0.25	-	-	-	-	162.50	0.50	-	-	650.00	2.00	162.50	0.50
Analysts	110 - 295	3,093.75	13.75	-	-	1,121.25	5.75	1,293.75	5.75	337.50	1.50	4,237.50	20.75	1,012.50	4.50
Finance / Administration	195	-	-	-	-	97.50	0.50	-	-	-	-	-	-	3,022.50	15.50
Support Staff	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		10,030.00	28.00	-	-	1,825.00	7.50	7,680.00	19.00	782.50	2.50	6,050.00	25.25	7,710.75	28.02

	Hourly Rate (\$)	Admin/General		Litigation		On-Going Trading		Planning/Review		Secured Creditors		Reporting		Total	
		Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours
Partners	395 - 495	445.00	1.00	-	-	12,608.75	25.75	1,261.25	2.75	717.50	1.50	841.25	1.75	34,679.50	71.77
Managers	195 - 325	-	-	-	-	-	-	162.50	0.50	162.50	0.50	-	-	1,381.25	4.25
Analysts	110 - 295	1,827.50	8.25	-	-	112.50	0.50	338.75	1.75	5,032.50	22.75	4,170.00	19.00	22,577.50	104.25
Finance / Administration	195	5,405.50	27.73	-	-	-	-	-	-	292.50	1.50	48.75	0.25	8,866.75	45.48
Support Staff	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		7,678.00	36.98	-	-	12,721.25	26.25	1,762.50	5.00	6,205.00	26.25	5,060.00	21.00	67,505.00	225.75

Disbursements	Costs
Advertising	405.33
Miscellaneous	8.51
Overheads	-
Travel Costs	924.13
Total	1,337.97

Note: The hours and costs shown in the table above are the actual WIP totals to date. **All totals are exclusive of GST.** Payment of \$68,150 (excl. GST) has been received on account for both fees and disbursements.



Appendix 3 - Notice of Intention to Remove

MEGALOG LIMITED (IN LIQUIDATION)
Company Number: 6399973
("the Company")

Notice of Intention to Remove Company from Register
(Pursuant to Section 320 of the Companies Act 1993)

We, Iain Shephard and Jessica Kellow, joint and several liquidators of the Company whose registered office is situated at:

BDO Wellington
PO Box 10-340
Level 1, Chartered Accountants Building
50 Customhouse Quay
Wellington

Hereby give notice that pursuant to section 318(1)(e) of the Companies Act 1993, and having filed with the Registrar our final report on the liquidation, it is intended to remove the Company from the New Zealand register.

Any objection to the removal pursuant to section 321 of the Companies Act 1993 must be delivered to the Registrar no later than 28 April 2022.

DATED this 7th Day of April 2022.

A handwritten signature in black ink, appearing to read 'Iain Shephard'.

IAIN SHEPHARD
Liquidator