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Davis Logging Limited (In Liquidation)

Company Number: 6476713

Legends Limited (In Liquidation)

Company Number: 3497164

Liquidators' First Report to Creditors and Shareholders

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1. Introduction

Iain Bruce Shephard and Jessica Jane Kellow were appointed joint and several liquidators (“Liquidators”) of Davis Logging Limited (now In Liquidation) and Legends Logging Limited (now In Liquidation) (“the Companies”) by special resolution of the shareholders on 2 October 2019 at 09:54am in accordance with section 241(2)(a) of the Companies Act 1993 (“the Act”).

In accordance with section 255 of the Act we report on the Companies’ affairs together with our proposals for conducting the liquidation.

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. Declaration of Independence, Relevant Relationships and Indemnities

Attached as **Appendix 1** is the Declaration of Independence, Relevant Relationships and Indemnities, as prepared by the Liquidators, in accordance with the RITANZ Code of Conduct.

4. Company information

Davis Logging Ltd (In Liquidation)		
Date of Incorporation:	6 October 2017	
Registered Office:	6 Blenheim Street	
<i>(Prior to liquidation)</i>	Taradale	
	Napier 4112	
Type of Business:	Logging	
Shareholders:	Sharon Louise Davis	[66 shares]
	Gavin Rex Davis	[34 shares]
Director:	Blair Jeremy Davis	
Date of Liquidation:	2 October 2019	

Legends Ltd (In Liquidation)

Date of Incorporation: 3 August 2013

Registered Office: 6 Blenheim Street

(Prior to liquidation) Taradale

Napier 4112

Type of Business: Leasing Plant and Equipment

Shareholders: Blair Jeremy Davis [100 shares]

Director: Blair Jeremy Davis

Date of Liquidation: 2 October 2019

5. Background and reasons for liquidation

Davis Logging Limited (now in Liquidation) (“Davis”) provided logging services in the wider east coast region of New Zealand.

Legends Limited (now in Liquidation) (“Legends”) engaged in the business of leasing plant and equipment. Legends primarily leased equipment to Davis.

The Companies were dogged by a series of equipment failures that resulted in significant down time and costs. The effect was that Davis began to fall short on contracted logging targets.

The primary logging contract of Davis was cancelled due to alleged poor performance. As a consequence Davis and Legends no longer had an income stream and both ceased to trade in July 2019.

Secured creditors had taken steps to repossess assets and faced with no alternative the shareholders resolved to liquidate both Legends and Davis.

6. Statement of affairs

We have not been in a position to prepare a Statement of Affairs of the Companies. As a consequence of all secured creditors taking possession of their assets we are yet to establish the financial outcomes. We do expect that there will be a substantial shortfall to all creditors.

7. Creditors

List of creditors

Attached as **Appendix 2** is a full list of the names and addresses of creditors in accordance with section 255(2)(c)(ii)(C) of the Act.

Unsecured creditor claims

We attach as **Appendix 3** our Public Notice which sets 14 November 2019 as the day on or before which the creditors of the Companies are to make their claims, and to establish any priority their claims may have under section 312 of the Act or to be excluded from the benefit of any distribution made before the debts are claimed or from objecting to the distribution.

Please complete the Unsecured Creditor's Claim form attached as **Appendix 4** and return to us at the following address or by email:

The Liquidators
Legends Limited (In Liquidation) or Davis Logging Limited (In Liquidation)
C/- BDO Wellington
PO Box 10340
Wellington 6143

Email: wlg.bri@bdo.co.nz

It is too early to reliably estimate what funds, if any, will be available for preferential and unsecured creditors.

Secured creditors notice

Creditors claiming a security interest (including retention of title or other claims) in the Companies' assets who:

- have not advised the Liquidators of their security interest; or
- have not received correspondence from the Liquidators concerning their security interest,

Should contact the Liquidators immediately and should not file a claim as an unsecured creditor unless they wish to surrender their charge to the Liquidators.

This report constitutes notice under section 305 (8) of the Act to any secured creditor receiving it that pursuant to section 305 (8) of the Act, you as a secured creditor of the Company are required to (unless you have already advised the Liquidators in writing of such an election or have already received such a notice) elect and notify the Liquidators in writing within 20 working days after receipt of this notice, which of the following powers they wish to exercise:

- a. Realise the property subject to your charge, if entitled to do so; or
- b. Value the property subject to your charge and claim in the liquidation as an unsecured creditor for the balance due, if any; or
- c. Surrender the charge to the Liquidators for the general benefit of creditors and claim in the liquidation as an unsecured creditor for the whole debt.

Pursuant to section 305(9) of the Act, if a creditor fails to notify the Liquidators in compliance with this notice within 20 working days they will be taken as having surrendered their charge to the Liquidators for the general benefit of creditors and they may then claim in the liquidation as an unsecured creditor for the whole debt.

Creditors meeting

In accordance with section 245 of the Act, for the reasons given in the formal notice attached at Appendix 5, we have dispensed with the meeting of creditors.

8. Proposals for conducting the liquidation

We understand that all plant and equipment was repossessed prior to the appointment of liquidators.

The Liquidators will conduct an investigation of the Companies' books and records to further establish if there are any potentially voidable transactions that require investigation, and further to ensure that the director and former director has complied with the duties and obligations imposed on them under the Companies Act 1993.

In the event that there are funds available for a distribution, the Liquidators will admit creditor claims and make a distribution.

The Liquidators will then complete a final report and request that the Registrar of Companies remove the Companies from the register

9. Estimated date of completion

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

10. Contact information

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

Jessica Kellow
DDI: (+64 4) 555 0726
Email: Jessica.kellow@bdo.co.nz

BDO Wellington
PO Box 10340
Level 1, Chartered Accountants House,
50 Customhouse Quay,
Wellington 6143

Dated this 10 day of October 2019



IAIN SHEPHARD
Liquidator

APPENDICES

Appendix 1 - Declaration of Independence, Relevant Relationship & Indemnities

Independence

Iain Bruce Shephard and Jessica Jane Kellow, both RITANZ Accredited Insolvency Practitioners, confirm that we have undertaken a proper assessment of the risks to independence in accordance with the Companies Act 1993 and the RITANZ Code of Conduct.

We have determined that the assessment did not identify any real or potential risks to independence.

Relationships

We have not met with the Insolvent or known associates of the Insolvent prior to accepting the appointment. At no time in the preceding two years have we had a business relationship with the Insolvent, known associates, advisors or a former insolvency practitioner appointed to the Insolvent.

BDO Auckland Limited audits Samnic Waingaromia Forest Joint Venture, which is a related party to Samnic Forest Management Limited, who has registered a security interest over the Companies in respect of all present and after-acquired personal property of the Companies. Aware of this relationship, prior to their appointment, the Liquidators made an application to the High Court pursuant to section 280 of the Companies Act 1993 requesting leave to act as liquidators to the Companies. On 1 October 2019, the Honourable Associate Judge Johnston ordered accordingly. A copy of the order is attached as **Appendix 6**.

The Insolvent was referred to us by Tom Rodewald of Rodewald Consulting. This referrer occasionally refers clients to us. We do not consider that there is a risk to independence as there is no commercial arrangement between BDO and the referrer.

Indemnities and Upfront Payments

We have not received an indemnity or upfront payment.

BDO are not aware of any relationships that would result in conflict of interest.



Iain Shephard
Liquidator



Jessica Kellow
Liquidator

Appendix 2 - List of Creditors

Name	Address 1	Address 2
Inland Revenue Department ACC	PO Box 39010 business@acc.co.nz	Wellington
AP Hydraulics Ltd	sales@aphydraulics.co.nz	
Asian Natural Resources Limited	mduval@ellisgould.co.nz	
Big Value Tyres (2009) Ltd	sales@bigvaluetyres.co.nz	
BP OIL NZ LTD	Customerenquiries@se1.bp.com	
Communicate NZ Ltd	josh@coms.co.nz	
Daniel Pongratz	<i>Contact Details Withheld</i>	
Dr Diesel	sales@drdieselnz	
EuroCity Limited	enquiries@eurocity.co.nz	
GM Hoses and Fittings	gm@nowmail.co.nz	
Hansen & Bate Lawyers	EMB@hansenbate.co.nz	
Heavy Equipment Services Ltd	heaccounts@extra.co.nz	
Hunter Premium	service@hpf.co.nz	
Integrated Safety	reece@issnz.co.nz	
KRS (2003) Limited	krs2003@extra.co.nz	
Niwottini Limited	447 Hutt Road, Alicetown	Lower Hutt 5010
Parker Engineering Limited	info@parkerengineering.co.nz	
Porter Group	reception@portergroup.co.nz	
R & J Logging Limited	admin@randjlogging.co.nz	
Ruatoria Autos	malri@extra.co.nz	
Samnic Waingaromia Forest Joint Venture	richard@richardshayes.com	
Shaw's Wire Ropes	invoices@wireropes.org	
Stihl Shop Hastings	hastings@stihlshop.co.nz	
Stone Transport & Hiab Ltd	admin@stonetranz.co.nz	
Uawa Garage Ltd	59 Cook Street	Tolaga Bay 4077
Universal Engineering Ltd	accounts@unieng.co.nz	
Vault GRC NZ Ltd	accounts@vaultintel.com	
Vodafone	P O Box 7281	Wellesley Street, Auckland
Xero (NZ) Limited	sales@xero.com	



Appendix 3 - Public notice of appointment

DAVIS LOGGING LIMITED
LEGENDS LIMITED
("The Companies")

NOTICE OF APPOINTMENT OF LIQUIDATORS
AND
NOTICE TO CREDITORS TO CLAIM

Pursuant to Section 255(2)(a) and
Liquidation Regulation 12 of the Companies Act 1993

Iain Bruce Shephard and Jessica Jane Kellow, RITANZ Accredited Insolvency Practitioners of BDO Wellington, were appointed liquidators of the Companies by special resolution of the shareholders on 2 October 2019 at 09:54am.

NOTICE is hereby given that as liquidators of the Companies, we fix the 14 November 2019, as the day on or before which the creditors of the companies are to make their claims, and to establish any priority their claims may have under Section 312 of the Companies Act 1993 (as amended) or to be excluded from the benefit of any distribution made before the debts are claimed, or as the case may be, from objecting to the distribution.

Creditors and shareholders may direct enquiries during normal business hours to:

Jessica Kellow
BDO Wellington, BRI
Level 1, 50 Customhouse Quay
Wellington 6011

Postal Address PO Box 10340
Wellington 6143

Email WLG.BRI@bdo.co.nz

DATED 10 October 2019.

IAIN SHEPHARD
Liquidator



Appendix 4

UNSECURED CREDITORS CLAIM FORM

Section 304(1) Companies Act 1993

NAME AND POSTAL ADDRESS OF CREDITOR IN FULL Principal Contact: E-mail Address: Telephone Number: My Reference is: (if applicable)	* Any personal information collected is for the purpose of administering the claims in accordance with the Companies Act 1993. The information will be used and retained by BDO Wellington at Level 1, Chartered Accountants House, 50 Customhouse Quay, Wellington 6011 and will be released to other parties only with your authorisation or in compliance with the Privacy Act 1993. Any claim by an unsecured creditor against a company in a 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 entity within the meaning of the Privacy Act 1993)
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NAME OF COMPANY:

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

claim that the company was at the date of liquidation indebted to the above named creditor for the sum of (Amount in words and figures):

.....
 \$.....

STATUS OF CLAIM:

1. I hold no security for the claimed amount 2. I am surrendering the security I hold and I am claiming as an unsecured creditor 3. I am making a preferential claim (Refer details of reverse)	TICK <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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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 liquidators 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:
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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
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Received (Date Stamp)	<p>RESERVED FOR OFFICE USE:</p> <p><u>Claim admitted/rejected for voting purposes:</u> <input type="text" value="Signed:"/> <input type="text" value="Date"/></p> <p>(Delete one)</p> <p><u>CLAIM REJECTED FOR PAYMENT:</u> Preferential Claim for: Ordinary Claim for</p> <p style="margin-left: 100px;">\$ <input type="text"/> \$ <input type="text"/></p> <p>or</p> <p><u>CLAIM ADMITTED FOR PAYMENT:</u> Preferential Claim for: Ordinary Claim for</p> <p style="margin-left: 100px;">\$ <input type="text"/> \$ <input type="text"/></p> <p><input type="text" value="Signed Liquidator:"/> <input type="text" value="Dated"/></p>
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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 \$
	<p><i>If applicable, less any purchase money security interests in relation to goods supplied by creditor to the company [Describe goods]</i></p> <p><i>If applicable, less debts owed by creditor to the company [Describe goods]</i></p>	

PREFERENTIAL CLAIMANTS ONLY

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.

- 1. Are you claiming the full amount of your claim as preferential? Yes / No
- 2. If no, what part of the claim is preferential? \$.....
- 3. Why do you believe you are a preferential creditor?
(eg. Employee, IRD, NZ Customs).....
- 4. Details of your claim:.....

If applicable please record here your GST Registration number:

And total GST included in your claim: \$.....

Return to: BDO Wellington Ltd
PO Box 10340
Wellington 6143



Appendix 5

DAVIS LOGGING LIMITED (IN LIQUIDATION)
COMPANY NUMBER 6476713
LEGENDS LIMITED (IN LIQUIDATION)
COMPANY NUMBER 3497164

(“the Companies”)

Notice of Liquidators Decision to Dispense with Meetings of Creditors (Pursuant to section 245 Companies Act 1993)

We, Iain Bruce Shephard and Jessica Jane Kellow were appointed joint and several liquidators (“Liquidators”) of the Companies by special resolution of the shareholders on 2 October 2019 at 09:54am.

We do not consider that a meeting of creditors should be held because there are insufficient assets to meet the cost of holding such a meeting and there are limited prospects of funds being available for payment of a dividend to creditors other than to those who hold specific security or have a preferential claim.

No meeting of creditors will be called unless we receive notice in writing from a creditor requiring us to hold a meeting of creditors pursuant to section 314 of the Companies Act 1993 within 10 working days of their receipt of this notice.

Notices should be forwarded to:

Jessica Kellow
BDO Wellington
PO Box 10340
Wellington 6143

By email: Jessica.kellow@bdo.co.nz

DATED this 23rd day of October 2019.

IAIN SHEPHARD
Liquidator

Appendix 6 - Sealed Order to Act as Liquidators

DUPLICATE

IN THE HIGH COURT OF NEW ZEALAND
NAPIER REGISTRY

I TE KŌTI MATUA O AOTEAROA
WHAKATŪ ROHE

CIV 2019- 441- 63

Under Part 19 of the High Court Rules and section 280 of the Companies Act 1993

In the matter of **DAVIS LOGGING LIMITED** an incorporated company having its registered office at 6 Blenheim Street, Taradale, Napier and carrying on business as a logging contractor

And **LEGENDS LIMITED** an incorporated company having its registered office at 6 Blenheim Street, Taradale, Napier and carrying on business as a logging contractor

And **IAIN BRUCE SHEPHARD** and **JESSICA JANE KELLOW** of Wellington, both insolvency practitioners

Applicants

ORDERS PERMITTING IAIN BRUCE SHEPHARD AND JESSICA JANE KELLOW TO BE APPOINTED AS LIQUIDATORS

Dated: 30 September 2019



BUDDLEFINDLAY

NEW ZEALAND LAWYERS

Barristers and Solicitors

Wellington

Solicitor Acting: **Scott Barker / Maddie Harris**

Email: scott.barker@buddlefindlay.com / maddie.harris@buddlefindlay.com

Tel 64 4 499 4242 Fax 64 4 499 4141 PO Box 2694 DX SP20201 Wellington 6140

ORDERS PERMITTING IAIN BRUCE SHEPHARD AND JESSICA JANE KELLOW TO BE APPOINTED AS LIQUIDATORS

1. The without notice originating application made by **IAIN BRUCE SHEPHARD AND JESSICA JANE KELLOW**, on 30 September 2019 was determined by the Honourable Associate Judge Johnston on the 1 day of *October* 2019.
2. The determination was made without a hearing.
3. The following orders were made:
 - (a) the applicants are granted leave to commence this proceeding by way of an originating application without notice;
 - (b) the applicants are permitted to act as joint and several liquidators of Legends Limited and Davis Logging Limited (the **Companies**);
 - (c) copies of the sealed orders be served on all known creditors of the Companies at the same time and in the same manner as the liquidators' notice of the first creditors' meeting;
 - (i) any creditor of the Companies is granted leave to apply to the Court within ten working days of service of these orders to set aside the applicants' appointment as liquidators; and
 - (ii) the applicants' solicitor/client costs of this application be an expense incurred by the applicants in carrying out their duties as liquidators of the Companies.

By the Court:



(Deputy Registrar)

Sealed this *1st* day of *October* 2019

