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## **Davis Logging Limited (In Liquidation)**

Company Number: 6476713

## **Legends Limited (In Liquidation)**

Company Number: 3497164

## **Liquidators' Six-Monthly 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 (In Liquidation) and Legends Logging Limited (In Liquidation) (“the Companies”) by special resolution of the shareholders on 2 October 2019 at 9:54am in accordance with section 241(2)(a) of the Companies Act 1993 (“the Act”).

In accordance with section 255 of the Act we are obliged to report to all creditors and shareholders on the conduct of the liquidation during the preceding six-month period.

This report should be read in conjunction with our previous reports pursuant to section 255(2)(c) 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

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

Legends Limited (In Liquidation) (“Legends”) was 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.

## 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.

The liquidators met with the Director in Napier to understand the position of the Companies. Prior to the appointment of liquidators, the major client had terminated the logging contract. This resulted in the secured creditors repossessing the assets subject to their security interests.

#### **4.1 Schedule of Receipts and Payments**

Attached as **Appendix 1** is a schedule of receipts and payments for Davis Logging Ltd (In Liq) for the duration of the liquidation.

No funds have been received or paid in the liquidation of Legends.

#### **4.2 Asset Realisations**

##### ***Inland Revenue GST Refunds***

The Liquidators have received Inland Revenue GST refunds for Davis totalling \$2,442.29.

#### **4.3 Creditors Claims**

##### ***Secured Creditors***

At the date of liquidation, the secured creditor was owed \$1,324,278.60 by Legends, with Davis being the guarantor. The secured creditor took possession of the goods which they had interest in and charge over. Two assets were sold for \$425,000. The net proceeds of those sales were applied to Legends obligations to the secured creditor, leaving an estimated shortfall of \$899,278.60.

##### ***Preferential Creditors***

Inland Revenue filed a preferential claim against Davis for \$360,614.12 and against Legends for \$156,753.05.

##### ***Unsecured Creditors***

The Liquidators received 14 unsecured claims against Davis valued at \$1,906,763.64 and three against Legends valued at \$365,961.32.

### **5. Further proposals for completing the liquidation**

The Liquidators propose to take the following further actions:

- review potential voidable transactions;
- continue a review the actions of management, directors, officers and advisers of the Company and any potential claim against them;
- distribute available funds (if any) to preferential and unsecured creditors;
- assessing other areas of potential recovery; and
- complying with our statutory obligations.

The Liquidators will consider further actions subsequent to additional information regarding the Company's affairs that comes to the Liquidators' attention. Further actions will be subject to the availability of funding and an assessment of the benefits of pursuing recoveries.

## 6. 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 and shareholders will, when appropriate, advise of an estimated completion date.

## 7. Contact information

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

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Dated this 9<sup>th</sup> day of April 2021



**JESSICA KELLOW**  
Liquidator



## APPENDICES

### Appendix 1 - Summary of Receipts & Payments

*As at:* 9 April 2021

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**Receipts**

Inland Revenue - GST Refund	2,442.29
Interest	0.46
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	2,442.75

**Less Payments**

Liquidators' Costs & Disbursements	2,357.50
Resident Withholding Tax	0.14
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	2,357.64

***Liquidators' Bank Account***

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