



## KIWI DEPOSIT BUILDING SOCIETY (IN DISSOLUTION))

### TRUSTEES SECOND REPORT

#### INTRODUCTION

Kiwi Deposit Building Society was put into dissolution by its members on the 18th April 2013. Paul Graham Sargison, Chartered Accountant and Simon Dalton, Chartered Certified Accountant, were appointed joint trustees for the dissolution. We have set out below our second report on the dissolution.

#### ASSET REALISATION

##### Recovery of Assets

In the period since the last report, the trustees have taken an active role in realising the assets of the Society. Due to the state of the financial system, and a lack of satisfactory documentation in client files for some key transactions, this has been a complicated process.

While we have been able to obtain copies of the general ledger from inception, many of the early documents supporting it have not been located. In addition it has become clear that the Nexor client account system is not self-balancing, and that it does not reconcile with the general ledger. Thus the accounts which were presented to clients are in some cases significantly at variance with the underlying records of the Society.

We have taken measurable steps in achieving sales of two key property assets, the commercial properties at Kalmar Sweden, and Bournemouth UK. Settlement has taken place for both, but liquidation of the company vehicles holding those assets will need to be completed before all funds can be remitted to our trust account. The UK liquidation should be relatively straight forward. However, the Swedish property was owned by the Society to the extent of 87.2%. These proceeds are recoverable through a 100% owned subsidiary of the Society. But within that company, a bank guarantee had been granted which may have a claim on the proceeds. This matter should be dealt with in the liquidation of the Swedish companies, a process which could take up to a year to complete depending on legal issues raised.

The 9 apartments owned at Torquay through a subsidiary have been actively marketed, and it appears that sales are now starting to eventuate. We hope that this process will be complete by mid 2015, which should then enable disposal of the freehold in the property.

The Newsat Limited shares held by the Society have been disposed of. However, a claim has been lodged in respect of them by a Swiss company. Although the trustees dispute this claim, the case will be heard in the New Zealand Courts in August 2015. If the claimant is successful, the full amount of the share proceeds plus costs may be payable from the dissolution funds we hold.

The Maltese Sicav investment has also been realised. There has been a claim received in respect of this investment which we are disputing. Whether the matter will proceed to Court is not yet known.

Most of the loans which appear on the Society's books are in fact held as trustee only. A loan to an Australian company however, is an asset of the Society, and we are currently progressing a claim for



## COMPLETION OF THE DISSOLUTION

From the commentary above it will be clear that a number of matters are subject to litigation. Further, some loans made by the Society do not fall due for 3 years or more. As indicated there are potential further recovery actions which can now be contemplated by the trustees. Decisions will be taken on these by early 2015, and we should be in a position to forecast a more accurate completion date by the end of 2015.

In the interim we have prepared the statement of the estimated outcome below to assist creditors and members.

	NZD	NZD
<b>Funds Currently Held</b>		12,200,002
<b>Assets Not Yet Fully Realised</b>		
Bournemouth Property	198,341	
Kalmar Property	3,166,951	
Torquay Property	1,843,680	
Cresta Motor Yachts Loan	440,299	
		<u>5,649,272</u>
Potential Total Recoveries		17,849,274
<u>Less</u> Potential Claim for Newsat Shares		<u>2,028,323</u>
<b>Estimated Net Funds Available For Distribution</b>		<u>15,820,951</u>
<b>Accepted Creditor Claims to Date</b>		27,818,278
<b>Potential Distribution Rate</b>		
Subject to Above and Costs of the Dissolution		56.9%

## DISCLAIMER

The trustees do not accept any responsibility for any errors or omissions in the statement, nor do they 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. Interest receipts are reported net of a 10% trust account management charge.

We reserve the right but will be under no obligation to revise this report if we consider it necessary to do so in the light of any information existing at the date of the report, which becomes known to us after that date.

Dated this 24th day of November 2014



Paul Sargison  
Joint Trustee

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