

IEP New Zealand Limited (In Liquidation) ("IEP or Company")

Liquidators' first report

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Our ref: 508587

Restrictions

This document is a report to creditors and shareholders, and notices to creditors in terms of the Companies Act 1993 (**Act**). This report is confidential to creditors and shareholders and is not to be reproduced or used for any other purpose without our prior written consent in each case. We do not accept any liability whatsoever to any party from any use of, or reliance on, this report.

Appointment

Colin Owens and David Webb were appointed Liquidators of the Company pursuant to Section 241(2)(d) of the Act.

As Licensed Insolvency Practitioners, we are bound by the RITANZ Code of Professional Conduct when carrying out all professional work relating to our appointment as Liquidators.

Liquidators of insolvent companies are required to be licensed insolvency practitioners. More information about the regulation of insolvency practitioners is available from the Registrar of the Companies.

Information included in the Liquidators' first report

The Liquidators' first report includes the following appendices:

- **Appendix A:** Statement of the Company's affairs
- **Appendix B:** List of known creditors
- **Appendix C:** Unsecured creditors' claim form (If you have already submitted a claim form under the administration, you are **not** required to complete this form)
- **Appendix D:** Liquidators' interest statement (including a declaration of independence, relevant relationships and indemnities (DIRRI))
- **Appendix E:** Liquidators' remuneration report

Background

| | |
|------------------------|--|
| Company number: | 842030 |
| NZBN: | 9429038165436 |
| Date of incorporation: | 23 January 1997 |
| Trading address: | Auckland |
| Type of business: | Work and study abroad support services |
| Date trading ceased: | 21 August 2020 |

The Shareholder per the Companies Office website at the time of appointment of Liquidators was:

| Name | Shareholding |
|---------------|---------------------|
| BUNAC USA INC | 1,000 Shares (100%) |

The Directors per the Companies Office website at the time of the appointment of Liquidators were:

| Name | Address |
|----------------|--|
| Holly McVeigh | 7/1 Princess St, Richmond, Victoria, 3121 , Australia |
| Colin Parselle | 77 Grange Road, Sutton, Surrey, SM2 6SW , United Kingdom |

Summary of reasons for liquidation

IEP provided work and study abroad support services to the STA Travel Group. IEP focused on helping people with overseas work abroad experiences (both inbound and outbound) and also assisted inbound customers with processing their working visa applications to Immigration New Zealand

Following the collapse of its overseas parent company, the Directors placed the Company into Voluntary Administration on 24 August 2020 and appointed Colin Owens and David Webb Joint and Several Administrators.

The Administrators undertook an assessment of the financial position of the Company. The ultimate parent company and other companies within the STA Travel Group were or about to be in some sort of formal administration. Given the current financial position of the Company in New Zealand and without the support of the STA Travel Group, the Company could not continue to trade in New Zealand.

At the watershed meeting of creditors held on 28 September 2020, the creditors voted to place the Company into liquidation with Colin Owens and David Webb being appointed as Liquidators.

Proposed actions of the Liquidators

The Liquidators will undertake an investigation into the financial affairs of the Company from the available books and records to identify recoveries available for the benefit of creditors.

This will also include:

- Investigating the affairs of the Company and the circumstances leading up to the collapse of the Company; and
- Identifying any assets of the Company that may be able to be realised for the benefit of creditors;

Some of these ongoing investigations and actions **may** require liquidation funding due to the lack of funds held by, or due to, the Company.

Statement of the Company's affairs

A statement of the Company's estimated financial position as at 28 September 2020 is attached as **Appendix A**. This information was obtained from the Administrators report to creditors dated 21 September 2020. This report was prepared from information obtained from the Company, its Directors, Creditors and third-party sources. Some of this information is still being verified.

A list of all creditors who have filed claims to date is attached as **Appendix B**.

Notices to unsecured and secured creditors

Unsecured creditor claims

We also attach as **Appendix C**, an Unsecured Creditors Claim form which should be **(unless you have already done so in the Administration period)** completed and sent back to us no later than 24 November 2020, which is the date the Liquidators have set as the last day for lodging of claims. If you are unable to return your claim form by this date, please telephone us before the last day for lodging of claims. Creditors having not made a claim by this date may be excluded from any distribution made.

Please return all correspondence to IEP New Zealand Limited (In Liquidation) at nzstatravel@deloitte.co.nz.

Security interests and retention of title claims

Creditors holding a security interest over the Company's assets or having a retention of title or other claim over assets owned by or in the control of the Company who have not yet advised the Liquidators of their interest, or who have not received a letter from the Liquidators concerning their interest, should contact the Liquidators immediately, and should not file a claim as an unsecured creditor unless they surrender their charge to the Liquidators.

This document is also notice under section 305 of the Act to any secured creditor receiving it that pursuant to section 305 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 and have failed to elect and notify the Liquidators within the period required) elect and notify the Liquidators in writing within 20 working days after receipt of this notice, which of the following powers you wish to exercise:

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

If you fail to notify the Liquidators in compliance with this notice within 20 working days, you will be taken as having surrendered your charge to the Liquidators for the general benefit of creditors and you may then claim in the liquidation as an unsecured creditor for the whole debt.

Meeting of creditors

Under the Act (section 243), the Liquidators are required to hold a creditors' meeting unless they consider, having regard to the assets and liabilities of the Company, the likely result of the liquidation and any other relevant matters, that no such meeting should be held. One of the matters which may be considered at such a creditors meeting is the appointment of an alternative liquidator to replace those appointed by the Court.

Creditors can ask that a meeting be called to consider the appointment of an alternative liquidator if they wish to seek the replacement of the present Liquidators and if they obtain the consent to act as liquidator of a properly qualified alternative appointee. If any creditor wishes that a meeting be called, they must write to the Liquidators within **10 working days** of receiving this letter. If the Liquidators receive notice within this period, then a meeting may be called, and all creditors will be advised of this.

If no notice is received within the 10 working days specified, the Liquidators will not hold a creditors' meeting. The reasons for this are that:

- During the administration of the Company the Administrators held two creditor meetings to update the creditors on the status of the administration and subsequent liquidation;
- The Liquidators will have/will also be keeping the creditors updated on any developments via the dedicated STA Travel page on the Deloitte website,
- The Liquidators are trying to minimise costs in order to maximise any potential return to creditors.

Although a creditors' meeting may not be held, please send us any information that you believe would assist in the liquidation.

Under the Act the creditors and shareholders have the right to require the Liquidators to call a meeting of creditors under section 314 to decide on the appointment of the liquidation committee and choose the members of the committee. Although it was decided by a vote at the watershed meeting of creditors that no liquidation committee would be formed in the liquidation.

Information for creditors and shareholders

Liquidators, by the nature of the process leading up to their appointment, are usually appointed holding little or no reliable information as to the affairs of the company. These circumstances may persist indefinitely. While some creditor claims have yet to be received, these often include substantial claims from unsecured creditors with preferential status, and if funds do come into the liquidation those creditors may expect to receive a distribution of such funds prior to activities being undertaken which will only benefit other unsecured creditors and shareholders.

The Act allows a creditor in many circumstances (but not a shareholder) a higher priority for distributions in the liquidation if such creditor takes action, or provides funding to the liquidation, for the benefit of the Company's creditors. Creditors and shareholders may have their own remedies, independent of the Liquidators, for seeking to recover any losses, including under section 301 of the Act.

Creditors or shareholders that wish the Liquidators to undertake recovery actions and are willing to provide funding or other assistance, or who have information that would assist the Liquidators in recovering funds for the benefit of creditors and shareholders, should contact the Liquidators as soon as possible, as delay may cause legal recovery action to become impossible or unproductive. Information in writing and copies of relevant correspondence or documents would be helpful to the Liquidators in undertaking recovery actions.



Contact details for Liquidators and enquiries

Please direct all enquiries to nzstatravel@deloitte.co.nz or refer to the STA Travel page on the Deloitte website.

A handwritten signature in blue ink, appearing to read "Colin Owens".

Colin Owens
Liquidator

Appendix A: Statement of the Company's affairs

All figures exclude GST.

| | Note. | \$'000s | \$'000s |
|---|-------|--------------|---------------------|
| Assets at book or advised values* | | | |
| Cash & cash equivalents | | 208 | |
| Trade & other receivables | 1 | 29 | |
| Property, plant & equipment | 1 | <u>1</u> | |
| Assets total | | | 238 |
| Liabilities* | | | |
| Preferential creditors | 2 | (2) | |
| Preferential creditor total | | | <u>(2)</u> |
| Estimated net before Other unsecured creditors | | | 236 |
| Other unsecured creditors | 2 | <u>(693)</u> | |
| Unsecured creditors total | | | <u>(693)</u> |
| Calculated net balance (shortfall) to creditors prior to costs of the administration and liquidation | | | <u><u>(457)</u></u> |

Notes

- 1 Estimated value
- 2 Per the Company's financial information

*Values as advised to us by a number of parties dealing with the Company. We do not currently have sufficient information to reliably assess an estimated realisation value for any of the items listed. Liabilities are subject to change with claims submitted. No provision has been made for costs of liquidation or realisation.

Appendix B: List of known creditors

Below is a list of creditors who have previously filed a claim in the Administration of the Company. This is not an exhaustive list of creditors and we expect additional creditors to file claims who have not previously done so.

Due to the large volume of creditors, we have contacted creditors via email and as a result will not be disclosing this information for privacy reasons.

| Creditor name | Creditor name |
|--------------------------------|-----------------------|
| Thomas Hutton | Christopher Mercy |
| Sophia Stevens | Thomas Yarnton |
| Campbell Wray | Lauren Mercer |
| Olivia Dalzell | Lewis Brown |
| Sydney Wachs | Tshepiso Masoka |
| BDO Auckland | Lisa Whelan |
| Otago University Student Assoc | Rachel Young |
| Cathal Sexton | Samuel Marchant |
| Lisa Fleckenstein | Lea Weiss |
| Ashlee Quested | Nqobile Nonhle Mkhize |
| Zeald Ltd | Rachel Mahon |
| Sean Asmussen | Karl Kalina |
| Tia Gow | Lisa Fleckenstein |
| Mary Fitzjohn | Jacob Barlow |
| Philip Lawrence | Elizabeth Szymczak |
| Lauren Hope | Daniel Slater |
| Rekha Fernandez | Arthur Maclean |
| Kerry Morris | Brea Rolton |
| Priya Ranu | Laura McQuaid |
| Nathan Stratford | Kelsey Findlay |
| Emma Kennedy | Anna Hamilton |
| Oliver Manton | Bronya Colagiovanni |
| Stefan Waggett | Donovan Brook |
| Jamie Lewis | Megan Clark |
| Jack Stanger | Christine Dixon |
| Victoria Leadbetter | Ben McGuinness |
| Emily Mellor | Lewis Hodgson |
| Rebecca Jenner | Phillip Lawrence |
| Collin Dore | Daniel Lee B5 |
| Becky Tucker | Catherine Hedgebeth |
| Damon Barfoot | Eva Lockhart |
| Emily Hillier | Danielle Teno |
| Jana Roehle | BDO Auckland |
| Lucy Bateman | Veta Jex Blake |
| Phyllis Buckley | NZ Post |
| Katie O'Shea | Mitchell Patrick |
| Emma Mitchell | Abgail Phale |
| Ashling Dowling | NZ Post |
| Joshua Williams | James Craig Pettit |
| Hannah Dickonson | Jennifer Rose |

Creditor name

| |
|--------------------------------|
| Abby McDonald |
| Sheree Savage |
| Hannah Ross |
| Liam Sharma |
| Smart Pay |
| Lion Boehm |
| Taane Toa Maui Beach |
| Chevaun Botica |
| Thomas Becker |
| Rafaela Diaz-Byers |
| Gruno Tourelle |
| Emily Steven |
| Joana Fernandes |
| Bianca Lim-Yip |
| Greg Wise |
| Katrin Gernert |
| Steven Guthrie |
| Thomas Crawford |
| Michael Richardson |
| Liam Arthur Dev Sharma |
| Bonnie Jillian Toye |
| Murendeni Abgail Phale |
| Hamish Dewar |
| Taane Toa Maui Beach |
| Kirsty Reidie Jope |
| Kimberley Rose Watts |
| Caspar Anthonius van Lier |
| Alyson Bouffard |
| Phathutshedzo Malodious Mudau |
| Samu Schuster |
| Digital Stream Limited |
| Kate Mulligan |
| Annabel Mulligan |
| David Samuels |
| Next Telecom (NZ) Limited |
| Anna Olivia Elisabeth Sjoeborg |
| Iunisi Bayley Johansson |
| John Tran |
| Linda Hanchard |

Appendix C: Unsecured creditors claim form

PARTICULARS OF CLAIM

| Date | Details of claim and identification of documents that evidence or substantiate the claim | Amount \$ |
|---|--|--------------|
| | | |
| | | |
| | | |
| | | |
| | | |
| If applicable, less Retention of Title claim for goods supplied by creditor to the company [describe goods] | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| If applicable, less debts owed by creditor to the company [describe debts] | | |
| | | |
| | | |
| | | |
| | | |
| | | |

If applicable, please record here your GST Registration number - -
 and total GST included in your claim \$

Appendix D: Interests statement (including a declaration as to independence, relevant relationships and indemnities (DIRRI))

As Licensed Insolvency Practitioners we are required to disclose any circumstance, relationship or other fact that creates, or could reasonably be perceived as creating, a conflict of interest for the us in relation to the our role as liquidator.

As members of RITANZ we are required to make declarations as to:

- Our independence generally;
- Relationships, including:
 - The circumstances of the appointment;
 - Any relationships with the Company and relevant parties within the previous two years;
 - Any prior professional services for the Company within the previous two years;
 - That there are no other relationships to declare; and
- Any indemnities given, or up-front payments made, to us.

These declarations are made in respect of ourselves, the partners of Deloitte and Deloitte.

The purpose of these disclosures/declarations is to identify any relationships that, while not resulting in us having a conflict of interest or us being disqualified us from accepting the appointment, ensures that creditors are aware of those relationships and understand why we nevertheless remain independent.

Disclosure of grounds for disqualification

We, Colin Owens and David Webb, of Deloitte were potentially disqualified under section 280 of the Act from acting as Administrators and/or Liquidators on that grounds of a continuing business relationship with a secured creditor being, Flexigroup (New Zealand) Limited. We applied to the High Court for an order that the Administrators and/or Liquidators not be disqualified on the grounds that any apparent conflict of interest arising under Section 280 of the Act would not compromise their ability to act professionally and independently. On 25 August 2020, the High Court made an order that we could act as Administrators and/or Liquidators of the Company.

Declaration of independence

We, Colin Owens and David Webb, of Deloitte undertook a proper assessment of risks to independence prior to accepting the appointment as joint and several Liquidators of the Company in accordance with the law, RITANZ Code of Professional Conduct and applicable professional standards. This assessment identified no real or potential risks to independence. We are not aware of any reasons that prevent us from being appointed Liquidators of the Company.

Declaration of relationships

Circumstances of appointment

The Directors signed a resolution appointing Colin Owens and David Webb as joint and several Administrators of the Company. At a watershed meeting of creditors held on 28 September 2020 the creditors voted to place the Company into liquidation and appoint Colin Owens and David Webb as Liquidators.

We have not provided any advice to the Company, its directors, shareholders and/or their advisors prior to our appointment as Liquidators.

Relevant relationships

We are required to report on all relationships with relevant parties that may have existed in the two years preceding our appointment.

We, and/or our firm, are not aware of a business relationship with the Company in the two years preceding our appointment.

We, and/or our firm, are not aware of a business relationship, in the two years preceding our appointment, with a known associate of the Company, being:

- A person who was known at the time of our appointment to be a director of the Company, or a nominee or a trustee for, a director of the Company; or
- A person who was known at the time of our appointment to have control of the Company; or
- Another company that was, at the time of our appointment known to be controlled by a director of the Company, or a nominee or a trustee for, a director of the Company; or
- Another company that was, at the time of our appointment, known to be a related company.

We, and/or our firm, have not had a business relationship, in the two years preceding our appointment, with a former insolvency practitioner appointed to the Company.

We, and/or our firm, have not had a business relationship, in the two years preceding our appointment, with a person who has a charge on the whole of, or substantially the whole of, the Company's property.

We, and/or our firm, have had a business relationship, in the two years preceding our appointment, with the following party who has/have a charge over some of the equipment that was in the possession of the Company.

| Name | Nature of relationship | Reasons why not an impediment or conflict |
|--|--|--|
| Flexigroup (New Zealand) Limited (Flexigroup) | Deloitte provides services to Flexigroup. Flexigroup has a charge over equipment supplied to IEP. | We do not consider previous engagements for Flexigroup to present a conflict of interest as there is no arrangement between us that we will give any work arising out the liquidation to them. The provision of accounting and/or other financial advisory services to Flexigroup brings about a commercial relationship that in our opinion does not present a conflict or an impediment as it does not impact upon the position of IEP. We are not paid any commissions, inducements or benefits to undertake any appointments and do not consider ourselves to be bound or in any way obligated to deliver a favorable outcome to any party. There is no relationship with Flexigroup which in our view would restrict us from properly exercising our judgement and duties in relation to the liquidation. There is no significance of the relationship with Flexigroup to our independence. |

| Name | Nature of relationship | Reasons why not an impediment or conflict |
|------|------------------------|--|
| | | The relationship with Flexigroup would have disqualified us, under section 280 of the Companies Act 1993, from acting as Administrators and/or Liquidators of the Company. Prior to our appointment as Administrators, we filed an application in the High Court asking the Court to permit us to be appointed as joint and several Administrators and/or Liquidators in the event that was the outcome of the watershed meeting. An order was granted by the High Court to this effect. |

Prior professional services to the Company

We, and/or our firm, have not provided professional services to the Company in the two years preceding our appointment.

No other relevant relationships to disclose

We declare that there are no other relevant relationships, including business and professional relationships, with the Company, a known associate of the Company, a former insolvency practitioner appointed to the Company, or any person or entity that has a charge over the whole of, or substantially whole of the Company's property, that should be disclosed.

Declaration of indemnities and upfront payments

We, and/or our firm, have not received an indemnity, directly or indirectly, for the purposes of meeting our remuneration and disbursement costs that we are required to disclose under the RITANZ Code of Professional Conduct.

We, and/or our firm, have not received an upfront payment for the purposes of meeting our remuneration and disbursement costs.

Colin Owens

05-10-2020

Date

David Webb

05-10-2020

Date

Appendix E: Remuneration report

Bases of calculation

There are five basic methods on which we could calculate our remuneration. They are:

Time based

The total remuneration charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.

Fixed fee

The total remuneration charged is normally quoted prior to the commencement of the liquidation and is the total cost of the liquidation.

Percentage

The total remuneration charged is based on a percentage of a particular factor, usually assets disclosed or assets realised. This basis may only be used with the approval of the body with authority to approve or review remuneration (e.g. the appointor or the Court).

Contingency/success fee

Remuneration is structured to be contingent on a particular outcome being achieved. This basis may only be used if it does not result in a conflict of interest or generate a perception of a lack of independence and with the approval of the body with authority to approve or review remuneration (e.g. the appointor or the Court).

Mixed fee arrangement

Remuneration for a particular aspect of an appointment can be calculated on a different basis.

Method used in the liquidation and the reasons for selecting this method

The method of calculating our remuneration on this appointment is time based and remuneration will only be paid if we are successful in recovering funds of that value. The reasons we have selected this method are that:

- Time based charging is widely used and understood.
- We will only be paid for work done.
- We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this liquidation.
- Quoting a fixed amount does not allow for costs arising from circumstances that were unforeseen prior to our appointment.
- We are required to perform a number of tasks that arise independently of any assets.
- The costs of realising assets are not directly proportional to the value of the asset.

Explanation of hourly rates

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged on the liquidation and the role they take in the liquidation. The hourly rates charged encompass the total cost of providing professional services and should not be compared with an hourly wage.

| Level | Hourly rate (excl GST) \$ | Typical qualification and experience |
|----------------------|---------------------------------|--|
| Partner/Liquidator | 500 - 620 | Accounting and/or law qualification. Licensed insolvency practitioner. 20+ years of experience in accounting, law and/or insolvency and restructuring. Setting the strategic direction for the appointment. Brings his/her specialist skills to the administration or insolvency task. |
| Director | 500 | Accounting and/or law qualification. Generally, 10+ years of experience in accounting, law and/or insolvency and restructuring. Assists in setting the strategic direction of the appointment. Brings his/her specialist skills to the administration or insolvency task. |
| Associate Director | 400 | Accounting and/or law qualification. Generally, 10+ years of experience in accounting, law and/or insolvency and restructuring. |
| Manager | 325 | Accounting and/or law qualification. Generally, up to 5+ years of experience in accounting, law and/or insolvency and restructuring. Will be experienced in conducting insolvency assignments and directing a number of staff. |
| Senior Analyst | 260 | Accounting and/or law qualification. Generally, 3+ years of experience in accounting, law and/or insolvency and restructuring. Assists in planning and control of smaller matters as well as performing some more difficult tasks on larger matters. |
| Analyst | 215 | Accounting and/or law qualification. Generally, up to 3 years of experience in accounting, law and/or insolvency and restructuring. Works under supervision or more senior staff in performing day-to-day fieldwork. |
| Office Administrator | 125 | Appropriate skills and experience. |
| Office Assistant | 95 | Appropriate skills and experience. |

Disbursements

Classes of disbursements

Disbursements are costs paid by the company in liquidation, either:

- Initially from the Liquidators' resources and then claimed back from the company in liquidation; or
- Directly by the company in liquidation.

Disbursements fall into three categories:

- Externally provided professional services (e.g. legal fees)
- Externally provided non-professional costs (e.g. insurance, travel, advertising)
- Internal disbursements (e.g. photocopying, printing, postage)

These are all recovered at cost.

Reporting of disbursements

Any remuneration and/or disbursements paid will be disclosed in future remuneration reports that will accompany the Liquidators' statutory six month reports.

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