

## **CBL Corporation Limited (formerly Administrators Appointed, now in Liquidation) (‘the Company’ or ‘CBLC’)**

Company No. 3888838

27 May 2019 | 90011

### **Overview of the Company’s voluntary administration**

Neale Jackson and Brendon Gibson were appointed joint and several Administrators of the Company and nine of its subsidiaries on 23 February 2018 in accordance with Section 239I of the Companies Act 1993. All ten of the companies were non-trading holding companies.

The watershed meeting for the Company was held on 18 May 2018. The Administrators adjourned the watershed meeting as it became apparent that, at that point in time, there would be a voting stalemate in relation to the resolutions required to be put forward (either placing the company into liquidation or handing control of the company back to its directors). The watershed meeting was adjourned to be held no later than 2 July 2018.

On 18 May 2018 two of the Company’s creditors filed an application with the High Court for the Company to be placed into liquidation.

In May two of the Company’s directors presented a restructuring proposal for the CBL group. The administrators obtained a number of court orders extending the adjournment of the watershed meeting (i.e. to keep it adjourned), so negotiations could take place on the directors’ restructuring proposal. For the same reason, the liquidation application filed on 18 May 2018 was adjourned by the High Court a number of times.

Extensions of the convening periods for the watershed meetings of the subsidiary companies were also obtained so they could remain in voluntary administration.

The restructuring plan that the two directors were promoting was dependent on a reorganisation of CBL Insurance Ltd (‘CBLI’), one of the group’s largest subsidiaries. The High Court had placed CBLI in interim liquidation on 23 February 2018.

The Administrators worked to progress a restructuring plan for CBLI, which could have been implemented through a voluntary administration of that company to avoid it being placed into liquidation. The liquidation hearing for CBLI was adjourned by the High Court a number of times, on the application of other parties, which allowed time for negotiation on the directors’ restructuring proposal.

In the Administrators’ view a restructuring plan implemented through a voluntary administration offered the potential to deliver a better outcome for CBLI’s creditors and creditors of the wider CBL group companies. Ultimately however two of CBLI’s major creditors did not support a voluntary administration for CBLI, which is their right, so the restructuring proposal could not succeed.

CBLI was placed in liquidation on 12 November 2018.

On 12 December 2018, a shareholder of CBLC filed a notice of appearance in opposition to the 18 May 2018 application for the Company to be put into liquidation. With the consent of the two petitioning creditors, on 17 December 2018 the High Court ordered that the liquidation hearing be adjourned to be heard no later than 4 February 2019 to allow the shareholder time to consider its position and, if necessary, file a statement of defence. The High Court also ordered that the watershed meeting be further adjourned.

Following an application by the creditors that petitioned for liquidation, the hearing date for the liquidation of CBLC was subsequently adjourned again by the High Court to 13 May 2019. The creditors also obtained an order extending the adjournment period for the watershed meeting.

On 6 May 2019 the shareholder of CBLC that was opposing the liquidation application withdrew its opposition.

The Company was placed in liquidation on 13 May 2019. The voluntary administration ended on that date so the watershed meeting will not be held.

This report covers the voluntary administration period from 23 February 2019 to 13 May 2019 (“the period”).



## Restrictions

This report has been prepared by us in accordance with and for the purposes of Section 239ACZ of the Companies Act 1993 ('the Act'). It is prepared for the sole purpose of reporting the Administrator's receipts and payments for the period.

In compiling this report, we have relied on the accuracy of all relevant information provided by the Company. While all care and attention has been taken in compiling this report, we do not accept any liability whatsoever arising from this report.

Amounts are in NZD unless specified.

## 1 Details of Administrators

Date of appointment: 23 February 2018

Names: Neale Jackson and Brendon Gibson

Address: Level 21, 88 Shortland Street, Auckland Central, Auckland 1010

## 2 Details of accounts

Are the accounts final: Yes

Date of vacation of office: 13 May 2019

Accounts and statements made up from: 23 February 2019 to 13 May 2019

## 3 Payments to creditors

### Estimate of total creditors at the date of this account (13 May 2019)

Estimated number of priority creditors	5
Estimated value	\$566,766
Estimated number of secured creditors	1
Estimated value	\$6,617,437
Estimated number of unsecured creditors	22
Estimated value	\$172,801,592
Estimated number of deferred	NIL
Estimated value	NIL

Unsecured creditors include inter-company liabilities of \$26,195,740.

Secured creditors includes amounts owed by other CBL group companies that the Company guarantees.



Payments made to creditors from the date of appointment to the date of this account (13 May 2019)

<b>Priority Creditors</b>	
Date Paid:	NIL
Total Paid:	NIL
Rate of payment (cents in the \$):	N/A
<b>Secured Creditors</b>	
Date Paid:	NIL
Total Paid:	NIL
Rate of payment (cents in the \$):	N/A
<b>Unsecured Creditors</b>	
Date Paid:	NIL
Total Paid:	NIL
Rate of payment (cents in the \$):	N/A
<b>Deferred Creditors</b>	
Date Paid:	NIL
Total Paid:	NIL
Rate of payment (cents in the \$):	N/A

#### 4 Secured lenders

ANZ Bank New Zealand Ltd ('ANZ') holds a General Security Agreement ('GSA') over the Company. The Administrators granted ANZ the GSA as security for funds ANZ advanced during the voluntary administration.

<b>Secured creditors</b>	
Amount owing under instrument at the date of appointment:	NIL
Amount owing under instrument at the date of this account **	\$6,617,437
Estimated value of property subject to the instrument at the date of this account	Not stated due to commercial sensitivity

\*\* Includes amounts owed by other CBL group companies that the Company guarantees

#### 5 Summary of professional fees

Remuneration paid to us during this administration period: \$79,787

Amount received by us in respect of expenses during the administration period: \$2,805



## 6 Account of receipts and payments since the date of appointment

	23 February 2019 to 13 May 2019	23 February 2018 to 13 May 2019
	\$	\$
<b>Receipts</b>		
Cash at bank at date of appointment	-	197,017
Debtor receipts	-	53,503
Funding	374,171	3,865,514
Recovery of expenses from related companies	-	2,248,544
Interest received	-	406
Sale of subsidiaries	-	207,099
<b>Total receipts</b>	<b>374,171</b>	<b>6,572,082</b>
<b>Payments</b>		
Administrators disbursements	2,805	75,116
Administrators fees	79,787	2,006,021
Insurance	-	99,383
Interest paid	159,342	494,635
Legal costs	132,237	2,250,901
Sale related costs	-	729,940
Salaries, wages and contractors	-	798,151
Sundry payments	-	117,934
<b>Total payments</b>	<b>374,171</b>	<b>6,572,082</b>
<b>Net cash flow</b>	<b>-</b>	<b>-</b>
<b>Closing balance</b>	<b>-</b>	<b>-</b>

At the date we were appointed the Company had no money available to fund the administration. To undertake the administration, we made arrangements for funding with ANZ (which was one of the Company's bankers before administration).

Sale related costs are attributable to the realisation of offshore subsidiaries' assets, the proceeds of which are largely yet to be received.

The above table includes the recovery of administrators' fees, legal costs, sale related costs, salaries, wages and contractors' costs from related companies. These expenses were incurred in the period February to December 2018 and recharged in December 2018.



## 7 Reconciliation of money held

### Reconciliation of money held at 13 May 2019

	\$
<b>Cash in hand</b>	-
Credit as per bank statement	-
Less unpresented cheques	-
Plus outstanding deposits	-
<b>Equals cash at bank</b>	-
Amounts invested and not converted to cash	-
<b>Total balance of money held</b>	-

## 8 Verification of this account and statement

We declare that the statements below are correct.

- The information given in the statement is true to the best of our knowledge and belief at the date of signing.
- The account of receipts and payments set out in Section 6 contains a full and true account of our receipts and payments in this period and we have not, nor has any other person by our order or for our use during that period, received or paid any money on account of the company other than and except for the items mentioned and specified in that account.

Signed by:



Neale Jackson  
Joint Administrator

Date: 27 May 2019

