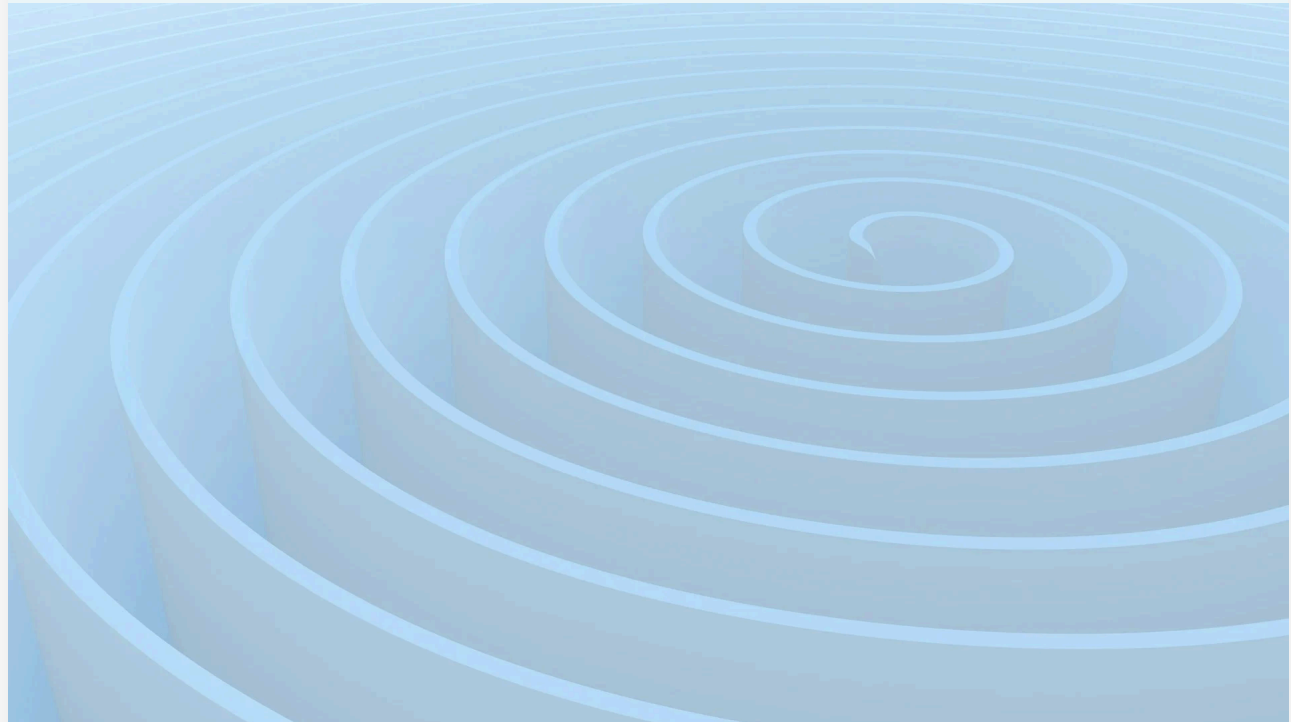




## *Your monthly roundup of news, view and statistics in insolvency*



Hi

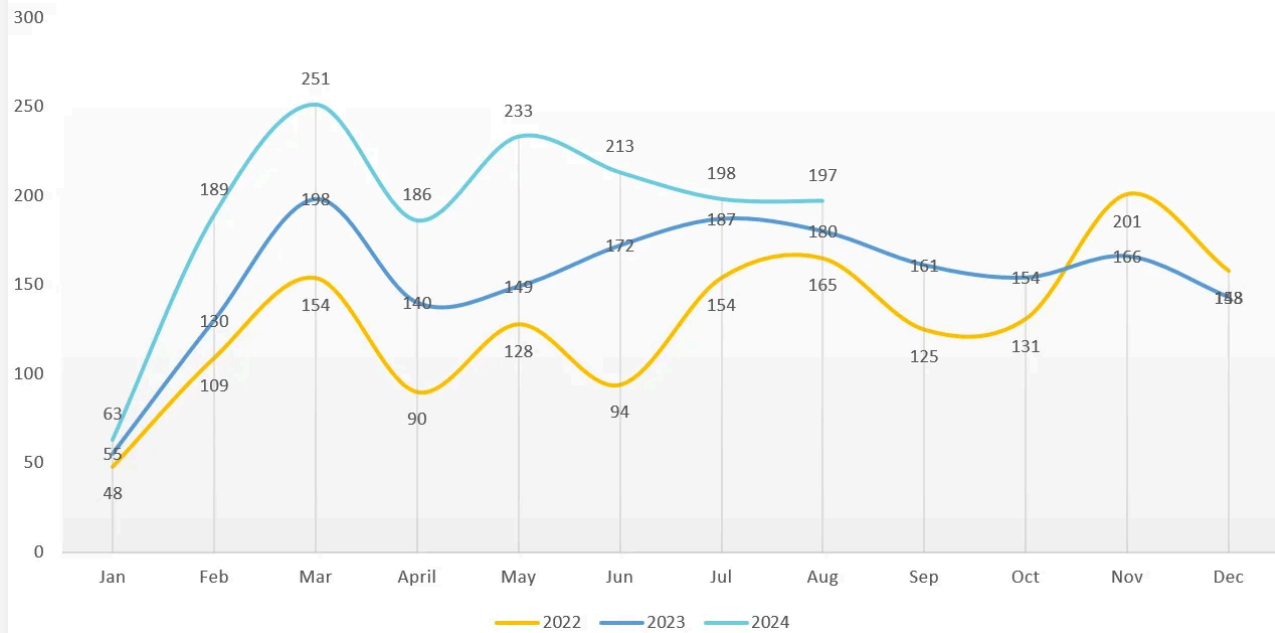
In the coming week the Chartered Governance Institute New Zealand will be hosting its [annual conference in Auckland](#). Waterstone is proud to be a sponsor of this event and our director, Adam Botterill, will be a guest speaker on the panel discussion. Reservations will close shortly so head over to their website if you would like to book your seat.

Du Val has been frequenting news headlines these past weeks after the Government placed 70 of its entities in statutory management following the Financial Markets Authority's (FMA) recommendation. Bede Henderson, Waterstone Wellington manager, wrote [an interesting article explaining the process of statutory management](#) below.

Total liquidations for August were 197, practically equal to that in July (198) and currently not exhibiting much in the way of a predictable trend. Considering that [seasonally adjusted electronic card spending](#) in retail has gone down month on month from Jan to July, that might give a clue as to where it is heading. Ben Jury, in-house analyst sheds some light on insolvency statistics below.

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## Insolvency Statistics - Total liquidations Jan 2022 - Aug 2024



Liquidations for August totalled 197. The consistent decrease in liquidations since May has come to an end in August, which could suggest an increase for the last four months of the year.

From January to August total liquidations come to a total of 1,530, approximately 26.34% higher than 2023 and 62.42% higher than 2022.

Businesses continue to face challenges due to rising interest rates, increased costs and weakening demand. According to the New Zealand Institute of Economic Research, 61% of firms report that a sluggish market is the primary factor limiting their profitability.

## Du Val - Statutory management in context



The director of the Du Val group, Kenyon Clarke, promoted an enviable image of opulence and glamour. Private jets, super cars, champagne, even an attempt at a self-funded reality show. Understandably, the recent announcement of Du Val entering statutory management has been a hot topic in the media. So, what is statutory management and was it the right decision?

Statutory management (SM) is a last resort insolvency procedure which allows a company and its assets to be frozen by the Crown. An external and independent manager is appointed for the purpose of preserving stakeholder interests. The company's future will be decided by said manager, and most commonly, an orderly liquidation will be its fate. It is altogether a rarely used procedure.

[Read the full article by Waterstone Wellington manager, Bede Henderson](#)



## Benefits of a General Security Agreement



A General Security Agreement (GSA) is a contract between a lender (creditor) and borrower (debtor) providing security to the lender over a borrower's personal property. In the case of a breach of contract, the lender will have rights in relation to the outlined property. There are several benefits to a GSA, which makes it an invaluable tool for lenders to secure their loans.

A GSA enables lenders and borrowers to have an active voice in stipulating the terms and responsibilities of parties in a lending transaction. It is recommended a GSA is updated every 4 or 5 years for a creditor to maintain its priority position in a security line. When registering an interest, it is important to describe the property with accuracy and precision so there is no cause for confusion.

[Read the full article by Waterstone law clerk, Alisha Siraj](#)



# Case study: extraterritorial effect for overseas-based creditors



*Whether New Zealand statute is in effect for creditors registered extraterritorially- Application for an order that a person who has failed to comply with a written requirement of a liquidator be forced to comply- s 261, 266(1) Companies Act 1993.*

The appellant liquidators for ORL and ORDL filed an application seeking the defendant creditors comply with a requirement under 261 of the Companies Act (CA) to produce books, records, and documents relating to the business affairs of ORL and ORDL. The defendants were companies incorporated in the United States.

[Read the full article by Waterstone law clerk, Alisha Siraj](#)



## Auckland Office

16 Piermark Drive,  
Rosedale,  
Auckland,  
0632

[reception@waterstone.co.nz](mailto:reception@waterstone.co.nz)  
[0800 256 733](tel:0800256733)

## Wellington Office

Level 3, Brandon House,  
149 Featherston Street,  
Wellington,  
6011

[bede@waterstone.co.nz](mailto:bede@waterstone.co.nz)  
[021 867 583](tel:021867583)

## Christchurch Office

Level 5, Harcourts Building  
88 Division Street, Riccarton  
8041

[peter@waterstone.co.nz](mailto:peter@waterstone.co.nz)  
[022 371 8945](tel:0223718945)

[Visit waterstone.co.nz](http://waterstone.co.nz)

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