

Installers Group Limited (In Liquidation)

Liquidators' Fifth Report For the period from 11 May 2015 to 10 November 2015

1 INTRODUCTION AND APPOINTMENT

Peri Micaela Finnigan and Boris van Delden, Insolvency Practitioners of Auckland, were appointed jointly and severally as liquidators of Installers Group Limited ("the company") on 11 November 2013.

Pursuant to Section 255(2)(d) of the Companies Act 1993 ("the Act"), the liquidators herewith report on the progress of the liquidation. This fifth report should be read in conjunction with the liquidators' previous reports. This report is being sent to all shareholders and all creditors who have filed a claim in the liquidation.

A Statement of Realisations and Distributions is **attached**.

2 RESTRICTIONS

This report has been prepared in accordance with section 255(2)(d) of the Act. Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever to any party as a result of the circulation, publication, reproduction or use of this report.

We reserve the right (but are under no obligation) to review and, if we consider necessary, revise this report in respect of any information existing at the date of this report which becomes known to us after that date.

3 CONDUCT OF THE LIQUIDATION DURING THE PRECEDING SIX MONTHS

Asset Realisations

3.1 Surplus from Factored Debtors

(Statement of Affairs: \$113,171)

The debtor ledger provided to the liquidators at date of appointment totalled \$498,142. This was the "approved" ledger. S H Lock (NZ) Limited ("S H Lock") however held a full debtors ledger of \$638,996 which included further disputed accounts recoverable. Since our appointment, S H Lock have recovered their security in full. The liquidators recovered a ledger with book value of \$173,630 after S H Lock had deducted their fees and entitlements. Of this ledger, we have recovered \$61,387 and written off \$96,870. The remaining ledger of \$15,373 now relates predominately to disputed debtors and retentions. These are being collected on our behalf by a debt collection agent. The prospect of further recovery is not known and the liquidators are not confident of full recovery without legal proceedings being taken. The large write off of debtors relates to poor records, set off, disputes on incomplete work, and claims of poor workmanship.

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The lack of recovery is a direct reflection of the lack of support from the former director in providing documentation. The business records were poor and a lot of information was the knowledge of the director and not documented. Lack of invoice evidence of work completed has added complication to recovery of debtors. Also, the fact the new company completed work in progress, has made it difficult to establish entitlement to proceeds.

3.2 Accounts Receivable – Not Factored **(Statement of Affairs: \$17,243)**

The liquidators pursued four debtors that were not factored at the date of liquidation. One debtor was in receivership and the amount of \$12,954 was written off as uncollectable. Two debtors paid, and an amount of \$3,489 was recovered from the non factored debtors.

3.3 Sale of Business and Assets **(Statement of Affairs: \$30,845)**

The liquidators sold the business assets to Installers Limited. The sale included 12 vehicles:

1 x Ford Econovan, 2 x Hyundai, 2 x Toyota Hiace, 1 x Mitsubishi Ute, 3 x Pinto trailers and 3 x Canter trucks. These assets were on-sold to Install Management Limited who undertook to pay the balance owing. Security is held over these assets until such time as the purchase price on business assets have been paid.

The liquidators disclaimed interest in three Toyota Hiace vehicles as the amounts owing on these vehicles exceeded the realisable values. The three vehicles disclaimed had a sum of \$50,995 owing and had a combined value of \$24,000. The finance companies agreed to an assignment of the finance agreements and/or were paid in full by Installers Limited.

The liquidators also sold stocks, plant and equipment, and goodwill. The total sale price, including vehicles, was \$135,141. All assets have subsequently been sold to Install Management Limited and security in these assets continues into that company's assets until such time as the full purchase price is paid.

This purchase price was originally agreed to be paid in instalments. A sum of \$74,007 was agreed to be paid over a repayment plan with final balance due October 2014. The liquidators held a general security agreement with first priority over all present and after acquired personal property of Installers Limited and a specific security in vehicles. A deed of subordination was entered into so that the liquidators' general security was ranked with first priority despite being second registered on the PPSR.

The full purchase price was **not** paid in full and a balance of \$19,344 remains outstanding at the date of this report. In October 2014 Installers Limited approached the liquidators and advised they were in negotiation to sell assets to Install Management Limited and that payment of the balance due would follow soon thereafter.

The liquidators agreed to a partial discharge of security for a first ranking general and specific security in motor vehicles and a repayment of the balance due over three months by Install Management Limited. Installers Limited was placed into Receivership soon after this sale transaction.

The liquidators of Installers Group Limited agreed to the sale of assets subject to their security on the grounds that Scottish Pacific Finance Limited entered into a deed of subordination and the purchaser provided the same security over motor vehicles as that held in Installers Limited. The liquidators initially sought payment in full but the purchaser was not in a position to pay upfront. The liquidators continue to seek payment and have threatened they may take possession of assets under the security held. This has led to a sum of \$7,376 being paid on 18 November 2015, and advice that the balance is expected (\$11,968) by 31 March 2016

4 INVESTIGATIONS

The liquidators continue their investigations into the books, records and affairs of the company. There are issues with debtors that are being investigated by the debt collector.

5 CREDITORS' CLAIMS

5.1 Secured Creditors

- i S H Lock were owed \$442,253 at the date of liquidation and continued to collect the debtors ledger until paid in full (plus interest and collection costs). They are now fully paid.
- ii Dorchester Finance negotiated with the purchaser and was paid in full for the sum owing. They were owed \$14,730 at liquidation which was secured over six contracts. There was \$Nil equity in the vehicles. A full analysis was undertaken on each vehicle value. There was no overall surplus.
- iii Alpera (BMW Finance) were owed \$6,830 at date of liquidation on a Toyota Hiace.
- iv Marac were owed \$22,042 at liquidation on a Toyota Hiace.
- v UDC Finance were owed \$22,123 at liquidation on a Toyota Hiace.

Each secured party was contacted by the purchaser who arranged an assignment or payment to enable the sale to proceed. The liquidators recovered the equity in each vehicle. This was factored into the sale price.

5.2 Preferential Creditors

The liquidators paid \$3,532 to Inland Revenue Department for applicant creditor Court awarded costs.

Staples Rodway submitted a preferential claim in the liquidation for unpaid fees due for the period that they acted as Compromise Managers for the company. The amount due is \$31,467. The liquidators have paid \$17,000 toward these fees. A further payment will be made in the next quarter.

A proportion of the preferential entitlement due to the employees for holiday pay accrued was taken over by the purchaser of the business assets to honour under the sale agreement.

At date of liquidation salaried employees were owed \$40,079 in holiday pay. Of this, \$30,016 was preferential. Employees were paid gross salaries in week 45 for the period ended 10 November 2013, \$16,389 gross. Holiday pay has since been paid by the purchaser (in accordance with the sale agreement). The purchaser advised all obligations were paid in full by Installers Limited.

The Inland Revenue Department submitted a preferential claim for \$454,940. At date of this report, no distribution has been paid.

The remaining debtors' ledger recovery will pay preferential claims and collection costs.

5.3 Unsecured Creditors

As at the date of preparing this report 17 unsecured creditors claim forms have been received which total \$547,610. In the interests of minimising liquidators' fees, the liquidators will not attend to the formality of accepting or rejecting creditors' claims until such time as we are in a position to pay a distribution. There is now no likelihood of a distribution to unsecured creditors.

6 FUNDS / LIKELY OUTCOME

There will be a short fall on the amount due to the preferential creditors. The liquidator does not anticipate paying a distribution to unsecured creditors.

7 MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION

The following matters are outstanding:

- Further debtor collections (retentions and disputed debtors)
- Balance of purchase price to collect from Install Management Limited
- Reporting to Creditors
- Payments to preferential creditors
- Completion of liquidation

8 ESTIMATED DATE OF COMPLETION

Based on the information contained in this report, the liquidators presently propose to complete all outstanding matters with a view to retiring as liquidators within the next year.

9 CONTACT DETAILS

Enquiries should be directed to the writer on DDI (09) 303 9519 or by email to pfinnigan@mvp.co.nz.

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PERI M FINNIGAN
LIQUIDATOR

DATED this 19th day of November 2015

PMF/gck/220
Installers Group/Reports/4101 Fifth Report

Realisations and Distributions

Installers Group Limited (In Liquidation) 11 November 2013 to 10 November 2015

Realisations	Cash Received \$
Bank Account Closure	10
Debtors	53,381
Interest	758
Sale of Business	118,527
Sale of Motor Vehicles	1,217
Total Realisations	\$173,893
Payments	
Liquidators Fees	
Liquidators Fees	59,851
Disbursements	1,368
Total Liquidators Fees	\$61,219
Other Costs of Liquidation	
Bank Fees	145
Commissions	8,306
Debt Collection Costs	1,546
Motor Vehicle Expenses	550
Residents Withholding Tax	212
Total Costs of Liquidation	\$10,759
Distributions	
Secured Creditor	14,730
Preferential Creditors – Court Awarded Costs	3,532
Preferential – Compromise Management Fees	17,000
Preferential – Wages and Holiday Pay	49,902
Total Distributions to Secured and Preferential Creditors	\$85,164
Total Payments	\$157,142
 BALANCE HELD	 \$16,751

Note: the above figures are GST exclusive