

Installers Group Limited (In Liquidation)

Liquidators' Fourth Report For the period from 11 November 2014 to 10 May 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 fourth 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. The gross ledger at the date of this report and now held after repayment of S H Lock (including interest and write off of uncollectable debtors) is \$69,838. This ledger relates predominately to disputed debtors and retentions.

Since our third report, we have recovered \$13,505 (GST Inclusive) in retentions. We have recovered \$49,546 in total (GST exclusive).

The liquidators assisted S H Lock with recoveries and arguments involving set off of debtor balances against amounts owed. These same actions continue and are being pursued by MFL Services Limited, the liquidators appointed debt collection agency. The liquidator has advised that set off is not admissible under Section 310 of the Companies Act 1993 unless the creditor proves that, at the time of the transaction, the creditor did not have reason to suspect that the company was unable to pay its debts as they became due. The liquidators argue that the company was known by creditors to be insolvent by virtue of advice by the Compromise Managers on 16 August 2012, disclosing the insolvent financial position to all creditors of the company at that time in order to gain support of a company compromise. This matter has been passed to the agent to recover. The sum sought is \$36,981.

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 12 vehicles to Installers Limited. This included: 1 x Ford Econovan, 2 x Hyundai, 2 x Toyota Hiace, 1 x Mitsubishi Ute, 3 x Pinto trailers and 3 x Canter trucks.

On the same date, 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 was \$135,141.

This purchase price was 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 approximately \$25,000 remains outstanding. In October 2014 Installers Limited approached the liquidators and advised they were in negotiation to sell assets to Install Management Limited.

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. Recently Installers Limited has been placed into Receivership. The balance remains outstanding.

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 over 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 advised they may take possession of assets under the security held.

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 Alphera (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 month.

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.

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.

The Liquidators can be contacted at:

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PERI M FINNIGAN
LIQUIDATOR

DATED this 8th day of June 2015

Realisations and Distributions

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

Realisations	Cash Received \$
Bank Account Closure	10
Debtors	49,547
Interest	493
Sale of Business	118,527
Total Realisations	\$168,577
Payments	
Liquidators Fees	
Liquidators Fees	55,614
Disbursements	1,183
Total Liquidators Fees	\$56,797
Other Costs of Liquidation	
Bank Fees	108
Commissions	6,763
Debt Collection Costs	1,545
Residents Withholding Tax	138
Total Costs of Liquidation	\$8,554
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	\$150,515
BALANCE HELD	\$18,062

Note: the above figures are GST exclusive