

Liquidators' Six Monthly Report

14XIT LIMITED (IN LIQUIDATION)

Previously known as Walmsley Builders Limited

Introduction

On 5 June 2014 at 2:36pm, Iain Shephard and Heath Gair of Shephard Dunphy were appointed liquidators jointly and severally of 14XIT Limited by special resolution signed by the shareholders. Heath Gair vacated as liquidator on 12 August 2016.

This is our six-monthly report required by Section 255(2)(d) of the Companies Act 1993 and is to be read in conjunction with our previous report.

Background

14XIT Limited formerly known as Walmsley Builders Limited ("the Company") operated as a construction business in the greater Wellington region.

Due to its main client withholding retentions, the Company was unable to pay its creditors. The Company did not hold the significant cash reserves required to pay all subcontractors/creditors so proposals for payment arrangements were put to creditors. Various proposals were accepted by the creditors and subsequently some initial payments were made to creditors under the accepted arrangements.

However, the Company then received a demand from Inland Revenue for a debt that was previously under arrangement. Following professional advice, the shareholder resolved to place the Company into liquidation.

Liquidators' Actions

Review of Trading History

The Liquidators have reviewed the trading history and directors' actions. The Liquidators are now in the process of reviewing potential voidable transactions, following precedent setting decisions in the Supreme Court and Court of Appeal on different aspects of voidable transactions.

In their previous report, the Liquidators indicated that they believed there was one transaction made just prior to liquidation that was voidable. The Liquidators sought legal advice and agreed upon a settlement of \$70,000.00 in respect of this transaction.

The Liquidators' investigation to date has included, amongst others, the below actions:

- Liaising with Inland Revenue, the Company's bank, the Companies Office, the New Zealand Gazette, the Accident Compensation Corporation and subsequent review of all information received;

- Extensive review of bank transactions for the two year period prior to liquidation to establish any potential voidable or otherwise significant transactions;
- Review of Company contracts and financial statements;
- Correspondence with regard to all creditor queries;
- Review of creditor claims;
- Investigation of existing and potential Company assets;
- Review of the actions of the director with consideration to potential breaches of appropriate sections of the Companies Act 1993;
- Other investigations to pursue recovery where appropriate.

Realisation of Assets

Fixed Assets

The Liquidators viewed the assets, reviewed security interests and obtained valuations. The Liquidators have sold five vehicles and tools by private treaty and one vehicle by auction totaling \$40,277.79.

Voidable Transactions

As indicated above, the Liquidators entered into a settlement agreement in the amount of \$70,000 in respect of transaction that the Liquidators believed to have been voidable. To date the Liquidators have received \$49,166.69. The balance is being paid to the Liquidators by monthly instalments and the Liquidators expect the full amount to be paid by December 2017.

Accounts Receivable

To date we have collected debtors of \$88,094.80. These pertained to construction contracts, the majority of which were disputed.

There were allegations of sub-contractors overcharging the Company. Following review the Liquidators and a Quantity Surveyor, it appears there has been overcharging. However, due to the cost, including legal fees and experts, the quantum involved and litigation risk, the Liquidators are not going to take further action.

The Liquidators reviewed potential insurance claims pertaining to cable strike and engaged insurance experts to review. Following this review, there is no further action for the Liquidators to take.

The Liquidators reviewed contracts and undertook claims for retentions and building work. Much of this was disputed and the Liquidators engaged a construction lawyer to assist.

ACC Refund

We have received a refund of \$1,123.10.

Inland Revenue GST returns

The Liquidators have filed GST returns. We have received GST refunds of \$12,238.32 and made payments of \$10,944.38.

Creditors' Claims

Secured Creditors

ANZ Bank New Zealand Limited holds a General Security Agreement and has registered a claim for \$258,229.00. ANZ became a preferential creditor after entering into a funding agreement. An interim distribution of \$40,287.00 has been made to ANZ.

UDC Finance Limited held security over two of the Company vehicles. The debt to UDC was settled in full upon sale of these vehicles. This distribution totalled \$3,290.17.

Preferential Creditors

We have received two preferential claims totaling \$94,474.29.

Unsecured Creditors

We have received claims from 12 unsecured creditors totalling \$113,186.96.

Prospect of a Distribution

The prospect of a distribution to the unsecured creditors is unlikely at this time.

Receipts and Payments

A schedule of the liquidators' receipts and payments is enclosed.

Estimated Date of Completion

It is not practical to estimate the date of completion at this time.

Contact Details

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IAIN SHEPHARD
Liquidator

Dated 24 October 2017

14XIT LIMITED (IN LIQUIDATION)

Schedule of Liquidators' Receipts & Payments

As at: 24 October 2017

Receipts	
ACC Levy Refund	1,123.10
Funding from Secured Creditor	15,592.81
Inland Revenue - GST Refund	12,238.32
Interest	488.40
Pre Liquidation Accounts Receivable	88,094.80
Settlement - Voidable Transactions	61,666.70
Sale of Assets	40,277.79
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	219,481.92
 Less Payments	
Accountancy Fees	1,725.00
Auctioneers Commission	763.79
Bank Fees	264.23
Inland Revenue - GST	10,944.38
Legal Fees	26,736.55
Liquidators Costs & Disbursements	119,717.95
Preferential Creditor Distribution	24,694.19
Repayment of Secured Creditor Funding	15,592.81
RWT	160.04
Secured Creditor Distributions	18,882.98
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	219,481.92
 Liquidators' Bank Account	 <hr/>
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