

Liquidators' Six Monthly Report

FLOHR RUSCOE DECORATORS LIMITED (IN LIQUIDATION)

Introduction

On 13 April 2017 at 3:00pm, Iain Bruce Shephard and Jessica Jane Kellow, accredited insolvency practitioners were appointed liquidators jointly and severally of Flohr Ruscoe Decorators Limited by special resolution signed by the shareholder.

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

Flohr Ruscoe Decorators Limited (In Liquidation) ("the Company") undertook residential and commercial painting contracts in the Wellington region.

The Company had mounting Inland Revenue liabilities however the catalyst for the demise of the Company was a breakdown in the relationship between the two directors / shareholders which resulted in each party incorporating new entities.

After seeking professional advice, the shareholder then resolved to place the Company into liquidation.

Liquidators' Actions

The liquidators have liaised with many parties including Inland Revenue, the Companies Office, the New Zealand Gazette and the Accident Compensation Corporation, and completed a review of all information received.

The liquidators advertised their appointment in the relevant publications and made a call for creditor claims. The liquidators also directly contacted all known creditors and answered any queries they may have had. The liquidators subsequently reviewed all completed creditor claim forms received.

The liquidators are currently reviewing the actions of the director with consideration as to whether there were any potential breaches of appropriate sections of the Companies Act 1993. The liquidators' investigations have thus far included interviewing the director, examining the Company's financial statements and considering the Company's bank transactions.

As previously reported, the director established a new entity prior to liquidation.

A review of the Company records showed that various assets, cash and accounts receivable invoices were transferred to the new entity without consideration. The liquidators met with the director to attempt to resolve matters. Whilst the director acknowledged that the assets, cash and invoices were transferred, he advised that the new entity had settled liabilities owed by Flohr Ruscoe Decorators Limited. Given the existence of other creditors, both preferential and unsecured, this creates a preference in distributions.

The liquidators established that the new entity, Ruscoe & Sons Limited, acquired funds to the value of \$38,692.57. The directors of Ruscoe & Sons Limited acknowledge the debt to the Company and entered into an arrangement with the liquidators to repay. Whilst the initial payment was received, subsequent instalments are overdue.

Realisation of Assets

Assets

The liquidators investigated the transfer of assets to the related company (Ruscoe & Sons Limited) and have incorporated the recoverable value of these assets into the agreement to repay the acquired funds.

Pre-Liquidation Bank Account

The liquidators received \$16,002.23 from the pre-liquidation account.

Accounts Receivable

The accounts receivable ledger incorporated a number of invoices which had been generated incorrectly, included a portion of the new entity's work hours, or had been paid pre-liquidation. The liquidators have written off \$2,714.93 due to creditor claim offset and incorrect invoicing. The liquidators have recovered \$15,553.74 from debtors and are still working to recover the remaining balance of \$4,212.40 from one outstanding debtor.

Inland Revenue GST Refund

The liquidators have completed GST returns for refunds to the value of \$6,413.74, however are still awaiting the refunds to be processed and received.

Creditors' Claims

Secured Creditors

The liquidators have contacted all known secured creditors, and reviewed all security documentation received. Contracts with the secured creditor were reassigned to the director.

Preferential Creditors

The liquidators have received two preferential claims, totaling \$72,157.94. One of which is an employee claim for holiday pay.

Unsecured Creditors

The liquidators have received seven unsecured claims, totaling \$35,309.16.

Prospect of a Distribution

The liquidators will prepare a distribution to the employee for their holiday pay claim and are hopeful of a partial distribution to Inland Revenue if the new entity debt can be recovered. Any distribution to unsecured creditors is unlikely.

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.

As stated, the directors of Ruscoe & Sons Limited acknowledge the debt owed to the Company and have agreed to repay this over a period of time. Should this not be completed in a timely manner, further action may be taken against the director of the Company for breach of duties. While the liquidators are expecting the new entity to manage their cashflow and repay the debt as agreed, it appears that Ruscoe & Sons may be in financial difficulties as they have not been able to adhere to the repayment arrangement.

Contact Details

Contact Person	Mandi Carmine
Telephone	04 473 6747
Email	mandi@sd.co.nz
Postal Address	PO Box 11793 Wellington



JESSICA KELLOW
Liquidator

Dated 17 November 2017

FLOHR RUSCOE DECORATORS LIMITED (IN LIQUIDATION)

Schedule of Liquidators' Receipts & Payments

As at: 17 November 2017

Receipts

Accounts Receivable	15,553.74
Interest	21.51
Proceeds Pre-Liquidation Account	16,002.23
New Entity Repayment Agreement	5,000.00

36,577.48

Less Payments

Liquidators Costs & Disbursements	24,242.15
RWT	7.09

24,249.24

Liquidators' Bank Account

12,328.24