

Liquidators' Six Monthly Report

CITY ELECTRICIANS (2008) LIMITED (IN LIQUIDATION)

Trading as City Electricians

Introduction

On 10 May 2017 at 8am, Iain Bruce Shephard and Jessica Jane Kellow were appointed liquidators jointly and severally of City Electricians (2008) 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

City Electricians (2008) Limited (In Liquidation) ("the Company") operated providing electrical services since 2008 in both the residential and small to medium commercial sectors. In recent times the Company had undertaken large scale commercial contracts.

The Director had advised that the Company suffered a significant loss of approximately \$300,000 on a major commercial contract.

Inland Revenue had recently issued proceedings to liquidate the Company for unpaid tax in excess of \$700,000. The Shareholder had no option but to resolve 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.

The liquidators traded the business for three days in order to maximise work in progress receivables, provide continuity on existing contracts and to secure a purchaser of the business as a going concern.

Extensively out of date records in the Company's accounting software meant that a significant amount of time was spent reconciling payments from the debtors schedule. It was apparent that invoicing either hadn't been completed or was inaccurate between the workflow software and the financial software.

The liquidators were requested by a Government department to obtain a forensic copy of computers and digital files which was coordinated and completed.

The liquidators met with a previous director of the Company who had resigned a month prior to the liquidation. He claimed that he had no knowledge of the financial status of the Company and was responsible solely for the day to day contractual operations of the business. Once he became aware of the level of debt he resigned his position.

Employment records and employee deductions were reconciled by the liquidators and Ministry of Justice. A preferential claim from Ministry of Justice is included in the preferential claims comments below.

The liquidators' investigations concluded that a number of pre-liquidation transactions gave preference to one unsecured creditor. These transactions have been deemed voidable and the liquidators instigated legal recovery of the transactional value. A settlement was agreed upon by both parties and the funds have been received.

Realisation of Assets

Tangible Assets

The liquidators negotiated with an unrelated party to purchase the business as a going concern. A payment arrangement was agreed and has been completed with full sale funds of \$40,000 received. Encumbered vehicles were either re-assigned to the purchaser, or surrendered to the finance company.

Pre Liquidation Bank Account

The liquidators received \$15,700 from the pre-liquidation bank account.

Accounts Receivable

As previously mentioned, debtors' records were not kept current and significant work was involved in ascertaining a clear schedule of accounts receivable. The liquidators met with companies with which the Company held major contacts to ensure retentions were finalised. The liquidators have recovered \$144,923.06 of accounts receivable, have written off \$2,448.29 of incorrect invoicing and are progressing through the recovery of the outstanding balance of \$118,943.22.

Creditors' Claims

Secured Creditors

The liquidators have contacted all known secured creditors, and reviewed all security documentation received. The liquidators have received one secured claim to the value of \$71,071.97, however with no surplus stock identified, nor the ability to trace through debtors, this claim was classified as unsecured and is included in the unsecured creditors total below.

Preferential Creditors

The liquidators have received fifteen preferential claims from employees, totaling \$61,636.15. A further two preferential claims have been received totaling \$339,129.29.

Unsecured Creditors

The liquidators have received eight unsecured claims, totaling \$543,093.34.

Prospect of a Distribution

The liquidators admitted preferential claims from employees and processed a distribution to the value of \$61,636.15. We are unable to comment as to the likelihood of a distribution to any other preferential creditors. There is no likelihood of a distribution to unsecured creditors.

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 8 December 2017

CITY ELECTRICIANS (2008) LIMITED (IN LIQUIDATION)

Schedule of Liquidators' Receipts & Payments

As at: 6 December 2017

Receipts

Accounts Receivable	144,923.06
Interest	74.53
Proceeds Pre-Liquidation Account	15,700.00
Sale of Business	40,000.00
Voidable Transaction Recovery	30,000.00

230,697.59

Less Payments

Bank Fees	285.25
Inland Revenue - GST	9,007.40
Inland Revenue - PAYE	26,039.32
IT Costs	1,101.13
Legal Fees	3,025.00
Liquidators Costs & Disbursements	94,316.16
Liquidators Trading Period Wages	16,272.36
Motor Vehicle Expenses	168.35
Preferential Wages and Holiday Pay	41,855.78
RWT	24.60

192,095.35

Liquidators' Trust Account

38,602.24