

## ***Liquidators' Six Monthly Report***

### ***JB CONTRACTORS LIMITED (IN RECEIVERSHIP AND LIQUIDATION)***

#### ***Introduction***

On 2 August 2012, Andrew Croad and Christine Dunphy were appointed liquidators jointly and severally of JB Contractors Limited by order of the High Court at Auckland.

On 28 May 2013, Andrew Croad resigned as liquidator appointing Iain Shephard as his successor.

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***

JB Contractors Limited (now In Receivership and Liquidation) ("the Company") operated a business specializing in the installation of underground cables. The liquidators were advised that the Company began to get into cash-flow difficulties when the remedial work required to be done exceeded the allowances made in the profit margin.

The liquidators' initial investigations suggested that the Company had been insolvent for a significant period of time, with some debts dating back as early as January 2010.

On 26 July 2012, Capital Funding Trustee Company Limited, a secured creditor, appointed a receiver, pursuant to its rights under its General Security Agreement.

#### ***Liquidators' Actions***

##### ***Receivership***

John Gilbert of C&C Strategic Limited was appointed Receiver and Manager of the Company on 26 July 2012. The Receiver has been co-operative with the liquidators.

The Receiver has asked for, and been provided with, agency to act on behalf of the Company.

Since the date of the liquidators' previous report, the liquidators have been informed that the receiver has recovered some of the Company's accounts receivable.

The liquidators have received notification that a set of proceedings have been issued by an alleged secured creditor against the receiver. The liquidators are not specifically a party to these proceedings and are awaiting the decision of the Court. These proceedings have the potential to materially affect any further distributions to Inland Revenue as a preferential creditor.

## *Review of Trading History*

The Liquidators have conducted an extensive review of the Company records, and it appears that the Company has been insolvent for a significant period of time.

The Liquidators issued notices pursuant to section 261 of the Companies Act 1993 and examined a number of individuals.

## *Directors' Performance*

Faced with a significant level of preferential and unsecured creditors, the Liquidators quickly identified that the only prospect of a meaningful distribution to creditors would be on the back of investigation based recoveries.

The Liquidators investigations have revealed that the Company was insolvent for some time, and believe the directors to have breached their Companies Act obligations. The Liquidators are also aware that Paul Balemi has since been adjudicated bankrupt and believe it to be uneconomical to commence proceedings against Mark Balemi.

The Liquidators have also investigated the conduct of the Company's professional advisors. We have conducted an in-depth review of their files. We have consulted specialized litigation lawyers, about the prospect of bringing proceedings against the advisors.

## *Voidable Transactions*

The Liquidators have identified and sought to recover a number of voidable transactions.

A number of creditors have settled claims with the Liquidators. A number of creditors have entered into repayment arrangements with the Liquidators, and the Liquidators are collecting the funds over the next three years.

## *Related Companies*

The Company formed part of a group of companies that are now all in Receivership and/or Liquidation. The Company is a significant creditor of the related companies due to intercompany advances, and the Liquidators are monitoring the administrations of the related entities.

## *Employees*

All employment with the Company was terminated at the commencement of liquidation. The Liquidators understand that the Receiver employed certain staff on short term contracts in order to complete work in progress.

## *Premises*

The lease to the premises has been disclaimed.

## *Realisation of Assets*

All assets of the Company were subject to security interests, and are under the control of the Receiver or specific secured parties.

## *Creditors' Claims*

### *Secured Creditors*

As previously stated one secured creditor had, prior to the appointment of liquidators, appointed a Receiver. Upon appointment of a receiver, many creditors who had the ability to do so, elected to realise the assets subject to their charge.

It is apparent that the realizations are insufficient to discharge the secured debt.

### *Preferential Creditors*

Four applicant creditors were awarded costs by the high court totaling \$ 9,044.71. These claims have been paid in full.

The Liquidators have received no preferential claims from employees.

The Liquidators have received a preferential claim from the Inland Revenue totalling \$765,096.90.

At this stage the liquidators anticipate making a partial distribution to the Inland Revenue.

### *Unsecured Creditors*

The Liquidators have received unsecured creditor claims from 174 creditors totalling \$3,846,240.36. At this stage there are insufficient funds to enable a distribution to unsecured creditors. It appears unlikely that there will be sufficient funds to enable a distribution to unsecured creditors.

## *Matters to Resolve*

As state above, the liquidators are awaiting the outcome of the current proceedings.

## *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 26 September 2016**

## JB CONTRACTORS LIMITED (IN LIQUIDATION)

### *Schedule of Liquidator's Receipts & Payments*

**As at:**

**26 September 2016**

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#### **Receipts**

Dividend	320.00
Inland Revenue - GST Refunds	7,310.03
Interest	4,016.87
Sale of Assets	1,437.50
Utilities Refund	1,185.43
Voidable Transaction (No GST)	364,745.14

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**379,014.97**

#### **Less Payments**

Advertising	361.41
Auctioneers Commission	287.50
Bank Fees	208.28
Legal Fees	81,538.66
Liquidator Costs & Expenses	241,736.74
Preferential Claims	9,044.71
Repossession Costs	2,892.25
Residents Withholding Tax	1,297.05
Video Forensics	612.00

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**337,978.60**

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***Liquidators' Bank Account***

**41,036.37**