



McDonald
Vague

business recovery partners

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KSJ Construction Limited (In Liquidation)

Liquidators' Third Report (for the period from 7 February 2018 to 6 August 2018)

1 INTRODUCTION AND APPOINTMENT

Iain McLennan and Boris van Delden, Insolvency Practitioners, of Auckland, were appointed joint and several liquidators of KSJ Construction Limited ("the company") on 7 August 2017.

Pursuant to Section 255(2)(d) of the Companies Act 1993 ("the Act"), the liquidators are reporting on the progress of the liquidation. This third report should be read in conjunction with the liquidators' previous report.

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

Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever to any party arising from 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 but that becomes known to us after that date.

3 CONDUCT OF THE LIQUIDATION DURING THE PRECEDING SIX MONTHS

Asset Realisations

3.1 Cash to Hand

(Statement of Affairs: \$87)

The company had \$21 in its bank account as at the date of liquidation. The liquidators have closed this account and recovered the closing balance.

The liquidators have recovered \$141 in petty cash.

All known cash to hand has now been recovered.

3.2 Accounts Receivable, Retentions

(Statement of Affairs: \$266,000)

The liquidators have recovered \$121,043 for construction work completed prior to the company's liquidation.

There are retentions held in respect of work completed by the company prior to its liquidation. The liquidators are seeking the release of these retentions, following the end of the relevant defects liability period.

3.3 Motor Vehicles

(Statement of Affairs: \$unknown)

All of the company's vehicles have been sold, either by the liquidators or the vehicle's secured creditor. The company's motor vehicles realised \$317,352. The cost of sale on the vehicles, including commission, was \$8,696.

3.4 Other Company Assets

(Statement of Affairs: \$unknown)

The company's office furniture and tools have been sold, along with other miscellaneous small assets. The liquidators have realised \$3,655 from the sale of these assets. The cost of sale was \$553.

3.5 Other Recoveries

The liquidators have recovered loans made to company employees totalling \$995.

The liquidators received a refund of \$489 from the Commissioner of Inland Revenue pre-liquidation overpayment of KiwiSaver employer contributions.

3.6 Interest

The liquidators have earned interest of \$368 on funds held.

3.7 Shareholder's Current Account

The shareholder had a personal asset that was registered in the company's name and secured to Heartland Bank, who also held security over one of the company's vehicles. The personal asset was sold for \$14,766 and the cost of sale was \$1,258. The surplus of \$4,295 realised from the sale of the company vehicle was applied against the shortfall owing in respect of the lending on the personal asset. The liquidators have queried Heartland Bank's application of the surplus realised from the sale of the company vehicle against the lending on the shareholder's personal asset. This issue is still outstanding.

The shareholder's current account was not overdrawn as at the date of liquidation. The shareholder remains a creditor, after taking into account the loss on realisation of the personal asset.

4 INVESTIGATIONS

The liquidators' investigations into the books, records, and affairs of the company remain ongoing.

The liquidators have reviewed the shareholder's current account and are satisfied that the shareholder was a creditor of the company as at the date of liquidation.

The company's director was made bankrupt on 11 October 2018. The liquidators understand that the director has no known assets of value and consider that there will be no benefit to creditors in the liquidators investigating the director's actions further, as those investigations are unlikely to lead to a recovery for the benefit of the company's creditors.

5 CREDITORS' CLAIMS

5.1 Secured Creditors

5.1.1 Vehicles

European Financial Services Limited, Heartland Bank Limited, Mercedes-Benz Financial Services New Zealand Limited, Nissan Financial Services New Zealand, and UDC Finance Limited held security over various motor vehicles owned by the company. The total amount secured against the vehicles was \$374,729.

All of the company's vehicles have been realised. The net proceeds of sale from realising the vehicles of \$285,856 has been distributed to the secured creditors. UDC Finance has been paid in full. Subject to queries raised with Nissan Financial Services New Zealand and Heartland Bank being resolved, the shortfall owing on the vehicles totals \$87,592 and the creditors who held securities over the vehicles are unsecured creditors for this amount.

5.1.2 PMSI Creditors

Fletcher Distribution Limited, AML Limited, APL Kiwiform Pty Limited, Tamaki Building Supplies Limited, and Woodmart Limited have filed secured claims in the liquidation in respect of good supplied to the company. These secured creditors' claims total \$316,093.

Woodmart Limited held security over goods supplied to the company together with its proceeds. A partial distribution of \$7,238 has been made to Woodmart Limited, arising from Woodmart Limited's ability to trace its supply into proceeds. Further information has been requested in relation to the balance of the Woodmart Limited product on site as at the date of liquidation.

No other tracing has been identified.

5.2 Preferential Creditors

5.2.1 Employees

Preferential claims from 23 employees totalling \$131,814 have been received relating to unpaid wages or salary and holiday pay. The liquidators have made distributions totalling \$75,285 (57 cents in the \$) to these preferential employees.

5.2.2 *Commissioner of Inland Revenue*

The Commissioner of Inland Revenue has filed a preferential claim for \$335,603 in respect of unpaid GST, PAYE, and other employee deductions. The Commissioner has also submitted an unsecured claim of \$182,693.

The liquidators have made distributions to the Commissioner totalling \$6,633 (57 cents in the \$) in respect of preferential employee deductions.

The Commissioner has transferred tax refunds totalling \$310 in reduction of preferential amounts payable to the Commissioner.

5.3 *Unsecured Creditors*

As at the date of preparing this report, 24 unsecured creditors' claims have been received, which total \$367,067.

The total amount owing to unsecured creditors, including the unsecured claim by the Commissioner of Inland Revenue and the shortfall owing to secured creditors is estimated to be in excess of \$900,000.

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 to that group of creditors.

6 FUNDS / LIKELY OUTCOME

The liquidators anticipate there will be a shortfall on the amount due to preferential creditors.

7 MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION

The following matters are outstanding:

- Collecting retentions at the end of the defects liability periods
- Completing investigations into books, records, and affairs of the company

8 ESTIMATED DATE OF COMPLETION

It is too early to estimate the date of completion of this liquidation.

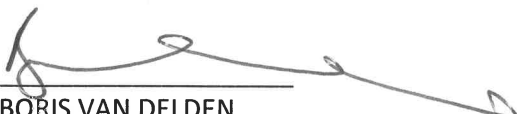
9 CONTACT DETAILS

Enquiries should be directed to Marisa Brugeyroux on DDI (09) 3063340 or by email to mbrugeyroux@mvp.co.nz.

The Liquidators can be contacted at:

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BORIS VAN DELDEN
LIQUIDATOR

DATED this 24 day of October 2018

Realisations and Distributions

KSJ Construction Limited (In Liquidation) 7 February 2018 to 6 August 2018

Realisations

| | |
|-------------------------------|----------------|
| Bank Account Closure | 21 |
| Cash on Hand | 141 |
| Staff Loan repayment | 995 |
| Pre Liquidation Debtors | 121,043 |
| Shareholder's Current Account | 19,061 |
| Interest | 368 |
| Sale of Motor Vehicle | 317,352 |
| Sale of Other Assets | 3,655 |
| Refund of KSC | 489 |
| Total Realisations | 463,125 |

Payments

Liquidators Fees

| | |
|-------------------------------|---------------|
| Liquidators Fees | 56,015 |
| Disbursements | 1,168 |
| Total Liquidators Fees | 57,183 |

Other Costs of Liquidation and Trading On

| | |
|--|---------------|
| Insurance | 4,122 |
| Cost of Sale – Company Assets | 13,033 |
| Cost of Sale – Shareholder's Current Account | 1,258 |
| Interest | 41 |
| Resident Withholding Tax on Interest | 103 |
| Total Costs of Liquidation and Trading On | 14,773 |

Distributions

| | |
|--|----------------|
| Secured Creditors | 293,094 |
| Employees – Preferential Wages and Holiday Pay | 75,285 |
| IRD – Preferential Employee Deductions | 6,633 |
| IRD – Preferential GST, PAYE, etc | 310 |
| Total Distributions to Creditors | 375,323 |

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|-----------------------|----------------|
| Total Payments | 447,279 |
|-----------------------|----------------|

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|---------------------|---------------|
| BALANCE HELD | 15,846 |
|---------------------|---------------|