



## **ARROW INTERNATIONAL (NZ) LIMITED (IN LIQUIDATION)**

Company number: 3383573

### **Liquidators' Fourth Report to Creditors and Shareholders**

Reporting Period: 6 June 2020 to 5 December 2020

## 1. Introduction

Andrew Bethell and Andrew McKay of BDO Auckland and Colin Gower of BDO Christchurch were appointed joint and several administrators of Arrow International (NZ) Limited (“the Company” or “AINZL”) on 28 February 2019 by a resolution of the Company’s directors, in accordance with section 239I of the Companies Act 1993 (“the Act”).

At the Watershed Meeting held on 6 June 2019, the Company’s creditors resolved to place the Company into liquidation. Andrew Bethell, Andrew McKay and Colin Cower were appointed joint and several liquidators (“Liquidators”) pursuant to section 241(2)(d) of the Act.

The Liquidators provided a Declaration of Independence, Relevant Relationships and Indemnities together with details of hourly rates in the Watershed report dated 29 May 2019 previously provided to creditors. The rates have not changed since that report.

In accordance with section 255 of the Act we report on the Company’s affairs together with our proposals for conducting the liquidation.

## 2. Restrictions

This report is not intended for general circulation, nor is it to be reproduced or used for any purpose other than that outlined above without our written permission in each specific instance.

We do not assume any responsibility or liability for any losses occasioned to any party as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

We reserve the right (but will be under no obligation) to review this report and if we consider it necessary to revise the report in the light of any information existing at the date of this report which becomes known to us after that date.

## 3. Conduct of the liquidation within the reporting period

### 3.1 Schedule of Receipts and Payments

Attached at **Appendix 1** is a schedule of receipts and payments for the six-month period.

### 3.2 Asset Realisations

#### *Plant & Equipment*

As noted in our previous report, fixed asset realisations have been completed.

#### *Contract receivables*

\$83k has been collected by the Liquidators in the reporting period. The Liquidators have recovered all of the known recoverable contract receivables balances. We do not expect any further material receipts from other contract receivable balances.

### 3.4 Creditors Claims

#### *Secured Creditors*

As noted in our previous report, the Company’s bank provided funding jointly and severally to the Company, the ultimate parent company Arrow International Group Limited (“AIGL”), a subsidiary

Construction Labour & Resources Limited (“CLRL”) and other Group companies. The banks’ security was jointly and severally secured over the assets of the Company, AIGL and CLRL.

Performance bonds provided on behalf of the Company were secured by way of general security instruments over AINZL and AIGL. During the reporting period, the final outstanding secured bond was called and paid. All secured bonds have now either been released or called and paid.

#### ***Preferential Creditors***

We previously reported that employee wages and holiday pay of \$730k that would otherwise have been preferential claims in the event of the liquidation of the Company after the Watershed meeting, were settled in full prior to the liquidation.

Inland Revenue’s preferential claim of \$553k has been paid in full.

#### ***Retentions Held***

The Liquidators have continued to release retentions held in trust to subcontractors in accordance with the provisions of the Construction Contracts Act 2002 (as amended). \$4.6m has been paid to date. The Liquidators will continue to progress the release of the remaining retention sums of \$1.0m. These will be released subject to projects achieving practical completion, receipt of final accounts and at the expiry of defect liability periods.

Attached at **Appendix 2** is a summary of the retentions released since our appointment as Administrators.

#### ***Unsecured Creditors***

The majority of the claims received have been assessed by the Liquidators during this reporting period. See the table below for a breakdown of our claims assessment to date:

Claim Status	\$ (incl GST)	Count
Admitted	19,427,134	412
Rejected	13,986,391	68
Withdrawn	219,591	6
To Be Confirmed	5,949,481	7
<b>Total</b>	<b>39,582,597</b>	<b>493</b>

We expect to complete our assessment of the remaining To Be Confirmed claims during the next reporting period and make a distribution to unsecured creditors.

## **4. Liquidators' Fees**

Liquidators’ fees and disbursements for the current reporting period total \$356k net of GST.

Attached at **Appendix 3** is a schedule of the Liquidators’ fees and disbursements for the six-month period.

## **5. Further proposals for completing the liquidation**

The Liquidators propose to take the following further actions:

- Administer the release of the remaining retentions held in trust;
- Complete our assessment of all claims made against the Company;
- Complete investigation into the Company’s trading history;

- Distribute available funds to unsecured creditors; and
- Comply with our statutory obligations.

Once all matters are completed, the Liquidators will then seek to have the Company removed from the register.

## 6. Estimated date of completion

It is not practical to estimate the date of the completion of the liquidation at this stage. Our subsequent reports to creditors will, when appropriate, advise of an estimated completion date.

## 7. Contact information

If you require any further information, please direct enquiries to:

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Dated this 7<sup>th</sup> day of January 2021



**Andrew Bethell**

Liquidator

## APPENDICES

### Appendix 1 - Summary of Receipts & Payments

Arrow International (NZ) Limited (In Liquidation)  
Summary of Receipts and Payments  
6 June 2020 to 5 December 2020 \$ (excl GST)

Opening Cash Balance	5,318,753
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#### Receipts

GST	136,572
Interest Received	11,106
Pre-Appointment Debtors	63,322
Inter-Company Receipt	133,494
Post-Appointment Debtors	20,091
Transfers from Retentions Trust Account	197,041
Sundry Receipts	4,828
<b>Total Receipts</b>	<b>566,454</b>

#### Payments

Liquidators Fees and Disbursements	356,243
Legal Fees and Disbursements	23,102
Operating Expenses	78,758
Project Costs	4,560
Retentions	200,782
Secured Creditors	327,605
Insurance	4,980
<b>Total Payments</b>	<b>996,030</b>

Cash on Hand as at 5 December 2020	4,889,177
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## Appendix 2 - Summary of Retentions Held In Trust

Arrow International (NZ) Limited (in Liquidation) Summary of Retentions Held in Trust 28 February 2019 to 5 December 2020	Voluntary Administration \$ (excl GST)	Liquidation \$ (excl GST)	Total \$ (excl GST)
<b>Opening Retentions Balance held in Trust</b>			5,614,052
<b>Receipts</b>			
Interest Received	3,311	16,601	19,912
<b>Total Receipts</b>	<b>3,311</b>	<b>16,601</b>	<b>19,912</b>
<b>Payments</b>			
Retentions Released	1,087,230	3,532,537	4,619,768
Interest Paid		17,948	17,948
<b>Total Payments</b>	<b>1,087,230</b>	<b>3,550,486</b>	<b>4,637,716</b>
<b>Closing Balance as at 5 December 2020</b>			<b>996,248</b>



### Appendix 3 - Summary of Liquidators' Fees

	Hourly Rate	Asset Realisation		Creditors		Administration		Investigation		Reporting		Total	
		Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost
Liquidator	548	20	10,725	53	28,908	5	2,567	3	1,650	1	367	81	44,217
Partner	472	0	0	60	27,823	13	6,520	6	2,801	0	0	79	37,145
Associate	398	4	1,619	129	51,444	31	12,510	0	118	5	1,956	170	67,648
Senior Manager	366	1	466	39	14,383	81	29,496	2	555	3	933	125	45,833
Manager	305	0	0	206	62,847	6	1,925	3	835	0	0	215	65,606
Assistant Manager	245	8	1,884	68	16,480	60	14,707	0	0	17	3,974	151	37,044
Senior Analyst	198	0	0	94	18,408	27	5,547	2	312	0	0	123	24,267
Administration	180	0	0	1	180	190	34,273	0	0	0	0	191	34,453
<b>Total</b>	<b>314</b>	<b>32</b>	<b>14,694</b>	<b>649</b>	<b>220,473</b>	<b>412</b>	<b>107,544</b>	<b>15</b>	<b>6,271</b>	<b>25</b>	<b>7,229</b>	<b>1,134</b>	<b>356,211</b>

Disbursements	Cost
Others	15
Travel	17
<b>Total</b>	<b>33</b>