



**FREEFLOW PIPES LIMITED (IN LIQUIDATION)
("Company")**

Company number: 4421218

New Zealand Business Number: 9429030247550

Liquidators' First Report to Creditors and Shareholders

1. Introduction

Iain Bruce Shephard and Jessica Jane Kellow, Licensed Insolvency Practitioners of BDO Wellington, (Registration Numbers: IP71 and IP75 respectively) were appointed joint and several liquidators (“Liquidators”) of Freeflow Pipes Limited (“Company”) on 15 March 2022 at 1:12pm by creditors resolution at the watershed meeting in accordance with section 241(2)(d) of the Companies Act 1993 (“Act”).

Prior to liquidation, Iain Bruce Shephard and Jessica Jane Kellow were appointed as voluntary administrators (“Administrators”) to the Company on 9 February 2022 by resolution of the directors pursuant to section 239I of the Act. This report should be read in conjunction with the Administrators’ report to creditors pursuant to section 239AU of the Act dated 3 March 2022 (“Administrators’ Report”).

In addition to our statutory obligations, we are also bound by the RITANZ Code of Professional Conduct (“Code”) when carrying out all professional work relating to our appointment as Liquidators.

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

Liquidators of insolvent companies are required to be licensed insolvency practitioners. Further details regarding the regulation of insolvency practitioners is available from the Registrar of Companies at: www.companiesoffice.govt.nz/all-registers/insolvency-practitioners/.

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. Company Information

Freeflow Pipes Ltd (In Liquidation)	
Date of Incorporation:	27 May 2013
Registered Office: (Prior to liquidation)	18g West Street Frankton Hamilton, 3204
Type of Business:	C229922 Fabricated Metal Product Manufacturing NEC
Shareholders:	Please Refer to Appendix 1
Directors:	Mark Bruce Bedford Timothy John Cook Stanley George Malcolm
Date of Liquidation:	15 March 2022

4. Background and Reasons for Liquidation

The Company manufactured and installed downpipes for commercial and residential clients across the North Island. The Company owned a patent over the specific design of downpipe manufacture that used a bending technique rather than cutting and welding.

The Company had built a solid forward work book however it had not been profitable for a considerable amount of time, only being supported by shareholder advances and equity raises.

Faced with a cash shortfall, the directors approached the majority shareholder for a further advance which was declined.

Having sought professional advice, the Directors resolved to place the Company into voluntary administration on 9 February 2022. During the administration, the Administrators assessed the position of the business and determined it was not viable to continue trading for several reasons, particularly because:

- The Company had no cash and no sources of cash were immediately available;
- The work in progress was not expected to be very profitable; and
- The pipe bending machine was not in working order and supply chain issues caused a significant workflow bottleneck.

The Administrators entered into a sale and purchase agreement for the sale of the underlying business of the Company promptly following the commencement of the Administration.

The creditors passed a resolution to place the Company into liquidation at the watershed meeting of creditors held on 15 March 2022.

5. Statement of Affairs

Attached at **Appendix 2** is the Statement of Affairs of the Company. This statement has been prepared based upon the financial records of the Company available to us at liquidation.

In preparing the statement we have relied on information provided by the directors of the Company. We have not carried out an audit of the information which has been provided, nor have we subjected the information provided to detailed verification procedures. While we believe the statement, based on the information provided to us, reasonably reflects the position of the Company, we cannot be held responsible for inaccuracies in the report arising from deficiencies in the information or explanations given to us.

We are unaware of any current or pending proceedings to which the Company is party.

6. Creditors

6.1. List of creditors

Attached as **Appendix 3** is a full list of the names and addresses of creditors in accordance with section 255(2)(c)(i) of the Act.

6.2. Unsecured creditor claims

We attach as **Appendix 4** our Public Notice which sets 19 April 2022 as the day on or before which the creditors of the Company are to make their claims, and to establish any priority their claims



may have under section 312 of the Act or to be excluded from the benefit of any distribution made before the debts are claimed or from objecting to the distribution.

Please complete our Unsecured Creditor's Claim form and return to us at the following address or by email:

The Liquidators
Freeflow Pipes Limited (In Liquidation)
C/- BDO Wellington
PO Box 10-340
Level 1, Chartered Accountants Building
50 Customhouse Quay
Wellington

Email: wlg.bri@bdo.co.nz

It is too early to reliably estimate what funds, if any, will be available for preferential and unsecured creditors.

6.3. Secured creditors notice

Creditors claiming a security interest (including retention of title or other claims) in the Company's assets who:

- have not advised the Liquidators of their security interest; or
- have not received correspondence from the Liquidators concerning their security interest,

Should contact the Liquidators immediately and should not file a claim as an unsecured creditor unless they wish to surrender their charge to the Liquidators.

This report constitutes notice under section 305(8) of the Act to any secured creditor receiving it that pursuant to section 305(8) of the Act, you as a secured creditor of the Company are required to (unless you have already advised the Liquidators in writing of such an election or have already received such a notice) elect and notify the Liquidators in writing within 20 working days (by 19 April 2022) after receipt of this notice, which of the following powers they wish to exercise:

- a. Realise the property subject to your charge, if entitled to do so; or
- b. Value the property subject to your charge and claim in the liquidation as an unsecured creditor for the balance due, if any; or
- c. Surrender the charge to the Liquidators for the general benefit of creditors and claim in the liquidation as an unsecured creditor for the whole debt.

Pursuant to section 305(9) of the Act, if a creditor fails to notify the Liquidators in compliance with this notice within 20 working days (by 19 April 2022) they will be taken as having surrendered their charge to the Liquidators for the general benefit of creditors and they may then claim in the liquidation as an unsecured creditor for the whole debt.

6.4. Creditors meeting

In accordance with section 243(11) of the Act, there is no requirement to hold a meeting of creditors where the liquidation follows a resolution of creditors passed at the watershed meeting. Accordingly, no meeting of creditors will be held.

7. Proposals for Conducting the Liquidation

After the decision had been made to cease trading as outlined in the Administrators Report, Turners were engaged to provide an informal appraisal of the value of the Company's assets to proceed with an auction. Ultimately this was not necessary as the Administrators were able to successfully sell a significant majority of the Company's assets and the underlying business to an external party shortly following appointment.

As of the date of this report, all of the Company's fixed assets have been sold. The Liquidators will collect the remaining debtor balances due to the Company (including the outstanding amounts in accordance with the sale and purchase agreement).

The Liquidators will conduct an investigation of the Company's books and records to further establish if there are any potentially voidable transactions that require investigation, and further to ensure that the directors have complied with the duties and obligations imposed on them under the Companies Act 1993.

In the event that there are funds available for a distribution, the Liquidators will admit creditor claims and make a distribution.

The Liquidators will then complete a final report and request that the Registrar of Companies remove the Company from the register.

8. 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.

9. Contact Information

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

Ryan Kilkolly
DDI: (+64 4) 472 5812
Email: ryan.kilkolly@bdo.co.nz

BDO Wellington
PO Box 10-340
Level 1, Chartered Accountants Building
50 Customhouse Quay
Wellington

Dated this 18th day of March 2022



IAIN SHEPHARD
Liquidator

APPENDICES

Appendix 1 - List of Shareholders

List of Shareholders	
Alofa Le Maua Family Trust (BA & JP Kilburn)	Neville Wayne Norwood & MK Trustee Ltd
Lindsay David Barrett	Harold Bruce Clow
Richard Scott Grocott	Stuart Dale (Architectural Promotions)
Timothy John Cook	Pact 2086 Trust (Methodist Church)
Stanley George Malcolm	Richard John Curtis & Ann Curtis
Peter Barrett Nifty King Trust	Scott Michael Barrett
David De Lacy & Maurice Mosen Mar	Chris Paul Lumb
Mark Bruce Bedford & Janine Blackmore-Bedford	Arthur Joe
John Joseph O'Shea	Andrew Chan
MikeTofLees Investments	Trefor Ward
David Crow	

Appendix 2 - Statement of Affairs

Freeflow Pipes Limited (In Liquidation) Statement of Affairs	Notes	Initial Report Est. Recovery
Assets available for preferential creditors		
Accounts Receivable	1	45,685
Bank Accounts		53,721
		99,405
Less Preferential Creditors:		
Administration Costs and Disbursements		54,062
Employees		28,910
IRD		61,620
		144,592
Surplus/(shortfall)		(45,187)
Less Unsecured creditors:		
Employee Unsecured Claims		(16,280)
Trade Creditors		(55,743)
Shareholder Current Accounts		(201,458)
Unsecured Loans		(867,148)
IRD Unsecured Claims		(1,398)
		(1,142,027)
Overall surplus/(shortfall) for Creditors prior to costs of liq.		(1,187,214)

**Based on financial information available to the liquidators at the date of liquidation*

The above amounts are subject to the costs of liquidation

Notes:

- 1 This balance includes \$22,500 still to be received from the sale of the business.

Appendix 3 - List of Company Creditors

Name	Address 1
Accident Compensation Corporation	business@acc.co.nz
Affordable Welding Services	dinesh.aws@yahoo.com
Allied Security (WSS)	accounts@alliedsecurity.co.nz
AMBUSH Limited	Alex@ambush.co.nz
ArchiPro Limited	accounts@archipro.co.nz
Attwoods Hamilton	amanda@attwoods.co.nz
Boss Powdercoating Ltd	dean@bosspowdercoating.co.nz
BP Oil New Zealand Ltd	info@comms.bp.com
Bruce Clow	bruce@ceracell.co.nz
Budget Tyre Centre	info@budget-tyres.co.nz
Central Forklifts Limited	admin@centralforklifts.co.nz
Dentons	jenni.rutter@dentons.com
Diana Tam Estate Loan	oldfelavanuatu@hotmail.com
INEX Metals Limited	luke.peters@inexmetals.co.nz
Inland Revenue Department	insolvency.notification@ird.govt.nz
James Barrie Burns Snr.	jandk@burnsqt.co.nz
Kenwood Holdings Limited (Wayne Kampjes)	wayne-k@xtra.co.nz
Lara Brown	larabrown1302@gmail.com
Lindsay Barrett	oldfelavanuatu@hotmail.com
Linkup Paint Supplies Ltd	accountsreceivable@linkup.co.nz
Made in Metal	admin@madeinmetal.co.nz
NZ Couriers	accounts@nzcouriers.co.nz
Outsource Engineering	paul@outsourceengineering.co.nz
Pan Media Ltd	charlie@pan.co.nz
PBT Ltd	accounts@pbt.com
Peter & Lindsay Barrett	oldfelavanuatu@hotmail.com
Placemakers Hamilton	accounts.clarencest@placemakers.co.nz
Reece Plumbing (Hamilton)	hamilton.plumbing.nz@reece.co.nz
Roofing Industries Hamilton*	waikato@roof.co.nz
The Warehouse	wslcreditcontrol@stationery.co.nz
Trade Tools	karen.c@tradetools.co.nz
Trustees International Limited	oldfelavanuatu@hotmail.com
Vodafone (Fixed Line & Broadband)	fixedlineandbroadband@vodafone.co.nz
Vodafone New Zealand Limited (Mobile)	mobilebill@bills.vodafone.co.nz
Warehouse Stationery	orders@online.stationery.co.nz
Waste Management NZ Ltd	orders@wastemanagement.co.nz
Wurth New Zealand Limited	steve.baxter@wurth.co.nz
Xero (NZ) Limited	insolvency@support.xero.com
Employees	
Chris Lumb	Contact Details Withheld
Dave Sligo	Contact Details Withheld
Malcolm Paulo	Contact Details Withheld
Darren Lukin	Contact Details Withheld
Sarah Kilburn	Contact Details Withheld

Appendix 3 - Public Notice of Appointment

**FREEFLOW PIPES LIMITED (IN LIQUIDATION)
COMPANY NUMBER: 4421218
("Company")**

**NOTICE OF APPOINTMENT OF LIQUIDATORS
AND
NOTICE TO CREDITORS TO CLAIM**

**Pursuant to Section 255(2)(a) and
Liquidation Regulation 12 of the Companies Act 1993**

We, Iain Bruce Shephard and Jessica Jane Kellow, Licensed Insolvency Practitioners of BDO Wellington, (Registration Numbers: IP71 and IP75 respectively), were appointed joint and several liquidators of the Company by resolution of the creditors at the watershed meeting on 15 March 2022 at 1:12pm.

NOTICE is hereby given that as joint and several liquidators of the Company, we fix the 19 April 2022, as the day on or before which the creditors of the Company are to make their claims, and to establish any priority their claims may have under section 312 of the Companies Act 1993 or to be excluded from the benefit of any distribution made before the debts are claimed, or as the case may be, from objecting to the distribution.

Creditors and shareholders may direct enquiries during normal business hours to:

Ryan Kilkolly
BDO Wellington
PO Box 10-340
Level 1, Chartered Accountants Building
50 Customhouse Quay
Wellington

Telephone 04 472 5812
Email ryan.kilkolly@bdo.co.nz

DATED this 15th day of March 2022.



**IAIN SHEPHARD
Liquidator**

Appendix 4 - Interests Statement & Declaration of Independence, Relevant Relationships and Indemnities

(Pursuant to section 255A of the Act and the Code)

We declare that:

- we have undertaken a proper assessment of risks to independence in accordance with the law, the Code and applicable professional standards;
- we have determined that the assessment identified no circumstance, relationship, or other fact that creates, or could reasonably be perceived as creating, real or potential risks to independence;
- in all cases, we are not otherwise aware of any impediments to taking the appointment.

i. Circumstances of Appointment:

We have been appointed by:

- a resolution of the Company's creditors pursuant to section 241(2)(d) the Companies Act 1993;
- the following pre-liquidation/administration discussions were held
 - January 2022 - Initial call with a director to discuss the Company's insolvent position
 - February 2022 - Call with the remaining directors to discuss appointment of administrators
- no remuneration has been received for these discussions
- These discussions do not result in a conflict of interest because
 - It is recognised that there is a need for practitioners to provide advice on an insolvency process and the options available for the Company. It is not considered that such advice could constitute a conflict; and
 - The nature of the advice was general in nature and concerned the general process of appointing liquidators/administrators to the Company.
- we were approached directly by one of the Company's directors
- no other information or advice was provided to the Company or their advisors.

ii. Relevant Relationships (excluding Professional Services to the Company)

We declare that:

- neither we, nor a member of our firm, have had any relevant relationships with the Company or known associates in the previous two years;

iii. Prior Professional Services to the Company

We declare that:

- neither we, nor our firm, have provided prior professional services to the Company or its known associates in the previous two years.

iv. No Other Relationships to Declare

We declare that:

- There are no other relevant relationships, including business and professional relationships, from the previous two years with the Company, a known associate of the Company (excluding relatives, except where the relative has a business relationship with the Company), a former insolvency practitioner appointed to the Company or any person or entity that has a charge over the whole or substantially whole of the Company's property that should be disclosed.

Indemnities and Upfront Payments

We declare that:

- no indemnities or upfront payments have been received.

DATED this 18th day of March 2022



IAIN BRUCE SHEPHARD
Liquidator
Licensed Insolvency Practitioner
Registration Number: IP71



JESSICA JANE KELLOW
Liquidator
Licensed Insolvency Practitioner
Registration Number: IP75

Appendix 5 – Initial Remuneration Notice

FREEFLOW PIPES LIMITED (IN LIQUIDATION)
COMPANY NUMBER: 4421218
(“Company”)

The purpose of this Remuneration Notice is to provide you with information about how our remuneration for undertaking the liquidation will be set.

Remuneration Methods

There are four basic methods that can be used to calculate the remuneration charged by an Insolvency Practitioner. These are:

a) Time Based Hourly Rates

This is the most common method of charging. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.

b) Fixed Fee

The total fee charged is normally quoted at the commencement of the liquidation and is the total cost for the liquidation.

c) Percentage

The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.

d) Success or Contingency Fees

The practitioner’s fee is structured to be contingent on a particular outcome being achieved.

Remuneration Method Chosen

Given the nature of this liquidation, remuneration will be calculated on time based hourly rates for the following reasons: -

- It ensures that creditors are only charged for work that is performed. Staff are allocated to duties according to their relevant experience and qualifications;
- We are required to perform a number of tasks which do not relate directly to the realisations of assets. For example reporting to the Registrar of Companies, responding to creditor enquiries and distributing funds in accordance with the Companies Act 1993;
- Work often requires staff with different levels of experience as such different hourly rates reflect the expertise of our staff; and
- We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in the liquidation.

Charge out Rates

Fees are charged on an hourly basis at the following rates and staffing levels:

Staffing Level	Hourly Rate (Excl GST) (\$)	General Experience
Liquidator	445 - 495	Licensed Insolvency Practitioners with a vast range of industry knowledge and experience. Significant experience in complex insolvency engagements. Leads assignments with overall responsibility for strategy and implementation.
Manager	325 - 395	RITANZ member with at least five years of insolvency experience. Well-developed technical and commercial skills and is responsible for small insolvency assignments.
Assistant Manager	295 - 325	RITANZ member and insolvency specialist with up to four years' experience. Assists planning and control of small to medium jobs.
Senior Analyst	245 - 295	RITANZ member and insolvency specialist with up to three years' experience. Degree qualified and undertakes work stream tasks subject to supervision.
Analyst	110 - 245	RITANZ member and insolvency specialist with one to three years of insolvency experience. Depending on the complexity of the administration, required to either control or assist with day to day fieldwork.
Support Staff	130 - 145	Skilled in administration and process management, specifically experienced working with insolvency related files.

Note: Rates charged by BDO are subject to change.

Disbursements

Disbursements are those out of pocket expenses incurred during the course of an appointment. They are recovered from available funds and are broadly grouped into three types:

- a) Costs paid from the Appointment's bank account directly to third parties not associated with the Practitioner or their firm; or
- b) Costs paid by the Practitioner to third parties not associated with the Practitioner or their firm and later claimed back from the Appointment; or
- c) Costs claimed by the Practitioner for non-professional services provided by the Firm (e.g. phone calls, photocopying & printing, stationery, data room hosting) and/or outlays incurred by their staff in the proper conduct of the Appointment.