



Water Mart Wairarapa (2017) Limited (In Liquidation)

Company number: 6279047

New Zealand Business Number: 9429046115249

Liquidators' Six-Monthly 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 Water Mart Wairarapa (2017) Limited (“Company”) on 12 October 2020 at 8:30am by special resolution of the shareholders in accordance with section 241(2)(a) of the Companies Act 1993 (“the Act”).

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 are obliged to report to all creditors and shareholders on the conduct of the liquidation during the preceding six-month period. This report should be read in conjunction with our previous report(s) pursuant to section 255(2)(d) of the Act.

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. Background

The business of Water Mart was purchased as a going concern by the current owners in 2017. A significant portion of the purchase price was goodwill. The director has advised that numerous contracts that were purchased with the business failed to provide the expected profit and in fact were loss making. The Liquidators have not verified this.

The Company operated in several trade areas - mainly plumbing, building, roofing and drain laying. This included on-site services as well as operating a retail showroom that specialised in bathrooms and fireplaces.

At the appointment of liquidators there were 25 employees across all of the trading activities.

Trade creditors and Inland Revenue debts compounded following the losses incurred from the initial jobs referred to above.

Following receipt of a statutory demand from Inland Revenue the director and shareholders sought advice and resolved to place the Company into liquidation.

4. Conduct of the Liquidation in the Reporting Period

4.1. Liquidation of the Company

Please refer to our previous reports for full details of the liquidation to date.

4.2. Schedule of Receipts and Payments

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

Attached as **Appendix 2** is a remuneration schedule covering the duration of the liquidation.

4.3. Asset Realisations

Tangible Assets & Intellectual Property

All of the Company's tangible and intellectual assets have been realised for a gross amount of \$453,641.66. A detailed breakdown of these sales can be found in the liquidators' first six-monthly report.

Debtors

The Liquidators have collected a total of \$104,925.45 of accounts receivable and trading income for the work in progress that was completed. A balance of \$20,640.43 remains outstanding which the Liquidators continue to pursue.

Full details on this can be found in the liquidators' first six-monthly report.

4.4. Creditor Claims

Secured Creditors

The Liquidators have distributed \$222,307.79 in respect of various securities.

All Purchase Money Security Interest security holders have had their goods returned or proceeds of their goods distributed. The shortfall from these claims are now considered unsecured.

Further distributions are likely to be made in respect of a General Security Agreement.

A detailed breakdown of secured creditors and their distributions can be found in the liquidators' first six-monthly report.

Preferential Creditors

One preferential claim for \$1,308,182.82 has been filed by Inland Revenue.

20 employee preferential claims relating to wages and holiday pay were paid in full totalling a gross amount of \$63,749.97.

Unsecured Creditors

The Liquidators have received 66 claims from unsecured creditors valued at \$263,120.86. This does not include the residual balances from secured creditors as mentioned above.

Inland Revenue has filed an unsecured claim valued at \$1,104,228.71.

4.5. Other Matters

As mentioned in our previous report, the director is undertaking litigation in relation to the sale of the business. The Liquidators are not involved in the proceedings but will remain active while the litigation takes place.

5. Statement of Affairs and Interests Statement

Attached as **Appendix 3** is the Statement of Affairs of the Company. The information provided at the date of liquidation was prepared based upon financial statements of the Company as at **12 October 2020**.

The revised statement of affairs considers asset realisations, creditor distributions and other liquidation costs to date. The information provided demonstrates our best understanding of the Company's position at this time given the information provided to the Liquidators and investigations that have taken place.

Attached as **Appendix 4** is an interests statement in accordance with section 255A and 255(2)(d)(ii) of the Act.

6. Further Proposals for Completing the Liquidation

The Liquidators propose to take the following further actions:

- await the result of the director's proceedings;
- continue to pursue debtor balances due to the Company;
- distribute available funds (if any) to preferential and unsecured creditors;
- assessing other areas of potential recovery; and
- complying with our statutory obligations.

The Liquidators will consider further actions subsequent to additional information regarding the Company's affairs that comes to the Liquidators' attention. Further actions will be subject to the availability of funding and an assessment of the benefits of pursuing recoveries.

7. 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.

8. 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 13th day of October 2021



JESSICA KELLOW
Liquidator

APPENDICES

Appendix 1 - Statement of Receipts and Payments

Water Mart Wairarapa (2017) Limited (In Liquidation)		
Summary of Receipts & Payments	From Commencement	1 April 2021 - 13 October 2021
	\$	\$
OPENING BALANCE	4,480	29,245
RECEIPTS		
Accounts Receivable	71,259	270
Inland Revenue - GST	830	830
Interest Received	16	4
Insurance Refund	45	45
Petty Cash	117	-
Sale of Assets	453,642	-
Trading Income	31,412	-
Unreconciled Debtor Receipts	2,255	-
Utilities Refund	99	-
Total Receipts	559,674	1,149
PAYMENTS		
Accountancy	2,472	-
Auctioneer's Commission	48,358	-
Bank Fees	35	-
Collections Commission	394	6
Inland Revenue - GST	32,162	-
Inland Revenue - PAYE	23,609	-
Insurance	1,144	-
Legal Fees	3,204	-
Liquidators' Costs and Disbursements	156,603	1,353
Materials and Inventory	1,747	-
Preferential Creditor Distributions	33,183	-
Resident Withholding Tax	5	1
Secured Creditor Distributions	222,308	19,869
Security	629	-
Site Clearance	3,375	-
Utilities	3,963	-
Wages	21,799	-
Total Payments	554,990	21,230
Cash on hand	9,165	9,165



Appendix 2 - Remuneration Schedule

Water Mart Wairarapa (2017) Limited (In Liquidation)

Remuneration Report - Period: 12 October 2020 - 13 October 2021

	Hourly Rate (\$)	Assets		Company Records		Creditors		Day One/Initial Tasks		Debtors		Employees		Financial	
		Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours
Partners	395 - 495	20,730.25	43.12	333.75	0.75	1,038.75	2.25	7,746.25	15.75	4,860.00	10.50	3,870.00	8.50	9,039.33	19.13
Managers	195 - 325	2,581.25	8.75	1,438.75	4.75	1,180.00	4.00	2,507.50	8.50	966.25	3.25	3,466.25	11.75	1,571.25	5.25
Analysts	110 - 295	3,956.25	20.25	1,017.50	5.25	4,950.00	25.00	-	-	202.50	1.00	3,948.75	20.25	1,657.50	8.50
Finance / Administration	195	487.50	2.50	1,023.75	5.25	1,316.25	6.75	3,461.25	17.75	-	-	438.75	2.25	6,971.25	35.75
Support Staff	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		27,755.25	74.62	3,813.75	16.00	8,485.00	38.00	13,715.00	42.00	6,028.75	14.75	11,723.75	42.75	19,239.33	68.63

	Hourly Rate (\$)	Admin/General		Litigation		On-Going Trading		Planning/Review		Secured Creditors		Reporting		Total	
		Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours
Partners	395 - 495	23,171.25	48.25	6,853.75	14.25	1,335.00	3.00	5,870.58	12.88	1,385.00	3.00	1,248.75	2.75	87,482.66	184.13
Managers	195 - 325	1,335.00	4.50	1,637.50	5.50	2,138.75	7.25	1,335.00	4.50	4,130.00	14.00	398.75	1.25	24,686.25	83.25
Analysts	110 - 295	3,690.00	17.75	-	-	3,168.75	16.25	1,178.75	6.00	2,437.50	12.50	5,491.25	26.25	31,698.75	159.00
Finance / Administration	195	6,825.00	35.00	-	-	-	-	97.50	0.50	243.75	1.25	48.75	0.25	20,913.75	107.25
Support Staff	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		35,021.25	105.50	8,491.25	19.75	6,642.50	26.50	8,481.83	23.88	8,196.25	30.75	7,187.50	30.50	164,781.41	533.63

Disbursements	Costs
Advertising	159.36
Miscellaneous	37.65
Overheads	-
Travel Costs	2,083.43
Total	2,280.44

Note: The hours and costs shown in the table above are the actual WIP totals to date. All totals are exclusive of GST. Payment of \$136,176.83 (excl. GST) has been received on account for both fees and disbursements.

Appendix 3 - Statement of Affairs

Water Mart Wairarapa (2017) Limited (In Liquidation)			
Statement of Affairs	Notes	Initial Report Book value*	As at 13 October 2021 Book value
Assets subject to specific charges			
Motor Vehicles		358,901	-
Less amounts due to PMSI holder		unknown	-
Surplus/(shortfall) for GSA holder(s)		unknown	-
Plant & Equipment		136,849	-
Less amounts due to PMSI holder		unknown	-
Surplus/(shortfall) for GSA holder(s)		unknown	-
Assets subject to GSA holder(s)			
Bank Account		-	9,165
Intangibles		unknown	-
Motor Vehicles		3,362	-
Plant & Equipment		126,092	-
Shares in Plumbing World		8,250	-
Surplus from assets subject to specific charges		unknown	-
		unknown	-
Less amounts due to GSA holder(s)	1	unknown	unknown
Surplus/(shortfall)		unknown	unknown
Assets available for preferential creditors			
Accounts Receivable		1,407,861	20,640
Bank Accounts		4,481	-
Inventory		100,027	-
Related Party Loans		135,117	-
Surplus from assets subject to specific charges		unknown	-
Work in Progress		unknown	-
		unknown	26,595
Less Preferential Creditors:			
Employees		(48,448)	-
IRD		(1,308,183)	(1,308,183)
		unknown	(1,308,183)
Surplus/(shortfall)		unknown	(1,281,588)
Less Unsecured creditors:			
Employee unsecured claims	2	unknown	unknown
IRD unsecured claims		(1,104,229)	(1,104,229)
Related Party Loan		(648,465)	(648,465)
Trade Creditors	3	(332,123)	(332,123)
		unknown	unknown
Overall surplus/(shortfall) for Creditors prior to costs of liq.		unknown	unknown

*Based on balance sheet dated 9 October 2020

The above amounts are subject to the costs of liquidation

Notes:

- 1 This balance arises through the subrogation from settlement between the guarantor and the first and second ranking secured creditors. The Liquidators have not confirmed this amount, but it is discussed further in the report.
- 2 As there is no prospect for a distribution to unsecured creditors, the Liquidators have not calculated the amount available for employee unsecured claims.
- 3 This is more than the balance received from unsecured claims, however the Liquidators are aware there is a significant number of creditors who have not filed a claim. This number has been reported for consistency.

Appendix 4 - Interests Statement

(Pursuant to section 255A of the Companies Act 1993)

This Interests Statement is to be read in conjunction with the Liquidators' previous Interests Statement in their previous report(s).

We, Iain Bruce Shephard and Jessica Jane Kellow, Licensed Insolvency Practitioners of BDO Wellington, (Registration Numbers: IP71 and IP75 respectively), declare that:

- We have made the appropriate inquiries that are required for ensuring that this Interests Statement is complete; and
- Since the date of our previous Interests Statement, we confirm that we have not become aware of any additional circumstance, relationship, or other fact that creates, or could reasonably be perceived as creating, a conflict of interest in relation to the independence of our role as Liquidators.

DATED this 13th day of October 2021



IAIN BRUCE SHEPHARD
Liquidator
Licensed Insolvency Practitioner
Registration Number: IP71



JESSICA JANE KELLOW
Liquidator
Licensed Insolvency Practitioner
Registration Number: IP75