



**HAMPSHIRE HOLDINGS LIMITED
(IN LIQUIDATION)**

TRADING AS NELSON POWDER COATERS

Company number: 3556767

**Liquidators' Six-Monthly Report to Creditors and
Shareholders**

1. Introduction

Iain Bruce Shephard and Jessica Jane Kellow, RITANZ accredited insolvency practitioners, were appointed joint and several liquidators (“Liquidators”) of Hampshire Holdings Limited - trading as Nelson Powder Coaters (“the Company”) by special resolution of the shareholders on 11 October 2017 in accordance with section 241 (2)(a) of the Companies Act 1993 (“the Act”).

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 pursuant to section 255 (2) (c) 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

Hampshire Holdings Limited (“the Company”) traded as Nelson Powder Coaters. The Company provided powder coating services to both the commercial and private sectors in the greater Nelson area.

Throughout the course of its operation, the Company traded well and enjoyed a significant share of the powder coating market in Nelson. However, in recent times, the Company faced difficulties in meeting its obligations to Inland Revenue and other creditors. The shareholders contributed a significant amount of additional capital in the latter part of the Company’s operation and as at the date of liquidation, the shareholders remain the Company’s largest creditor.

The Company entered into a payment arrangement with Inland Revenue, however, the requisite level of work to sustain such payments was not forthcoming and the shareholders resolved to place the Company into liquidation.

4. Conduct of the liquidation within the reporting period

4.1 Liquidators’ Actions

The Liquidators have liaised with many parties including Inland Revenue, the Companies Office, the New Zealand Gazette and the Accident Compensation Corporation, and completed a review of all information received.

The Liquidators advertised their appointment in the relevant publications and made a call for creditor claims. The Liquidators also directly contacted all known creditors and answered any queries they may have had. The Liquidators subsequently reviewed all completed creditor claim forms received.

The Liquidators entered into agreements for the sale of Company's assets (including the plant, tools and equipment, and two vehicles). Please see below for further information.

The Liquidators are currently reviewing the actions of the Director with consideration as to whether there were any potential breaches of appropriate sections of the Companies Act 1993. The Liquidators' investigations have thus far included examining the Company's financial statements and considering the Company's bank transactions.

During the period between the date of liquidation and the sale of Company's assets, the Liquidators were advised that the premises were broken into and a number of assets stolen. The Liquidators were provided with video footage and it transpired that the Director broke into the premises and removed the assets. This matter was subsequently reported to the police in Nelson.

From our investigations thus far, the Liquidators are aware that in the weeks preceding liquidation, a sum of \$16,000 was withdrawn from the Company's bank account and deposited into the personal bank account of the shareholders. We are also aware that at or around this time, the Company began reissuing debtor invoices with the shareholders' personal bank account details in place of those of the Company. A representative of the Liquidators' has interviewed the shareholders regarding repayment of the misappropriated funds and we are continuing to take action to recover these funds.

4.2 Schedule of Receipts and Payments

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

4.3 Asset Realisations

Plant & Equipment

The Liquidators entered into an agreement for the sale of the Company's plant, equipment and tools to another powder coating company in Nelson for \$40,250 (including GST).

Debtors

At the date of liquidation the Company's records indicated the existence of an accounts receivable ledger totalling \$25,089. To date the Liquidators have collected \$23,415.14. Very minimal write offs have been applied, and the Liquidators are continuing to collect the remaining \$1,156.07.

Vehicles

The Liquidators arranged for the sale of the two Company vehicles at auction and received \$11,900. This amount was subject to vehicle collection and auctioneer costs.

4.4 Creditors Claims

Secured Creditors

The Liquidators wrote to all creditors who had registered an interest against the Company on the Personal Property Securities Register and requested copies of the security documentation.

Satisfied that the security documentation was in order, the Liquidators liaised with the supplier of the aluminium extrusion to collect all remaining material supplied by the creditor and subject to its security. The balance of this creditor's claim was recorded as unsecured.

In respect of the supplier of the Company's paint and paint powder, none of the stock remaining at the premises was in a saleable condition and able to be returned to the supplier for credit. This creditor's claim was therefore also recorded as unsecured.

Preferential Creditors

The Liquidators have received five preferential claims from the Company's former employees for unpaid wages in the weeks preceding liquidation and for holiday pay. A full distribution in respect of the employees' preferential entitlements was made.

The Liquidators have received a preferential claim from the Inland Revenue Department in the amount of \$24,856.96 for unpaid GST in the periods ending March, May, and July 2017.

Unsecured Creditors

The Liquidators have received 39 unsecured claims totalling \$109,774.21. Included in this amount is the balance of secured creditor claims, above, and a further unsecured claim from Inland Revenue in the amount of \$1,742.53.

We note from a review of the latest draft financial statements that as at 31 March 2017, the shareholders (and their respective family trusts) had provided shareholder advances of approximately \$435,062. The Liquidators have not received a claim from either the shareholders or the family trusts in respect of these advances. These advances would be categorised as unsecured in the liquidation.

4.5 Distribution to Creditors

As indicated above, the Liquidators have made a full distribution to employees in respect of their preferential entitlements.

The Liquidators are unable to comment on the likelihood of a distribution to the Inland Revenue in respect of its preferential debt at this stage, this is dependent on the collection the misappropriated funds and would be subject to Liquidators' costs and disbursements.

Due to the level of preferential debt, it is unlikely that there will be sufficient funds to allow a distribution to unsecured creditors.

5. Further proposals for completing the liquidation

The Liquidators will continue to attempt to recover the remaining debtors.

As indicated above, the Liquidators are considering taking further action against the shareholders and Director of the Company in respect of the misappropriated funds. In light of the Director's conduct, it is the Liquidators' intention to refer the Director to the New Zealand Companies Office National Enforcement Unit for a director prohibition under the section 385 of the Act.

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.

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 and shareholders 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 4 May 2018

A handwritten signature in black ink, appearing to read 'Iain Shephard'.

IAIN SHEPHARD
Liquidator

APPENDICES

Appendix 1 - Summary of Receipts & Payments

HAMPSHIRE HOLDINGS LIMITED (IN LIQUIDATION)

Schedule of Liquidators' Receipts & Payments

As at: **4 May 2018**

Receipts	
Accounts Receivable	23,415.14
Interest	15.16
Proceeds Pre-Liquidation Account	12.67
Sale of Assets	52,150.00
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	75,592.97
 Less Payments	
Auctioneer's Commission	1,414.50
Collection and Transportation of Vehicles	7,916.34
Payroll Fees	187.28
Insurance	786.19
Inland Revenue - GST	1,332.12
Inland Revenue - PAYE	1,313.21
Liquidators' Costs and Disbursements	56,292.56
Employee Preferential Wages and Holiday Pay	5,878.17
RWT	5.00
Security	313.00
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	75,438.37
 <i>Liquidators' Bank Account</i>	<hr/>
	154.60