



## **Richmond Industries Limited (In Liquidation)**

Company Number: 16642

**Liquidators' Final Report to Creditors and  
Shareholders**

## 1. Introduction

Iain Bruce Shephard and Jessica Jane Kellow, RITANZ accredited insolvency practitioners of BDO Wellington were appointed joint and several liquidators (“Liquidators”) of Richmond Industries Limited (In Liquidation) (“the Company”) by special resolution of the shareholders on 11 June 2019 in accordance with section 241(2)(a) of the Companies Act 1993 (“the Act”).

In accordance with section 257 of the Act we are obliged to report to all creditors and shareholders that the liquidation has been completed. This report should be read in conjunction with our previous reports 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

Richmond Industries Limited (“the Company”) was incorporated in 1964 and manufactured and designed industrial engineering equipment. The Company was based in Lower Hutt. From the late 1970s the Company began developing and manufacturing concrete cutting machinery for sale both domestically and internationally. Latterly, the Company also manufactured and fitted vehicle tow bars.

The loss of a major tow bar contract had a serious impact on the Company’s turnover. This loss was coupled with reduced sales due to prevalence of imported products and the online market. In recent years the Company had been trading with the financial support of the shareholders.

The shareholders sought professional advice and determined that it was no longer sensible to advance further money. A resolution was passed to appoint liquidators on 11 June 2019.

## 4. Liquidators' Actions

The Liquidators traded the business for four days to allow completion of the Company’s work in progress. The Liquidators retained the services of a former employee for a period of three weeks to assist with preparing the Company’s assets for sale.

The business (and the associated *towbarshop.co.nz* website) were advertised for sale. We received no interest for the purchase of the business as a turnkey operation or its intellectual property and therefore sold the Company’s assets by auction.

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 reviewed 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 included examining the Company's financial statements and considering the Company's bank transactions. Nothing arose from these investigations that may be of benefit to creditors of the Company.

## **Asset Realisations**

### ***Plant & Equipment***

The Company's plant and equipment consisted primarily of engineering machinery and was sold at auction for \$135,602 (gross). These assets were subject to BNZ's first-ranking general security agreement.

### ***Inventory***

The Company's remaining inventory was sold at auction for \$35,524.86. This amount was subject to auctioneer costs and commission and the net proceeds were available to preferential creditors in accordance with Schedule 7 of the Act.

### ***Accounts Receivable***

The Liquidators collected \$41,465.04 of the Company's pre-liquidation accounts receivable. This amount included accounts that were yet to be reconciled as at the date of our appointment.

Invoices totalling \$22,273.11 were generated during the period of the Liquidators' trading; these have subsequently been received in full.

## **Creditors' Claims**

### ***Secured Creditors***

The BNZ held a first-ranking general security agreement over the assets of the Company. As at the date of liquidation the total debt owed to BNZ was \$231,454.

Following deductions for apportioned auctioneer costs and commission, the Liquidators made a net distribution of \$79,295.27 to BNZ from the sale of the plant and equipment and the post-liquidation trading receipts.

The Liquidators contacted all other creditors with security over specific assets and reviewed security documentation. We made arrangements with secured creditors for the collection of such items.

### ***Preferential Creditors***

As indicated in our previous report, the Company's employees were owed \$23,798 in respect of unpaid holiday pay as at the date of liquidation. A distribution of 20 percent of the employees' preferential holiday pay entitlements was made.

Unfortunately, there were insufficient funds to allow a further distribution to employees or any other class of creditor.

Inland Revenue has filed a preferential claim of \$36,647.13.

We have also received a preferential claim from New Zealand Customs Service for \$138.92.

***Unsecured Creditors***

A further 23 unsecured claims totalling \$142,823.48 were received during the liquidation. Included in this amount are non-preferential employee entitlements.

We are aware that the shareholder and other related parties had advanced approximately \$300,000 in recent years. No claims were received in respect of related-party advances.

## **5. Liquidators' Statement**

All known assets have been disclaimed, or realised, or distributed without realisation.

All proceeds of realisation have been distributed. Please find as **Appendix 1** a schedule of the liquidators' Receipts and Payments during the course of the liquidation.

Attached as **Appendix 2** is a remuneration schedule, in accordance with the RITANZ Code of Conduct, covering the duration of the liquidation.

The Company is ready to be removed from the New Zealand Register of Companies.

## **6. Removal from New Zealand Register of Companies**

As Liquidators, we are obliged to give public notice of the intention to have the Company removed from the Register of Companies. A copy of our notice is attached as **Appendix 3**.

The attention of all creditors and shareholders is drawn to section 321 of the Act which provides that, where public notice is given of an intention to remove a company from the Register, any person may send or deliver to the Registrar, not later than the date specified in the notice, an objection to the removal on any one or more of the following grounds:

- (a) That the company is still carrying on business or there is other reason for it to continue in existence; or
- (b) That the company is party to legal proceedings; or
- (c) That the company is in Receivership, or Liquidation, or both; or
- (d) That the person is a creditor, or a shareholder, or a person who has an undischarged claim against the company; or
- (e) That the person believes that there exists, and intends to pursue, a right of action on behalf of the company under Part IX of this Act; or
- (f) That for any other reason, it would not be just and equitable to remove the company from the New Zealand register.

Creditors and shareholders should be aware of section 321(2)(b)(ii) of the Act which provides that a claim by a shareholder or any other person against a company is not an "undischarged claim" if a receiver or liquidator has notified the shareholder or that person that the company has no surplus assets.



## 7. Contact information

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

Brad Burness  
DDI: (+64 4) 555 0728  
Email: [brad.burness@bdo.co.nz](mailto:brad.burness@bdo.co.nz)

BDO Wellington  
PO Box 10340  
Level 1, Chartered Accountants House,  
50 Customhouse Quay,  
Wellington 6143

Dated 25 November 2019

A handwritten signature in blue ink, appearing to read 'Kellow'.

**JESSICA KELLOW**  
Liquidator

## APPENDICES

### Appendix 1 - Statement of Realisation & Distribution

As at:

27 November 2019

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#### Receipts

Pre-Liquidation Accounts Receivable	41,465.04
Liquidators' Trading Receipts	22,273.11
Inland Revenue - GST Refund	3,866.45
Interest	30.26
Sale of Assets	171,567.09
Sale of Scrap Metal	1,271.71
Inland Revenue - GST Refund (to be received)	790.52
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	<b>241,264.18</b>

#### Less Payments

Auctioneer Costs and Commission	46,454.46
Site Clearance Costs	1,820.00
Insurance	1,205.78
IRD - GST	13,966.78
IRD - PAYE	1,997.83
Liquidators' Costs and Disbursements	71,079.74
Employee Wages - Liquidators' Trading	12,213.14
Liquidators' Purchases	8,021.25
Preferential Employee Holiday Pay Distribution	3,036.29
Security Costs	724.05
RWT	9.99
Transport/Freight	540.67
Utilities	898.93
Secured Creditor Distribution	79,295.27
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	<b>241,264.18</b>

**Liquidators' Bank Account**

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## Appendix 2 - Remuneration Schedule

Remuneration Report - Period: 11 July 2019 - 6 November 2019

	Hourly Rate	Assets		Company Records		Creditors		Day One/Initial Tasks		Debtors		Employees		Financial	
		Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost
Partners	395 - 445	19.25	8,103.75	-	-	3.50	1,382.50	12.75	5,473.75	2.00	865.00	3.00	1,210.00	7.75	3,236.25
Managers	225	-	-	-	-	0.75	146.25	4.50	877.50	6.00	1,170.00	1.50	292.50	20.25	3,948.75
Analysts	145 - 295	16.00	3,920.00	-	-	5.50	1,360.00	2.00	490.00	3.25	796.25	7.00	1,802.50	8.00	1,997.50
Support Staff	100	3.00	371.25	0.75	146.25	6.25	648.75	1.00	195.00	2.25	367.50	1.00	123.75	9.00	1,755.00

	Hourly Rate	Admin/General		Litigation		On-Going Trading		Planning/Review		Secured Creditors		Reporting		Total	
		Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost
Partners	395 - 445	11.50	4,980.00	-	-	1.00	395.00	5.50	2,310.00	1.00	407.50	1.00	395.00	68.25	28,758.75
Managers	225	7.50	1,462.50	-	-	-	-	-	-	-	-	0.25	48.75	40.75	7,946.25
Analysts	145 - 295	7.00	1,740.00	-	-	10.00	2,450.00	3.50	932.50	8.25	2,021.25	3.25	858.75	73.75	18,368.75
Support Staff	100	9.75	1,568.75	-	-	1.00	147.50	1.25	243.75	0.75	75.00	-	-	36.00	5,642.50
														218.75	60,716.25

Disbursements	Cost
Advertising	554.29
Miscellaneous	1,802.90
Overheads	6.00
Travel Costs	432.18
<b>Total</b>	<b>2,795.37</b>

**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 \$61,808.47 (excl. GST) has been received on account for both fees and disbursements.



## Appendix 3 - Notice of Intention to Remove

**RICHMOND INDUSTRIES LIMITED  
("the Company")**

**Notice of Intention to Remove Company from Register  
(Pursuant to Section 320 of the Companies Act 1993)**

We, Iain Bruce Shephard and Jessica Jane Kellow, joint and several liquidators of the Company whose registered office is situated at:

BDO Wellington Limited  
Level 1, Chartered Accountants House  
50 Customhouse Quay  
Wellington 6011

Hereby give notice that pursuant to section 318(1)(e) of the Companies Act 1993, and having filed with the Registrar our final report on the liquidation, it is intended to remove the Company from the New Zealand register.

Any objection to the removal pursuant to section 321 of the Companies Act 1993 must be delivered to the Registrar no later than 8 January 2020.

DATED this 28 November 2019.

**IAIN SHEPHARD**  
Liquidator