



**CRAFT BUILDERS (NZ) LIMITED (IN LIQUIDATION)
("Company")**

Company number: 4797519

New Zealand Business Number: 9429040980706

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 Craft Builders (NZ) Limited (“Company”) on 16 July 2021 at 1:54pm 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 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

Craft Builders (NZ) Ltd (In Liquidation)		
Date of Incorporation:	20 November 2013	
Registered Office: (Prior to liquidation)	Deans & Associates Limited 62 Mana Esplanade Paremata Porirua, 5026	
Type of Business:	E301120 Building, House Construction	
Shareholders:	Barry Clough	100 Shares
Directors:	Barry Clough	
Date of Liquidation:	16 July 2021	



4. Background and Reasons for Liquidation

The Company had been trading as a residential construction business since 2013 based in Palmerston North.

The Company had begun to get behind in GST and PAYE debts and had made an arrangement with Inland Revenue to work on paying these debts down. Unfortunately, complications related to the Covid-19 pandemic meant the Company was unable to meet the arranged payments and the debt continued to grow.

Following the receipt of a statutory demand issued by Inland Revenue, the director/shareholder sought professional insolvency advice and resolved to place the Company into liquidation.

5. Statement of Affairs

Attached at **Appendix 1** is the Statement of Affairs of the Company. This statement has been prepared based upon financial statements of the Company as at 31 March 2020 and as such may be subject to change.

In preparing the statement we have relied on information provided by the director and accountant 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 2** 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 3** our Public Notice which sets 25 August 2021 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
Craft Builders (NZ) 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 25 August 2021) 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 25 August 2021) 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 245 of the Act, for the reasons given in the formal notice attached at **Appendix 4**, we have dispensed with the meeting of creditors.

7. Proposals for Conducting the Liquidation

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 director has complied with the duties and obligations imposed on them under the Companies Act 1993.

The Liquidators have met with the Company's director on 22 July 2021 to discuss the intended steps of the liquidation and understand further details about the position of the Company.

The Liquidators understand the director has already advised the three employees of the Company's insolvent position and are aware their positions will be terminated. The Liquidators will write to the employees separately to advise of their preferential claims and rights.

The Liquidators will undertake a sale of the Company's fixed assets and contact secured creditors to return any secured goods as required. The Liquidators also understand there is an overdrawn

shareholder's current account and will enter discussions with the Company's accountant about the shareholder's ability to repay this.

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 23rd day of July 2021



IAIN SHEPHARD
Liquidator

Appendices

- Appendix 1 - Statement of Affairs of the Company
- Appendix 2 - List of Company Creditors
- Appendix 3 - Public Notice of Appointment
- Appendix 4 - Notice of Liquidators Decision to Dispense with Meetings of Creditors
- Appendix 5 - Interests Statement
- Appendix 6 - Initial Remuneration Notice

APPENDICES

Appendix 1 - Statement of Affairs

Craft Builders (NZ) Limited (In Liquidation)			
Statement of Affairs			
	Notes	Initial Report Book value*	Est. Recovery
Assets subject to specific charges			
Plant & Equipment		unknown	unknown
Less amounts due to PMSI holder	1	(3,995)	unknown
Surplus/(shortfall)		unknown	unknown
Assets available for preferential creditors			
Fixed Assets & Vehicles	2	105,000	unknown
Related party debts		101,190	unknown
Surplus from assets subject to specific charges		unknown	unknown
		unknown	unknown
Less Preferential Creditors:			
Employees		unknown	unknown
Inland Revenue		(92,773)	unknown
		unknown	unknown
Surplus/(shortfall)		unknown	unknown
Less Unsecured creditors:			
Vehicle Finance		(18,322)	unknown
Trade Creditors	3	(19,794)	unknown
Bank Loans and Overdraft	4	(220,317)	unknown
Employee unsecured claims		unknown	unknown
Inland Revenue		(45,028)	unknown
		unknown	unknown
Overall surplus/(shortfall) for Creditors prior to costs of liq.		unknown	unknown

**Based on 2020 Financial Statements*

The above amounts are subject to the costs of liquidation

Notes:

- 1 This amount relates to a printer/scanner lease.
- 2 Amount as per 2020 depreciation schedule.
- 3 This balance is as at March 2020 and as such is likely to be subject to change.
- 4 No security has been registered in respect of this debt.

Appendix 2 - List of Company Creditors

Name	Address 1	Address 2
Accident Compensation Corporation	business@acc.co.nz	
ASB Bank Limited	zPCSOperations@asb.co.nz	
Burne Aluminium Commercial Limited	170 Broadway Avenue	Palmerston North, 4410
Carters Building Supplies Limited	ppsrcarters@carters.co.nz	
Deans & Associates (Kapiti) Limited	caine@deansassociates.co.nz	
Fujifilm Business Innovation New Zealand Limited	tracy.fyers.tm@fujifilm.com	
Inland Revenue Department	insolvency.notification@ird.govt.nz	
MTF Finance Limited	info@mtf.co.nz	
NZ Safety Blackwood	christine.futterup@nzsafetyblackwoods.co.nz	
Spark New Zealand Trading Limited	insolvencies@spark.co.nz	
Steel Building Products (Southern) Limited	ppsr@unitedindustries.co.nz	
TSM Investments Limited	mtiffen@interfacefinancial.co.nz	
Z Energy Limited	general@z.co.nz	
Employees		
Blaine Quinn	<i>Contact Details Withheld</i>	
Michael Weston	<i>Contact Details Withheld</i>	
Peter Wenborn	<i>Contact Details Withheld</i>	



Appendix 3 - Public Notice of Appointment

**BREW STRONG LIMITED (IN LIQUIDATION)
CRAFT BUILDERS (NZ) LIMITED (IN LIQUIDATION)
("the Companies")**

**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**

Iain Bruce Shephard and Jessica Jane Kellow, Licensed Insolvency Practitioners of BDO Wellington, were appointed liquidators of the Companies by a special resolution of the shareholders on 16 July 2021.

Brew Strong Ltd at 8.00am
Craft Builders (NZ) Ltd at 1.54pm

NOTICE is hereby given that as liquidators of the Companies, we fix the 25th August 2021, as the day on or before which the creditors of the Companies are to make their claims, and to establish any priority their claims may have under Section 312 of the Companies Act 1993 (as amended) 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.

Please note that the liquidation of Brew Strong Ltd is a solvent liquidation for the purpose of restructuring shareholder affairs.

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

Ryan Kilkolly
BDO Wellington, BRI
Level 1, 50 Customhouse Quay
Wellington 6011

Postal Address PO Box 10340
Wellington 6143

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

DATED this 16th Day of July 2021

IAIN SHEPHARD
Liquidator

Appendix 4 - Notice of Liquidators Decision to Dispense with Meetings of Creditors

CRAFT BUILDERS (NZ) LIMITED (IN LIQUIDATION)
COMPANY NUMBER: 4797519
("Company")

Notice of Liquidators Decision to Dispense with Meetings of Creditors (Pursuant to section 245 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 special resolution of shareholders on 16 July 2021 at 1:54pm.

We do not consider that a meeting of creditors should be held because there are insufficient assets to meet the cost of holding such a meeting and there are limited prospects of funds being available for payment of a dividend to creditors other than to those who hold specific security or have a preferential claim.

No meeting of creditors will be called unless we receive notice in writing from a creditor requiring us to hold a meeting of creditors pursuant to section 314 of the Companies Act 1993 within 10 working days of their receipt of this notice. The Liquidators may decline a request by a creditor or a shareholder to call a meeting on the grounds that:

- a. The request is frivolous or vexatious;
- b. The request was not made in good faith;
- c. The costs of calling a meeting could be out of proportion to the value of the Company's assets.

The decision to decline a request may be reviewed by the Court on the application of any creditor, or shareholder

Notices should be forwarded to:

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

By email: ryan.kilkolly@bdo.co.nz

DATED this 23rd day of July 2021.



IAIN SHEPHARD
Liquidator

Appendix 5 - 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 special resolution of the Company's shareholders pursuant to section 241(2)(a) the Companies Act 1993;
- no advice was provided to the Company, its officers or their advisers prior to our appointment;
- the referring entity was the Company's Accountant.
- 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.

A. Indemnities and Upfront Payments

We declare that:

- no indemnities or upfront payments have been received

DATED this 23rd day of July 2021



IAIN BRUCE SHEPHARD
Liquidator
Licensed Insolvency Practitioner
Registration Number: IP71



JESSICA JANE KELLOW
Liquidator
Licensed Insolvency Practitioner
Registration Number: IP75

Appendix 6 – Initial Remuneration Notice

CRAFT BUILDERS (NZ) LIMITED (IN LIQUIDATION)
COMPANY NUMBER: 4797519
(“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.