

Receivers first report on the state of affairs of Beauty Works (Waikato) Limited (In Receivership) 'the company' as at 29 July 2009

Introduction

Thomas Lee Rodewald and Kenneth Peter Brown were appointed Joint Receivers and Managers of the above company on the 29th day May 2009.

The appointment arose under the powers contained in a General Security Agreement ("GSA") dated the 23rd April 2007 which consists of all the company's present and after-acquired property, and all personal property in which it has rights, whether now or in the future.

We set out below our first report on the state of the affairs of the above named company as required by section 23 of the Receivership Act 1993.

Events leading up to our appointment

Due to the general economic climate coupled with problems in other related businesses, the director elected to approach the GSA holder requesting the appointment of Receivers and Managers.

Trading on/closure of business

The business had already ceased trading at the time the Receivers were appointed. Despite that the business was advertised for sale for a short period even though it remained closed. There were several initially interested parties but no acceptable offers were received.

Assets

All secured creditor claims were reviewed, validated and then prioritised. Where relevant, assets were returned to specific security holders. The remaining assets of the business were sent to an auction house for sale.

Debtors

There were no debtors owing as the business was a cash sale business.

Fixed Assets

The book value is about \$162,319 but about \$85,000 of that relates to leasehold improvements and signage, not readily realisable, unless sold as a going concern. The valuation obtained by the Receivers indicated assets as \$75,530 as a going concern and \$21,360 as auction value.

Amounts owing to the general security agreement holders

At the date of the Receiver's appointment the amounts owing were as follows:

Appointing GSA Holder	<u>\$94,483</u>
	\$94,483

Specific Security Creditors

Allied Nationwide Finance	\$ 155
Lombard Asset Finance Ltd (In Receivership)	\$ 4,701
Marac Finance	\$17,052
All Leasing Pty Ltd	\$39,255
Pristina Holdings Ltd	<u>\$ 6,252</u>
	\$67,415

Preferential Creditors

Employee wages and holiday pay claims (net of PAYE) \$ 7,782

The Inland Revenue Department have forwarded their claim; being,

PAYE	\$50,485
GST	\$36,698
Student Loan Employer Deductions	\$ 2,521
Kiwi Saver Employer Deductions	<u>\$ 856</u>
	\$98,342

Total Secured and Preferential Creditors **\$260,240**

Unsecured creditors

Due to the extent of the secured creditor and preferential claims there are unlikely to be any funds available for returning to the company, or a liquidator at the conclusion of the Receivership for distribution to unsecured creditors. The total amount due to unsecured creditors known to date is \$57,917.

Assets & Liabilities of the company

We attach as *Appendix I* a list of the assets and liabilities of the company at the date of appointment.

The shareholders current account is shown to be overdrawn as at 31 March 2008 to the value of \$56,068, it is unlikely any collection will be able to be made on this amount.

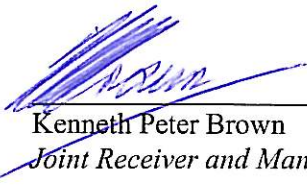
Receipts & Payments

Attached at *Appendix II* is a list of receipts and payments to 29 July 2009.

Information provided by the company

The director of the company has co-operated in making available the information required by the Receivers to complete this report.

Thomas Lee Rodewald
Joint Receiver and Manager



Kenneth Peter Brown
Joint Receiver and Manager

**Statement of Assets & Liabilities for Beauty Works (Waikato) Limited
(In Receivership) as at 29 May 2009**

	Book Value	Estimated Return Value \$
ASSETS		
Cash at Bank	0	0
Stock	38,000	10,000
Overdrawn shareholders current account	56,068	0
Equipment, Fixtures & Fittings	162,319	75,330
Website Design	706	0
Logo	330	0
	257,423	85,330
LIABILITIES		
CHARGE HOLDERS		
General Security Agreement		94,483
		94,483
Specific Security Agreements		
Allied Nationwide Finance		155
Lombard Asset Finance Ltd		4,701
Marac Finance		17,052
All Leasing Pty Ltd		39,255
Pristina Holdings Ltd		6,252
		67,415
PREFERENTIAL CREDITORS		
Employee Claims		7,782
Inland Revenue Department		
- GST		36,698
- PAYE		50,485
- Kiwisaver Employer		856
- Student Loan		2,521
		98,342
CROSS GUARANTEES		
Gascab Development Ltd		1,126,988
UNSECURED CREDITORS		
Trade Creditors		38,234
Inland Revenue Department		19,683
		57,917
	Total Liabilities	\$1,445,145
Subject to receivership costs	Net Deficit	\$1,359,815

Disclaimer: The Receivers do not accept any responsibility or liability for any damage or loss occasioned to any party as a result of the circulation, publication, reproduction or use of this statement. In particular the Receivers take no responsibility for any misinformation contained therein that has been supplied by the company, its officers or any other person. The statement is also based upon information available at this date, and the Receivers therefore reserve the right to review, and if necessary, amend the statement.

**Beauty Works (Waikato) Limited (In
Receivership)**

Appendix II

Receipts and Payments from 29 May 2009 to 29 July 2009

GST exclusive

Receipts

Bank advance (including related entities)	<u>2,572.31</u>	2,572.31
---	-----------------	----------

Payments

GST on expenses	71.49	
Legal fees	571.61	
Transfer to related entities	<u>1,929.21</u>	
		2,572.31

Net Funds

	<u>\$</u>	<u>0.00</u>
--	-----------	-------------