

# **Receivers' first report on the state of affairs of Bella Estate Limited (In Receivership) 'the Company' as at 31 August 2006**

**Company Number: 1587249**

## **Introduction**

Thomas Lee Rodewald and Kirsty Michelle Shaw, Chartered Accountants of Tauranga, were appointed as Joint Receivers and Managers of all the assets, property and undertakings of the Company on the 27<sup>th</sup> day of June 2006. We were appointed under the powers contained within a general security agreement dated 21 June 2005 in favour of Lock Finance Limited (formerly S.H. Lock (NZ) Ltd). We set out below our first report on the state of the affairs of the abovenamed Company as required by Section 23 of the Receivership Act 1993.

## **Events leading up to my appointment**

The Company had scaled down the trading operation of the business in the three months leading up to date of Receivership due to health issues with the manager. At date of Receivership there were no forward bookings for the Conference Centre or Lodge.

The appointment of Receivers arose as a result of the Company's default in meeting an instalment due on 30 April 2006 and failing to repay the total amount owing on or before 23 June 2006 to Lock Finance Limited.

## **Trading on/closure of business**

The property of the Company consists of an upmarket Lodge style accommodation, with management accommodation attached, along with a Conference facility and a small two bedroom cottage separate from the main dwelling. Included are all the attendant chattels including premium furnishings and chattels.

The Company is currently able to operate offering accommodation to 4 people within the Lodge, and a training facility for up to 25 people as per the permitted activities under the Rural G Zone Rules for the Western Bay of Plenty District. Under these consent conditions, and no forward bookings, it was not feasible to continue to operate the business of the company, and therefore the Company effectively ceased trading at date of Receivership.

## **Property disposed of to date**

No property has been disposed of to date.

## **Proposals for disposal of receivership property**

The Receivers propose to dispose of the Receivership property, as is where is, or with updated consents to allow greater use of the property than is currently available. The Receivers are currently investigating the feasibility of gaining consents and issues arising from any potential subdivision in order to maximise the value of the property.

The Receivers have sought proposals from three separate real estate firms as to the viability and best possible method for disposal of the Receivership property. The Receivers have not appointed a sole agent at this stage. Two formal sale and purchase agreements have been received to date as well as several expressions of interest in the property, however we are yet to complete a sale.

#### **Amounts owing to the general security agreement holders**

##### Guardian Trust

At date of appointment an amount of **\$2,256,736.19** (including principal and accrued interest) was owed to the first registered General Security Holder up to and including the 7<sup>th</sup> of July 2006.

Amount owed 07.07.06 (including interest)	\$2,256,736.19
Plus interest to 07.08.06	\$16,051.28
Less interest payment 14.07.06	(\$59,486.19)
Less interest payment 07.08.06	<u>(\$16,051.28)</u>
Balance owing (principal only)	<b><u>\$2,197,250.00</u></b>

The interest rate of 8.6% is charged on the balance of the loan.

##### Lock Finance Ltd

At the date of our appointment the total amount due to Lock Finance Ltd was **\$2,250,005.58** (including principal and accrued interest).

Amount owed 06.07.06 (including interest)	\$2,250,005.58
Plus advances	
Guardian Trust interest payment	75,537.47
Trade Creditors to 20 July 2006	<u>21,007.83</u>
Balance owing	<b><u>\$2,346,550.88</u></b>

The interest rate of 21% is charged on the balance of the loan.

##### Peter Crisp's Trust

We have requested the amount owed to Peter Crisp's Trust and at the time of writing this report we have not yet been advised what is owed.

#### **Preferential creditors**

At date of Receivership the Company did not have a debt to the Inland Revenue Department (IRD).

The IRD have advised that they are to conduct a tax audit of Income Tax, Goods and Services Tax and Payroll Taxes.

#### **Unsecured creditors**

At date of Receivership the total amount owing to unsecured creditors was \$22,433.40. To date confirmation of debts received total \$15,639.56.

**Particulars of assets and liabilities**

We attach at Appendix 1 Particulars of the assets and liabilities of the Company. We also attach at Appendix 2 Receipts and Payments to 31 August 2006.

**Information provided by the Company**

The Director of the Company has made available some of the information required by the Receiver to complete this report. Due to the lack of Company financial information we have also had to rely on our own observations and investigations to prepare this report.

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Thomas Lee Rodewald  
*Joint Receiver and Manager*

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Kirsty Michelle Shaw  
*Joint Receiver and Manager*

***Appendix 1***

**Particulars of assets and liabilities of Bella Estate Limited (In Receivership) as at the date of the appointment of Joint Receivers and Managers being 27 June 2006**

	<b>Book value \$</b>	<b>Estimated to realise \$</b>
<b>Assets</b>		
Cash on hand	400	400
Cash at bank	26	26
Land	610,000	Not known
Lodge	2,550,000	Not known
Function Room	790,000	Not known
Chalet	70,000	Not known
Other Improvements	450,000	Not known
Chattels	105,000	<u>Not known</u>
		<u>Not known</u>
<b>Liabilities</b>		
Amounts owing to General Security Agreement Holders	4,506,742	
Preferential Creditors	Nil	
Unsecured Creditors	22,433	
<b>Estimated surplus/(deficit)</b> (Subject to costs of receivership)		Not known
		<u>Not known</u>

*Disclaimer*

*This statement should be read in conjunction with the disclaimer on page one of the above Receivers report. Rodewald Hart Brown Ltd have not audited the report and they, their directors or employees accept no liability to any other party in relying on the information presented. The purpose of the report is to give creditors of the company an indication of the financial position of the company as at the date of appointment of the Receivers.*

*Rodewald Hart Brown Limited*

31 August 2006

