

Receivers' second report on the state of affairs of Bella Estate Limited (In Receivership) 'the Company' as at 6 March 2007

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 27th day of June 2006. We were appointed under the powers contained within a general security agreement dated 21 June 2005 in favour of S.H. Lock (NZ) Ltd. We set out below our second report on the state of the affairs of the abovenamed Company as required by Section 24 of the Receivership Act 1993.

Proposals for disposal of receivership property

Resource consent

The Receivers engaged the services of a project manager to conduct a feasibility study into applying for resource consents to operate a viable business on site. In brief the conclusion is that there is potential for resource consent to be obtained to operate a viable business. The Receivers are at present looking at the viability of applying for a consent.

Marketing the property

The Receivers appointed a sole agent to market the property over a three month period. Four formal sale and purchase agreements were received and there were 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

Amount owed (principal only) \$2,197,250.00

The balance of the loan is currently charged at the normal interest rate of 8.60%. Interest is paid monthly. Total interest paid since date of receivership is \$170,795.63.

Lock Finance Ltd

Amount owed (including interest)	\$2,250,005.58
Plus advances	
Guardian Trust interest payment	170,795.63
Trade Creditors due 20 July 2006	21,007.83
Trade Creditors due 20 August 2006	30,183.24

Trade Creditors due 20 September 2006	22,482.33
Trade Creditors due 20 October 2006	20,093.85
Epic Windows 08/11/06	22,113.00
Colliers International – Marketing 22/11/06	28,031.86
Trade Creditors due 20 November 2006	20,939.90
Best Builders 14/12/06	15,052.50
LH Business and Property Developers	9,077.02
Trade Creditors due 20 December 2006	23,046.13
Trade Creditors due 20 January 2007	25,305.59
Balance owing	<u>\$2,658,134.46</u>

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

Peter Crisp’s Trust

We have still not received a claim from Peter Crisp’s Trust. We do not know the amount owed to the Trust at time of writing this report.

Preferential creditors

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

As advised in our first report the IRD are to conduct a tax audit of Income Tax, Goods and Services Tax and Payroll Taxes. This has not yet happened.

Unsecured creditors

At date of Receiveship the total amount owing to unsecured creditors was \$22,433.40. To date confirmation of debts received total \$17,865.51.

Receipts and Payments

We attach at Appendix 1 Receipts and Payments to 6 March 2007.

 Thomas Lee Rodewald
Joint Receiver and Manager

 Kirsty Michelle Shaw
Joint Receiver and Manager

Appendix 1

Bella Estate Limited (In Receivership) Receipts and Payments from 27 June 2006 to 6 March 2007

GST exclusive

Receipts

GST on income	132.45	
Funds on hand pre liquidation	25.88	
GST refunds	10,976.25	
Sales	355.56	
Funds from Lock Finance	416,633.77	
Rent Cottage	4,370.00	
Grazing	704.09	
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		433,198.00

Payments

GST on expenses	28,438.11	
Guardian Trust - Interest Payment	170,795.63	
Electricity	7,122.15	
Insurance	12,515.34	
Legal fees	12,139.24	
Marketing	24,917.21	
PAYE paid	545.17	
Receivers fees	78,873.95	
Rates	1,965.80	
Repairs & Maintenance	4,140.59	
Security	1,225.66	
Resource Consent Process	17,465.75	
Telephone	1,191.53	
Transport costs	12.00	
Valuation	2,003.67	
Wages	2,734.79	
Bank Fees	35.00	
Fire Safety Inspection, Certificate and Servicing	551.33	
Consultancy Fees	13,323.82	
Plumbing Maintenance	607.15	
LPG Cylinder Hire	375.80	
Building Repairs and Maintenance	51,553.95	
Solar Heating	165.00	
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		432,698.64

Net Funds

\$ 499.36

Represented By:

National Bank - Trust Account	499.36
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	\$ 499.36