

Easy Mind Limited (In Liquidation)

Liquidators' Third Report

01 March 2011

1. Background

On the 8th day of January 2010 at 3.13pm Thomas Lee Rodewald and Robert James Neilson were appointed Joint and several Liquidators of the above company by resolution of the shareholders.

The appointment arose after the company failed to make payments to creditors on Wednesday 6th January 2010 and was unsuccessful in arranging further funding over the next two days.

2. Disclaimer

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3. Company Information

Date of Incorporation: 27 August 2003

Shareholders: Clare Adrienne Grace (50)
Frederick Cornelius Grace (50)

Directors: Clare Adrienne Grace
Frederick Cornelius Grace

Type of business: Home based Childcare

Registered Office: 91c Whitikahu Road, Gordonton, RD1, Taupiri 3791

Location of Business: Waikato, Coromandel, Hawkes Bay, Manawatu, Southland and Otago.

RHB Chartered Accountants Limited

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4. Conduct of the Liquidation since the last report

Sale of Property

At the date of the Liquidators 2nd report the Liquidators had sold four of the five properties owned by Easy Mind Limited "EML". The surplus proceeds from the sale of these properties was used to reduce the mortgages held by ANZ National Bank Limited.

At the date of the 2nd report the fifth and final property had a conditional offer in place. The sale of this property was completed in late November 2010. The surplus proceeds from this sale was used to reduce the mortgages held by ANZ National Bank Limited.

The proceeds realised from the sale of all properties was not sufficient to extinguish the debt owing to the ANZ National Bank as the mortgage holders.

Debtors

As advised in the Liquidators 2nd report the debtor's ledger was assigned to Blackbird Finance Limited. The recovery of Debtors money has been reasonably successful; to date collection efforts are still ongoing.

Collection of further assets

There are no further EML assets to be sold. Final recovery has been made from the collection and disposal of assets.

5. Further Action to be Taken and Likelihood of a Distribution

Recovery of Funds from F & C Grace and the Early Childhood Education Trust "ECET"

The Liquidators reviewed EML's records and it was apparent that a considerable sum of money was advanced to F & C Grace and the Early Childhood Education Trust.

The Liquidators are currently working through the possible avenues available to recover funds owed to EML by F & C Grace as Shareholder / Directors of EML and Trustees of the Early Childhood Education Trust.

At this point it is not certain whether it will be cost effective to pursue this debt. A decision on this will be made over the next few months.

Likelihood of Distribution

It is the Liquidators view that there is unlikely to be any dividend payment made to unsecured creditors.

6. Estimated Date of Completion of Liquidation and Notice As To Further Reports


It is not practicable to estimate the date of the completion of the liquidation at this stage. Further reports will be issued six monthly and a final report at the conclusion of the liquidation.

7. Receipts and Payments

Attached as *Appendix 11* is a receipts and payments summary from 8 January 2010 to 1 March 2011.

8. Further Information

If you require any further information or if you have any information that will be of assistance to the Liquidators please contact Blair Millar at our Tauranga office.



Thomas Lee Rodewald
Joint Liquidator

Appendix I

Easy Mind Limited (In Liquidation)

Updated Creditors Statement as at 1 March 2011

Schedule of Creditors

		<i>As at 2 March 2011</i>	<i>Estimates at date of Liquidation (Note 1)</i>
Secured Claims			
Secured Creditors	<i>Note 2</i>	424,043	1,891,580
		<hr/>	<hr/>
		\$424,023	\$1,891,580
Preferential Claims			
Employee Wages and holiday pay		109,432	109,432
Inland Revenue Department		367,040	685,938
		<hr/>	<hr/>
		476,472	\$795,370
Unsecured Creditors			
Educators Payments		57,928	135,000
Parent Pre-payments		30,744	136,257
Ministry of Education – Pre Payments		559,909	482,327
IRD Penalties		34,619	35,000
Trade Creditors		325,601	160,000
		<hr/>	<hr/>
		\$1,008,801	\$948,584
TOTAL CREDITORS			
		<hr/>	<hr/>
		\$1,909,296	\$3,635,534

Creditors Commentary

Note 1 The creditor figures included as at date of Liquidation were estimates.

Note 2 The reduction in the secured creditor figure is due to the allocation of proceeds from the sale of vehicles and property to satisfy the debts of charge holders and mortgage holders.

Payments made to Specific Security Holders were as follows;

- Finance Companies \$278,186
- ANZ National Bank Limited \$967,793

Easy Mind Limited (In Liquidation)**Receipts and Payments from 08/01/2010 to 01/03/2011****GST****Exclusive
Receipts**

\$

Debtors	23,850	
Electricity Refund	54	
Funds on hand pre Liquidation	191	
GST on Income	212,980	
Insurance refund	368	
Interest received	531	
Rates portion on sale	1,270	
Rent	6,105	
Sale of assets	20,279	
Sale of business	126,865	
Sale of properties	1,096,866	
Sale of vehicles	303,834	
Sundry income	5,521	
Trading sales - Liquidation	66,315	
		<u>1,865,029</u>

Payments

Advertising	2,051
Body corporate levies	5,104
Commission on sale of assets	36,025
Computer Expenses	834
Consultancy	16,987
GST Received (IRD)	78,672
GST on Expenses	40,689
GST paid	57,645
Insurance	1,504
Legal fees	29,328
Liquidators fees	201,072
PAYE paid	13,091
Postage/Courier Fees	168
Resident Withholding Tax	131
Rates	8,073
Security	1,049
Specific Security Holder - ANZ National	967,794

Specific Security Holder -	278,186	
Finance Companies		
Stationery	170	
Storage and Removal	1,790	
Telephone	6,638	
Transport costs	328	
Valuation	5,990	
Wages	111,600	
		<u>1,864,920</u>
Net Funds		<u>\$109</u>

Receipts and Payments Commentary

Note 1 Sundry income was received from the purchasers of the EML networks as reimbursements for costs incurred by the Liquidators in the handover process after the date the networks were transferred over to the new owners.