

**Receivers first report on the state of affairs of Edkins Enterprises Limited  
(In Receivership) 'the company' as at 16 March 2010.  
(Traded as Lawnmower & Chainsaw Centre)**

**Introduction**

Kenneth Peter Brown and Paul Thomas Manning were appointed Joint Receivers and Managers of the above company on the 27<sup>th</sup> day of January 2010.

The appointment arose under the powers contained in a General Security Agreement dated the 22<sup>nd</sup> day of March 2007 which consists of all present and after acquired personal property.

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**

The business commenced in 2007 and is a lawnmower and chainsaw retailer and repairer based in Te Awamutu.

In the days leading up to the appointment, the directors contacted RHB Chartered Accountants Limited concerned about their financial position. Following discussion it was determined the directors would approach their bank to request the appointment of Receivers and Managers. They felt the debt servicing levels were too high for the cash flow they received and to continue trading would result in an increase in creditor debts. They had been endeavouring to sell the business prior to receivership, with some interest but no sale was pending. Subsequently the Receivers were appointed by a deed of appointment dated the 27<sup>th</sup> day of January 2010 following a request from the directors and the Receivers commenced their duties on that date.

**Trading on**

The business was trading at the time of the Receivership, from its premises at 221 Mahoe Street, Te Awamutu. The Receivers concluded it was in the best interests of all creditors to trade the business for a short period while a sale as a going concern was attempted. The Receivers have continued to trade to date, with offers being received for the business, one in particular the Receivers are now negotiating with the potential purchaser and hope to conclude a sale. If that does not eventuate the Receivers will proceed to an auction of company assets.

**Debtors**

There was a debtor's ledger of \$67,378 at the date of appointment with about \$15,000 considered doubtful. The Receivers are currently collecting the debtors and dealing with any disputed debts.

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

At the date of the Receiver's appointment the amounts owing to the general security agreement holder was

\$255,826

### **Specific Security Creditors**

Several other charges were registered on the Personal Property Securities Register, being

Equipment Finance Limited	\$2,020
Stevens Products Limited	\$74,341
Lightning Finance	\$39,146
Power and Marine Limited	\$ Nil
Goodyear & Dunlop (NZ) Tyres Limited	\$ Nil
	<u>\$115,507</u>

### **Preferential Creditors**

Employee holiday pay claims	\$6,704
Inland Revenue Department has outstanding GST for December/January 2010	<u>\$6,096</u>
	\$12,800

**Total Secured and Preferential Creditors** **\$384,133**

### **Unsecured Creditors**

Due to the extent of the secured creditor 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 \$71,825.

### **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 Receivers consider that the statement of position will contain commercially sensitive information, particularly regarding fixed asset book values and estimated realisable asset values, and making this information available could be prejudicial to a subsequent sale of business negotiations and so asset values have been excluded pursuant to Section 23 (3) of the Receivership Act 1993.

### **Receipts & Payments**

We attach as *Appendix II* a list of receipts and payments to 16<sup>th</sup> March 2010.

**Information provided by the company**

The directors of the company have co-operated in making available the information required by the receivers to complete this report. Other information has been taken from valuations obtained, company books and records and the 31<sup>st</sup> March 2009 financial statements.



Kenneth Peter Brown  
*Joint Receiver and Manager*



Paul Thomas Manning  
*Joint Receiver and Manager*

**Edkins Enterprises Limited (In Receivership)**  
**Statement of Assets & Liabilities as at 27 January 2010**

	Book Value \$	Estimated realizable value \$
<b>ASSETS</b>		
Cash at Bank	-	-
Cash on Hand	200	200
Accounts Receivable	67,378	52,378
Stock	163,425	Not disclosed
Property, Plant and Equipment	Not disclosed	Not disclosed
Goodwill	Not disclosed	Not disclosed
	<u>231,003</u>	<u>52,578</u>
<b>LIABILITIES</b>		
<b>CHARGE HOLDERS</b>		
<b>General Security Holder Agreement</b>		255,826
<b>Specific Security Agreements</b>		
Equipment Finance Limited		2,020
Goodyear & Dunlop Tyres (NZ) Limited		-
Power and Marine Limited		-
Stevens Products Limited		74,341
Lightning Finance		<u>39,146</u>
		115,507
<b>PREFERENTIAL CREDITORS</b>		
Employee Claims		6,704
Inland Revenue Department - GST		<u>6,096</u>
		12,800
<b>UNSECURED CREDITORS</b>		
Trade Creditors		<u>71,825</u>
		71,825
<b>Total liabilities</b>		<u>455,958</u>
<b>Net Deficit</b> (Subject to receivership costs)		<u><u>\$403,380</u></u>

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**Edkins Enterprises Limited (In Receivership)**

Receipts and Payments from 27 January 2010 to 16 March 2010

**GST exclusive**

**Receipts**

GST on Income	27,042.55	
Funds on Hand	8,212.47	
Receivers Trading	172,013.93	
Accounts Receivable	<u>36,114.11</u>	
		243,383.06

**Payments**

GST on Expenses	15,225.52	
GST Paid	2,444.92	
Advertising	266.67	
Electricity	356.28	
Freight and Courier	150.00	
Insurance	1,582.14	
Paye Paid	3,083.36	
Receivers Fees	28,744.18	
Rent	4,088.84	
Repairs and Maintenance	89.33	
Security	78.42	
Stationery	14.66	
Stock Purchases	66,032.27	
Stock Purchases – Stevens Products	17,626.34	
Storage and Removal	52.00	
Telephone and Tolls	939.57	
Valuation	1,760.00	
Vehicle Expenses	446.57	
Wages	15,802.52	
		<u>158,783.59</u>
<b>Net Funds</b>		<u><b>\$84,599.47</b></u>

**Represented By:**

BNZ Bank – Trust Account	39,599.47	
BNZ Bank – Call Account	45,000.00	
		<u><b>\$84,599.47</b></u>