

Receivers second report on the state of affairs of Eurotech Audio Limited (In Receivership) 'the company' as at 5th December 2009.

Introduction

Thomas Lee Rodewald and Kenneth Peter Brown were appointed Joint Receivers and Managers of the above company on the 5th day of June 2009. Because the appointment is in Auckland and the Receivers reside in Tauranga, Auckland agents were appointed being Thomas Wilson and Steven Wilkins from Time Capital NZ Limited (formerly Seasons Business Transfer Specialists) telephone 0274 850250.

The Receivers were also appointed Joint Receivers and Managers to Eurotech Audio Holdings Limited on the same date. Receivers and Managers were also appointed to the Australian company, Eurotech Audio Pty Limited on 11 June 2009, those Receivers being Ross Blakeley and Quentin Olde of Taylor Woodings, a Melbourne based insolvency firm.

The appointment arose under the powers contained in a General Security Agreement dated the 28th February 2008 which consists of all personal property in which it has rights, whether now or in the future.

We set out below our second report on the state of the affairs of the above named company as required by section 24 of the Receivership Act 1993.

Conduct of the Receivership

The Receivers traded the business for a short while in an endeavour to sell it as a going concern. Despite interest, it was unable to be sold and so the Receivers ceased trading but retained a small number of staff until 5 December 2009 to assist with the realisation of stock and debtor collection.

A quantity of stock from Australia was returned to New Zealand as it was agreed between us and the Australian Receiver of the related company there, that a better realisation could be achieved here. This stock arrived in mid September and was disposed off via a retail store set up in Ellerslie. This stock realised \$110,730 representing \$0.21 in the dollar compared to an estimated \$0.05 - \$0.10 in Australia.

Much of the other company stock was difficult to sell due to changes in technology.

All fixed assets, comparators, office equipment and furniture have been sold except for the fork hoist and warehouse racking, which will be sold in due course. The comparators were almost impossible to sell, with those not sold eventually broken down and disposed of.

Debtors

Debtors were estimated to realise \$150,000 in our first report but to date we have managed to collect \$235,141. Accordingly, most debtors have now either been collected or it has been established some debts should be credited or written off.

General Security Agreement Holder

At the date of appointment the debt due to the general security agreement holder was \$1,555,466.70. Payment of \$50,000 has been made to date.

Other Secured Creditors

Seven creditors were registered on the Personal Properties Security Register but four of those have still not registered claims. The total known claims are \$208,071. None have been paid to date.

Preferential Creditors

These included employee claims of \$19,246 and GST due of \$23,762. To date \$4,621 has been paid towards employee claims and no payment yet for preferential GST or PAYE. The balance due to the employees is currently disputed as the Receivers contend staff involved took stock in lieu. This matter is being examined by the Department of Labour.

The Receivers are reviewing a potential PAYE liability but a lack of records is hindering this process.

Receipts & Payments

We attach as *Appendix I* a list of receipts and payments to 5th December 2009.

Summary

The Receivers are attending to the remaining issues being:

1. collection of the remaining debtors, including debts allegedly due by the previous owner
2. sale of remaining assets
3. resolution of the Department of Labour review regarding holiday pay
4. Receivers review of the PAYE situation.
5. miscellaneous matters that arise from creditor enquiries
6. settle preferential creditors with any remaining balance to GSA holder
7. normal statutory requirements
8. finalise the Receivership (anticipated within the next reporting period unless any legal matters delay proceedings).



Thomas Lee Rodewald
Joint Receiver and Manager



Kenneth Peter Brown
Joint Receiver and Manager

Eurotech Audio Limited (In Receivership)**APPENDIX 1****Receipts and Payments from 5 June 2009 to 5 December 2009****GST exclusive**

Receipts	\$	\$
GST on income	60,804.98	
Funds on hand pre receivership	25.13	
Debtors	235,141.17	
Interest received	505.90	
Insurance refund	8.80	
Sale of assets	10,931.64	
Sale of stock	<u>381,049.73</u>	
		688,467.35

Payments

GST on expenses	36,780.28	
Bank fees	15.00	
Advertising	35,789.01	
Commission on sale of assets	173.83	
GSA holder payment	50,000.00	
Electricity	490.52	
GST paid	7,559.06	
RWT on Interest	151.46	
Insurance	3,051.57	
Legal fees	42,978.46	
Wages NZ	79,552.11	
Wages Aus	5,985.65	
PAYE paid	20,426.50	
Mail redirection	111.11	
Preferential payment - wages and holiday pay	4,621.46	
Receivers fees	54,428.64	
Receivers Agent fees	66,397.74	
Rent	38,393.89	
Stock purchases	912.54	
Storage and removal	987.51	
Telephone & communications	9,199.61	
Courier	23,875.36	
Transport costs	8,570.81	
Valuation	900.00	
Eftpos	1,800.00	
Petty cash	135.10	
Rubbish	1,148.68	
Stationery	358.39	
Computer costs	<u>152.23</u>	
		<u>500,955.01</u>
Net Funds		\$ 187,512.34