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Receivers First Report on the State of Affairs Auckland Building Group Limited (In Liquidation) and (In Receivership) 'the company' as at 9 June 2017

Thomas Lee Rodewald was appointed as Receiver and Manager of the above company on the 4th day of April 2017 under the powers contained in a general security agreement dated 4 September 2015 which property 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.

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Events Leading up to Our Appointment

On 31 March 2017 David Thomas of Tauranga was appointed Liquidator without the BNZ being pre-advised of the appointment. After reviewing their position, the Bank of New Zealand appointed a Receiver.

Trading On/Closure of Business

On 31 March 2017 prior to the appointment of a Liquidator, the company ceased to trade and terminated the employment of all staff. At the time of ceasing to trade 9 contracts were in progress.

Work in Progress

Following a review of the contracts in progress, it was established that these had no goodwill value with the majority being in dispute.

Debtors and Retentions

The debtors ledger as at 31 March 2017 provided to the Receiver was inaccurate. A number of parties listed as being debtors, had in fact paid. March invoices had yet to be issued.

Based on the financial statements and March invoicing, debtors/retentions had a book value of approximately \$800,000.

The majority of debtors were in the process of disputing their debts at the time of receivership or subsequently have disputed the company claims.

The Receiver has worked through a number of disputes in conjunction with the company director/staff.

It is clear that the majority of the debtors ledger will not be collectable.

Related Parties

DD Construction Limited was recorded as owing approximately \$100,000 to the company, subsequent to the appointment of a Receiver this company has been placed into Liquidation with David Thomas also being appointed as Liquidator.

Asbestos Removal NZ Limited purportedly undertook asbestos removal work associated with the company. However, it was established that all debtors and creditors were dealt with by way of entry into the company books and records. In addition the bank account where Asbestos Removal funds were lodged, was in the name of the company. The Receiver has notified all Asbestos related debtors that they need to pay the company rather than Asbestos Removal NZ Limited.

Cladding Systems Limited is a related company, trading from the same location as the company on appointment of a receiver. Financial information indicates this company is a creditor, not a debtor, however a full investigation needs to be undertaken to confirm this.

Fixed Assets

A large number of items of plant and equipment have not been located. We have been advised by the company director the majority of these items have been stolen from work sites over the past couple of years.

We estimate approximately \$20,000 will be generated from the sale of fixed assets.

Amounts Owing to the General Security Agreement Holder

Bank of New Zealand	\$ 306,216
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Specific Security Creditors

Ricoh Finance C/- Ricoh NZ Limited	97	
Bunnings Limited	6,341	
Viridian Glass GP Limited t/a Euroglass Auckland	7,429	
Heartland Bank Limited	65,148	
Woodstar Limited	0	
Riteline Roofing Limited	528	
Carter Holt Harvey Ltd C/- CreditWorks Solutions L	42,530	
Dysart Timbers Limited	1,470	
Sopers MacIndoe & Banks LP	0	
Waikato Steel Fabricators Limited	33,123	
Composite Floor Decks Limited	0	
Continuous Spouting Auckland Limited	0	
Driveline Fleet Limited	0	
Stickland Building Supplies Ltd (Placemakers Waiheke)	940	
		\$ 157,609

Preferential Creditors

Employee wages claims	99,033	
Inland Revenue Department	<u>387,462</u>	\$486,495

Note: Not all IRD returns have been filed so it is possible their claim will be higher.

Unsecured Creditors

Twenty seven (27) creditors have filed claims totally \$414,173 to date. We estimate unsecured trade creditors are approximately \$750,000

Assets & Liabilities of the Company

We attach as **Appendix 1** a list of the assets and liabilities of the company at the date of appointment.

Receipts & Payments

We attach as **Appendix 2** a list of receipts and payments to 9 June 2017.

Way Forward

We expect to make a minor dividend payment to the General Security Holder. We are satisfied that any recovery from debtors/work in progress will be paid to preferential creditors. We will be handing collection of these proceeds to the Liquidator within the next 14 days.

We have also requested the Liquidator conduct a full investigation into the conduct of the director in view of the large deficit.

Information Provided by the Company

The director of the company has co-operated in making available the information required by the receivers to complete this report.



Thomas Lee Rodewald
Receiver and Manager

Appendix 1

**Statement of Assets & Liabilities for Auckland Building Group Limited (In Liquidation) and
(In Receivership) as at 4 April 2017**

		Estimated Realisable Value
<u>ASSETS</u>		
Accounts Receivable/Retentions		150,000
Fixed Assets		20,000
Vehicles		40,000
	Total Assets	\$210,000
<u>LIABILITIES</u>		
CHARGE HOLDERS		
General Security Agreements Per report		306,216
Specific Security Agreements Per Report		157,609
PREFERENTIAL CREDITORS		
Employees Per report		93,033
Inland Revenue Department Per Report		387,462
UNSECURED CREDITORS		
Trade Creditors	Estimated	750,000
IRD (Penalty & Interest)		54,668
Shareholder Current Account/Holiday Pay		657,201
Related Party Company		7,227
3 rd Party Loan		400,000
	Total Liabilities (est)	\$2,813,416
	Net Deficit	\$2,603,416

Note: The statement excludes any costs of receivership and liquidation

Auckland Building Group (In Liquidation)*Appendix 2***Receipts and Payments from 4 April 2017 to 9 June 2017****GST exclusive****Receipts**

GST on income	7,163.21	
Debtors	33,484.54	
Sale of assets	14,270.57	
	<hr/>	54,918.32

Payments

GST on expenses	7,023.20	
Advertising	59.13	
Commission on sale of assets	843.90	
Insurance	325.52	
Legal fees	10,203.17	
Liquidators fees	2,457.47	
Receivers fees	31,149.49	
Telephone	50.00	
Transport costs	92.00	
Sundry Purchases	1,640.56	
	<hr/>	53,844.44

Net Funds

\$ 1,073.88
