



McDonald
Vague

business recovery partners

STEWART SCOTT CABINETRY LIMITED (IN RECEIVERSHIP AND IN LIQUIDATION)

Receivers' Third Report

McDonald Vague Limited

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1 INTRODUCTION AND APPOINTMENT

Boris van Delden and Keaton Pronk, Licensed Insolvency Practitioners of Auckland, were appointed jointly and severally as receivers of the property of Stewart Scott Cabinetry Limited (In Receivership) ("the company") on 09 October 2020. The receivers were appointed under the powers contained within a General Security Agreement dated on the 4th November 2016 in favour of Kellow Trustees Limited, Marjorie Scott, Stewart Brian Scott, And Heather Dawn Wood, Jointly, As Trustees Of The Heather Wood And Brian Scott Children's Trust, Kellow Trustees Limited, Christopher Walkden Wood, And Heather Dawn Wood, Jointly, As Trustees Of The Wood Family Trust, Heather Dawn Wood And Stewart Brian Scott (Jointly And Severally Secured Creditor(s)).

Stewart Scott Cabinetry Limited was placed into liquidation by the High Court at Auckland pursuant to Section 241(2)(c) of the Companies Act 1993 ("the Act") on 23 October 2020. Elizabeth Helen Keene and Vivian Fatupaito, of Auckland, were appointed as joint and several liquidators of the company.

Pursuant to section 24 of the Receiverships Act 1993 ("the Act"), the receivers report herewith on the progress of the receivership. This third report should be read in conjunction with the receivers' previous report(s).

A statement of Realisations and Distributions is **attached**.

2 RESTRICTIONS

This report has been prepared in accordance with Section 24 of the Act. Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever to any party as a result of the circulation, publication, reproduction or use of this report.

We reserve the right (but are under no obligation) to review and, if we consider necessary, revise this report in respect of any information existing at the date of this report which becomes known to us after that date.

3 CONDUCT OF THE RECEIVERSHIP DURING THE PRECEDING SIX MONTHS

Following our appointment, the Receivers continued to trade the business with the view of selling it as a going concern. The sale of the business did not eventuate, and the business was wound down in January 2021. The assets of the business were sold at auction and the site vacated. All physical assets have been dealt with.

All outstanding debtors have now been collected and work in progress completed.

Asset Realisations

- **Debtors** **(Statement of Affairs: \$31,936)**
- **Work in Progress** **(Statement of Affairs: \$151,612)**
 - The Receivers traded on the business from the date of appointment to January 2021. Over this time the outstanding Work in Progress was completed, and Outstanding Debtors collected recovering \$726,451.
- **Pre-Receivership GST Refund**
 - The Receiver has finalised pre-receivership GST returns and filings. GST of \$57,698 has been recovered from these returns.
- **Related Party Receivable** **(Statement of Affairs: \$235,530)**
 - Demand has been made in relation to the Related Party Receivable. To date \$93,463 has been received of this debt, the balance remains outstanding. Formal demand has been made for the debt to progress this matter.
- **Stock** **(Statement of Affairs: \$redacted)**
- **Vehicles** **(Statement of Affairs: \$redacted)**
- **Property, Plant and Equipment** **(Statement of Affairs: \$redacted)**
 - All assets of the business were sold at auction in February 2021 and the site vacated. \$132,873 was recovered from the sale of the assets.
- **Bank Account Balances** **(Statement of Affairs: \$538)**
 - As at the date of our appointment as Receivers there were no funds available in the company bank account.
- **Shareholder Current Account** **(Statement of Affairs: \$487,633)**
 - The Receivers have made demand on the shareholders for their overdrawn current accounts. The shareholders have subsequently adjudicated themselves bankrupt.
 - Heather Wood was adjudicated bankrupt on 31 August 2021
 - Brian Scott was adjudicated bankrupt on 10 August 2021
 - Creditor claims have been filed in both bankruptcies. The Official Assignee has advised that a distribution may be forthcoming from the bankruptcy of Brian Scott in mid-2022.

4 PROPOSALS FOR DISPOSAL OF RECEIVERSHIP PROPERTY

The Shareholder Current Account remains outstanding, the Receiver will await the outcome of the Official Assignees investigations into the bankrupt estate and whether a distribution will be made to creditors of the bankruptcy.

The Related Party Receivable has not yet been realised in full. A formal demand has been issued and enforcement steps will be progressed if non-payment continues.

There is a separate third-party claims that are being reviewed by the Receivers.

5 CREDITORS' CLAIMS

5.1 Secured Creditors

At the date of this report the amounts due to our appointer were as follows:

Term loan accounts, accrued interest and overdue principal on 09 October 2020	\$1,322,529
Less distributions from receiver	-0.00
Balance outstanding	<u>\$1,322,529</u>

Distributions were made to a number of secured creditors with valid PMSI claims over the assets of the business:

Applico Limited	\$532
Acero	\$14,201
Burns & Ferrall	\$3,758
Fleet Partners	\$50,101

5.2 Preferential Creditors

At the commencement of the receivership, the following amounts were owed to preferential creditors.

Employees Claims – Wages, Holiday Pay and Redundancy	\$83,349
Inland Revenue	\$832,814
Total	<u>\$916,163</u>

At this time employees have received payment of \$39,592 towards their preferential employee claims. No payments have been made to other preferential creditor claims.

From the remaining assets initial estimates suggest that employees will receive payment of their preferential claims in full and a distribution will be made to Inland Revenue Department for their preferential claim.

5.3 Unsecured Creditors

As at the date of preparing this report 50 unsecured creditors claim forms have been received which total \$2,192,000.

The Receivers are not responsible for the administration of unsecured creditors' claims, however, it appears unlikely that there will be surplus funds available for unsecured creditors.

6 MATTERS DELAYING THE COMPLETION OF THE RECEIVERSHIP

The following matters are outstanding:

- Recovery of the Shareholder Current Account
- Recovery of the Related Party Receivable
- Recovery of the Third-Party Claim

7 ESTIMATED DATE OF COMPLETION

The receivers estimate completing the receivership within the next two years.

8 CONTACT DETAILS

Enquiries should be directed to Keaton Pronk on DDI +64 (9) 969 1518 or by email to kpronk@mvp.co.nz.

The Receivers can be contacted at:

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Boris van Delden (Licence No: IP57)
RECEIVER

Dated this 17th day of November 2021

Realisations and Distributions		
Stewart Scott Cabinetry Limited (In Receivership)		
9 October 2020 to 10 October 2021		
		10/10/2021
Realisations		
Debtors & WIP Completed		726,451
Pre-Receivership GST Refund		57,698
Related Party Receivable		93,463
Sale of Assets		132,873
Total Realisations		1,010,485
Payments		
Receiver's Fees		
Liquidators Fees		223,720
Disbursements		448
Total Receiver's Fees		224,168
Other Costs of Receivership and Trading On		
Auctioneer/Commission Charges		25,532
Bank Fees		90
Legal Fees		4,278
Trading on Suppliers		388,641
Wages and PAYE		228,134
Total Costs of Receivership and Trading On		646,674
Distributions		
PMSI Secured Creditor		68,592
Preferential Wages and Holiday Pay		39,565
Preferential GST and PAYE		-
General Security Agreement Holders		-
Total Distributions to Creditors		108,158
Total Payments		978,999
BALANCE HELD		31,486