

# Receivers' Second Report



**NZF Money Limited  
(In Receivership) ("the Company")  
Company No. 868536**

30536

16 March 2012

## Introduction

Grant Robert Graham and Brendon James Gibson were appointed Joint and Several Receivers and Managers of the assets and undertakings of the abovenamed company on 22 July 2011 pursuant to a Debenture Trust Deed dated 21 October 1999 granted in favour of Covenant Trustee Company Limited ("the Trustee").

This report covers the period 22 July 2011 to 21 January 2012.

## Restrictions

This report has been prepared by us in accordance with and for the purposes of Section 24 of the Receiverships Act 1993 ("the Act"). It is prepared for the sole purpose of reporting on the state of affairs with respect to the property in receivership and the conduct of the receivership. In compiling this report we have relied on the accuracy of all relevant information provided by the Company. While all care and attention has been taken in compiling this report, we do not accept any liability whatsoever arising from this report.

All information contained in this report is for the confidential use of the parties to which it is provided, in accordance with Sections 26 and 27 of the Act and is not to be disseminated or passed to any other person without prior written authority or in accordance with the law.

## Commentary

### Background

- The Company was incorporated on 27 August 2007 and traded as a finance company providing commercial and residential loans. The Company traded from leased premises in Auckland.
- Due to an anticipated breach of the Debenture Trust Deed, the Directors asked the Trustee to appoint Receivers in order for the loans of \$28.3 million (before deduction of bad debt provisions) to be recovered.
- The following recoveries have been achieved during the period:
  - \$2.2 million in repayments from borrowers.
  - Inter-company debts of \$283k have been paid in full.

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- A Subordinated Note has been sold for \$900k.
- Fixed assets of \$5.5k have been realised.
- 20 loans with a face value of \$27 million remain outstanding and collection from borrowers is continuing.
- It is apparent from the Receivers investigations that the NZF loan book was significantly overvalued as at the date of receivership and that the loan book contained a significant level of unrealised bad debts.
- Accordingly the level of recoveries achieved will be well below the face value of the loan book.
- At the date of receivership Debenture holders were owed approximately \$16.4 million.
- Preferential employee entitlements of \$33k have been paid in full.
- The Inland Revenue have a preferential entitlement totalling \$550.23.
- Hillview Trust claims an interest in the proceeds of certain loans in priority to the Trustee's interest. The Receivers do not yet agree Hillview Trust's claim is valid.
- Based on our preliminary estimates we have advised debenture holders we expect they will be repaid between 25% and 42% of the amount they were owed. We believe that it is extremely unlikely there will be a return to unsecured creditors.



G R GRAHAM  
Joint Receiver

**NZF Money Limited**  
**(In Receivership)**

Statement of Receipts & Payments  
From 22 July 2011 to 21 January 2012

	\$
<b>Receipts</b>	
Bad debts recovered	2,448.12
Cash at bank at date of appointment	427,578.52
Commissions received	4,483.79
Interest received	44,299.25
Intercompany repayments	283,319.43
Loan repayments	2,208,447.85
NZF Subordinated Note repayment	900,000.00
Sales – assets	5,500.00
Sundry receipts	254.44
<b>Total Receipts</b>	<b>3,876,331.40</b>
<b>Payments</b>	
ACC	44.37
Advertising	370.47
Bank charges	133.25
Employee preferential claims	35,001.46
FBT	517.04
Insurance	219.93
Legal costs	196,503.84
Lien	40,250.00
Management fees	5,000.00
Other Expenses	6,528.35
Postage	1,071.27
Printing and stationary	2,379.32
Receivers remuneration	297,668.39
Recharges to loans	201,585.59
Salaries & wages	8,658.98
Software	700.00
Storage	3,138.92
Telephone	184.83
Trustee fees	\$44,571.88
<b>Total Payments</b>	<b>844,527.89</b>
<b>Net Cashflow</b>	<b>3,031,803.51</b>