

## **THE TRADITIONAL BAGELS BAKERY LIMITED (IN RECEIVERSHIP)**

### **Receivers' First Report on the State of Affairs**

#### **Pursuant to Section 23 of the Receiverships Act 1993**

#### **Company Number 909374**

### **Introduction**

Andrew David Turner and Gareth Russel Hoole were appointed joint receivers of The Traditional Bagels Bakery Limited (In Receivership) (Trading as Wofem Bagels) ("the Company") by Fabri-cell International Limited ("the Appointer"), on the 3<sup>rd</sup> of March 2010 under the powers contained within a Loan and Security Agreement dated 14 September 2005.

This report has been prepared by the Receivers in accordance with and for the purpose of Section 23 of the Receiverships Act 1993.

### **Restrictions and Disclaimers**

The report 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 the Receivers have relied on the accuracy of all relevant information provided by the management of the Company. Whilst all care and attention has been taken in compiling this report, the Receivers, Staples Rodway Limited, its employees and its agents do not accept any liability whatsoever arising from this report.

This report is not intended for general circulation and all information contained in it is for the confidential use of the parties to whom it is provided in accordance with Sections 26 and 27 of the Receiverships Act 1993. This report is not to be disseminated or passed on to any other party without the Receivers' prior written authority or as may be required by law.

The financial particulars included in this report have been prepared from the Company's records and information supplied to the Receivers by the Company and its director. In preparing the particulars the Receivers have not carried out anything in the nature of an audit or other verification procedure.

The Receivers reserve the right (but will be under no obligation) to review the contents of this report and, if considered necessary, to revise the report in light of any information which becomes known to the Receivers at a subsequent date.

## Events Leading To Appointment

The Company operated a bagel factory in Mt Roskill, Auckland and had several significant supply contracts. One of the major contracts had been reduced significantly and was likely to be terminated. As a result of that development, the factory was not being operated at full capacity and cashflow was reduced.

There was a dispute between the director of the Company and the Appointer regarding the terms of the loan contract. Due to this dispute and the reduced cashflow of the Company, the Company failed to make the necessary loan repayments under the terms of the loan and security agreement.

During the week prior to the appointment of the Receivers, the director dismissed all the Company's employees and advised all customers that due to machinery failure they were unable to continue to supply under their contracts.

## Particulars of the Assets Comprising the Property in Receivership

The property in Receivership comprises all of the assets and undertakings of the company. At the date of the appointment of the receivers, those assets comprised:

- Factory plant and equipment
- Office furniture, fittings and equipment
- Outstanding debtors

## Particulars of Debt and Liabilities Currently Outstanding and Requiring to be Satisfied from the Property In Receivership

- |  |           |
|--|-----------|
| • Due to <b>Fabri-cell International Limited</b> secured by priority ranking<br>General Security Agreement   | \$39,541  |
| • Due to former staff in respect of holiday and redundancy pay and<br>ranking as a preferential debt pursuant to the 7 <sup>th</sup> Schedule of the<br>Companies Act 1993 | \$15,145  |
| • Due to Inland Revenue Department and ranking as preferential debt<br>pursuant to 7 <sup>th</sup> Schedule of the Companies Act 1993                                      | \$89,129  |
| • Due to unsecured creditors (approximately)   | \$128,903 |

## Conduct of the Receivership

The Receivers canvassed the customers of the Company in an attempt to restore the business operations. These discussions were unsuccessful as all customers had already established alternative channels of supply.

As the Receivers were not able to reopen the factory, there was no possibility of marketing the business for sale as a going concern.

The Receivers contacted all known bakeries within the Auckland area and offered the plant and equipment for sale via a tender process. All plant, equipment, furniture and fitting were sold via that process.

The Receivers have successfully collected all of the pre-receivership debts owed to the Company and a portion of these funds have been utilised to repay all outstanding wages and holiday pay to the former employees of the Company.

### **Proposals for Disposal of Receivership Property**

At the time of preparation of this report, the Receivers were in discussions with the priority ranking preferential creditor to assign the rights to collect an outstanding amount due to the Company by order of the Court. This amount is being paid in instalments and the Receivers are in the process of assigning the rights for collection to avoid additional administration costs being incurred in the receivership.

### **Amounts Likely to be Available for Payments to Unsecured Creditors**

The Receivers regret to advise that there will be no funds available for distribution to unsecured creditors.

### **Information Provided By the Company**

The Director of the Company co-operated fully in making available the information required by the Receivers to complete this report.

Dated this 18th day of May 2010.



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Gareth Russel Hoole  
RECEIVER



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Andrew David Turner  
RECEIVER

| <b>The Traditional Bagels Bakery Limited (In Receivership)</b> |        |        |               |
|--|--------|--------|---------------|
| <b>STATEMENT OF RECEIPTS AND PAYMENTS</b>                      |        |        |               |
| <b>AS AT 18 MAY 2010</b>                                       |        |        |               |
| <b>RECEIPTS</b>  |        |        |               |
| Capital Sales  |        | 40,000 |               |
| Cash at Bank on Appointment                                    |        | 1,118  |               |
| Debtor Receipts  |        | 55,570 |               |
|  |        |        |               |
| <b>Total Receipts</b>  |        |        | <b>96,689</b> |
| <b>PAYMENTS</b>  |        |        |               |
| <i>Receivership Fees and Costs</i>                             |        |        |               |
| Receivership Fees  | 25,785 |        |               |
| Rent/Utilities   | 220    |        |               |
| Sundry Costs   | 184    |        |               |
|  |        |        |               |
|  |        | 26,190 |               |
|  |        |        |               |
| Interim Distribution to Secured Creditors                      | 10,000 |        |               |
| Distribution to Preferential Creditors                         | 15,204 |        |               |
|  |        |        |               |
|  |        | 25,204 |               |
|  |        |        |               |
|  |        |        | 51,393        |
|  |        |        |               |
| <b>Receivership Funds Available for Distribution</b>           |        |        | <b>45,295</b> |