

# Receivers' Second Report



**Mutual Finance Limited (In Receivership)**  
**("the Company")**  
**Company No: 855747**

30490  
11 March 2010

## Introduction

Grant Robert Graham and Brendon James Gibson were appointed Joint and Several Receivers and Managers of the assets and undertakings of the Company on 14 July 2010 pursuant to a Debenture Trust Deed dated 19 August 2002 granted in favour of Covenant Trustee Company Limited ("the Trustee").

## Restrictions

This report has been prepared by us in accordance with and for the purposes of Section 24 of the Receiverships Act 1993. 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 Receiverships Act 1993 and is not to be disseminated or passed to any other person without prior written authority or in accordance with the law.

## Commentary

- The Company was incorporated in May 1997 and traded as a finance company providing commercial and consumer loans. The Company traded from leased premises in central Auckland.
- Due to a breach of the Debenture Trust Deed, the Trustee appointed Receivers in order for the loans of \$8.2 million to be recovered and other assets (comprising two properties in New Plymouth and Cable Bay, a debtors ledger of \$396k and minor office furniture and equipment) to be realised.
- After review of these loans, we have provided a preliminary estimated recovery of between 40 and 53 percent of the amount owing to the secured debentureholders.
- The Company's investors qualified under the Crown's Retail Deposit Guarantee Scheme. Treasury has confirmed all investors have now been repaid.
- As at the date of appointment the preferential liabilities comprised employee holiday entitlements of \$8k (gross) which have now been paid. At this time we have yet to receive a claim from the Inland Revenue Department.

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[nz@kordamentha.com](mailto:nz@kordamentha.com)  
[www.kordamentha.com](http://www.kordamentha.com)

### New Zealand

Level 16, 45 Queen Street  
Auckland 1010

PO Box 982, Shortland Street

Auckland 1140

Office: +64 9 307 7865

Fax: +64 9 377 7794

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- From the Company records and claims received to date, we estimate that the total unsecured creditor liability is circa \$161k. Again, we have yet to receive a claim from the Inland Revenue Department which is likely to increase the current unsecured claims.
- Based on our preliminary estimates, we believe that it is extremely unlikely there will be a return to unsecured creditors.



B J GIBSON  
Joint Receiver

**Mutual Finance Limited**  
**(In Receivership)**

Statement of Receipts & Payments  
From 14 July 2010 to 13 January 2011

	\$
<b>Receipts</b>	
Cash at bank at date of appointment	50,740.78
Interest received	7,572.51
Loan interest	29,246.58
Loan repayments	1,713,370.56
Loan suspense	5,000.00
Rental income	10,400.00
Sales – assets	33,144.86
<b>Total Receipts</b>	1,849,475.29
<b>Payments</b>	
Bank charges	436.73
Company searches	31.53
Consultancy fees	15,795.48
Council fees	3,572.86
Electricity	428.39
Employee preferential claim	8,181.79
Legal costs	51,610.27
Loan crawdowns	54,000.00
Loan management fee	38,319.14
Management fees	15,340.89
Office equipment rental	10,421.28
Rates	706.30
Receivers remuneration	220,906.51
Removal expenses	3,375.00
Rent	2,811.12
Salaries & wages	8,625.64
Software fees	5,291.45
Software	246.29
Storage	772.65
Sundry payments	2,359.20
Telephone	2,845.82
Travelling expenses	1,672.41
Trustee fees	61,878.29
<b>Total Payments</b>	509,629.04
<b>Net Cashflow</b>	1,339,846.25