



**ELITE AUTOMOTIVE 2015 LIMITED
(IN LIQUIDATION)
("Company")**

Company number: 5847148

New Zealand Business Number: 9429042070238

**Liquidators' Subsequent Report to Creditors and
Shareholders**



1. Introduction

Iain Bruce Shephard and Jessica Jane Kellow, Licensed Insolvency Practitioners of BDO Wellington, (Registration Numbers: IP71 and IP75 respectively) were appointed joint and several liquidators (“Liquidators”) of Elite Automotive 2015 Limited (“Company”) on 13 May 2021 at 8.30am by special resolution of the shareholders in accordance with section 241(2)(a) of the Companies Act 1993 (“the Act”).

In addition to our statutory obligations, we are also bound by the RITANZ Code of Professional Conduct (“Code”) when carrying out all professional work relating to our appointment as Liquidators.

In accordance with section 255 of the Act we are obliged to report to all creditors and shareholders on the conduct of the liquidation during the preceding six-month period. This report should be read in conjunction with our previous report pursuant to section 255(2)(d) of the Act.

2. Restrictions

This report is not intended for general circulation, nor is it to be reproduced or used for any purpose other than that outlined above without our written permission in each specific instance.

We do not assume any responsibility or liability for any losses occasioned to any party as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

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

3. Background

Elite Automotive 2015 Limited (In Liquidation) (“Company”) had been operating in Palmerston North servicing vehicles for over 5 years.

The Company purchased the business of “Elite Automotive” from another entity in 2015. The Company faced a number of initial issues which led it to fall behind with its taxation obligations. The turnover has improved in recent times, however, costs associated with relocation, staff retention, and personal grievance claims has seen the Company fall further in debt with Inland Revenue.

Inland Revenue served a statutory demand in February 2021 and following professional advice from the Company’s accountant, the shareholders decided to place the Company into liquidation.

4. Conduct of the Liquidation in the Reporting Period

4.1. Liquidation of the Company

The Liquidators advertised their appointment in the relevant publications and made a call for creditor claims. The Liquidators also directly contacted all known creditors and answered any queries they may have had. The Liquidators subsequently reviewed all completed creditor claim forms received.

The Liquidators have liaised with many parties including Inland Revenue, the Companies Office, the New Zealand Gazette and the Accident Compensation Corporation, and completed a review of all information received.

A new company, Elite Automotive 2021 Ltd, was incorporated by the directors for the purpose of acquiring the business of Elite Automotive from the Liquidators. We understand the appropriate successor notices have been issued.

The Liquidators visited the Company site to meet and interview the directors. The Liquidators also liaised with the employees to obtain their consent to transfer over their holiday pay entitlements to the new company, and with the NZTA to assist the new company get the approval needed to become an Authorised Inspecting Organisation.

4.2. Schedule of Receipts and Payments

Attached as **Appendix 1** is a schedule of receipts and payments for the six-month period.

Attached as **Appendix 2** is a remuneration schedule covering the duration of the liquidation.

4.3. Asset Realisations

Plant, Equipment & Vehicles

The fixed assets included vehicles, car hoists, and other mechanical equipment. The Liquidators sought a valuation from a registered valuer and were advised the value of the assets totalled \$35,000. The Liquidators entered into a sale and purchase agreement selling the assets of the Company to the new company. The last instalment is expected to be received on 2 December 2021.

Debtors

At the date of liquidation, the Company had an accounts receivable ledger of \$54,487. The Liquidators have recovered a total of \$33,057, with \$7,548 written off as unrecoverable. The liquidators will continue their attempts at recovering the remaining balance.

In addition to the above, there was also \$19,582 of debtors registered with Baycorp. Of that, \$1,879 has been received.

Creditor Claims

Secured Creditors

There were three secured creditors who supplied documentation supporting their security registrations.

- Westpac held a general security agreement over all assets of the Company. The guarantors to the Westpac debt elected to settle their guarantee and therefore subrogated into Westpac's position as secured creditors.
- Heartland Bank Ltd held a security over a 2020 Dyno-Mite Dynamometer. The Liquidators disclaimed interest in the item as there was no value over & above the debt owed to Heartland.
- Capricorn Society's held security over stock supplied and we understand they came to an arrangement with the new company.

Preferential Creditors

The Liquidators have received one preferential claim from the Inland Revenue for \$151,270.

Unsecured Creditors

The Liquidators have received two unsecured creditor claims totalling \$116,492.56. Inland Revenues claim comprises \$115,276.38 of the unsecured creditor claim total.

5. Statement of Affairs and Interests Statement

Attached as **Appendix 3** is the Statement of Affairs of the Company. The information provided at the date of liquidation was prepared based upon financial statements of the Company and independent valuation.

The revised statement of affairs considers asset realisations, creditor distributions and other liquidation costs to date. The information provided demonstrates our best understanding of the Company's position at this time given the information provided to the Liquidators and investigations that have taken place.

Attached as **Appendix 4** is an interests statement in accordance with section 255A and 255(2)(d)(ii) of the Act.

6. Further Proposals for Completing the Liquidation

The Liquidators propose to take the following further actions:

- continue to pursue debtor balances due to the Company;
- see out the remainder of the sale & purchase agreement; and
- comply with our statutory obligations.
- distribute available funds (if any) to preferential and unsecured creditors;

7. Estimated Date of Completion

It is not practical to estimate the date of the completion of the liquidation at this stage. Our subsequent reports to creditors will, when appropriate, advise of an estimated completion date.

8. Contact Information

If you require any further information, please direct enquiries to:

Matthew Pearn
DDI: (+64 4) 498 3871
Email: matthew.pearn@bdo.co.nz

BDO Wellington
PO Box 10-340
Level 1, Chartered Accountants House
50 Customhouse Quay
Wellington

Dated this 13th day of November 2021



JESSICA KELLOW
Liquidator

APPENDICES

Appendix 1 - Statement of Receipts and Payments

Elite Automotive 2015 Limited (In Liquidation)	
Summary of Receipts & Payments	
13 May 2021 - 11 November 2021	
	\$
RECEIPTS	
Accounts Receivable	33,057
Baycorp Accounts Receivable	1,879
Interest Received	1
Sale of Assets	34,148
Total Receipts	69,085
PAYMENTS	
Accountancy Fees	3,281
Bank Fees	235
Baycorp Collection Costs	326
Inland Revenue - GST Payments	786
Liquidation Costs and Disbursements	38,401
Preferential Employee Entitlement	9,026
Resident Withholding Tax	0
Secured Creditor Distribution	15,122
Valuation Fees	690
Total Payments	67,867
Cash on hand	1,218



Appendix 2 - Remuneration Schedule

Elite Automotive 2015 Limited (In Liquidation)

Remuneration Report - Period: 13 May 2021 - 13 November 2021

	Hourly Rate (\$)	Assets		Company Records		Creditors		Day One/Initial Tasks		Debtors		Employees		Financial	
		Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours
Partners	395 - 495	1,483.75	3.25	-	-	-	-	3,362.50	7.50	1,112.50	2.50	-	-	1,562.25	3.38
Managers	195 - 325	1,543.75	4.75	81.25	0.25	-	-	1,950.00	6.00	81.25	0.25	81.25	0.25	325.00	1.00
Analysts	110 - 295	975.00	8.75	112.50	1.00	55.00	0.50	82.50	0.75	170.00	1.50	55.00	0.50	1,332.17	11.63
Finance / Administration	195	-	-	-	-	48.75	0.25	-	-	4,338.75	22.25	-	-	4,095.00	21.00
Support Staff	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		4,002.50	16.75	193.75	1.25	103.75	0.75	5,395.00	14.25	5,702.50	26.50	136.25	0.75	7,314.42	37.01

	Hourly Rate (\$)	Admin/General		Litigation		On-Going Trading		Planning/Review		Secured Creditors		Reporting		Total	
		Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours
Partners	395 - 495	890.00	2.00	-	-	-	-	1,718.75	3.75	445.00	1.00	111.25	0.25	10,686.00	23.63
Managers	195 - 325	325.00	1.00	-	-	-	-	568.75	1.75	325.00	1.00	243.75	0.75	5,525.00	17.00
Analysts	110 - 295	1,086.84	9.27	-	-	-	-	445.08	3.72	357.50	3.25	1,032.50	9.00	5,704.09	49.87
Finance / Administration	195	4,582.50	23.50	-	-	-	-	-	-	195.00	1.00	-	-	13,260.00	68.00
Support Staff	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		6,884.34	35.77	-	-	-	-	2,732.58	9.22	1,322.50	6.25	1,387.50	10.00	35,175.09	158.50

Disbursements	Costs
Advertising	-
Miscellaneous	38.00
Overheads	-
Travel Costs	417.74
Total	455.74

Note: The hours and costs shown in the table above are the actual WIP totals to date. All totals are exclusive of GST. Payment of \$33,392.18 (excl. GST) has been received on account for both fees and disbursements.

Appendix 3 - Statement of Affairs

Elite Automotive 2015 Limited (In Liquidation)				
Statement of Affairs		Initial Report As at 10 November 2021		
	Notes	Book value*	Est. Recovery	Book value
Assets subject to specific charges				
Motor Vehicles		unknown	15,000	Nil
Less amounts due to PMSI holder		unknown	unknown	Nil
Surplus/(shortfall) for GSA/Debenture holder(s)		unknown	unknown	Nil
Plant & Equipment				
Plant & Equipment		unknown	unknown	Nil
Less amounts due to PMSI holder	1	(52,920)	unknown	Nil
Surplus/(shortfall) for GSA holder		unknown	unknown	Nil
Assets subject to GSA/Debenture				
Motor Vehicles		unknown	6,000	Nil
Plant & Equipment	2	38,531	13,650	852
Surplus from assets subject to specific charges		unknown	unknown	Nil
		unknown	unknown	852
Less amounts due to GSA holder	3	(20,000)	unknown	Nil
Surplus/(shortfall)		unknown	unknown	852
Assets available for preferential creditors				
Accounts Receivable	4	70,000	25,000	31,377
Surplus from assets subject to specific charges		unknown	unknown	852
		unknown	unknown	32,229
Less Preferential Creditors:				
Employees	5	(13,798)	unknown	Nil
Inland Revenue		(158,674)	unknown	(151,271)
		(172,472)	unknown	(151,271)
Surplus/(shortfall)		unknown	unknown	(119,042)
Less Unsecured creditors:				
Trade Creditors	6	(32,638)	unknown	Nil
Inland Revenue		(89,707)	unknown	(115,276)
		(122,345)	unknown	(115,276)
Overall surplus/(shortfall) for Creditors prior to costs of liq.		unknown	unknown	(234,319)

*Based on financial statements from the Company and independent valuation

The above amounts are subject to the costs of liquidation

Notes:

With reference to Section 4 of the report, the below notes explain the updated book values in the above statement of affairs.

- 1 This security was transferred to the shareholders new company.
- 2 As explained above, this figure is the balance to be received under the sale and purchase agreement.
- 3 The shareholders assumed the liability of the debt in their personal capacity.
- 4 This figure reflects the remaining balance of the accounts receivable ledger, including the balance of debtors registered with Baycorp.
- 5 Preferential employee entitlement claims were assumed by the new company.
- 6 No claims have been received to date.

Appendix 4 - Interests Statement

(Pursuant to section 255A of the Companies Act 1993)

This Interests Statement is to be read in conjunction with the Liquidators' previous Interests Statement in their previous report.

We, Iain Bruce Shephard and Jessica Jane Kellow, Licensed Insolvency Practitioners of BDO Wellington, (Registration Numbers: IP71 and IP75 respectively), declare that:

- We have made the appropriate inquiries that are required for ensuring that this Interests Statement is complete; and
- Since the date of our previous Interests Statement, we confirm that we have not become aware of any additional circumstance, relationship, or other fact that creates, or could reasonably be perceived as creating, a conflict of interest in relation to the independence of our role as Liquidators.

DATED this 13th day of November 2021



IAIN BRUCE SHEPHARD
Liquidator
Licensed Insolvency Practitioner
Registration Number: IP71



JESSICA JANE KELLOW
Liquidator
Licensed Insolvency Practitioner
Registration Number: IP75