



McDonald
Vague

business recovery partners

**Mayhew Industries Limited
(In Liquidation)
Trading as: 360 Fitness**

**Liquidators' Second Report
For the period from 7 February 2019 to 6 August 2019**

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1 INTRODUCTION AND APPOINTMENT

Peri Micaela Finnigan and Boris van Delden, CAANZ Accredited Insolvency Practitioners, of Auckland, were appointed as joint and several liquidators of Mayhew Industries Limited ("the company") on 7 February 2019.

Pursuant to Section 255(2)(d) of the Companies Act 1993 ("the Act"), the liquidators herewith report on the progress of the liquidation. This second report should be read in conjunction with the liquidators' previous report. This report is being sent to all shareholders and all creditors who have filed a claim in the liquidation.

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

2 RESTRICTIONS

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 LIQUIDATION DURING THE PRECEDING SIX MONTHS

Tangible and intangible assets

The company operated as a fitness centre, offering weight and cardio training, and an indoor soccer field. Upon our appointment we commissioned an asset auction valuation, from which it was clear that to maximise realisable value, it would be preferable to sell the business as a going concern.

We managed staff and continued operating the business whilst dealing with various potential purchasers. In the end no parties were prepared to place offers. There were various reasons for this.

Firstly, the floor area was too large to suit the business models of well-known corporate franchises, and rent therefore too high for them, and for other interested parties. There were insufficient members to cover this rent, and although membership numbers were growing, it was forecast that it would take a further six months to reach breakeven point, which was a risk no interested party was prepared to take. The issue was aggravated by the fact that the landlord did not wish to divide and sublet the space to other tenants. Secondly the premises were not well insulated, ventilated or airconditioned, which was not ideal as a fitness centre.

Finally, with mounting pressure from the landlord and lack of serious interest from purchasers, it was not economically viable to continue operations, and a neighbouring gym purchased most of the equipment above auction valuation and offered a discounted rate for members.

It must be noted that most of the valuable equipment of the fitness centre was subject to secured interests and was collected by the supplier subsequent to the liquidators' sale of other assets.

The directors cooperated and assisted through the above process, also handing over any company assets not located on the premises, which were then sold by public auction.

Debtors

The company's debts have been for the most part irrecoverable, consisting of very small individual amounts that have either been disputed or ignored. Due to the small individual amounts involved it is not economically viable to consider further recovery action.

GST Refund Recovered

A pre-liquidation GST credit was recovered of \$3,469.

4 INVESTIGATIONS

The liquidators have completed their investigations into the books, records and affairs of the company. There were no matters that came to the knowledge of the liquidators that could eventuate in a benefit to creditors.

5 CREDITORS' CLAIMS

5.1 Secured Creditors

Heartland Bank have received a distribution of \$13,500, and Toyota Finance \$1,137 in relation to their Secured Claims. De Lage Landen Limited recovered assets secured as listed in their financing statement on the Personal Properties Securities Register. There will not be any surplus arising from realisation of these assets.

5.2 Preferential Creditors

There have been no funds available for distribution to preferential creditors such as staff who are owed holiday pay.

5.3 Unsecured Creditors

As at the date of preparing this report ten unsecured creditors claim forms have been received which total \$257,991. In the interests of minimising liquidators' fees, the liquidators have not attended to the formality of accepting or rejecting creditors' claims as they have not been in a position to pay a distribution.

6 FUNDS / LIKELY OUTCOME

There will be a short fall on the amount due to the General Security Agreement holder. Therefore, at this stage the liquidator does not anticipate paying a distribution to unsecured creditors.

7 MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION

There are no further matters outstanding and the liquidators will now proceed to finalise the liquidation.

9 CONTACT DETAILS

Enquiries should be directed to Dalwyn Whisken on DDI (09) 969 5336 or by email to dwhisken@mvp.co.nz.

The Liquidators can be contacted at:

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BORIS VAN DELDEN
LIQUIDATOR

DATED this 02 day of October 2019

Realisations and Distributions

Mayhew Industries Limited (In Liquidation) T/as 360 Fitness
7 February 2019 to 6 August 2019

06/08/2019

Realisations

Debtor Recoveries	29
Trading on Receipts	3,965
Interest	1
Sale of Assets	37,752
Pre-liquidation GST refund	3,469
Total Realisations	45,216

Payments

Liquidators Fees

Liquidators Fees	16,356
Disbursements	510
Total Liquidators Fees	16,865

Other Costs of Liquidation and Trading On

Cost of Sales - Software Subscription	80
Cost of Sales - Building Security	147
Cost of Sales - Auctioneer Commission	3,750
Cost of Sales - Electricity	440
Cost of Sales - Occupational Rent	7,000
Cost of Sales - Wages and PAYE	1,590
Total Costs of Liquidation and Trading On	13,007

Distributions

Secured Creditor - Heartland	13,500
Secured Creditor - Toyota Finance	1,137
Total Distributions	14,637

Total Payments	44,509
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BALANCE HELD	707
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