

ELE Limited (In Receivership & In Liquidation)

Company number: 2395759

NZBN: 9429031683548

Receivers' six monthly report

Reporting period: 20 December 2023 to 20 June 2024

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On 20 December 2023 at 7.15am, David Webb and Robert Campbell, licensed insolvency practitioners (registration numbers: IP60 and IP145, respectively), were appointed joint and several receivers and managers (**Receivers**) of all present and after acquired personal property of ELE Management Limited (In Receivership) (**Company**) under the terms of a General Security Agreement (**GSA**) dated 7 April 2015 and 2 October 2015 in favour of the Bank of New Zealand (the Bank).

We were also appointed as Receivers of the following entities:

- ELE Holdings Limited
- ELE Management Limited
- Tranzport Solutions Limited
- RISQ New Zealand Limited
- ELE Security Limited (on 7 March 2024)

(the **Group**)

Receivers are required to be licensed insolvency practitioners. More information about the regulation of insolvency practitioners is available from the Registrar of the Companies. As licensed insolvency practitioners, we are bound by the RITANZ Code of Professional Conduct when carrying out all professional work relating to our appointment.

On 8 April 2024 by resolution of ELE Holdings Limited (In Receivership), as shareholder of the Company, Tony Maginness and Jared Booth, Licensed Insolvency Practitioners of Baker Tilly Staples Rodway, were appointed Liquidators. They were also appointed Liquidators of each of the above entities in the Group, apart from RISQ New Zealand Limited.

We have retired as Receivers of ELE Holdings Limited, Tranzport Solutions Limited and RISQ New Zealand Limited.

Restrictions

This report has been prepared by us in accordance with and for the purpose of section 24 of the Receiverships Act 1993 (**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.

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 written authority or in accordance with law.

In compiling this report, we have relied upon and not independently verified or audited information or explanations provided to us and we express no opinion on accuracy, completeness or reliability of the information or explanations.

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.

We do not accept any liability whatsoever arising from this report.

Certain information can be withheld by the Receivers if inclusion would materially prejudice the exercise of the Receivers' functions.

Property disposed of since the commencement of the receivership and date of previous report

The assets of the Company predominantly consisted of accounts receivable and fixed assets, namely motor vehicles.

The Company ceased to trade on the date of appointment. At this time, substantial work in progress had not been invoiced and as advised in our first report, with the support of various ELE staff employed by ELE Management Limited, this process was undertaken to invoice the work-in-progress and collect the proceeds.

Collection of the accounts receivable ledger has been a significant exercise, as circa 200 debtors had outstanding balances with the majority of debtors operating in the construction industry. A significant number of debtors have been unable to pay their outstanding balances on time, leading to a number of payment plans needing to be agreed. A number of debtors have also disputed the amounts owing per the books and records of the Company (which have required provision of supporting information, credit notes and invoices to be re-raised), or have been unable to pay. Where possible, the Receivers have pursued debt recovery action, agreed repayment plans or have pursued liquidation proceedings against several debtors that were insolvent.

As at the date of this report, the Receivers have collected approximately 85% of the total outstanding debtors in the Receivership.

The ELE Group held a trade credit insurance policy. A substantial amount was outstanding from three debtors for amounts invoiced prior to and after receivership. Due to non-payment by these debtors, the Receivers successfully petitioned for the liquidation of these companies and subsequently made claims under the insurance policy. Outside of the period covered by this report, one claim has been accepted with funds expected imminently, with two more claims currently pending.

The Company owned 30 vehicles which were uplifted by the Receivers and sold by private treaty or auction. In some instances, it was necessary to engage third party collectors to uplift where the location of the vehicle was unknown and/or the party in possession of the vehicle was un-cooperative.

Proposals for the disposal of property in receivership

Collection of remaining debtors is ongoing, and we await collection of insurance proceeds.

Summary of amounts received and paid in respect of the receivership

A statement of the realisations and distributions for the Company since the commencement of the receivership is detailed in **Appendix A**. All amounts are GST exclusive.

The secured lender, by whom the Receivers were appointed, have received payment in full of its liability owed by the Group, through collection of debtors over which it had specific security and from other entities in the Group under guarantees provided.

As advised in our first report, there were in excess of 1,000 employees, owed c\$4.1m. To date we have been able to make an interim distribution to these employees of their entitlements of approximately \$1.3m (equating to 35 cents in the dollar - refer below for details regarding preferential creditors).

The Receivers are currently obtaining legal advice on the priority of distribution in respect of collections for work in progress that was invoiced as at the date of receivership.

Summary of all fees paid to the Receivers

A summary of the fees, allowances, reimbursements and other benefits paid since the commencement of the receivership are as follows:

	\$000 (excl. GST)
Fees	857
Reimbursements	11
Total	\$868

Details of amounts outstanding and likely to become available for payment

The amounts owed to secured creditors, at the date of this report, are summarised in the table below:

Secured creditor	\$000
Bank of New Zealand	0
Carters Building Supplies*	15
Bridgestone New Zealand Limited*	1
De Lage Landen Limited	7
Placemakers Christchurch Limited	0
Total secured creditors	\$23

*We are not aware of the realisation of secured assets by these creditors and have received no further communication from them. Amounts owing to them will potentially be unsecured claims.

The amounts owed to preferential creditors, at the date of this report, are summarised in the table below:

Name/description of creditor	\$000
Employee claims	2,800
Inland Revenue	1,632
Total preferential creditors	\$4,432

As stated above an interim distribution was made to employees in March 2024 of c. \$1.3m, leaving a balance outstanding of \$2.8m in relation to their preferential claims. A further distribution/s will be made to employees as funds are available, and any issues of entitlement to funds held are resolved. Due to the costs involved in distributing these funds, we have elected to wait until sufficient funds are available from ongoing collections to maximise the payment and not erode funds held with additional costs. We expect a further distribution to be made in the coming months.



Further information

Should you have any queries on the contents of this report please contact us at nzelegroup@deloitte.co.nz.

Dated: 20 August 2024

A handwritten signature in black ink that reads "Rob Campbell".

Rob Campbell
Receiver
Receiver and Manager
Personal liability excluded

Statement of realisations and distributions

Opening Bank Balance 20 December 2023	\$ 0
Realisations	
Debtors collected*	6,288,863
Sale of assets	658,121
Net interest	5,219
Other refund	9,258
Total Receipts	6,961,461
Distributions	
Insurance	56,144
Trading expenses	34,833
Cost of asset collection and sales	49,594
Bank fees	14
Legal fees	150,680
Receivers' disbursements	10,565
Receivers' fees	856,770
Distribution to employees	1,322,101
Distribution to secured creditor**	1,792,468
Intercompany trading cost reimbursement	155,185
GST nett	65,133
Total Payments	4,493,488
Closing Bank Balance 20 June 2024	2,467,973

*Excludes amounts paid directly to the secured creditor with a specific charge over accounts receivable.

**Excludes amounts received directly by the secured creditor with a specific charge over accounts receivable in repayment of its secured debt.

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