

**PUREAUDIO LIMITED (IN LIQUIDATION)
("Company")**

Company number: 2485901

New Zealand Business Number: 9429031537599

**Liquidators' Second 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 PureAudio Limited (“Company”) on 2 August 2021 at 4.07pm 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

PureAudio Limited produced high end, hand-made audio amplifiers since its incorporation in 2010. It was a small company where two of the shareholders ran most of its operations.

One of the shareholders who held most of the technical knowledge sadly passed away. This meant operations were ceased. The remaining shareholders attempted to sell the business or elements of the design to both local and overseas parties. Most parties found the product too difficult to manufacture.

After seeking professional advice, the shareholders have resolved to place the company into liquidation.

4. Conduct of the Liquidation in the Reporting Period

4.1. Liquidation of the Company

The Liquidators liaised with the Company’s shareholders to organise visits to the Company’s storage lock-up and workshop. The Liquidators assessed the remaining assets and catalogued them for any interested parties.

The Liquidators liaised with interested parties and identified a purchaser in Auckland. The remaining assets of value were removed from the storage lock-up and the Liquidators will sell these at auction. The balance of the assets were disclaimed as onerous.

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.

4.2. Schedule of Receipts and Payments

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

4.3. Asset Realisations

Equipment & Intellectual Property

The Liquidators have agreed to sell the Company's inventory, as well as a pick & place machine, and the schematics and circuit designs of a PureAudio product. The Liquidators sold these assets for \$11,500 including GST. These assets will be collected mid-February and payment will be made upon collection.

Proceeds from Pre-Liquidation Bank Account

The Liquidators received \$1,616.32 from the Company's bank account at the beginning of the Liquidation.

4.4. Creditor Claims

Unsecured Creditors

The Liquidators have received two unsecured creditor claims totalling \$17,534.

5. Statement of Affairs and Interests Statement

Attached as **Appendix 2** 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 as at 31 March 2020.

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 3** 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:

- look to sell the remaining assets from the storage lock-up at auction;
- distribute available funds (if any) to preferential and unsecured creditors;
- assessing other areas of potential recovery; and
- complying with our statutory obligations.

7. Estimated Date of Completion

We anticipate the liquidation will be completed within the next six months.

8. Contact Information

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

Matthew Pearn
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Email: matthew.pearn@bdo.co.nz

BDO Wellington
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Level 1, Chartered Accountants House
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Wellington

Dated this 3rd day of February 2022



IAIN SHEPHARD
Liquidator

Appendices

Appendix 1 - Statement of Receipts and Payments

Appendix 2 - Statement of Affairs

Appendix 3 - Interests Statement

APPENDICES

Appendix 1 - Statement of Receipts and Payments

PureAudio Limited	
Summary of Receipts & Payments	
2 August 2021 - 3 February 2022	
\$	
RECEIPTS	
Inland Revenue GST Refund	18
Interest Received	0
Proceeds Pre-Liquidation Bank Accounts	1,616
Total Receipts	1,634
PAYMENTS	
Liquidators Costs and Disbursements *	1,189
Resident Withholding Tax	0
Storage Facility Costs	275
Total Payments	1,464
Cash on hand	170

*There remains \$13,163.50 of Liquidators fees and disbursements yet to be invoiced.

Appendix 2 - Statement of Affairs

PureAudio Limited (In Liquidation) Statement of Affairs		Initial Report Book value*	Est. Recovery	As at 3 February 2022 Book value
	Notes			
Assets available for preferential creditors				
Inventory		\$43,000	unknown	\$11,500
Bank Accounts		\$1,616	unknown	\$1,616
		\$44,616	unknown	\$13,116
Less Preferential Creditors:				
IRD	1	(\$1,200)	unknown	-
		(\$1,200)	unknown	-
Surplus/(shortfall)		\$43,416	unknown	\$13,116
Less Unsecured creditors:				
Trade Creditors		(\$18,500)	unknown	(\$17,500)
		(\$18,500)	unknown	(\$17,500)
Overall surplus/(shortfall) for Creditors prior to costs of liq.		\$24,916	unknown	(\$4,384)

**Based on information provided by the director, and from financial statement for the year ended 31 March 2020.
The above amounts are subject to the costs of liquidation*

Notes:

- 1 This estimate was obtained from the director. Inland Revenue are yet to submit a claim in the liquidation.

Appendix 3 - 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 3rd day of February 2022



IAIN BRUCE SHEPHARD
Liquidator
Licensed Insolvency Practitioner
Registration Number: IP71



JESSICA JANE KELLOW
Liquidator
Licensed Insolvency Practitioner
Registration Number: IP75