

# LWR owes \$121m to creditors

By TINA LAW – Reported in *The Press* and on *stuff.co.nz* 14 July 2009

Lane Walker Rudkin Industries owes \$121 million to creditors, according to the receivers' first report.

Reports released yesterday on the company and seven fully-owned subsidiaries, also in receivership, say it is unlikely any funds will be available for unsecured creditors.

It was the first time the extent of the company's debt has been made public.

The bulk of the money, \$111.4m, was owed to Westpac. Staff were owed \$2m in holiday pay and redundancies, Inland Revenue Department, \$963,000 and unsecured creditors were owed \$6.7m. The reports state the figures are provisional, pending verification.

According to brief financial statements in the reports, there appears to be little money available for any creditors because only one of the seven subsidiaries shows a positive book value.

Joint receiver and manager Stephen Tubbs has strongly criticised the company's management.

**Inadequate governance** and financial reporting was one of the main reasons for the company's receivership, he said.

"The standard of financial reporting and **corporate governance** have, in our view, been inadequate for a company of this size and have been significant factors in the company's underperformance and entry into receivership," Tubbs said in the report.

He said through a spokesman said that he was continuing to look into **corporate governance and reporting**.

LWR was placed into receivership on April 28 and 186 workers, including 102 staff in Christchurch, were made redundant on May 14 and 15. About 85 staff were still working at the company's downsized operations in Christchurch.

National Distribution Union president Robert Reid said the statement from Tubbs was hard hitting.

LWR Industries Ltd is owned by Stirling Corporation, which is owned by Ken Anderson.

The only one of seven subsidiary companies to show a positive book value was Southern Alps Socks Ltd, which had total equity of \$2.1m. LWR Manufacturing Ltd had \$3.9m more liabilities than assets. LWR Sports International Ltd had \$3.4m more liabilities than assets and LWR Hosiery and Underwear Ltd had a negative equity of \$2.7m. LWR Manufacturing (Aust) Ltd and LWR Badger Industries had a negative equity of \$3.7m and \$780,339 respectively.

Tubbs said the figures had been prepared from the company's records and from information provided by management. The receivers had not carried out an audit and might need to amend the details.

NDU southern secretary Paul Watson said the 102 staff laid off in Christchurch had yet to receive any money and the union would be requesting a meeting with the receivers this week to get an update.

About 80 workers in the lower North Island had received 10 cents in the dollar owed in redundancy and holiday entitlements.