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LIQUIDATOR'S FIRST REPORT

(pursuant to section 255 of the Companies Act 1993)

to the Creditors and Shareholders of

CYTEWORX Limited (In Liquidation)

Gerard Hulst, Chartered Accountant of Auckland, was appointed Liquidator of the above company by pursuant to an order of the High Court at Auckland on 14 November 2002. The order was timed at 10.57 am.

The Liquidator takes no responsibility for any misinformation contained in this report that has been supplied by the company, its officers or other persons.

COMPANY INFORMATION

Company Number :	1008817
Date of Incorporation :	21 December 1999
Trading Address :	37 Anglesea Street, Ponsonby.
Type of Business :	Builders
Date trading ceased :	3 July 2002
Share Capital :	1,000 shares
Share parcels :	Carl John WEBBER 1,000 shares
Directors :	Carl John WEBBER
High Court Reference :	M1205-IM02
Petitioning Creditor :	The company was placed in Liquidation on the petition of The Commissioner of Inland Revenue for \$288,631.23 being GST, PAYE, SLED, Income Tax, Employers ACC and accrued penalties. Costs of \$1,820.00 plus disbursements of \$1,318.13 were awarded.

A statement of the company's financial position (assets and liabilities) at the date of liquidation is included with this report.

OBSERVATIONS

The company initially acted as a labour only to the construction industry. The company then expanded to include the supply of carpentry and concrete materials.

The company subcontracted to residential and commercial developments.

On 3 July 2002 the debenture holder (June Webber and Charles Webber) appointed Jurgen Herbke as receiver and manager of the business. The Receiver noted that there would be a shortfall to preferential creditors and no possible surplus for the debenture holder. The receivership concluded on 22 August 2002.

The Director has advised that in his opinion the company failed because debtors did not pay and there were quality issues.

COMPANIES WITH WHICH THE DIRECTOR HAS AN ASSOCIATION

A search of the Companies Office Internet site shows that Carl John WEBBER is a Director of Paperworx Limited.

FINANCIAL INFORMATION

The last set of financial accounts for the company were for the year ended 31 March 2000 and were completed by Hounsell Accounting Limited, Chartered Accountants.

Assets and Liabilities identified by the Liquidator are :

	Estimated Realisable Value
<u>Assets</u>	
Debtors *	\$195,000
<u>Liabilities</u>	
IRD – petitioning creditor costs	3,138
IRD – preferential claim	207,639
Secured Creditor – First - Debenture holder	125,811
Secured Creditor – Second Debenture holder #	unknown
65 x unsecured creditors	<u>380,576</u>
	<u>\$ 717,164</u>

* There is no degree of certainty that all debtors will be collected.

I have been unable to contact Philip Mills. His solicitor has advised that he no longer acts.

PROPOSALS FOR CONDUCTING THE LIQUIDATION

DISPOSAL OF ASSETS

The debtors will be collected in the normal course of business.

OTHER ACTIONS OF THE LIQUIDATOR

I will conduct an investigation into the affairs of the company;

- a) To determine the date of insolvency
- b) To determine the conduct of the Directors
- c) To establish whether the directors owe any money to the company and to pursue recovery thereof.
- d) To determine if there are any voidable transactions and to pursue recovery thereof.

ESTIMATED COMPLETION DATE

The administration is expected to be completed by 31 October 2003, subject to any court actions.

PROSPECT OF DIVIDEND

There will be no dividend to unsecured creditors.

NOTICE REGARDING MEETINGS

Having regard to the assets and liabilities of the company, the likely result of the liquidation and other relevant matters, the Liquidator considers in accordance with section 245 of the Companies Act 1993 that no meeting of creditors should be held at this time.

Consequently, a meeting of creditors will not be held unless within 14 days after receiving this notice a creditor gives notice in writing to the Liquidator requiring a meeting to be called.

LIQUIDATION COMMITTEE

At any time during the liquidation, any creditor may in writing request the Liquidator to call a meeting of creditors to consider whether a Liquidation Committee should be appointed, and if so, to choose the members of the committee.

A Liquidation Committee has certain powers set out in s315 of the Companies Act 1993, including to assist the Liquidator as appropriate in the conduct of the liquidation.

In the absence of a liquidation committee, the Liquidator will work closely with the petitioning creditor.

Gerard Hulst

Gerard Hulst

Liquidator

Dated this 6th day December 2002.

UNSECURED CREDITOR'S CLAIM

Section 304(1) Companies Act 1993

Cytworx Limited (In Liquidation)
P.O Box 6901 Wellesley Street, Auckland 1

Name and postal address of creditor in full:

Telephone Number:

Facsimile Number:

Amount Claimed:

\$

I, _____

(title if claim is not on behalf of an individual) _____
claim that the company was at the date it was put into liquidation indebted to the above named creditor for the amount claimed. We hold no security for the amount claimed.

PARTICULARS OF CLAIM			
Invoice Date	Invoice Number	Brief Description of Goods or Services Provided	Invoice Amount
<i>Attach separate sheet if space is insufficient</i>			

You are not required to attach any supporting documents at this stage, but you may attach them now, if you think it would expedite the processing of the claim. The liquidator may require the production of all documents.

WARNING: It is an offence under the Companies Act to make or authorise the making of, a claim that is false or misleading in a material particular knowing it to be false or misleading; or Omit, or authorise the omission from a claim of any matter knowing that the omission makes the claim false or misleading in a material particular.

Signed:

Date:

RESERVED FOR LIQUIDATOR'S DECISION

CLAIM ADMITTED FOR PAYMENT	OR	CLAIM REJECTED FOR PAYMENT
Preferential Claim	Ordinary Claim	Deferred Claim
\$	\$	\$
Signed Liquidator:	Dated:	