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LIQUIDATOR'S FIRST REPORT

(pursuant to section 255 of the Companies Act 1993)

to the Creditors and Shareholders of

IMPRESSION GROUP Limited (In Liquidation)

also known as M L PREPRESS LIMITED

Gerard Hulst, Chartered Accountant of Auckland, was appointed Liquidator of the above company pursuant to an order of the High Court at Auckland on 22 August 2002. The order was timed at 10.42 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

Date of Incorporation : 19 February 1999

Company Number : AK 946903

Trading Address : Level 1 / 160 Ponsonby Road

Type of Business : Prepress services.

Date trading ceased : July 2002

Share Capital : 100 shares *[note the discrepancy]*

Shareholders :

| | |
|----------------------|-----------|
| Jason Mark CATTERALL | 37 shares |
| Ivar KLAPPROTH | 38 shares |
| Brett PRAM | 38 shares |

Directors :

Jason Mark CATTERALL

Ivar KLAPPROTH

Brett PRAM

High Court Reference : M654-IM02

Petitioning Creditor : The company was placed in Liquidation on the petition of Jollands Callander.

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

OBSERVATIONS

The company changed its name from M L Prepress Limited to Impression Group Limited on 20 October 2000.

Brett Pram contacted me on 26 August 2002 to advise that he had been removed as a Director five months ago. He could not explain why the company had not notified the Registrar of Companies.

Jason Catterall made arrangements to meet with me on 3 September 2002. He failed to keep the appointment. A summons pursuant to section 261 of the Companies Act was served on Jason Catterall and he attended an interview at my office on 18th September 2002.

I am advised that the company was an intermediary in the printing industry. The company took paste up work and more latterly graphic files and converted these to printing plates or film.

Jason Catterall advised that in his opinion the company failed because the production department did not turn out quality work. As a result of poor workmanship the Directors had a falling out in February/March 2002 and Jason was left to run the company. He considered himself to be a sales and marketing person and not a production person. Jason explained that the company's main client withdrew from their contract, which had a severe impact on the company's future. Jason then formed an association with a designer and relocated the business to Kingsland. A difference of opinion meant that the new association was severed and the company ceased to trade.

Information available to the liquidator that was not disclosed by Jason Catterall is that

1. On 1 May 2002 Jason Catterall incorporated a new company called Protocol Group Limited.
2. On 31 May 2002 Jason Catterall advised customers that the Production Department had moved to Glenfield and that the Design Department had been incorporated into Protocol Group Ltd.
3. Upon my visit to the Production Department I was told that the production department was part of Protocol Group Limited.

My summary of the situation is that the business known as Impressions Group Limited (aka M L Prepress Limited) has been taken over by Jason Catterall and then "backed into" Protocol Group Limited. There appears to have been no consideration paid by Jason Catterall for the assets of Impression Group Limited.

Protocol Group Limited trades from Suite 5 – Level 1, 200 Victoria Street West, Auckland. When I visited the premises on 13 September 2002 I noted that the landlord had taped a Trespass Notice and a Property Law Act Notice to the door.

COMPANIES WITH WHICH THE DIRECTORS HAVE AN ASSOCIATION

An internet search of the Companies Office records shows that Jason Catterall is a Director of Protocol Group Limited.

FINANCIAL INFORMATION

The last set of financial accounts for the company was for the year ended 31 March 2001. These were completed by Accounting North Limited, Chartered Accountants. Jason Catterall is of the opinion that the accounts are not correct.

Assets and Liabilities identified by the Liquidator are :

| | Estimated Realisable Value |
|---|---------------------------------------|
| <u>Assets</u> | |
| Debtors (approx) | 70,000 |
| BBX – Barter credits | 20,000 |
| Fixed Assets (as per accounts at 31 Mar 01) | 128,519 |
| | <u>\$ 218,519</u> |
| <u>Liabilities</u> | |
| First Charge Debenture | 35,000 |
| Hire Purchase agreement | 79,000 |
| Preferential wages and holiday pay | 5,000 |
| Preferential PAYE & GST | 84,625 |
| 40 x unsecured creditors | 101,400 |
| | <u>\$ 305,025</u> |

PROPOSALS FOR CONDUCTING THE LIQUIDATION

DISPOSAL OF ASSETS

The BBX Barter credits will be turned into cash as economically as possible.

Any fixed assets that can be recovered will be sold by auction.

Debtors will be pursued 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 September 2003, subject to any court actions.

PROSPECT OF DIVIDEND

Given the following factors

1. The whereabouts of the assets and their ownership is in doubt.
2. On the assumption that Jason Catterall does not have any money to satisfy the purchase of the assets.
3. There is a debenture over the assets
4. Some assets may be subject to a hire purchase or other funding arrangement
5. The high preferential debt from the Inland Revenue Department

Then it is unlikely that there will be a dividend to the 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 19th day of September 2002.

UNSECURED CREDITOR'S CLAIM

Section 304(1) Companies Act 1993

Impression Group 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: | |