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LIQUIDATOR'S FIRST REPORT

(pursuant to section 255 of the Companies Act 1993)

to the Creditors and Shareholders of

PHIL WILLIAMS ENTERPRISES Limited (In Liquidation)

Gerard Hulst, Chartered Accountant of Auckland, was appointed Liquidator of the above company pursuant to an order of the High Court at Auckland on 5 December 2002. The order was timed at 11.07 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 : | 114641 |
| Date of Incorporation : | 2 July 1982 |
| Trading Address : | 30 Tironui Road, Takanini |
| Type of Business : | Textile Screen Printer |
| Date trading ceased : | May 2002 |
| Share parcels : | Philip WILLIAMS 900 shares Karen WILLIAMS 100 shares |
| Directors : | Philip Desmond WILLIAMS Karen WILLIAMS |
| High Court Reference : | M1234-IM02 |
| Petitioning Creditor : | The company was placed in Liquidation on the petition of The Commissioner of Inland Revenue for \$95,893.94 being goods and services tax, PAYE and income tax. Costs of \$1,820.00 plus disbursements of \$1,335.40 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 operated as a textile screen printer.

The company would screen print T-Shirts and then sell them at the local flea markets.

The IRD conducted a tax investigation on the company and assessed it for tax arrears.

The company then experienced a general down turn in work, which meant that it could not meet its tax obligations (both past and current).

The company's bank then put on pressure to have the borrowing reduced.

The director advised me that he took out a personal loan with another bank and refinanced the company's debt.

What happened in reality is that the assets of the company were transferred to Sublimation Screen Printers Limited. The proceeds of sale were used to settle the bank overdraft and selected creditors so that they would continue to trade with the new company.

Phil Williams also advised that the Sublimation Screen Printers Limited purchased two new machines under hire purchase from UDC finance. The finance agreements were put in the name of Phil Williams Enterprises Limited as UDC would only lend to a company with an established trading record, so Phil Williams gave UDC the March 2001 accounts for the company.

COMPANIES WITH WHICH THE DIRECTORS HAVE AN ASSOCIATION

An internet search of the Companies Office web site shows that :

Philip Desmond WILLIAMS is a current Director of Sublimation Screen Printers Limited

Karen WILLIAMS is not associated with any other company.

FINANCIAL INFORMATION

The last set of financial accounts for the company were for the year ended 31 March 2001 and were completed by Skipper Lay & Associates Ltd, Chartered Accountants.

Assets and Liabilities identified by the Liquidator are :

| | Estimated Realisable Value |
|----------------------------------|---------------------------------------|
| <u>Assets</u> | |
| Debtors | 5,181 |
| <u>Liabilities</u> | |
| IRD – petitioning creditor costs | 3,155 |
| IRD – preferential taxes claim | 46,297 |
| IRD – unsecured creditor claim | 49,597 |
| | <u>\$ 99,049</u> |

PROPOSALS FOR CONDUCTING THE LIQUIDATION

DISPOSAL OF ASSETS

The debtors will be followed up 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 December 2003, subject to any court actions.

PROSPECT OF DIVIDEND

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 9th day of January 2003.

UNSECURED CREDITOR'S CLAIM

Section 304(1) Companies Act 1993

Phil Williams Enterprises 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 |
|--------------|----------------|---|----------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

Attach separate sheet if space is insufficient

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: