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CHARTERED ACCOUNTANTS

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LIQUIDATOR'S FIRST REPORT

(pursuant to section 255 of the Companies Act 1993)

to the Creditors and Shareholders of

MKS 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 31 October 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 : AK 973742
Date of Incorporation : 11 August 1999
Trading Address : 85 Jervois Road, Herne Bay
Type of Business : Property Developer
Date trading ceased : November 2001
Share Capital : 200 shares
Share parcels : Richard John POTTON
and *jointly 200*
William Henry HAWKEN
Directors : Jonathan (Joe) Graham FORDHAM
High Court Reference : M1150-IM02
Petitioning Creditor : The company was placed in Liquidation on the petition of The Commissioner Of Inland Revenue for \$201,306.23 being GST and accrued penalties. Costs of \$1,820.00 plus disbursements of \$1,281.06 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 Director has advised that:

“The company was set up to purchase a block of land in Great North Road, Henderson. The purchase occurred in November 1999. The purchase price was to be \$1 million. \$50,000 was paid as a deposit and the balance was to be paid in February 2000.

The intention was to build approximately 60 residential units (four blocks of 15 units) on the site.

An architect was engaged to draw up some plans.

Harvey’s real estate and Paul Johnson of Ray White real estate were instructed to market the properties off the plan.

By February 2002 the company had failed to achieve the level of pre sales necessary to arrange mortgage finance. The vendor allowed the company an additional three months settlement.

By June 2002 the company had still failed to achieve the level of sales and consequently the vendor cancelled the agreement.”

At the interview with the Director Mr Fordham was:

1. Unable to advise the address of the property in Great North Road, Henderson.
2. Unable to advise the name of the vendor.
3. Unable to produce any documentation relating to the agreement to purchase the land.
4. Unable to produce the cancellation notice.
5. Unable to name the Architect that was engaged to draw up the plans.
6. Unable to produce any concept plans.
7. Unable to produce listing and marketing authorities with any real estate agents.
8. Unable to produce any evidence of any sales being achieved.

My own enquiries to date have revealed that:

1. No person by the name of Paul Johnson works or has ever worked for Ray White Real Estate –Henderson Branch.
2. Harvey’s Real Estate - Henderson (Now Harcourt’s) has no record of ever marketing properties on behalf of the company.

In August 2000 the company purchased a property in New North Road. This was held for one year and then sold.

COMPANIES WITH WHICH THE DIRECTORS HAVE AN ASSOCIATION

A search of the companies office web site shows that Jonathan Graham Fordham has been or is a Director of the following companies:

Alexandria Limited	resigned
Wintour Limited	resigned
San Dimas Limited	resigned
Williamsburg Enterprises Limited	current
Zambias Holdings Limited (In Liquidation)	resigned
Vines Management Limited (In Liquidation)	resigned
Sarsfield Limited	current
Jervois Trustee Company Limited	current
Jervois Forestry Limited	current
Coastal Estates Limited	current

FINANCIAL INFORMATION

The company has never produced financial accounts.

Assets and Liabilities identified by the Liquidator are :

	Estimated Realisable Value
<u>Assets</u>	
Nil	Nil
<u>Liabilities</u>	
IRD – as per creditor's claim	\$ 204,407.29

PROPOSALS FOR CONDUCTING THE LIQUIDATION

DISPOSAL OF ASSETS

There are no known assets to dispose.

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

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 21st day of November 2002.

UNSECURED CREDITOR'S CLAIM

Section 304(1) Companies Act 1993

MKS 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:	