

GERARD HULST & ASSOCIATES
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

MORROW HOTELS Limited (In Liquidation)

*previously trading as **The Grand Hotel, Helensville***

Gerard Hulst, Chartered Accountant of Auckland, was appointed Liquidator of the above company by special resolution of the shareholders at Auckland on 15th June 2001. The time of the resolution was 11.30am

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 :	22 September 1999	
Company Number :	AK 980381	
Trading Address :	1 Railway Road, Helensville	
Type of Business :	Hotelier	
Date trading ceased :	4 th June 2001	
Share Capital :	100 shares	
Shareholders :	Helen Joyce MORROW	50 shares
	Victor Leslie MORROW	50 shares
Directors :	Helen Joyce MORROW	

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

OBSERVATIONS

Victor Morrow began negotiations to purchase the lease of the Grand Hotel in August 1998.

Negotiations were completed and a sale and purchase agreement was entered into on 21 August 1999.

The purchase was made using vendor finance and that finance was secured by a debenture with quarterly instalments of principal.

On 5th June 2001 the landlord re-entered the premises for non-payment of rent. The rent has been in arrears since May 2000. Other obligations under the lease also remained unpaid. The landlord is having the assets valued. The notice of re-entry states that the valuation of the chattels will be first applied in reduction to outstanding lease obligations with any surplus being applied against the debenture. I have advised that this appears to be the wrong way round and the matter will be further investigated.

Information provided to me is that there have been no payments under the Debenture since the last payment on 27 June 2000.

The Director has advised that she suffered a heart attack in March 2000. During January 2001, Vic Morrow suffered a heart attack and the Morrows effectively turned over the day to day control of the establishment to Bruce and Christine Morrow.

On 5 June 2001 the Companies Office received a notice of the cessation of Karen Rose MALFAIT to hold office as a director of the company. The effective date of the cessation is recorded as 30 November 2000.

COMPANIES WITH WHICH THE DIRECTORS HAVE AN ASSOCIATION

The Morrows have advised that they are not involved with any other companies.

FINANCIAL INFORMATION

No financial information has been provided to me. I am not aware of any financial accounts having been produced.

Assets and Liabilities identified by the Liquidator are :

	Estimated Realisable Value
<u>Assets</u>	
Fixtures & Chattels (subject to debenture)	84,538
Stock	1,182
Debtors - approx	3,000
<u>Liabilities</u>	
Debenture	113,855
Lease obligations	74,223
Unsecured Creditors - estimate	30,000

PROPOSALS FOR CONDUCTING THE LIQUIDATION

DISPOSAL OF ASSETS

1. The fixed assets will be taken over by the landlord at valuation.
2. The landlord has agreed to purchase the stock on hand. An invoice will be sent.
3. The debtors will need to be reconciled to ensure that all moneys have been banked into the company's account.

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 past and present Directors
- c) To establish whether the shareholders 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 June 2002, subject to any court actions.

PROSPECT OF DIVIDEND

Unsecured creditors should not expect a dividend from the assets of the company.

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

Liquidator

Dated this 2nd day of July 2001.

UNSECURED CREDITOR'S CLAIM

Section 304(1) Companies Act 1993

Morrow Hotels 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:	