

Artz Hair Limited (In Liquidation)

Liquidators First Report

19th February 2008

1. Background

Artz Hair Limited (“the company”) was placed into liquidation by an order of the High Court on 11th day of February 2008, at 12.43pm. Kenneth Peter Brown and Robert James Neilson, Chartered Accountants of Tauranga, were appointed as Joint and Several Liquidators of the company. We detail below the Liquidators first report, for the information of creditors of the company.

2. Disclaimer

This report is not intended for general circulation, nor is it to be reproduced or used for any purpose other than that outlined above without written permission in each specific instance. The Liquidators do not accept any responsibility or liability for any damage or loss occasioned to any party as a result of the circulation, publication, reproduction or use of this report. In particular the Liquidators take no responsibility for any misinformation contained therein that has been supplied by the company, its officers or any other person. The report is also based upon information available at this date, and the Liquidators therefore reserve the right to review, and if necessary, amend the report.

3. Company Information

Trading Address: 15 Wharf Street, Tauranga
Type of business: Hairdressing Salon
Date trading ceased: 11th February 2008
Shareholders: Dionne Tracey Clarke
Directors: Dionne Tracey Clarke

4. Events leading to appointment of Liquidators

The director has advised the reason for the company went into liquidation was because the turnover has been insufficient to pay all creditors, including the Inland Revenue Department who petitioned the Court to place the company into Liquidation. The director had endeavoured to negotiate an arrangement with the Inland Revenue Department but left it too close to the hearing date resulting in the appointment proceeding.

5. Statement of Affairs

We attach as *Appendix I* a statement of the company's affairs as at the date of our appointment.

This has been prepared from information provided by a director of the company and the Liquidators are not yet able to express an opinion on the validity of that information.

6. Proposals for Conducting the Liquidation

The Liquidators are continuing to trade for a short period while they endeavour to sell the business as a going concern. There has been some interest and so the Liquidators will continue to negotiate with these interested parties hoping to achieve a sale.

In addition, the Liquidators will conduct an investigation of the company's books and records to establish if there are any potentially voidable and further to ensure that the director has complied with the duties and obligations imposed on her under the Companies Act 1993.

7. Estimated Date of Completion of Liquidation

It is not practicable to estimate the date of the completion of the liquidation at this stage.

Further reports will be issued after each six months of the liquidation with a final report when the liquidation is complete.

8. Creditors Meeting

We attach as *Appendix II* a list of Creditors.

No meeting will be held. The Liquidators dispense with holding a creditors meeting pursuant to section 243 of the Companies Act 1993 as the Liquidators believe the cost of holding such a meeting outweighs any likely benefit from it.

In accordance with Section 314 of the Companies Act 1993 a creditor or shareholder may request the Liquidators to call a meeting of creditors or shareholders at any time in the course of the Liquidation to vote on a proposal that a Liquidation Committee be appointed to act with the Liquidators. This request must be in writing.

The Liquidators may decline a request by a creditor or a shareholder to call a meeting on the grounds that:

- a) the request is frivolous or vexatious; or
- b) the request was not made in good faith; or
- c) the costs of calling the meeting would be out of proportion to the value of the company's assets.

The decision to decline a request may be reviewed by the Court on the application of any creditor or shareholder.

9. Creditors Claims

If your terms of trade with the company include reservation of title of goods supplied please contact Steph Harborne on (07) 571 6280. Suppliers of consignment or sale or return stock should also contact Steph.

Please complete and return the enclosed Unsecured Creditors Claim form by 28th March 2008. If you believe that you are a secured creditor please contact this office and the appropriate forms will be sent to you.

Completion of your claim should be given your urgent attention. If creditors do not lodge a claim with the Liquidators, they are not entitled to share in any distribution to creditors that may be made by the Liquidators.

10. Further Information

If you require any further information or if you have any information that will be of assistance to the Liquidators please contact Steph Harborne at our Tauranga Office.

Kenneth Peter Brown
Joint Liquidator

Statement of Affairs of
 Artz Hair Limited (In Liquidation)
 As at the date of the appointment of the Liquidators being
 11th February 2008

	<i>Book value \$</i>	<i>Estimated to realise \$</i>
Assets		
Cash on hand	48	48
Stock on hand	3,000	2,000
Goodwill	10,000	10,000
Fixtures, fittings and equipment	60,000	<u>30,000</u>
Estimated assets available to preferential creditors and unsecured creditors		42,048
Less preferential creditors:		
Employees' claims	2,079	
GST & PAYE	<u>23,000</u>	
		<u>25,079</u>
Estimated assets available to unsecured creditors		16,969
Unsecured creditors		<u>21,945</u>
Estimated surplus/(deficit) (subject to costs of liquidation)		<u><u>(4,976)</u></u>
Share capital		100

Disclaimer

This statement should be read in conjunction with the disclaimer on page one of the above Liquidators report and Rodewald Hart Brown Ltd have not audited the report and they, their directors or employees accept no liability to any other party in relying on the information presented. The purpose of the report is to give creditors of the company an indication of the financial position of the company as at the date of appointment of the liquidators.

*Rodewald Hart Brown Limited
 19th February 2008*

Creditors List

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As at the date of the appointment of the Liquidators being
11th February 2008

ACC
Affordable Advertising Ltd
Bartercard
Bay of Plenty Times
Cabellos Holdings Limited (In
Receivership)
Davines
Debt Recovery Group NZ Ltd
Focus on Property
Inland Revenue Department
Ingham Mora
Kale Print & Design
Keam & Associates
KNP Hair & Beauty Supplies
Loreal NZ Ltd
Novak Enterprises Ltd
NZ Driver Education Journal
Peg Holdings Ltd
Sabre Corporation
Steves Plumbing and Gas Co Ltd