

# **Chemical Resources Limited (In Liquidation)**

## **Liquidators First Report**

23 March 2007

### **1. Background**

Chemical Resources Limited (“the company”) was placed into liquidation by special resolution of the shareholders on the 12 March 2007 at 10.15am. Kenneth Peter Brown and Thomas Lee Rodewald, 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**

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### **3. Company Information**

Date of Incorporation:	17 February 1997
Trading Address:	76a Hunua Rd, Papakura
Type of business:	Storage, chemical retailer
Date trading ceased:	February 2007
Shareholders:	Wayne Vegar
Directors:	Wayne Vegar

#### **4. Events leading to appointment of Liquidators**

The company was trading as a storage operation along with a business selling chemicals for the treatment of timber.

The business was sold in January/February of 2007.

The business essentially involved the on sale of chemical product used for timber treatment. This business suffered a series of setbacks, the largest contributing factor being a fairly substantial downturn in the price able to be charged.

This resulted in the business no longer being economical and a decision was made to place the company in liquidation.

#### **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 to the Liquidators, but the Liquidators are not yet able to express an opinion on the validity of that information.

#### **6. Analysis of Statement of Affairs**

The figure shown for assets in the Statement of Affairs is a rough estimate and essentially involves left over plant and equipment, including large steel storage tanks, from the sale of the business. Initial indications are that these may have a limited value but could take some time to sell or alternatively they may be sold as scrap metal.

In addition there is potentially an amount of chemical product and waste on site. No value has been attributed to the chemical product as it would appear there are retention of title claims over this and the Liquidators will be working with the relevant creditors to determine their claims. In relation to any potential waste product the Liquidators are seeking advice as to the best and safest means to dispose of this. There will be a cost to the liquidation in relation to this, however we are unable to give any definite figures at this time.

The book debt figure is to be verified as the director was unable to provide updated information as to payments that may have already been made.

The Inland Revenue Department have not lodged a claim form as yet, however the Liquidators are aware of a substantial debt owing which will have a preferential status.

#### **7. Proposals for Conducting the Liquidation**

The Liquidators will conduct an investigation of the companys books and records to further establish if there are any potentially voidable transactions that require investigation, any potential current account issues, and further to ensure that the directors have complied with the duties and obligations imposed on them under the Companies Act 1993.

## **8. Estimated Date of Completion of Liquidation and Notice As To Further Reports**

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

The Liquidators give notice under section 255(5) of the Companies Act 1993 that no further reports will be issued other than a final report when the liquidation is complete.

## **9. Creditors Meeting**

No meeting will be held. The Liquidators dispense with holding a creditors meeting pursuant to section 243 of the Companies Act 1993 as the dividend is expected to be nil or very small.

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.

## **10. Creditors Claims**

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.

## **11. Further Information**

If you require any further information or if you have any information that will be of assistance to the Liquidators please contact Grant Wills at our Tauranga Office on (07) 571 6280.

Yours faithfully  
For and on behalf of  
Chemical Resources Limited (In Liquidation)

Thomas Lee Rodewald  
*Joint Liquidator*

Appendix 1:

**Chemical Resources Limited (In Liquidation)**  
**Statement of Affairs**

As at 12 March 2007

	\$
<b>Assets</b>	
Assets	20,000
Cash at bank	45,000
Proceeds from sale of business	93,000
Book debts	<u>52,815</u>
	210,815
<b>Less Secured Claims</b>	Nil
<b>Less Preferential Claims</b>	
IRD Preferential claim	586,000
<b>Deficit before Unsecured Creditors</b>	(375,185)
<b>Less Unsecured Creditors</b>	891,342
<b>Deficit (before costs of liquidation)</b>	<u>\$ 1,266,527</u>

*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*  
*21 March 2007*