

# **Food Worx (2004) Limited (In Liquidation)**

## **Liquidators First Report**

30 August 2006

### **1. Background**

Food Worx (2004) Limited (“the company”) was placed into liquidation by special resolution of shareholders on the 23<sup>rd</sup> day of August 2006, at 4.45pm. 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: 22 March 2004

Trading Address: No longer trading. Formerly 70 St Johns Street, Tauranga  
Prior to that it traded at 204 Maunganui Road Mount Maunganui and  
15A Wharf Street (where it traded as La Boulangerie)

Type of business: Bakery and Cafe

Date trading ceased: May 2006 as La Boulangerie. June 2006 Mount business sold. Early  
August 2006 ceased trading at 70 St Johns Street.

Shareholder: Andrew Ronald Knox

Director: Andrew Ronald Knox

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

The Directors of the company have advised the reason for the failure of the company is due to poor cash flow due to bad and slow paying debtors coupled with expenses incurred in establishing and then selling the Mount Maunganui bakery. The director had anticipated the sale of the Mount Maunganui bakery would generate sufficient funds to clear all creditors but while it repaid most secured creditors and preferential creditors there still remained further creditors, mostly from the Tauranga bakery. The Tauranga bakery was listed with business brokers in July to try and sell

that also but there was a limited response at low values accordingly the decision was taken by the director in early August to cease trading and appoint liquidators.

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

The debtors' amount is unclear as the director is preparing an updated summary after deducting recent payments. The plant and equipment estimated amounts are based on valuations. The Liquidators are aware of three secured claims totalling \$77,828 but have yet to obtain legal advice on the validity of those claims. If those claims are valid there will be no funds available for a distribution to unsecured creditors.

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

The business is no longer trading and has no staff so the assets will be valued and then sold by the Liquidators. Outstanding debtors will also be pursued for payment.

The Liquidators will also call for creditors claims and any dividend will be distributed in accordance with the priorities set out in the Companies Act 1993. The Liquidators will examine the sale of the Mount Maunganui business to establish if all payments made by the company were correctly applied.

The Liquidators will conduct an investigation of the company's books and records to further establish if there are any potentially voidable transactions and 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 apart from a final report when the liquidation is complete.

## **9. Creditors Meeting**

No meeting will be held. The Liquidator dispenses 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 your terms of trade with the company include reservation of title of goods supplied please contact Grant Wills at our Tauranga office. Suppliers of consignment or sale or return stock should also contact Grant Wills.

Please complete and return the enclosed Unsecured Creditors Claim form by 6 October 2006. 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.

Kenneth Peter Brown  
*Joint Liquidator*