

Forklift Parts & Service Limited (In Liquidation)

Liquidators First Report

28 September 2005

1. Background

Forklift Parts & Service Limited (“the company”) was placed into liquidation by special resolution of shareholders on the 12th day of May 2005, at 10.30 am. Kenneth Peter Brown and Sheree Ann Hart, 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:	5 March 1992
Trading Address:	55 Firth Street, Drury
Type of business:	Forklift parts and service.
Date trading ceased:	15 April 2005 (business sold to a new entity, Forklift Parts Limited, which continues trading).
Shareholders:	Ewan Alexander Beck Isabelle Martin Beck Kathryn Mary Beck
Directors:	Ewan Alexander Beck Isabelle Martin Beck

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 a long standing dispute with the Inland Revenue Department. They claim to have made proposals for the dispute to be resolved to no avail. The debt has reached \$72,000 and the Inland Revenue

Department proceeded to apply to the Court for the company to be wound up. Rather than wait for the Court hearing the directors decided to voluntarily put the company into 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 by a director of the company and the Liquidators are not yet able to express an opinion on the validity of that information. No company accounts have been prepared since 31 March 1999. The liquidators have been in contract with the company accountant and asked for the accounts for the intervening years to be finalised as soon as possible.

6. Analysis of Statement of Affairs

The business of the company had been sold to a new company, Forklift Parts Limited, on 15 April 2005, being prior to the appointment of liquidators. Accordingly the only remaining assets are the bank balance and the debtors. Because no financial statements are available the bank balance, debtor balances and creditor balances are those obtained from the director.

The director claims to have a general security agreement in place but this is not registered on the Personal Property Securities Register and the liquidators have not yet seen it. If it cannot be produced then the debt will rank as an unsecured creditor.

7. Proposals for Conducting the Liquidation

The liquidators intend to take control of the bank account and debtors collection. They will also examine the sale transaction between the two companies on 15 April 2005 and determine that it was for fair value. A preliminary review indicates it was. Other matters such as any directors liability, shareholder accounts, voidable preferences and any other legal actions will also be examined by the liquidators to determine whether there is any further scope of recovery. Once all funds have been collected the liquidators will make payments in order of priority.

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

We estimate that the liquidation should be completed by 30 September 2005 assuming the debtors are able to be collected without legal action and no other legal actions are undertaken. If there is then the liquidation would proceed for a longer period.

The Liquidators give notice under section 255(5) of the Companies Act 1993 that no further reports will be issued except for 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 Claudine Cleaver at (07) 5716280. Suppliers of consignment or sale or return stock should also contact Claudine Cleaver.

Please complete and return the enclosed Unsecured Creditors Claim form by 15 June 2005. 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.

The director has requested we enclose the attached circular with this report. This is self-explanatory but any queries concerning it can be referred to the director at (09) 2947233.

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 Claudine Cleaver at our Tauranga Office.

Yours faithfully
For and on behalf of
Forklift Parts & Services Limited (In Liquidation)

Kenneth Peter Brown
Joint Liquidator

Statement of Affairs of
 Forklift Parts & Service Limited (In Liquidation)
 As at the date of the appointment of the Liquidators being
 12 May 2005

	<i>Book value \$</i>	<i>Estimated to realise \$</i>
Assets not specifically charged		
Cash on hand		
Cash at bank	5,000	5,000
Debtors	28,767	25,000
Stock		
Goodwill		
Plant and machinery		
Fixtures and fittings		
Other		
Assets subject to fixed charges including general security agreements, mortgage, IBWS, hire purchase agreements		30,000
Less amounts owing		0
Estimated assets available to preferential creditors, general security agreement holders and unsecured creditors		30,000
Less preferential creditors:		
Employees' claims	0	
GST	21,500	
PAYE	0	
Other		
		21,500
Estimated assets available to general security agreement holders and unsecured creditors		9,500
Less amount owing – E Beck, General Security Agreement		(82,000)
Estimated assets available to unsecured creditors		(72,500)
Unsecured creditors		95,757
Estimated surplus/(deficit) (subject to costs of liquidation)		(168,257)
Share capital		2,000