

Receivers' first report on the state of affairs of Forrest Realty Limited (In Receivership) 'the company' as at 16 October 2008.

Company Number: 1827473

Introduction

Thomas Lee Rodewald was appointed Joint Receiver & Manager together with Kenneth Peter Brown of the property of Forrest Realty Limited ("the Company") on the 16th day of October 2008 under the powers contained in a General Security Agreement ("GSA") dated the 3rd day of February 2007. The Receivers and Managers have been appointed in respect of all the company's present and after acquired property and all the personal property in which it has rights, whether now or in the future.

We set out below our first report on the state of the affairs of the above named company as required by section 23 of the Receivership Act 1993.

Events leading up to our appointment

On the 16 October 2008 Adrian Keith Forrest and Elizabeth Jane Forrest under the powers contained in a GSA dated the 3rd day of February decided to place the Company into receivership. The decision was as a direct result of the Company failing to pay any or all of the secured moneys under the GSA when they became due following demand being made of the Company under the GSA provided for in Clause 3(a)(i) of the further terms of the GSA held in memorandum of mortgage number 2002/4119.

Trading on/closure of business

The company continued trading until 21st October 2008 to enable the major asset (The "Rent Roll") of the company to be sold.

During initial discussions to establish the value of the Rent Roll, ownership was disputed by the directors. A commercial decision was then made by the receiver, to pay Katherine Cross a payment from the proceeds of the sale of the rent roll, as full and final settlement of the dispute.

The settlement of the Rent Roll was completed on the 21st October 2008.

At the close of business on the 21st October 2008 the necessary processes and procedures were implemented to ensure that all contractual obligations relating to Real Estate Sale and Purchase Agreements of the Company trading as Remax Lakelands, which were in progress could be met.

Debtors

A copy of the Company's debtor's ledger was received and reviewed. The Receivers are currently working through this in an endeavour to collect the amounts owed and dealing with any disputed debts.

Rental Trust Accounts

As a result of being appointed the Receivers also assumed responsibility of two Rental Trust Accounts, one with the ASB Bank and the other with the National Bank. The Receivers have during the course of the receivership, worked closely with the purchaser of the rental roll (McDowell Real Estate Ltd – MREINZ) to ensure all obligations have been met.

These Trust accounts have been administered in accordance with MREINZ standards and as appropriate the respective landlords have received their payments, and the property trades have received payment for their services.

Any amounts outstanding or in dispute are currently being dealt with.

Amounts owing to the General Security Agreement holders

At the date of the Receiver's appointment the amounts owing were as follows:

Adrian Keith Forrest and Elizabeth Jane Forrest	\$170,000
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Specific Security Creditors

GE Money	\$11,234
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Preferential Creditors

Employee wages claims – Holiday Pay	\$5,699
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Inland Revenue Department	
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GST (Estimate)	5,199
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PAYE (Estimate)	26,147
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Total Secured and Preferential Creditors (including the IRD)	<u>\$218,279</u>
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Assets & Liabilities of the company

We attach as *Appendix 1* a list of the assets and liabilities of the company at the date of appointment.

Receipts & Payments

We attach as *Appendix 2* a list of receipts and payments to 16 December 2008.

Unsecured creditors

We attach as *Appendix 3* a list of names and addresses of both secured and unsecured creditors.

Due to the extent of the secured creditor claims there are unlikely to be any funds available for returning to the company, or a liquidator at the conclusion of the receivership for distribution to unsecured creditors. The total amount due to unsecured creditors to date is \$251,380.

Information provided by the company

The directors of the company have co-operated in making available the information required by the receivers to complete this report.



Thomas Lee Rodewald
Joint Receiver and Manager

Forrest Realty Limited (In Receivership)

Statement of Assets & Liabilities as at 16 October 2008

		Estimated Realisable Value
<u>ASSETS</u>		
Cash on Hand	ASB Bank – Rental Trust	27,722
	ASB Bank – Commercial Trust	13,813
	ASB Bank – Trading Deposit	2,931
	ASB Bank – Savings	12
	National Bank – Rental Trust	<u>12,308</u>
		56,786
Other Assets	Rental Roll	232,000
Accounts Receivable	Sales Contract - Murupara	10,178
Fixed Assets		<u>1,000</u>
	Total Assets	<u>299,964</u>
<u>LIABILITIES</u>		
Bank Overdraft	ASB Bank – Business Account	58,335
CHARGE HOLDERS		
General Security Agreements	Adrian Keith Forrest and Elizabeth Jane Forrest	170,000
Specific Security Agreements	G E Money	<u>11,234</u>
		181,234
PREFERENTIAL CREDITORS		
Employees – Holiday Pay		5,699
Inland Revenue Department	GST (Estimate)	5,199
	PAYE (Estimate)	<u>26,147</u>
		31,346
TRUST CREDITORS		
	Landlords Rental Payments	38,507
	Client Settlement	<u>13,813</u>
		52,320
UNSECURED CREDITORS		
Non PPSR Charge Holders	Accounts Payable	245,981
	Accident Compensation Corporation	156
	Agents Commission - Murupara	<u>5,243</u>
		251,380
	Total Liabilities	<u>580,314</u>
	Net Deficit	<u>280,350</u>

Note 1

The statement excludes any liability for the shareholders current accounts and any intercompany and related party debts, with the exception of the GSA holder, which are currently being established.

Appendix 2

Forrest Realty Limited (In Receivership)

Receipts and Payments from 16 October 2008 to 17 December 2008

GST exclusive

Receipts

Funds on hand pre receivership	56,786
GST refunds	6,243
Sale Rental Roll	232,000
BMC Realty Limited	1,165
Interest	102

296,296

Payments

GST on expenses	4,695
GST paid	2,455
Legal Fees	7,758
Commission	8
PAYE Paid	847
Receivers Fee	20,929
Rent – Landlord	44,583
Rent – Creditors	7,159
Security	95
Telephone	683
RWT	40
Wages	3,509
MREINZ	56
Stationery	175
Office Expenses	762
Settlement – K Cross	56,000
Distribution to GSA Holder	125,000

274,754

Net Funds

\$21,542

Represented By:

National Bank - Trust Account	11,542
National Bank - Trust Call Account	10,000

\$21,542

Forrest Realty Limited (In Receivership)

Schedule of Creditors

Inland Revenue	P O Box 747		Nelson 7040
Inland Revenue	P O Box 747		Nelson 7040
GE Money	P O Box 4058	Shortland Street	Auckland 1140
A & E Forrest	54 Tara Road	RD 7	Te Puke
Accident Compensation Corporation	Debt Management Unit	PO Box 3248	Wellington
Absolute Office Limited	P O Box 5272	Mt Maunganui	Tauranga
Adler Contractors Limited	38 Hathor Street	Rotorua	Rotorua 3015
APN Holdings Limited	P O Box 1075		Whangarei 0140
Auto Master	P O Box 1355	Rotorua Central	Rotorua
Bay of Plenty Times	Private Bag 12002		Tauranga
Blue Grass Flags	PO Box 57012	Owairaka	Auckland 1340
Carlton Promotional Products	P O Box 2185	Hastings	Hastings 4153
Carson Taylor	Cnr Fairy Springs Rd & Ferguson Pl		Rotorua
CIT Group Ltd	P O Box 483	Shortland Street	Auckland
Clearview Services	P O Box 499		Rotorua
Cogent Communications	P O Box 68880	Newton	Auckland 1145
Concept Promotions	P O Box 4672	Mt Maunganui	Tauranga
Concerto Networks	P O Box 47264	Ponsonby	Auckland
Daily Post - Remax A/c	P O Box 3992		Auckland
Elizabeth Taylor Graphics	40-44 Amohia Street	Paraparaumu	Wellington
Erskine-Shaw Accountants	P O Box 506		Rotorua 3040
Fire Security Services Ltd	P O Box 10087		Rotorua
Fuji Xerox NZ Ltd	P O Box 5948		Auckland 1141
Iles Casey	PO Box 1346		Rotorua
JK Signs	28 Pururu Street		Rotorua
Just Water	Private Bag 92-811	Penrose	Auckland
Katherine Cross	PO Box 435		Rotorua
Knox Engravers	1225 Haupapa street		Rotorua
Peter Lawlor	88A Mount View Drive		Rotorua 3015
Marsh Limited	P O Box 2221	Shortland Street	Auckland
McStripes & Signs	P O Box 2283		Rotorua
New Zealand Post	1200 Amohia Street		Rotorua
Newsletters Unlimited	PO Box 39088	Howick	Auckland 2145
NZ Document Destruction	10 Railway Road		Rotorua 3015
NZTS	P O Box 1617		Rotorua 3015
Office Max	Private Bag 92831	Penrose	Auckland 1642
Onsite Support Ltd	120 Malfroy Road		Rotorua
Outer Limits Signs Ltd	P O Box 128		Katikati
Paperchase	30a Signall Hill Road		Dunedin
Phocal Communications Ltd	12 King Street		Rotorua
PhotoArts NZ Ltd	151 Lake Road		Rotorua
PMP Maxum Ltd	P O Box 8178	Symonds Street Auckland Mail centre	Auckland
Property Press BOP	P O Box 90106		Auckland 1142
Radio Network - Rotorua	P O Box 1147		Rotorua 3040
RE/MAX Advertising Fund	P O Box 11 331	Ellerslie	Auckland
RE/MAX New Zealand Limited	P O Box 11 331	Ellerslie	Auckland
Realestate.Co.NZ	P O Box 9284		Auckland
REINZ LTD	P O Box 5663		Auckland
Ricoh Rotorua	P O Box 1295		Rotorua 3040
Rotorua Locks & Keys	31 Sunset Road		Rotorua
Smartpages Limited	P O Box 33 951	Takapuna	Auckland
Telecom New Zealand	PO Box 1473		Christchurch 8041
Telstra Clear	P O Box 39092	Wellington Mail	Wellington

Terralink International
The Rugby Shop
Trademe Limited

Trustpower
Vodafone NZ
Deryck Shaw
Rotorua Review
Haven Andrews

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