

**EWP ACCOUNTING LIMITED  
(IN LIQUIDATION)**

**LIQUIDATORS' REVISED SECOND REPORT**  
Pursuant to Section 255(2)(d)  
of the Companies Act 1993

**For the Period from 10 December 2009  
to 9 June 2010**

**1. PROGRESS OF THE ADMINISTRATION OF THE LIQUIDATION**

The liquidators report herewith on the progress made in the liquidation of EWP Accounting Limited. Included in this report is the liquidators' Statement of Realisations and Distributions to 9 June 2010.

This second report to creditors follows the first report and should be read in conjunction with the first report. This report is being sent to all shareholders and to all creditors who have filed a claim in the liquidation.

**2. REALISATION OF COMPANY ASSETS**

As creditors are aware, the company provided accounting and tax services from premises at Parnell, Auckland, with the sole director being Edward Parker. The liquidators confirm that subsequent to his admission of the misappropriation of funds from certain clients, on 10 August 2009 Mr Parker committed suicide. His deceased estate in bankruptcy is being managed by the Official Assignee.

The company was traded on for the purpose of the sale of its business, which was completed on 1 October 2009. The terms of the sale and purchase agreement and disclosures by the vendor company to the purchaser have resulted in a dispute.

**2.1 Solicitor's Trust Account**

\$4,891 has been realised from funds held in a solicitors' trust account on behalf of the company.

**2.2 Trade Debtors**

According to information held by the liquidators, trade debtors amounted to \$192,045 at the date of their appointment. \$29,492 has been realised to date, and \$62,933 written off as uncollectable. The balance, \$99,620, is subject to action by the liquidators' debt collectors. Amounts written off were subject to claimed set off.

**2.3 Fixed Assets**

\$640 has been realised by way of the auction of fixed assets.

## **2.4 Sale of Business**

On 1 October 2009 the business and certain fixed assets of the company were sold to an unrelated third party with payment being by instalment. A dispute between the company and the purchaser ensued, with the central issues being: (a) whether the business had been misrepresented to the purchaser; (b) deductions and costs that the purchaser was entitled to claim under the sale and purchase agreement; and, (c) certain clients moving to other accountants. The liquidators have examined relevant documentation and obtained legal advice over this matter, and determined that it is unlikely that there will be further realisations from the sale because of the clause in the sale and purchase agreement that allow the purchaser to claim deductions and costs against the sale price. The costs specifically relate to the purchaser dealing with clients whose accounts require rework and correction.

## **2.5 Insurance Policy**

The company held a professional indemnity insurance policy with NZI Professional Risks, which has been reviewed by the liquidators. On 25 March 2010 the insurers stated, "*NZI has avoided the policy due to material non-disclosure by Mr Parker. The policy did not in any event cover losses caused by or arising from: (i) Mr Parker's dishonesty or fraud; (ii) his intentional or reckless conduct; (iii) claims and circumstances which Mr Parker knew of, or ought to have known of, at the policy inception date of 31 March 2009; (iv) fee disputes; or (v) any errors made before 31 March 2007 retroactive date.*" The liquidators deem it prudent to not disclose any further information on the basis that such disclosure could be prejudicial.

# **3. CREDITORS' CLAIMS**

## **3.1 Secured Creditors**

A secured claim has been received from Equipment Finance Limited in respect of a specific security over office furniture for the amount owing of \$1,639. No dividend has been paid at the date of this report.

## **3.2 Preferential Creditors**

The Inland Revenue Department has advised that it has a preferential claim for \$27,566 in respect of PAYE, GST and Kiwi Saver. No dividend has been paid at the date of this report.

## **3.3 Unsecured Creditors**

As at the date of preparing this report unsecured creditors' claims have been received which total \$4,140,945 in value. The majority of the claims by value relate to former clients of the company. Certain clients have been unable to confirm the total value of their claims. In the interests of minimising liquidators' fees, the liquidators will not attend to the formality of accepting or rejecting creditors' claims until such time as they are in a position to pay a distribution.

#### **4. TRUST ACCOUNT**

EWP operated a trust account with ASB Bank Limited to hold funds for the benefit of clients. \$44,931 has been recovered by the liquidators from the account. This excludes funds received after 10 December 2009, which have been paid across to the entitled parties. Claims on the trust account far exceed the balance held, in part due to the misappropriation of trust funds and also due to the use of the trust account as a trading account after 10 August 2010 where funds were received and withdrawn from the account irrespective of the sum held in the account on behalf of clients. Subsequent to the receipt of legal advice and the reconciliation of the account for the period from 10 August 2009, the liquidators have commenced distributing the funds to entitled parties. It is likely that there will be a small balance remaining in trust, for which direction from the Court may be required.

#### **5. INVESTIGATIONS**

The liquidators' investigations into the books, records and affairs of the company remain ongoing. The liquidators are currently in ongoing correspondence with relevant parties including former clients of EWP and deem it prudent to not disclose any further information on the basis that such disclosure could be prejudicial.

#### **6. FUNDS / LIKELY OUTCOME**

At this stage the liquidator does not anticipate paying a distribution to unsecured creditors.

#### **7. MATTERS DELAYING COMPLETION OF THE LIQUIDATION**

The following matters are outstanding:

- Collection of trade debtors;
- Distribution of trust funds;
- Completion of investigations;
- Return of client files.

#### **8. CONCLUSION**

Based on the above the liquidators presently propose to complete all outstanding matters with a view to retiring as liquidators within the next one year.

Any queries can be directed to Jared Booth of these offices on DDI 0-9-306 3340 or by visiting our website at [www.mvp.co.nz](http://www.mvp.co.nz).

Yours faithfully  
for EWP ACCOUNTING LIMITED  
(IN LIQUIDATION)

  
JOHN WHITTFIELD  
LIQUIDATOR

DATED this 13 day of June 2010

JTW/JWB/rc  
EWP/ 02 Creditors/Reports/

Number of Company: 1203063  
 Name of Company: EWP ACCOUNTING LIMITED (IN LIQUIDATION)  
 Subject: LIQUIDATORS' STATEMENT OF REALISATIONS AND  
 DISTRIBUTIONS FOR THE PERIOD 10 DECEMBER 2009  
 TO 9 JUNE 2010

	<b>Cash Received</b>
<b>CASH HAS BEEN RECEIVED AS FOLLOWS:</b>	<b>\$</b>
ASB Bank Limited	2,902
Fortune Manning: Trust Account	4,891
Trade Debtors	29,492
Fixed Assets	640
Records/Photocopying Fees	1,266
<b>TOTAL REALISATIONS</b>	<b>\$39,191</b>
 <b>CASH HAS BEEN PAID AS FOLLOWS:</b>	
<b>Costs Charges &amp; Expenses of Liquidation</b>	
Liquidators' Fees	28,790
Disbursements	2,610
Auctioneer Costs	243
Debt Collection Costs	95
Crown Records Fees	124
Bank Fees	20
Salvage Payments	5,000
<b>TOTAL DISTRIBUTIONS</b>	<b>\$36,882</b>
<b>TOTAL REALISATIONS</b>	<b>39,191</b>
<b>LESS TOTAL DISTRIBUTIONS</b>	<b>36,882</b>
<b>BALANCE HELD</b>	<b>\$2,309</b>
 <b>BALANCE REPRESENTED BY:</b>	
ASB Bank Limited – Current Account	2,007
GST Suspense Account	302
<b>TOTAL</b>	<b>\$2,309</b>

**Note:** The above figures are GST exclusive

  
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 JOHN WHITTFIELD  
 LIQUIDATOR

Dated this 13 day of June 2010

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