

MEN AT WORK PROJECT MANAGEMENT CC (IN LIQUIDATION)

MASTER'S REFERENCE NO : C1291/2010

REPORT OF THE JOINT LIQUIDATORS, S MOODLIAR AND N GORE, OF SANEK TRUST RECOVERY SERVICES (PTY) LIMITED, 3RD FLOOR, 5 ST GEORGE'S MALL, CAPE TOWN, AND R BARRY-KLEYNHANS TO BE SUBMITTED AT THE GENERAL MEETING OF CREDITORS AND MEMBERS CONVENED TO BE HELD BEFORE THE MASTER OF THE WESTERN CAPE HIGH COURT, CAPE TOWN, ON TUESDAY 15 MARCH 2011 AT 9H00

ORDERS OF COURT AND MEETINGS

The close corporation was, at the instance of Svenja Marais and William Brown Rowan Marais placed in Provisional Liquidation by Order of the Western Cape High Court, Cape Town, on 10 November 2010 which Order was made final on 14 December 2010. The undersigned were appointed as Joint Liquidators by the Master of the Western Cape High Court, Cape Town, on 6 December 2010.

One claim amounting to R49,200.00 was admitted to proof at the First Meeting of Creditors which was held before the Master of the Western Cape High Court, Cape Town, on 18 January 2011.

REGISTERED OFFICE

The registered office of the close corporation is at Unit 8 Railway Park, Railway Road, Montague Gardens.

PRINCIPAL PLACE OF BUSINESS AND DESCRIPTION OF PRINCIPAL BUSINESS

Men at Work traded as a construction business undertaking building renovations and alternations to private residences and business premises, extensions and construction project management from premises situated at 82 Raats Drive, Table View.

DATE OF INCORPORATION AND REGISTRATION NUMBER

The close corporation was incorporated on 9 October 2001 under Registration Number 2001/069842/23.

MEMBERS AT DATE OF LIQUIDATION

The Members of the close corporation at date of liquidation were:

William Brown Rowan Marais	50%
Svenja Marais	50%

ASSETS AND LIABILITIES

The Statement of Affairs (CM100) has been lodged. From information made available to the undersigned, it would appear as though the close corporation's assets and liabilities as at date of provisional liquidation were as follows:-

Assets

• Stock, furniture and equipment	Realisation value	1	16,272.00
• Vehicles	Realisation value	2	217,740.00
• Debtors (Recoverability unknown)		3	570,000.00
TOTAL ESTIMATED VALUE OF ASSETS			R804,612.00

Liabilities

<u>Secured Creditor</u>			
• Standard Bank of SA Limited (" <i>Standard Bank</i> ")	Instalment sale agreements	2	120,000.00
<u>Preferent Creditors</u>			
• South African Revenue Services (VAT)			677,000.00
• Employees (unpaid salaries, retrenchment and leave pay)			165,000.00
• Workmens Compensation			20,000.00

<u>Concurrent Creditors</u>			
• Standard Bank (overdraft)			200,000.00
• Member's loan account			390,000.00
• Trade Creditors			1,200,000.00
TOTAL ESTIMATED VALUE OF LIABILITIES			R2,772,000.00

NOTES TO ASSETS AND LIABILITIES:

1. The stock and furniture and equipment was sold by public auction on 27 January 2011. These assets realised R16,272.00. These assets are not subject to any encumbrances.
2. Five vehicles were sold by public auction, three of which are subject to instalment sale agreements in favour of Standard Bank.
3. A large percentage of the debtors book appears to be irrecoverable as contracts were not fully completed and are therefore disputed.

CAUSES OF THE FAILURE OF THE CLOSE CORPORATION

The business traded successfully for a number of years until 2009 despite the country having been hit by the global financial crisis. However, in 2010 the business started feeling the pinch of the crisis and there was a steep decline in the number of new projects and contract values. In addition, two of Men at Work's biggest projects unexpectedly ran far beyond completion date and the close corporation had to outlay capital to keep the projects running. The close corporation was also incurring legal costs to recover bad debts. Simultaneously, certain clients were claiming sub-standard workmanship by Men at Work's sub-contractors, resulting in the business undertaking to repair this work, thereby incurring further expenses. The close corporation eventually ran out of working capital and exhausted their overdraft facilities.

REPORT TO THE MASTER

To date the undersigned have not been made aware of nor found any reason why a report to the Master in terms of Section 400(2) of the Companies Act need be lodged.

LIABILITY OF MEMBERS OR FORMER MEMBERS

The undersigned are of the opinion that no liability attaches to any member or former member in respect of breach of trust or negligence, repaying the close corporation in terms of Section 72 or 73 or section 71(1) or (2) of the Close Corporations Act and no member or former member appears to be liable to either a creditor of the corporation or the corporation itself by virtue of any provision of part 8 of the Close Corporations Act.

LEGAL PROCEEDINGS

Other than in respect of legal action instituted for the recovery of debt, the close corporation was not a party to any legal proceedings as at the date of the commencement of the winding-up.

FURTHER ENQUIRY

The undersigned are not aware of any matter relating to the promotion, formation or failure of the close corporation or the conduct of its business which requires further enquiry.

ACCOUNTING RECORDS

It is unclear at this stage, whether the close corporation maintained adequate books and records and complied with all statutory requirements.

PROGRESS AND PROSPECTS OF WINDING-UP

The undersigned will continue realising amounts due by debtors.

ESTIMATED DIVIDEND

The secured creditor, Standard Bank, should be paid in full. At this stage there appears to be no prospect of a dividend to the concurrent creditors. A dividend to the preferent creditors will largely depend on the recoverability of the debtors book.

FURTHER MATTERS

There is nothing further to report.

**DATED AT CAPE TOWN
THIS 9th DAY OF
MARCH 2011**



S MOODLIAR
JOINT LIQUIDATOR

**DATED AT CAPE TOWN
THIS 9th DAY OF
MARCH 2011**



N GORE
JOINT LIQUIDATOR

**DATED AT CAPE TOWN
THIS 14th DAY OF
MARCH 2011**



R BARRY-KLEYNHANS
JOINT LIQUIDATOR