

BAIRD'S COMMUNICATIONS (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : T2325/02

REPORT OF THE LIQUIDATOR, MR J F KLOPPER, IN TERMS OF SECTION 402 OF THE COMPANIES ACT NO 61 OF 1973 AS AMENDED TO BE SUBMITTED AT A SECOND MEETING OF CREDITORS AND CONTRIBUTORIES TO BE HELD BEFORE THE MAGISTRATE OF RANDBURG ON WEDNESDAY, 18 SEPTEMBER 2002 AT 09:00

ORDER OF THE COURT AND MEETINGS

- 1 The Company was liquidated on 13 May 2002 way of the registration of a Special Resolution in terms of Sections 349 and 351 of the Companies Act. I was appointed by The Master of the High Court, Pretoria as Liquidator on 15 August 2002.
- 2 The first meeting of creditors and contributories was held before the Magistrate of Randburg on 03 July 2002. At this meeting no claims were proved.

History and information of the Company

- 3 According to the Registrar of Companies the company was incorporated under registration number 1997/001151/07.

Registered Address

- 4 The registered address of the company is 137 Daisy Street, CNR Grayston Drive, Sandown, 2196.

Directors

- 5 It appears from my investigations, the following persons consented to serve as directors:
 - 5.1 Micheal Arthur Lendeen
 - 5.2 Siza Khang Cecil Khampepe
 - 5.3 Keith John Rhodes
 - 5.4 Francois Lodewyk Baird
 - 5.5 Greta Baird
 - 5.6 Kevin Wayne Joselwitz

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Business of the Company

6 The main business of the company was that of Communications and Image Consultants.

Share Capital

7 It appears from information on hand that the shareholding as at the date of liquidation was as follows:

7.1 Qorus Holdings 100 shares (100%).

STATEMENT OF AFFAIRS

8 I have not been placed in possession of a statement of affairs as required in terms of section 363 of the Companies Act. However, a CM100 was submitted to the Master of the High Court, but I have not had an opportunity to obtain a copy thereof.

SECTION 79(A): FINANCIAL STATEMENT OF ASSETS AND LIABILITIES

9 The following represents the assets and liabilities of the company at date of liquidation. Unless otherwise stated, these figures only represent estimates of the assets and liabilities and will change depending on the amounts of realisation of unsold assets and claims submitted for proof.

ASSETS

IMMOVABLE PROPERTY	NOTES	AMOUNT	AMOUNT
None			
MOVABLE ASSETS			
Office Furniture	1		183,970.00
Cash on hand (Sale of business as going concern)	2		116,030.00
Debtors	3		534,993.32
TOTAL ASSETS			834,993.32
LIABILITIES			
Secured			
ABSA Bank (Cession of debtors)		Unknown	
Preferent Creditors (known)			
SARS		535,319.24	
Concurrent creditors (approximate)		2,909,438.72	
TOTAL LIABILITIES		3,444,757.90	
DEFICIT			2,609,764.60

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NOTES

The statement of assets and liabilities must be read in conjunction with the following notes:

Office Furniture & Equipment

The movable assets, including office furniture and computer equipment, are subject to the landlord's hypothec. The Landlord has a secured claim of approximately R180,000.00.

Cash on hand (Sale of business as a going concern)

The amount of R116,030.00 is available for distribution, but due to the substantial claim of the Receiver of Revenue, concurrent creditors will not receive a dividend from these funds.

Debts collected

ABSA Bank has a secured claim in respect of their cession of bookdebts, well in excess of the amount recovered.

CAUSES OF THE COMPANY'S FAILURE

10 The Directors attributes the failure of the company to the following:

- 10.1 The Company was a subsidiary of Qorus Holdings which company has also been liquidated. Prior to its liquidation, Qorus Holdings experienced financial difficulties and as a result had a sweeping arrangement with ABSA Bank. The arrangement was that all available funds in the bank accounts of Qorus Holdings subsidiaries were to be transferred to the bank account of Qorus Holdings in order to reduce its overdraft.
- 10.2 Prior to liquidation, the company was financially very strong and had approximately R2,400,000.00 in its bank account as at 29 March 2002. In terms of the arrangement between Qorus Holdings and ABSA Bank, these funds were transferred to the account of Qorus Holdings. Subsequently all deposits made in the bank account of the company were transferred to the account of Qorus Holdings. This resulted in major cash flow problems for the company.
- 10.3 The management of the company had absolutely no control of the bank account and had no alternative but to apply for liquidation. It is clear that the cause of the company's failure was not because of any mismanagement, but to the unfortunate result of circumstances beyond its control.

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REPORT TO THE MASTER IN TERMS OF SECTION 400 OF THE COMPANIES ACT

- 11 I will submit a report in terms of Section 400(2) of the Companies Act, No 61 of 1973 as amended should it become necessary.

SECTION 402(d) PERSONAL LIABILITIES OF DIRECTORS OR OFFICERS

- 12 At this stage there is no reason to believe that the former directors or officers of the company can be held personally liable for the debts of the company. A report will be submitted, should it become necessary.

LEGAL PROCEEDINGS

- 13 I have no knowledge of any legal proceedings pending by or against the company, except for litigation in respect of the recovery of bookdebts in the normal course of business.

ENQUIRY

- 14 I do not at present intend holding an enquiry in this matter.

BOOKS AND RECORDS

- 15 I have taken control of the books and records found at the offices of the company.

PROGRESS AND PROSPECTS OF WINDING UP

- 16 I will continue to collect outstanding debts of the company.

LEASES

- 17 The only lease agreement is the agreement between the company and the landlord.

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ESTIMATED DIVIDEND

- 18 It appears at present that only the secured and preferent creditors are to receive an award. We will advise concurrent creditors if the prospect of a dividend herein arises.

MATTERS REQUIRING THE FURTHER DIRECTIONS OF CREDITORS

- 19 Such directions as required of creditors are contained in the draft resolutions numbers 1 – 14 which are submitted for consideration and adoption by the creditors at the second meeting of creditors in conjunction with this report. Creditors are requested to adopt these resolutions to enable the administration of the company in liquidation to continue.

SIGNED at Randburg on this 04th day of September 2002.



J F KLOPPER

LIQUIDATOR

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**RESOLUTIONS SUBMITTED AND ADOPTED AT THE SECOND MEETING OF CREDITORS HELD
BEFORE THE MAGISTRATE RANDBURG, ON WEDNESDAY, 18 SEPTEMBER 2002 at 09:00**

RESOLVED THAT:

- 1 The report of Liquidator or Joint Liquidators, as the case may be, hereinafter referred to as (the Liquidator"), as submitted be received and adopted and all his actions referred to therein be and are hereby confirmed, ratified and approved.
- 2 All actions of whatsoever nature heretobefore taken by the Provisional Liquidator and/or Liquidator be and are hereby confirmed, ratified and approved.
- 3 The Liquidator be granted the authority and is vested with all the powers mentioned in Section 386(4)(a) – (i) of the Companies Act No 61 of 1973, as amended, such powers to be exercised at his sole and absolute discretion.
- 4 The Liquidator be and is hereby authorised in his sole and absolute discretion to:
 - 4.1 Take legal advice on any question of law affecting the administration and distribution of the company;
 - 4.2 Institute or defend on behalf of the company any action or other legal proceedings of a civil nature for the recovery of monies due to the company or otherwise and subject to the provisions of any law relating to criminal procedure, institute any criminal proceedings;
 - 4.3 Hold any enquiry into the affairs of the company and/or any matter relating thereto;
 - 4.4 Investigate and institute legal proceedings for the recovery of any voidable or undue preferences, voidable dispositions of property or any other impeachable transactions of whatsoever nature and to abandon same at any time;

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- 4.5 Write up the books of the company as may be required, and if necessary, to produce a balance sheet, audited or not, as at the date of liquidation, either for the purpose of investigating the affairs of the company, establishing the claims of creditors, or any other purpose.
- 5 The Liquidator be and is hereby authorised in his sole and absolute discretion to employ and engage the services of attorneys and/or counsel (senior and/or junior) and/or accountants and/or bookkeepers and/or any employee of the insolvent and/or recording agents and/or any other person who in the sole discretion of the Liquidator may be of assistance in the winding-up of the company in relation to any matter referred to in 4 above and further to pay all the costs thereof of whatsoever nature out of the estate as costs incurred in the liquidation.
- 6 The Liquidator be and is hereby authorised to collection any debts due to the company and for the purpose thereof to sell or compound or compromise any of these debts for such sum and upon such terms and conditions as he in his sole discretion may deem fit, and to accept any part of the debt in settlement thereof, and to grant an extension of time for the payment of any such debt, and to abandon any debt which he in his sole discretion may deem to be irrecoverable.
- 7 The Liquidator be and is hereby authorised to dispose of any movable and immovable property of the company, whether in his possession or under his control now or to come into his possession or under his control in the future by public auction, private treaty or public tender upon such terms and conditions as he in his sole and absolute discretion shall determine and to abandon any such assets for which he can find no purchaser or abandon them to a secured creditor at the value placed thereon by such creditor or at such value as is agreed upon by the Liquidator and the creditor if such creditor's claim is secured by such assets and to sign all such documents as may be necessary to give effect to such disposition.

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- 8 The Liquidator be and is hereby authorised and empowered in his sole discretion to compromise and admit any claim against the company of whatsoever nature and howsoever arising and whether disputed or not and whether actual, contingent, prospective, conditional, unconditional, assessed, unassessed, liquidated or unliquidated as a liquidated claim in terms of Section 78(3) of the Insolvency Act No 24 of 1936 as amended, read with Section 339 of the Companies Act No 61 of 1973, as amended, at such amount as may be agreed upon by the Liquidator, provided that proof thereof has been tendered at a meeting of creditors.
- 9 The Liquidator be and is hereby authorised to make application for the destruction of books and records of the estate six months after the confirmation of the Final Liquidation and Distribution Account.
- 10 The Liquidator be and is hereby authorised to perform any act or exercise any power for which he is not expressly required by the Companies Act No 61 of 1973, as amended, to obtain the leave of the Court.
- 11 The Liquidator be and is hereby authorised to submit to the determination of arbitrators any dispute concerning the company or any claim or demand by or upon the company.
- 12 The Liquidator be and is hereby authorised to carry on or discontinue any part of the business of the company insofar as may be necessary for the beneficial winding-up thereof.
- 13 The Liquidator be and is hereby authorised to exercise *mutatis mutandis* the powers conferred upon a Liquidator by Section 35 (uncompleted acquisition of immovable property before liquidation) and 37 (effect of liquidation upon a lease) of the Insolvency Act No 24 of 1936, as amended, read with Section 339 of the Companies Act No 61 of 1973, as amended.

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- 14 The further administration of the affairs of the company be left entirely in the hands and at the discretion of the Liquidator.

q.q. CREDITORS