

CREATIVE ADMINISTRATION (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : T3504/01

**REPORT OF THE JOINT LIQUIDATORS, MR J F KLOPPER AND MS M E SYMES IN TERMS OF
SECTION 402 OF THE COMPANIES ACT NO 61 OF 1973 AS AMENDED TO BE SUBMITTED AT A
SECOND MEETING OF CREDITORS TO BE HELD BEFORE THE MAGISTRATE OF RANDBURG ON 17
APRIL 2002 AT 09:00**

ORDER OF THE COURT AND MEETINGS

- 1 We wish to advise that the Company was liquidated by order of the High Court of South Africa (Witwatersrand Local Division) on 13 July 2001. The Master of the High Court appointed Johannes Frederick Klopper and Maryna Symes as joint liquidators on 25 August 2001.
- 2 The first meeting of creditors and contributories was held before the Magistrate of Randburg on 3 April 2001. At the meeting no claims were proved.
- 3 No voting took place at the first meeting of creditors and Mr J F Klopper and Ms M Symes were appointed as final liquidator by the Master of the High Court.

History and information of the Company

- 4 According to the Registrar of Companies the company was incorporated under registration number 95/12450/07.

Registered Address

- 5 The registered address of the company is Hillside House, 17, Empire Road, Parktown, Johannesburg, Gauteng.

Directors

- 6 It appears from our investigations that the following person served as directors:
 - 6.1 Monde Mazana

Business of the Company

- 7 The main business of the company was that of receiving monies in respect of debit orders from the general public, clearing the funds and accounting to the end receiver of the funds for such funds. The company processed these debit orders on behalf of mostly insurance companies.

Auditors

- 8 The auditors of the company were R W Irish – Alliot Inc, .

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STATEMENT OF AFFAIRS

- 9 We have not been place in possession of a Statement of Affairs as required in terms of Section 363 of the Companies Act No 61 of 1973 as amended.

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

- 10 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 claims submitted for proof.

ASSETS

IMMOVABLE PROPERTY	Notes	AMOUNT	AMOUNT
Immovable property			None
MOVABLE ASSETS			
Movable assets	(a)		348,550.00
Not proceeds of Post Liquidation Activities			95,000.00
LIABILITIES			
<u>Secured</u>		None	
<u>Preferent</u>	(b)	283,271.14	
<u>Concurrent Creditors</u>			
Approximate		1,841,805.00	
Shortfall			1,681,526.10
Total		2,125,076.10	2,125,076.10

Notes

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

- (a) The movable assets consists of office furniture (as per valuation - R215,000.00) as well as the sale of computer data (R133,000.00).
- (b) Preferent liabilities consist of claims by the former employees for salaries, leave pay and pension fund contributions not paid over.

It has come under our attention that certain payments were made to creditors prior to and shortly after liquidation. We are currently investigating these payments and will endeavour to set aside any such payments in terms of the Insolvency Act in as far as they create an undue preference to such creditors.

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CAUSES OF THE COMPANY'S FAILURE

The company is, together with a company called Call Corporation (Pty) Ltd (In Liquidation) ("Call Corp"), a owed subsidiary of Creative Response Group (Pty) Ltd ("Creative Response"). Creative Response's only business is that of a holding company. The company acquired it's shares in Creative Response during September 1999. At that time the company was not in possession of an Insurance Guarantee Fidelity ("IGF") certificate as is required by the South African Insurance Association. As a result the purchase consideration was adjusted downwards. Since Cape Empowerment Trust Limited acquired Creative Response, it provided the company with enough cash resources to put an IGF certificate in place. The company failed to obtain the IGF certificate and in stead loaned a considerable amount to it's fellow subsidiary, Call Corp.

As a result of the general increase in expenditure within the Creative Response Group, the company caused an amount in excess of the company's retained income to be loaned to it's fellow subsidiary, Call Corp, which is irrecoverable. The company has no funds to carry on servicing it's trade creditors and there is no source of obtaining further income. Although it was initially suggested that the company be sold as a going concern, this did not materialise and the doors of company was subsequently closed.

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

- 11 It is not our intention at this stage to submit a report to the Master of the High Court. However, we are still investigating this aspect and if necessary, a detailed report will be submitted to the Master in due course.

SECTION 402(d) : PERSONAL LIABILITIES OF DIRECTORS OR OFFICERS

- 12 At this stage it is not known whether the former director or officer 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 We have no knowledge of any legal proceedings pending by or against the company.

ENQUIRY

- 14 The liquidators do not intend to hold an enquiry at present.

BOOKS AND RECORDS

- 15 No books and records were found.

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ESTIMATED DIVIDEND

16 It appears at present that there is no prospect of a dividend to concurrent creditors.

SIGNED at Randburg on this 4th day of April 2002.

J F KLOPPER

M E SYMES

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RESOLUTIONS SUBMITTED AND ADOPTED AT THE SECOND MEETING OF CREDITORS HELD BEFORE THE MAGISTRATE, JOHANNESBURG, ON 12 FEBRUARY 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.
- 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

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