

CONSTANTIA INSURANCE COMPANY LIMITED (IN LIQUIDATION)

REGISTRATION NO: 1952/001514/06

MASTER'S REFERENCE NUMBER: G975/2022

REPORT OF THE LIQUIDATORS, ZAHEER CASSIM & JOACHIM HENDRIK BOTHA, IN TERMS OF SECTION 402 OF THE COMPANIES ACT, NUMBER 61 OF 1973, AS AMENDED, TO BE SUBMITTED AT THE SECOND MEETING OF CREDITORS, MEMBERS AND/OR CONTRIBUTORIES TO BE HELD BEFORE THE MAGISTRATE RANDBURG ON WEDNESDAY, 13 DECEMBER 2023 AT 09H00

The above company was **liquidated** on **14 September 2022** by an order of the High Court of South Africa, Gauteng Local Division, Johannesburg under case number 2022-019765.

1. SECTION 402 (a): THE AMOUNT OF CAPITAL ISSUED BY THE COMPANY AND THE ESTIMATED AMOUNT OF ITS ASSETS AND LIABILITIES

The company was registered under Certificate of Incorporation no. 1952/001514/06.

The **Directors** of the company as at date of liquidation were:

- Lourens Erasmus Louw
- Tyrone Christie Moodley
- Ntambose Rosetta Xaba
- Peter Geoffrey Todd
- Lusani Kingswell Mulaudzi
- Thembalihle Phillip Baloyi
- Nonzukiso Siyotula

The **Shareholder(s)** of the company is:

- Constantia Risk and Insurance Holdings (Pty) Ltd (100%)

The **registered address** and **principle place of business** of the Company is Nicol Office Park, 2 Bruton Road, Bryanston.

The **Provisional Liquidators** were appointed on **16 September 2022**. Pursuant to the **First Meeting of Creditors** held on **2 November 2022**, C Murray and Z Cassim were appointed as final Liquidators on 14 November 2022. Pursuant to a section 377 meeting held on 23 June 2023, Z Cassim & JH Botha were appointed as **Final Liquidators** on **21 July 2023**.

2. SECTION 402 I: REPORT IN TERMS OF SECTION 400(2) OF THE COMPANIES ACT, NUMBER 61 OF 1973, AS AMENDED

A. ASSETS		
1. ENCUMBERED ASSETS		
None		0.00
2. UNENCUMBERED ASSETS		
Immovable Property		
2.1. Units 1 & 2, SS Tulbagh		1 000 000.00
Movable assets		
2.2. Sale of business – EthiQal		27 916 318.94
2.3. Movable assets		937 373.38
2.4. Computers		87 994.89
2.5. Cash	1	187 988 807.36
2.6. Debtors	2	16 404 578.27
2.7. Rental income		1 624 891.48
2.9. Section J12 Investment		553 305.70
2.10. Shares / Securities	3	12 000 509.80
2.11. Net reinsurance recovery	4	23 104 186.55
2.12. Investments in Subsidiaries	5	29 146 090.46
B. LIABILITIES		
3 SECURED CREDITORS		
3.1 None		0.00
4. PREFERENT CREDITORS		
4.1. Employees		5 177 198.83
4.2. SARS	6	7 130 579.58
5. CONCURRENT CREDITORS		
5.1. Insurance Claims	7	375 086 726.00
5.2. Premium Liabilities	8	119 338 820.00
5.3. Trade Payables (Underwriting Managing Agents [UMA's] / Brokers)		188 122 624.00
5.5. Trade Payables		10 869 268.00
5.6. Contingent Liabilities	9	329 155 552.00
C. APPARENT SHORTFALL		-763 262 802.04
TOTAL		271 617 966.37
		271 617 966.37

NOTES:

1. The amount reflected is net of expenses incurred in respect of the winding up process to date.
2. The amount reflected constitutes debtors collected to date and the recovery of various outstanding debtors are still being pursued by the Liquidators.
3. The Company's asset portfolio included investments in both listed and unlisted entities. The Liquidators are in the process of realising these investments.
4. The Liquidators have during the course of the winding up process to date incurred reinsurance premiums and related expenses in excess of R16 million. The amount reflected is the net recovery and excludes recoveries relating to disputed claims.
5. The Company's investment portfolio includes investments held in various subsidiaries including Snowball Wealth Pty Ltd, Midbrook Lane (Pty) Ltd, Midbrook Lane Ventures (Pty) Ltd and Goodall & Bourne Properties (Pty) Ltd. The Liquidators are in the process of realising the investments in these subsidiaries for the benefit of the Company.
6. The amount reflected is the liability as at date of liquidation of the Company. The Liquidators are investigating and pursuing recovery of various credits and refunds due to the Company which may affect the final amounts claimed and/or due to SARS.
7. These claims include claims of Policy Holders and related claims by Service Providers. The Liquidators have processed and assessed various insurance claims submitted by Policy Holders during the winding up process. The amount reflected may increase during the winding up process until final adjudication / assessment of all claims submitted by Policy Holders. These claims include claims by Policy Holders that have paid cash collateral to the Company as security for policies and/or guarantees issued by the Company.
8. The Company has a significant liability towards Policy Holders for premiums received in advance as at date of liquidation.
9. Contingent Liabilities includes claims that have been instituted against the Company and claims that may arise in the future due to the winding up of the run-off ('tail') of certain risk exposures / classes. The amount reflected above is the reserve attributed to the known claims that are subject to various disputes including, but not limited to, legal proceedings being pursued for and against the Company and which claims are being defended or assessed / adjudicated by the Company or on behalf of the Company.
10. The costs associated with legal proceedings instituted for and against the Company, any adverse cost orders relating thereto and the contingent liabilities noted above may have a material impact on the dividend payable to creditors.

3. SECTION 402 (b): CAUSES OF FAILURE

The Company was placed under provisional Curatorship by the High Court of South Africa, Gauteng Local Division Johannesburg on application by the Prudential Authority on 26 July 2022. Mr. Ashish Desai N.O., the Curator appointed in terms of the order found, through his investigations, that the Company was both factually and commercially insolvent. On these grounds it was decided that it was not viable for the Company to continue trade, and this led to the application and granting of the final order to wind up the Company on 14 September 2022.

4. SECTION 402 (c): REPORT UNDER SECTION 400(2)

The Liquidators are still busy with their investigations and if any contraventions are identified, these will be reported.

5. SECTION 402 (d): PERSONAL LIABILITIES OF THE DIRECTORS AND/OR FORMER DIRECTORS AND/OR FORMER OFFICERS OF THE COMPANY

Further reports will be filed with the Master, if necessary.

6. SECTION 402 (e): LEGAL PROCEEDINGS

The Liquidators are engaged in numerous legal matters flowing from the nature of the Company's business.

7. SECTION 402 (f): FURTHER ENQUIRY RELATING TO THE FORMATION, PROMOTION OR FAILURE OF THE COMPANY

- 7.1. The Liquidators are currently proceeding with enquiries into the trade dealings of the affairs of the Company at the instance of the Prudential Authority ("PA") and Financial Sector Conduct Authority ("FSCA") in terms of sections 417 and 418 of the Companies Act, which proceedings are ongoing.
- 7.2. The following matters are under investigation:-
 - 7.2.1. The reason or reasons for the failure of the company.
 - 7.2.2. The personal liability of directors of the company and/or any person(s) involved with the management of the Company.
 - 7.2.3. Possible impeachable transactions in terms of section 26, 29, 30 and 31 of the Insolvency Act and the Companies Act.
 - 7.2.4. Investigation of debts due to the Company.
- 7.3. The section 417/418 enquiry has resulted in a number of legal proceedings being instituted by the Company against various parties.

8. SECTION 402 (g): ACCOUNTING RECORDS

All accounting and financial records were handed to the Liquidators .

9. SECTION 402 (h): PROGRESS AND PROSPECTS OF THE WINDING-UP

- 9.1. The Liquidators will continue with their investigations into the affairs of the Company, the personal liability of the directors and impeachable transactions. This includes the investigations of the claims proved to date in terms of section 45(2) of the Insolvency Act.
- 9.2. The process of collecting debts due to the Company is ongoing and where applicable, summonses have been issued.
- 9.3. The Liquidators will conclude their investigations into the matters referred to above and will file a First Liquidation and Distribution account in due course.

10. SECTION 402 (i): OTHER MATTERS

- 10.1. There is a dividend prospect to all creditors.
- 10.2. There is no risk of contribution by creditors.
- 10.3. The Liquidators recommend that this report and the attached resolutions be accepted and adopted.

Thus done and signed at PRETORIA on this the 28 day of NOVEMBER 2023


Z CASSIM
LIQUIDATORS


JH BOTHA
LIQUIDATORS

CONSTANTIA INSURANCE COMPANY LIMITED (IN LIQUIDATION)

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**RESOLUTIONS PROPOSED BY THE FINAL LIQUIDATORS , ZAHEER CASSIM & JOACHIM HENDRIK BOTHA
TO BE ADOPTED AT THE SECOND OF CREDITORS, MEMBERS AND CONTRIBUTORIES TO BE HELD
BEFORE THE MAGISTRATE RANDBURG ON WEDNESDAY 13 DECEMBER 2023 AT 09H00**

IT IS HEREBY RESOLVED

1. That the report of the Liquidators(s) and his/their actions as referred to therein be and are hereby approved, ratified and confirmed.
2. All actions of whatsoever nature hereto before taken by the provisional Liquidators(s) and/or Liquidators(s) be and are hereby confirmed, ratified and approved.
3. That the actions of the provisional Liquidators(s) and Liquidators(s) in engaging the services of attorneys and/or counsel and/or experts / consultants on such matters as he/they found necessary in the administration of the estate to date, are hereby approved, ratified and confirmed and the costs thereof be paid out of the funds of the estate as part of the costs of administration.
4. That the Liquidators(s) be and is/are hereby authorised to engage whatever further experts and/or consultants, including lawyers, accountants, valuers and/or related experts he/they may require in the interests of the estate and that the costs thereof be paid out of the funds of the estate as part of the costs of administration.
5. That the Liquidators(s) be and is/are hereby authorised to institute or defend legal action and/or employ the services of a tracing agent or debtor collector in order to collect debts owing to the estate or in respect of any other matter affecting the estate including the holding of enquiries or examinations in terms of the Insolvency Act, 1936, as amended, as he/they may deem fit, and for such purposes to employ the services of attorneys and/or counsel of his/their choice and to pay the costs out of funds of the estate as part of the costs of administration which accounts do not have to be taxed but a fee approved by the trustee(s) will be payable.
6. That the Liquidators(s) be and is/are hereby authorised to settle or compromise any legal proceedings whether instituted or to be instituted by or against the estate, on such terms and conditions and for such amount as he/they in his/their discretion may deem fit.
7. That should costs be incurred for the use of a recorder and/or transcription services where the State does not supply the service free of charge, the costs thereof and the cost for obtaining copies of the Court records will be deemed part of the administration costs of the estate.
8. That the Liquidators(s) be and is/are hereby authorised to sell any movable or immovable property of the estate of whatsoever description and including outstanding debts by public auction, public tender or private treaty in such manner, upon such terms and conditions and for such amounts as he/they may deem fit.
9. That the Liquidators(s) be and is/are hereby authorised to consent to the cancellation of any bond passed in favour of the estate.
10. That the Liquidators(s) be and is/are hereby authorised to abandon any amount or any part of an amount due to the estate as he/they has/have been unable to recover or dispose of as he/they may deem fit.

11. That the Liquidators(s) be and is/are hereby authorised to engage the services of auctioneers or agents to sell the assets of the estate and to determine the conditions of sale and manner of advertising in his/their discretion.
12. That the payment of reasonable expenses incurred by the Liquidators(s) for his/their personal or his/their employee's transportation and accommodation in carrying out any statutory duty or in the performance of his/their duty as Liquidators(s) be paid as administration costs additional to the Liquidators(s) remuneration, immediately or as soon as the estate receives sufficient funds to meet such expenses. Such expenses include all reasonable hotel accommodation, necessary air travel, car rental and fuel calculated against AA-tariffs.
13. That the payment of reasonable expenses incurred by the Liquidators(s) in carrying out any statutory duty or in the performance of his/their duty as Liquidators(s) be paid as administration costs additional to the Liquidators(s) remuneration. Such expenses include the expenses incurred for countrywide deeds office searches, Kredit-Inform enquiries, ITC enquiries, obtaining copies of title deeds, bond documents, court orders and any other documents required, postages and petties, and attendance at the Registrar of Deeds for the noting of court orders.
14. That the Liquidators(s) be and is/are hereby authorised and empowered in his/their discretion to compromise or admit any claim against the estate, whether liquidated or not liquidated, arising from any guarantee or any other cause whatsoever, as a liquidated claim in terms of Section 78(3) of the Insolvency Act, as amended, at such amount as may be agreed upon between the creditor(s) concerned and the Liquidators(s) provided that proof thereof has been tendered at a meeting of creditors.
15. That the Liquidators(s) be and is/are hereby authorised to transfer to the purchaser thereof any immovable property sold by the estate prior to its liquidation or to agree to the cancellation of any such sale and to re-sell such property or to agree to the substitution of a new purchaser under any existing Deed of Sale.
16. That the Liquidators(s) be and is/are hereby authorised to abandon any asset or assets of the estate where no purchaser for the asset(s) can be found.
17. That the Liquidators(s) be and is/are hereby authorised to terminate leases in respect of premises or of any other object entered into by the estate.
18. That the Liquidators(s) be and is/are hereby authorised to, if necessary, borrow moneys with or without providing security therefore and that the interest payable on such loans shall be paid as costs of administration of the estate.
19. That the Liquidators(s) be and is/are hereby authorised to engage the services of bookkeepers, accountants, auditors and/or tax practitioners or any other person for any purpose in and about the affairs of the estate which he/they may require and the costs so incurred to be paid as costs of administration of the estate.
20. The creditors hereby consent to the Liquidators's remuneration ("the remuneration") being taxed by The Master of High Court in terms of the Insolvency Act at the higher figure of:
 - 20.1 the prescribed tariff as is contained in the Companies Act;
 - 20.2 the increased amount of work done by the Liquidators(s) in terms of the actual time spent by him or her and his or her staff in the discharge of their duties in the winding-up as is reflected on properly kept timesheets at the charge out tariff of the respective professional and administrative staff and which will be deemed to be good cause for the increase of such remuneration.
21. The remuneration referred to in 20 above may further be increased based on aspects such as:
 - 21.1 the complexity of the estate in question;
 - 21.2 the degree of difficulty encountered by the Liquidators(s) in the administration of the estate; and

- 21.3 particular difficulties experienced by the Liquidators(s) because of the nature of the assets or some other similar feature connected with the administration of the estate.
22. That circulation of notices, circulars and reports to creditors, employees and shareholders by electronic mail and/or SMS communication and/or by publication on the Company's website and/or the Liquidators' website and that same shall constitute compliance for notification to any party as required by any compliance requirement(s) and/or directives.
23. That the future administration of the estate be left in the hands of and at the discretion of the Liquidators
24. That the powers of the Liquidators be and are hereby extended to include those detailed in Sections 386(1), (3) and (4) of the Companies Act, No. 61/1973, as amended.
25. That the Liquidators are empowered to engage the services of attorneys and counsel, when they deem it is required and to determine their fees and to pay same as costs of administration.
26. That the Liquidators(s) be and is/are hereby authorised to invest funds to the benefit of the estate on an interest bearing account at a bank or other acknowledged financial institution at his/their discretion and that all fees and costs related thereto will be deemed part of the administration costs of the estate.
27. That the administering Liquidators(s) is authorized to, when after all payments of all final dividends and administration costs, that should there still be an amount of less than R3 000.00 available in the estate account, being credit interest received on the account, to take such a credit as a refund for costs with regards to, photo copying of documents, double lodging of missing documents at the Masters office, telephone calls, time spent on administration, etc.

PRESIDING OFFICER

pp: CREDITOR

DATE / STAMP