



CNR PAUL SMIT ST & RONDEBULT RD
RAVENSWOOD | BOKSBURG
1459

ADMINISTERED BY



MANAGED BY



Date : 31 October 2022

To : The High Court of South Africa – Gauteng Local Division, Johannesburg
: Spartacus Body Corporate

CC : VMH-INC
: SHP-Attorneys
: Community Scheme Ombud Services

REF : CASE NUMBER: 2020/8808

SPARTACUS ADMINISTRATOR FOURTH QUARTERLY REPORT OCTOBER 2022

**Compiled by
Mr. C Vermaak**

Dear Sirs

Please find herein, my Report for Spartacus Body Corporate on the Fourth Quarter Under Administration.



CONTENTS

NOTES ON THE TEXT	3
REPORT OVERVIEW: 4th Quarter (July 2022 – September 2022).....	4
ADMINISTRATION AND MANAGEMENT	6
Motion for Extension of Administration	7
Units in Transfer	8
Owners' Meetings and Engagements.....	8
LEGAL MATTERS	9
Arrears and Collections	9
Other Legal Matters.....	12
FINANCES.....	14
Financial Overview, YTD 2022	14
Account Reconstruction.....	17
Debt Collections and Legal Fees.....	18
Insurance.....	20
Auditors & Tax.....	21
MUNICIPAL MATTERS.....	26
Water and Sewerage	26
Electricity	26
Council.....	28
Two Stands Issue	29
REPAIRS AND MAINTENANCE	30
Planned Maintenance for the Remainder of 2022	31
Security Upgrades Project	31
Other Maintenance Carried Out This Year.	35
WHAT COMES NEXT	36
CONCLUSION	37
ADDENDA	38

NOTES ON THE TEXT

I am the court-appointed administrator for Spartacus Body Corporate. In terms of my appointment, I am required to file a formal report with the Court each quarter. This report deals with critical legal, financial and maintenance issues facing Spartacus Body Corporate. It is, by necessity, a detailed and comprehensive report.

The preparations for an urgent, and contested, application to the Court, delays in receiving required information, maintenance project rollouts, in conjunction with unexpected and unplanned infrastructure faults (all detailed in this report), contributed to this Report's late submission. I apologize for any inconvenience this may have caused. Please note that only after the most recent information & updates to Legal Collections and Accounts are received (usually on, or around, the 15th of each month) can I complete the compiling of my Reports.

In the interests of avoiding unnecessary prolixity, a focus has been placed in this Report on striking a balance between brevity, clarity, and accuracy. To that end, the following features have been introduced to this report:

- The findings of previous Reports are summarised, with references to previous Reports cited as described below:
 - Within a sentence: **REFERRING STATEMENT** ^[Report/Document – Page/Addendum]
 - After quote/diagram: *Source:[Report/Document – Page/Addendum]*
 - As a context reference in the above form at the start of a section.
 - In the Digital Version of this Report, References are hyperlinked to sources wherever possible. Inks to external documents are not yet supported.
 - **Relevant dates are rendered in bold** for the purposes of helping validation.
- Previous Reports are referred to thus:
 - **SBC-QR1** refers to my **1st Quarterly Report**, dated **10 January 2022**
 - **SBC-QR2** refers to my **2nd Quarterly Report**, dated **12 April 2022**
 - **SBC-QR3** refers to my **3rd Quarterly Report**, dated **26 July 2022**
 - **SBC-QR4** refers to **this report** my **4th Quarterly Report**, dated **26 October 2022**
- Terminology and Abbreviations
 - **SBC** - Spartacus Body Corporate
 - **MPS** - Mansfield Property Solutions
 - **Solver** - Solver Property Services
 - **SHP** - Schüler Heerschop Pienaar Attorneys
 - **OMI** - Old Mutual Insurance
 - **HP** - Hammond Pole Attorneys
 - **the Complex** - the property of Spartacus Body Corporate, registration numbers SS 30/1995, SS 183/1995 and SS 236/1994, located at Erf 240 Ravenswood Extension 21 & 25 Township, Province of Gauteng, with S.G number 1321/1994 , 762/1994, 4350/1994. 8009/1994,1228/1995
 - **owners, members, and units** - registered members of the Sectional Title Scheme known as Spartacus Body Corporate - used interchangeably.
 - **residents** - those who live in the Complex.
 - **tenants** - the residents registered as paying rents to the relevant members as compensation for use of that member's section as a residence.

REPORT OVERVIEW: 4th Quarter (July 2022 – September 2022)

I urge every member to read the Full Report. It is a detailed account of all my efforts on behalf of the complex, and it identifies past lapses, current issues, and future courses of action. It especially deals with the financial consequences of years of non-compliance and neglect, and the effect this will have on every owner.

The dysfunction of SBC persists; however, many significant improvements have been made over the course of the year, with a number of critical repair projects being finally rolled out at the end of September and beginning of October.

The most significant change has been the impact of instituting a Levy Increase and Special Levy, made effective from **01 August 2022** ^[SBC-QR3 – X, Y]. The effects of this change permeate this report, since without it, many important improvements could not have been implemented. Unfortunately, the effectiveness of the Levy Increase and Special Levy were somewhat undercut by instances of member non-payment and additional, ultimately wasteful legal costs.

The complex is still not completely compliant with all relevant and applicable measures and many owners are still not paying their levies. *Non-payment of levies remains the greatest challenge, as it undermines the compliant members of the Body Corporate, and me, in our efforts resolve all the other issues facing SBC.* I would like to thank the owners who have made efforts this past quarter in rectifying their arrears. See **Finances** ^[SBC-QR4 – p18-19] Section for more detail.

I have evaluated all relevant documents, procedures, contracts, and standard operating procedures pertaining to SBC that were supplied to me. Since my appointment I have been working on turn-around solutions for the Complex, rolling them out as soon as made possible by the resources and information available to me.

Several units and owners have been unreasonably obstinate and have, in some cases, refused to recognise my position, or have blatantly refused to respect and adhere to my decisions. There have been multiple attempts made, throughout the year, including in the 4th Quarter, to impede and/or undermine my efforts to turn SBC around, with a number of frivolous suits having been levied against me, or the Body Corporate. While all these cases have been won, the cost of doing so has been prohibitive to progress. See **Legal Matters** ^[SBC-QR4 – p12] section for more detail.

My focus in each quarter has been on making incremental, iterative changes, all while consistently constrained by restricted cash flow. My stated goal of restoring SBC can be envisioned as the combination of two mutually dependent aspects - first to ensure regulatory compliance, and then to improve quality of life for residents. I am still convinced that we can achieve this goal, with unified purpose

and strategic investments in making the community safer, healthier, and more resilient.

As this Report should make clear, the work of restoring SBC is well under way, but far from complete. This fact prompted me to make an application to the Court in the form of a **Motion for the Extension of Administration**. The case was heard by the Honourable Judge Wright on **27 September 2022**. An Interim Extension was granted, pending a full hearing on, or before, **28th of November 2022**. See **page 7** for more detail.

In the Next Quarters section of my 3rd Quarterly Report, I *“laid out a summary of the priorities, plans and processes we will be deciding on and implementing over the remainder of 2022.”* [SBC-QR3 – p54] Below is a breakdown of the progress made, in light of that summary:

- Full reconstruction of the accounts, in preparation for Audit, including implementing a new accounting and accounts management system – this has continued steadily, with completion expected in December of 2022. See **page 17**.
- Resolve the inherited, legacy tax issues as smoothly as possible – progress has been made, with completion expected in December of 2022. See **page 22**.
- We will be vigorously pursuing the collections of outstanding arrears. – This process will continue unabated, until every account is resolved. See **pages 18-19**.
- Significant progress was made on the following Critical Repair and Maintenance Projects, highlighted in my reports:
 - Security and Access Control System – currently being repaired and upgraded as part of the Security Upgrades Project. See **page 30**.
 - Electrical COC and Safety – currently being repaired and upgraded as part of the Security Upgrades Project. See **page 30**.
 - Signage and Indemnity – Designs have been finalised, new quotes are being negotiated, rollout expected towards the end of 2022. See **page 32**.
 - Common Area and Playground Safety – A community led initiative helped to organize a full refurbishment of the Playground Area that is currently under way. See **page 32**.
 - Damp Repair – inspections and assessments have been carried out. The extent of the damp is far greater than anticipated. We are awaiting finalisation of quotes, so that we can plan the phased rollout of this repair. See **page 33**.
- After months of continuous engagement with Council, a new electrical meter was installed, and the vandalised kiosk refurbished and repaired. The Step-Down Transformer/Isolation Switch was repaired. See **pages 25-26**.

The details and nuances of all the matters listed above, and more, are laid out in the relevant sections below, cross-referenced where necessary.

I wish to say thank you, once again, to the SBC residents, members and staff, as well as the managing agents, attorneys and assistants who have supported my work throughout the year.

ADMINISTRATION AND MANAGEMENT

- For Context, see:
 - SBC-QR1 – p2-3
 - SBC-QR2 – p4
 - SBC-QR3 – p6-7

This is the situation that led directly to my appointment as Administrator and since I believe that context is both relevant and pertinent to keep in mind as we continue the process of restoring SBC to solvency, I have set out a summary of the situation below:

- The Court Case that led to my appointment was around the contested appointment of the previous Trustees, combined with the Termination of MPS and the Appointment of Solver.
- Initial restructuring negotiations and considerations were initiated.
- Multiple Managing Agents participated in a tender process for Management, Facilities & Caretaker functions, with MPS and Solver being engaged first.
- SBC could not afford to pay two management agents at their proposed fees.
- I negotiated with the competing Agents to reduce the monthly prices and thus ascertain the lowest price that the industry would be willing to accept for the size of the complex and the full scope of work.
- In a letter, dated 11 November 2021 and circulated to the owners, I informed the owners of my decision regarding the Managing Agents:

"Spartacus has had two competing managing Agents whose appointments and duties were not clear. Both have knowledge and records pertaining to the Body Corporate. I have discussed this situation with both, and both were co-operative and supportive, to a point - for which I am grateful. However, it was not possible to negotiate an agreement for both to continue on a divided responsibility basis. Accordingly, Mansfield Property Solutions will receive and invoice all payments and will deal with all other management issues, including communication and estate/facilities management." [SBC-QR1 – p3]

I have collected together the proposals from the Managing Agents involved in the tender process and **attached them to this report** [SBC-QR4 – A].

I was eventually left with no choice, as a result of Solver's refusal to act in the best interests of SBC, but to terminate any appointment of Solver. Solver subsequently referred the issue to the CSOS, who decided to reject their application after opposition filed by me on behalf of SBC.

In the time since the abovementioned CSOS application, Solver has been helpful, on occasion, in terms of providing the information and documents required for me to administer the complex effectively. However, it must be noted that my efforts have been hampered, and my authority challenged, at various points this year, by some of the previous Trustees, who evidently took umbrage at the fact of my

appointment, endeavouring to appeal and oppose me and my decisions wherever and whenever possible. For more detail see the **Legal Matters** ^[SBC-QR4 – p12] section below.

I would again like to thank Mansfield Property Solutions for their continuing commitment and support in the day-to-day operation of the Complex. They are tirelessly working on resolving all queries and pending matters. We are saving the complex in excess of [REDACTED] per month.

Motion for Extension of Administration

The most pressing Management and Administration matter that is still in progress is the **Motion for Extension of Administration** ^[SBC-QR4 – B] that was filed with the Court on the **6th of September 2022** as a matter of urgency.

As stated in the letter notifying SBC members of the Motion, dated **06 September 2022** ^[SBC-QR4 – C]:

"In light of my three reports sent to you, all interested parties are aware that the work to steady the Spartacus position is far from complete and will take some time to resolve. We have tried our best to resolve the position within 12 months, but it has become evident that the historical issues could not be resolved within 12 months as originally envisaged – in light of my reports to the court. As you are all aware, the more we worked on the issues, the more we discovered that they were far worse than anticipated. It is evident that it is necessary for the Administrator's appointment to be extended in terms of Section 16 of the STSMA as a result. The Administrator will accordingly be compelled to approach the court in the best interests of the entire complex, and a copy of the application will be made available to you once launched."

The Notice of the Motion was circulated to all owners along with a **Letter of Support** ^[SBC-QR4 – C] that Spartacus Body Corporate members could sign and comment on if they so wished.

The Motion did not go unopposed, and I duly responded to the challenge in a Replying Affidavit ^[SBC-QR4 – B], which has been filed with the Court.

A **Project Plan** ^[SBC-QR4 – B] was included as part of that application.

The matter was heard on **27 September 2022** with the Honourable Judge Wright presiding. Due to time constraints on the day of the hearing, an Interim Extension was granted, pending a full hearing on **28th of November 2022** ^[SBC-QR4 – B]. I am currently in the process of preparing for that hearing and look forward to a judgment that is in the best interests of SBC going forward.

With regards to planning for, and continuing, the steady improvement of SBC's condition, I have decided to operate on the basis that the Motion for Extension will

be granted and will continue to implement existing plans [SBC-QR4 – B], while keeping records on all matters in good order as a matter of best practice in the unlikely event that I am ordered to hand over administration.

Units in Transfer

- See: [SBC-QR4-D](#)

I am pleased to report that, as of **05 October 2022**, there were 5 Units currently in the process of transferring ownership, with one of those 5 Units still in arrears with SBC. In the period of December 2021 – September 2022, 12 Units completed transfer of ownership, with 2 of those Units being in arrears at time of transfer.

This is good news for two reasons. First, it is a signal that the market is improving and that SBC, even with its current challenges, still represents an investment opportunity. Second, Arrears are often settled, or workable arrangements are reached as a result of transfers, which has a significant positive impact on the SBC accounts.

Owners' Meetings and Engagements

- For Context see:
 - [SBC-QR3 – p53](#)

I arranged a meeting with owners, after hours, on the 11th of July 2022 to discuss previous reports and address any concerns. Once again, I wish to thank the 20 owners in attendance, for their valuable input.

As mentioned in the meeting, and as I restate now, I will endeavour to hold another meeting in the upcoming months. In the meantime, should any owner need to communicate with me, they can do so in writing via Mansfield Property Solutions.

For minutes of the Owner's Meeting on the 11th of July 2022, see: SBC-QR3 – W.

I would also like to mention that, throughout the year, I have frequently engaged with owners in many ad-hoc, and some planned, meetings when I have been on-site at the Complex. I have done my best to take every owner's, and resident's concerns and ideas into consideration wherever possible, and I wish to encourage more active, vibrant and productive community engagement in the future.

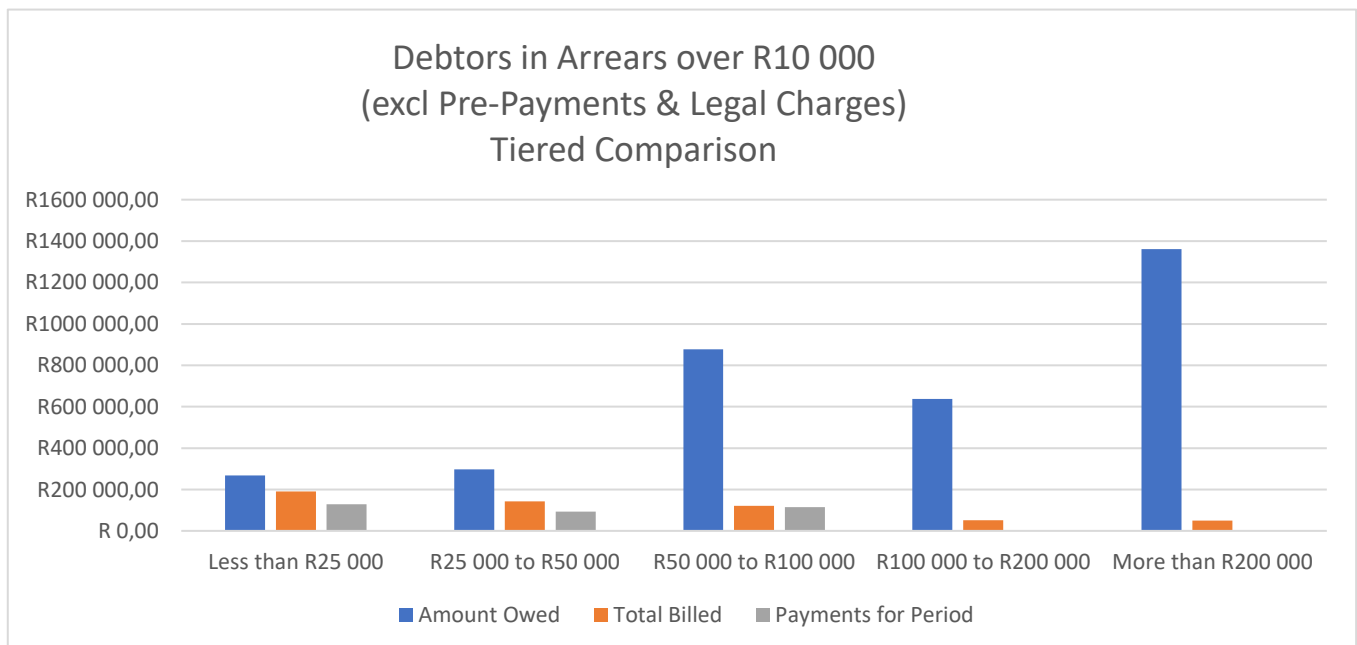
LEGAL MATTERS

- For Context, see:
 - SBC-QR1 – p4
 - SBC-QR2 – p5-7
 - SBC-QR3 – p7-13
 - SBC-QR3 – p46-48

Arrears and Collections

Prior to my appointment and continuing for some time after the abovementioned dispute with Solver was resolved, several legal matters were duplicated between Hammond Pole & SHP regarding collections of arrears. This has since been resolved, with SHP taking over responsibility for all files.

In the 3rd Quarter, the number of SBC accounts with more than R 10 000 overdue was [REDACTED] units, representing a total of [REDACTED] in arrears as of the end of June 2022. In the 4th Quarter, the number of debtors in arrears over R10 000 went up to [REDACTED] with the amount owed by this group climbing to [REDACTED]. However, as the chart below illustrates, the [REDACTED] units owing more than R 200 000 are responsible for [REDACTED] of that amount and have made no payments in the 4th Quarter. This rise in arrears connects directly to Council Tariff Increases, the necessary Levy Increase & the Special Levy^[SBC-QR3 – X, Y]. Total Recoveries Consumed for the period [REDACTED] and Payments of [REDACTED] an increase of [REDACTED]% over the past quarter, which is a significant improvement on the movement from the previous quarter^[SBC-QR4 – D]



Source: [SBC-QR4 – D]

As I stated in my **previous report** ^[SBC-QR3 – p44] we are addressing this matter as a top priority and have initiated additional steps and action against these delinquent owners. The legal system does work, but it will take time to recover these arrears, and doing so will come at a cost to the entire Body Corporate, especially in terms of cash flow and contributions in the interim to keep the Body Corporate afloat.

The goal is to restore SBC to solvency and regulatory compliance, which will improve the quality of life for residents, and property value for owners.

I have attached the most recent Legal Collections Report from SHP in the Addenda. It is important to note that it is a report *only* on the progress of Legal Collections currently in process.

Below is a summary of the **Legal Collections Report for October 2022** ^[SBC-QR4 – E], courtesy of SHP:

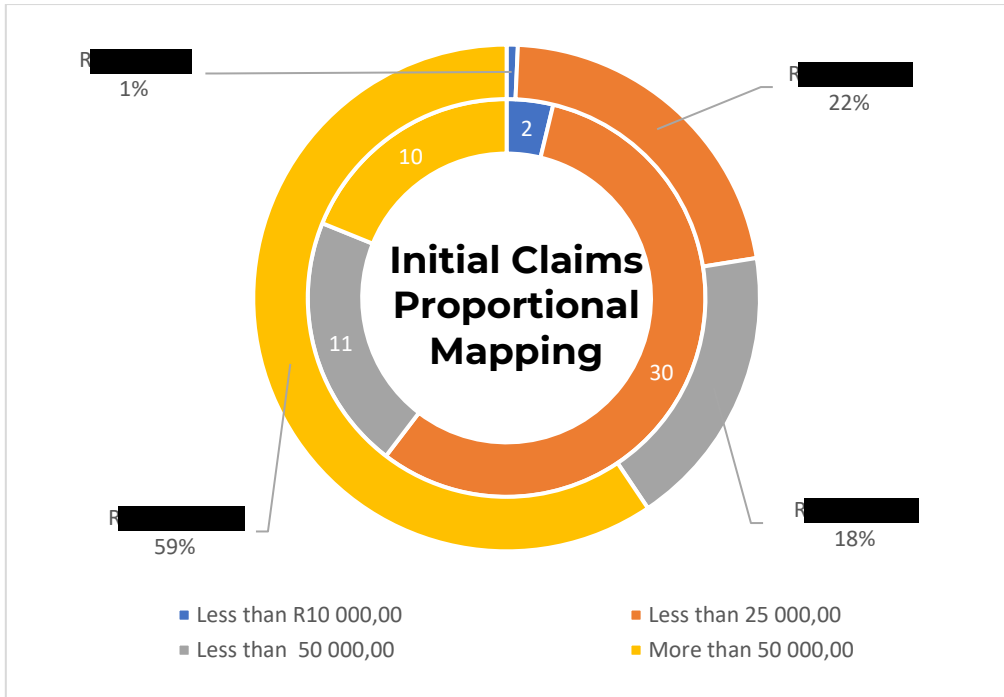
		Initial Claims Total	Receipts Total
TOTAL CLAIMS	■	■	■

Initial Claims Categories	Count	Category Total
Less than R10 000,00	■	■
Less than 25 000,00	■	■
Less than 50 000,00	■	■
More than 50 000,00	■	■

Receipts Categories	Count	Category Total
No Receipt	■	■
Less than R5000,00	■	■
Less than R10 000,00	■	■
Less than R25 000,00	■	■
Less than R50 000,00	■	■
More than R50 000,00	■	■

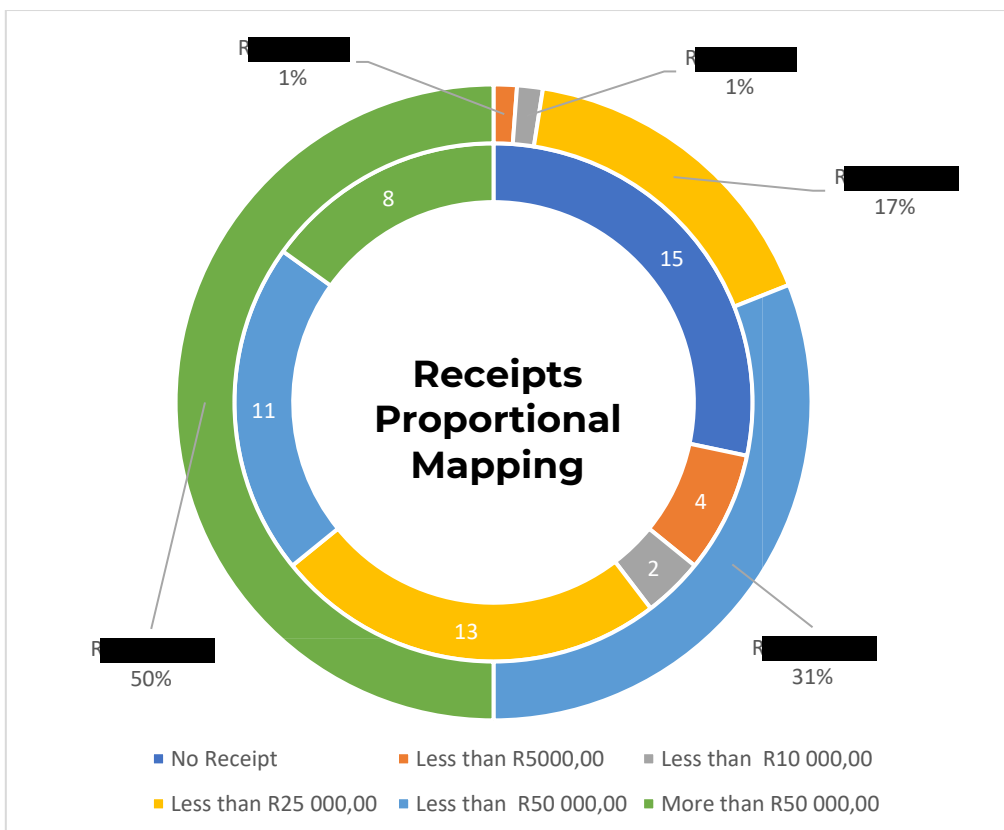
Claims Outstanding
■

Progress Category	Count
Pending Update	■
0000: Letter of Demand	■
0020: Summons	■
0021: Summons Served.	■
0130: Acknowledgement of Debt	■
0031: AOD Signed	■
0040: Request for Default Judgment.	■
0045: Judgment Granted.	■
0050: Warrant of Execution	■
NOT3: Notice of Bar	■



Inner Ring – Category Count proportional to Total Claims (53),
Outer Ring – Category Totals proportional to Initial Claims Total (R2 136 104,78)

Source: [SBC-QR4 – E]



Inner Ring – Category Count proportional to Total Claims (53),
Outer Ring – Category Totals proportional to Receipts Total (R1 300 532,28)

Source: [SBC-QR4 – E]

Levies are levied to pay for the standards of living in the complex. They are the core communal resource. The negligence and incompetence that got SBC into its current mess is regrettable and shameful but continued delinquency and obstruction on the part of owners is neither justified nor productive.

The increase in Arrears over the course of this Quarter was, in part, driven by misguided opposition to, and subsequent refusal to pay, the Increase in Levies, and the Special Levy. To be clear, the SBC members that refuse to pay represent a small minority of members, and in cases where affordability has been a genuine concern for a member (beyond a reactionary, emotional determination alone), we have been able to come to suitable payment arrangements^[SBC-QR4 – p19].

Other Legal Matters

As mentioned in the **Administration and Management**^[SBC-QR4 – p6] section my efforts have been hampered, and my authority challenged, at various points this year by some of the previous Trustees, who have endeavoured to appeal and oppose me and my decisions wherever and whenever possible.

This opposition has taken a variety of forms, from angry emails to CSOS cases, encouraging levy boycotts, attempting to organise more forensic audits (in spite, or in ignorance, of the independent **Audits**^[SBC-QR3 – N,O] commissioned by me and filed with the Court). One disgruntled owner even took the trouble to email Clientele Legal, accusing me of fraud without any evidence provided, or any indication of intent to follow the required due process in opening a legitimate case.

To date, both CSOS and the Court have upheld my decisions in every instance where the matter has been brought before the relevant authorities. These matters with their supporting documents have all been filed with the Court, in the Case File. All other matters pertaining to opposition from the previous Trustees have either been settled out of Court or are in the process of being settled. I will report and communicate the outcomes of these matters as they are resolved.

Addressing the aforementioned challenges to my decisions and authority has come with a twofold cost to the progress I hoped to make in this year, namely in terms of time and expense. I have had to spend a considerable amount of time preparing responses and supporting documents – time that could have been better spent on accelerating the progress of the complex towards solvency. In addition to this, where lawyers have had to be engaged in handling these matters, the associated legal costs have been incurred. In the past quarter, our **Legal Expenses** have amounted to R [REDACTED] with the total for 2022 to date amounting to R [REDACTED]^[SBC-QR4 – F]. While the collections fees for levy arrears do account for a significant portion of that total, it should be evident that without these obviously frivolous challenges our legal expenses would be nowhere near as high

as they currently are. For more detail on the financial impacts of SBC's legal issues, see the **Finances** ^[SBC-QR4 – p18-19] section below.

It should be noted, as mentioned in my Quarterly Reports, the High Court matter pending adjudication, with case number **22476/2021**, will incur more legal costs for SBC. The Administration is hoping to receive judgement on the matter as part of the Motion for Extension of Administration, which is due to be heard on the **28th of November 2022** ^[SBC-QR4 – B], and which was filed with respect to the matters with case numbers **8808/2020** & **22476/2021**. The owners and respondents will have to decide if the benefit of continuing to pursue this case outweighs the cost to all owners of SBC.

I am still debating whether an additional Special Levy, or alternative recovery options, need to be implemented to recover outstanding Legal Fees from the Body Corporate, Trustees and/or other parties. This is one of the main reasons why the bank accounts were depleted over these past years. It is also a large part of what prevents us from maintaining the complex efficiently.

Once again, I will restate my position that the actions of the ostensible (previous) Trustees, their ill-informed decisions that led to legal action, and the resultant expenses thereof, have severely impacted the capacity of SBC to rectify itself. Progress is being made, but the pain is still being felt.

FINANCES

Financial Overview, YTD 2022

- For Context, see:
 - SBC-QR1 – p4, 8-9
 - SBC-QR2 – 5, 15-21
 - SBC-QR3 – p41-53

The following points refer to the **Income Statement** ^[SBC-QR4 – F], attached to this report, that I prepared for the period of January to September 2022.

The ratio of Recovery Income sits at 52% of the Total Income for the period.

I wish to note again that there were no Levy Increases from October 2019 until the increase instituted by me on the **26th of July 2022** ^[SBC-QR3 – X]. Until that point SBC had to absorb the increases from suppliers, inflation, and Council rates over for almost 3 years, with no corresponding increase in revenue. This failure of due diligence and forethought has been a core aspect of SBC's solvency problems. If levies remain flat while inflation drives prices up, insolvency becomes inevitable.

Since the **Reserve Fund** has been continually depleted for years now, due to the high arrears and being utilised for the monthly operation of the complex and keeping it afloat, we must, by law, do what we can to put money back into the Reserve Fund whenever possible. Therefore, on the **Income Statement** ^[SBC-QR4 – F], we can see the Net Income after disbursements, is reflected as R [REDACTED] and sitting at 0.8% of Total Income.

It should be noted that the income statement reflects the book entries, not the actual cash in hand. *Non-paying SBC members deplete the income in real terms.*

I have done the below comparison for ease of interpretation and to provide a snapshot of the actual current situation as an expression and overview.

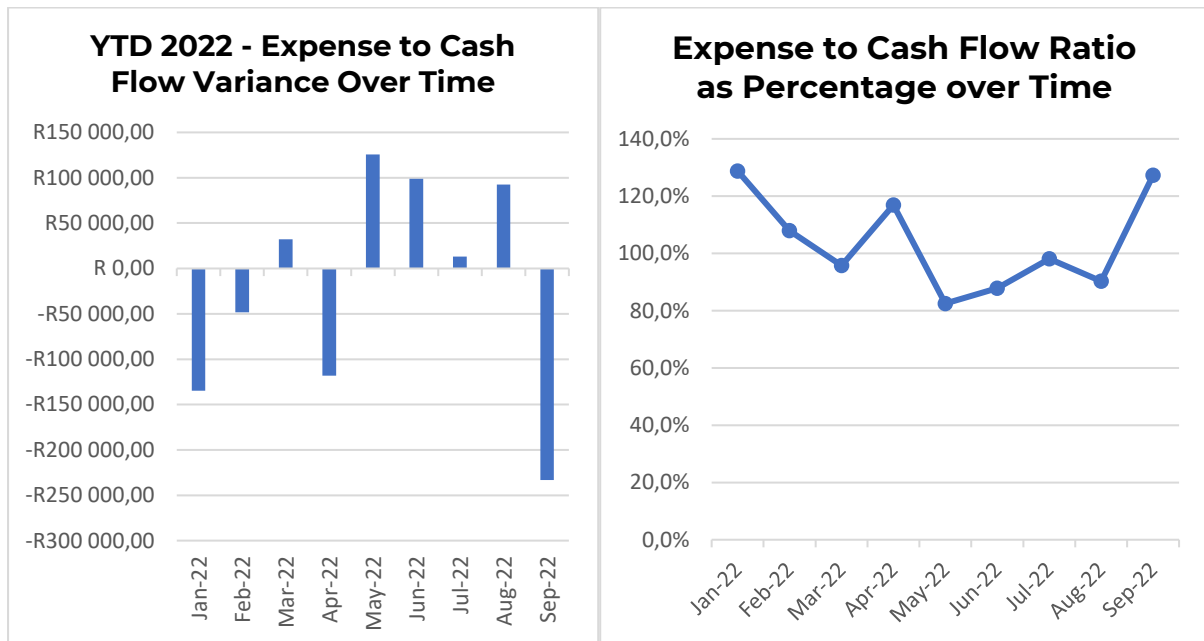
Below is Spartacus Cash to Arrears Ratio & Cash to Expense Ratio for the past nine months (charts and figures based on the **Supplementary Financial Information Pack** ^[SBC-QR4 – G]).

Cash Flow to Levy / Arrears Ratio	202201	202202	202203	202204	202205
Levy Roll outstanding	R [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Income Levy, Reserve & Recoveries	R [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Payments Received	R [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

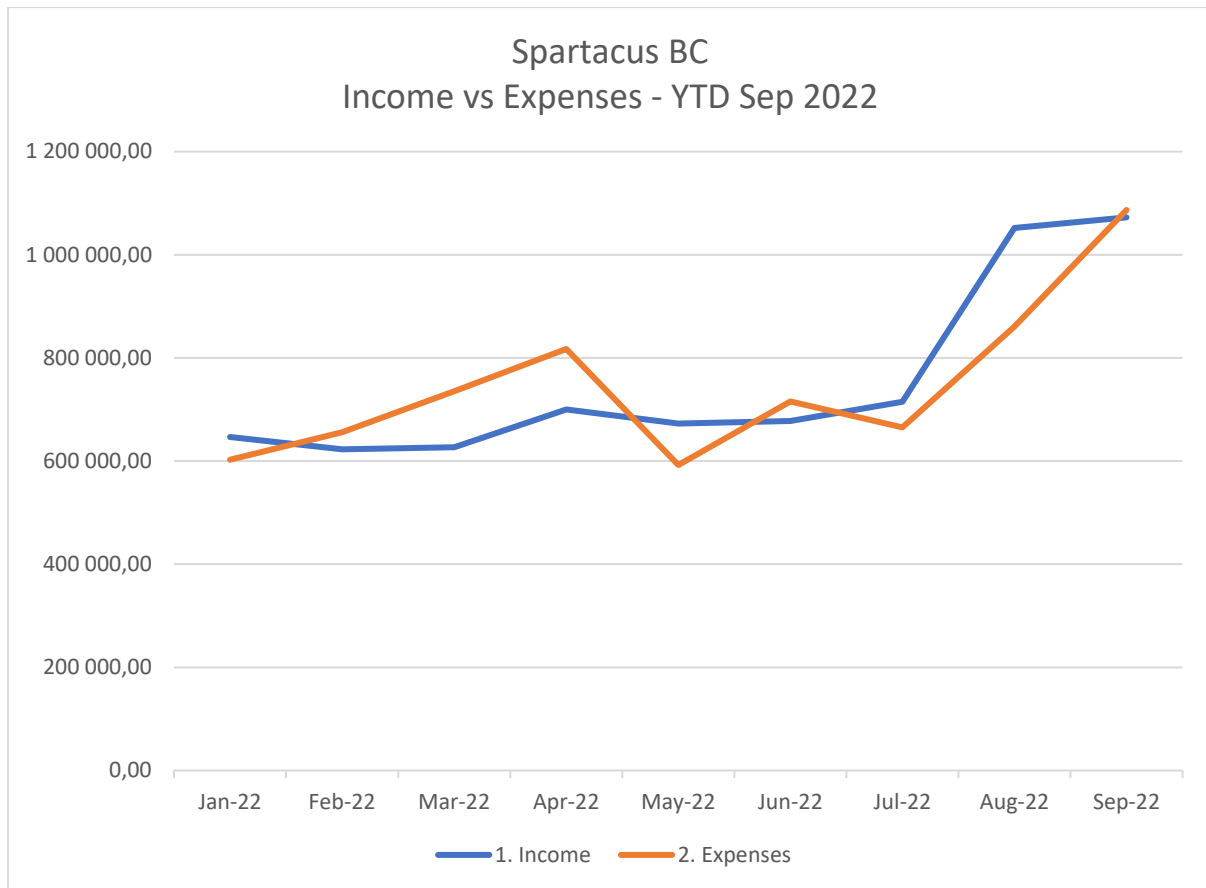
Cash Flow to Levy / Arrears Ratio	202206	202207	202208	202209	Total YTD
Levy Roll outstanding	R				
Total Income Levy, Reserve & Recoveries	R				
Payments Received	R				
					-R

YTD 2022 - Expense to Cash Flow Table

Month	Total Expense BC	Payments Received	Variance	% of Income
Jan-22				
Feb-22				
Mar-22				
Apr-22				
May-22				
Jun-22				
Jul-22				
Aug-22				
Sep-22				
Period Totals				



It is very difficult for the administration to manage the operation day-to-day and even more difficult to carry out any maintenance aside from the critical emergency maintenance done on an ad-hoc basis. Simply managing to do that takes a lot of negotiation around the actual cash on hand at the time of the repair, due to most suppliers, unsurprisingly, working on a COD basis. I have utilised and claimed as much possible from Insurance where applicable.



Source: [SBC-QR4 – F]

As can be seen above, SBC has been fluctuating between surplus and deficit for most of the year, reflecting both my efforts to improve SBC's financial position and the quality of life of residents, as well as the continuing challenge presented by levy shortfalls and member non-payment.

The effects of the Levy Increase and the Special Levy have been significant, as can be seen above with the immediate rise in Income from August 2022, in spite of the owners who refused to pay. These funds were raised to pay for critical repairs and other immediately pressing concerns, as well as to re-establish a workable baseline for Income that can actually help SBC return to solvency. The sharp rise in Expenses in September is a reflection of the implementation of the projects and processes detailed throughout this, and prior, Reports

The Body Corporate still needs to improve on the actual cash income on the arrears and full levy collections to ensure that we can continue with critical repairs to improve the complex and restore it to its former glory. This remains the top priority for the administration.

Account Reconstruction

- For Context, see:
 - SBC-QR1 – p6
 - SBC-QR2 – p11
 - SBC-QR3 – p11-12

As standard practice upon my appointment, we embarked on initial reconciliations of every unit for the provision of take-on, from one Management Agent to the next. I picked up various and numerous irregularities on these accounts, owners claiming payments, or paying to incorrect account, some incorrect levy calculations, and some recoveries being mis-allocated by Solver, among other problems.

So, in the interests of transparency and accuracy, I decided to reconstruct all the accounts for the Body Corporate, starting from January 2021. I received the final **Audited Financials for 2020** ^[SBC-QR3 – O] at the end of March 2022 and was finally able to start with this process as we had the Opening Balances to use as take-on.

In my **3rd Quarterly Report** ^[SBC-QR3 – p11], I stated:

“I am confident that the full reconstruction of accounts, and implementation of a much more effective and efficient accounting system, will be completed in the 4th Quarter”

Unfortunately, in spite significant progress, this has not yet been achieved. We are doing our best to have the Account Reconstruction completed by the end of 2022.

All changes impacting the complex will be communicated to owners, and to the Court. Should an owner’s account be impacted by the rebuild, said owner will be notified of credits, if and where applicable.

In the reconstruction process so far, we have already picked up on many anomalies and irregularities in the accounts, many of which are detailed in my Quarterly Reports. To illustrate, I would like to briefly discuss the case of **Unit 66**. ^[SBC-QR4 – H]

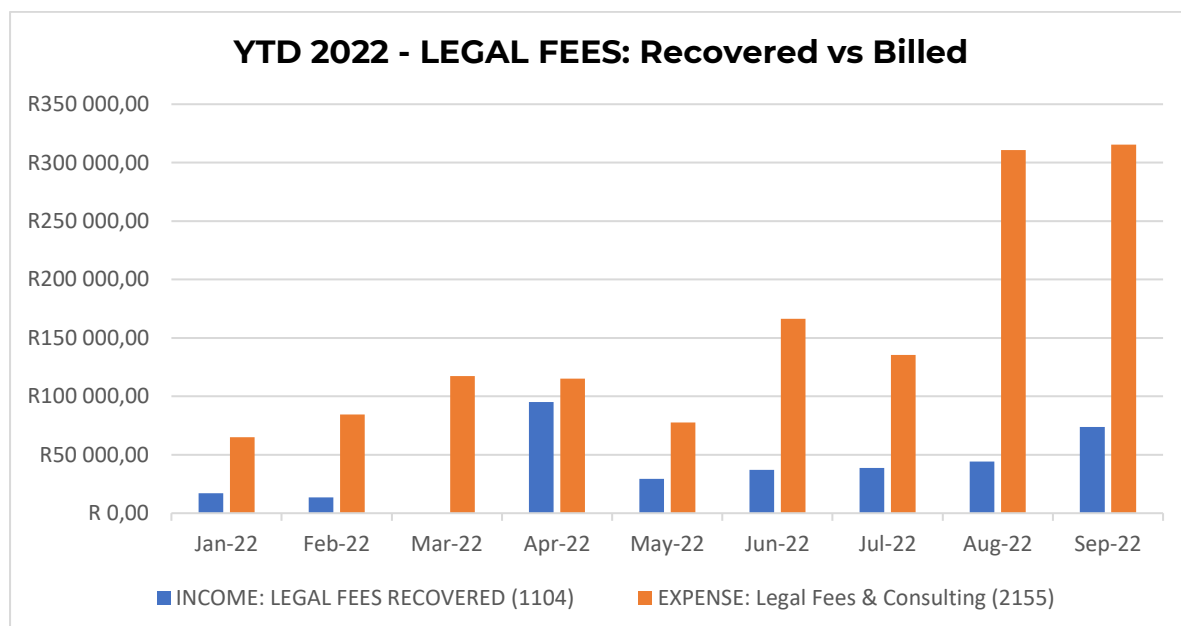
- On the change over the back to MPS in December of 2021, we took at face value the amounts due as presented by Solver and brought those in as opening balances.
- December 2021 - Unit 66 Take-On Balance (from Solver) - Amount Due: **R** [REDACTED]
- Upon embarking on Account Reconstruction, the following was discovered:
 - MPS Closing Balance for Unit 66, dated March 2021: **R** [REDACTED]
 - Solver Opening Balance for Unit 66, dated April 2021: **-R** [REDACTED]
 - Solver Closing Balance for Unit 66, dated November 2021: **R** [REDACTED]
- The discrepancy, once discovered during Account Reconstruction, was corrected in August 2022 after substantial bureaucratic back-and-forth. The Owner was informed of the changes.
 - Corrected Balance as of August 2022 for Unit 66: **R** [REDACTED]
- See [SBC-QR4 – H](#) for details.

Issues like the one described above have been significant contributing factors to the overall increase of debt in this past quarter and serve as prime examples of why the complete reconstruction of all accounts is of utmost importance.

Debt Collections and Legal Fees

- For Context, see:
 - SBC-QR1 – p4
 - SBC-QR2 – p5
 - SBC-QR3 – p7-13

As covered in my previous reports, the legal costs incurred by the Body Corporate in the resolution of the many disputes, when added to the legal costs incurred in the efforts of collections on arrears, has been consistently and prohibitively expensive.

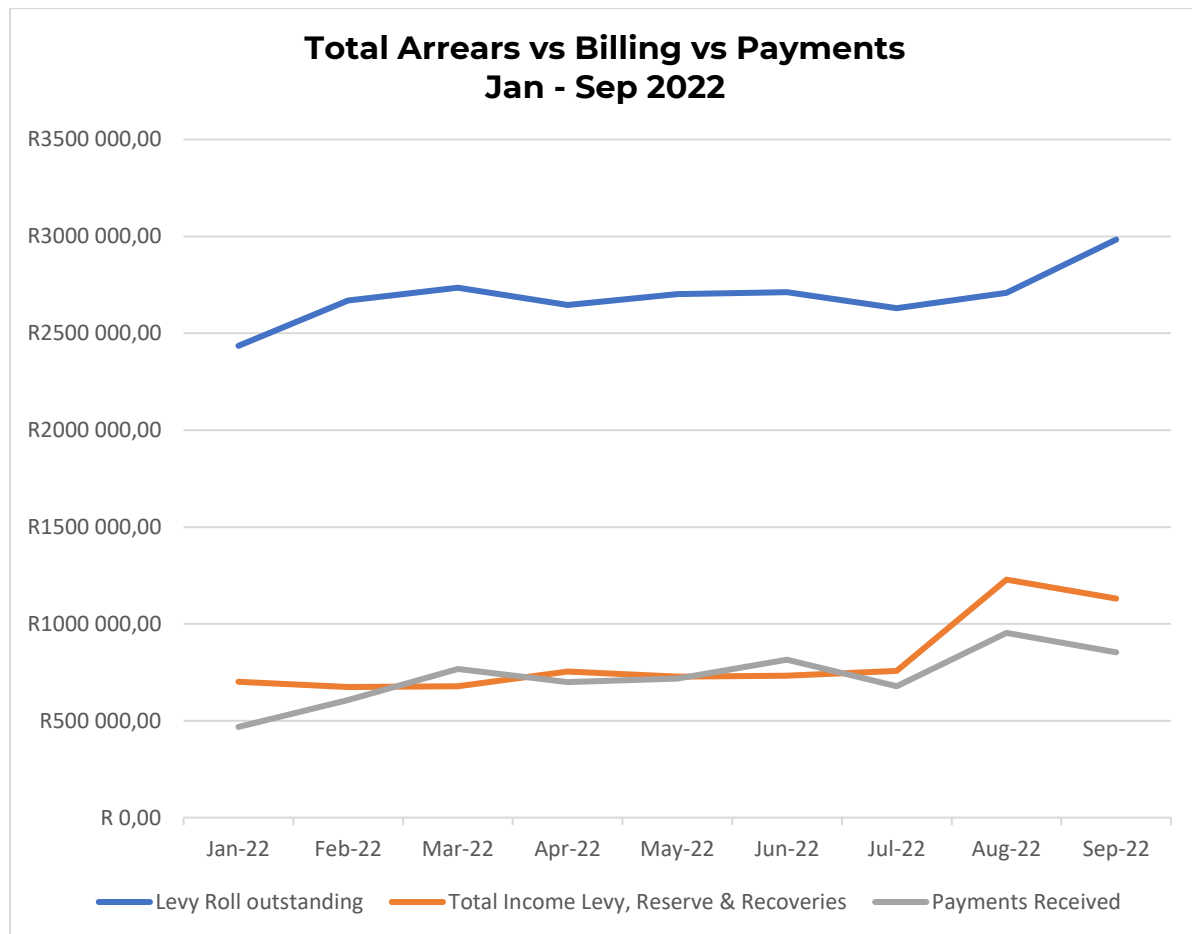


Source: [SBC-QR4 – F]

The levy arrears and non-paying members have kneecapped SBC's capacity to address its problems, both due to the size of the amounts outstanding and poor collections practices prior to my appointment. *While there have been improvements*, it will still take a significant amount of time and effort to bring this matter to a close, simply due to the scale and scope of the problem.

As can be seen in the chart below, the **Total Arrears** were marginally reduced in **April and July 2022**, both following months where **Payments Received** exceeded the **Billing**, i.e. **March and June 2022** respectively. **Total Arrears** in **September 2022** was at R [REDACTED] and now sits at R [REDACTED] for the **Year-to-Date** (not shown on chart). The steep increase in debt over the 4th Quarter is directly related

to the levy increase and non-paying members and corrections as stated within the **Legal Matters** [SBC-QR4 – p9] section.



The scale of the arrears issue. Source: [SBC-QR4 – G]

Payments Received and **Billing** for **2022 Year-to-Date** total to R [REDACTED] and R [REDACTED] respectively, reflecting a deficit of R [REDACTED] due to under-recovery. [SBC-QR4 – G] The increase to **Total Arrears** in **July-September 2022** is largely due to units who opposed the Special Levy and Levy Increase and refused to pay. Note that the magnitude of the changes to **Total Arrears** correlate quite neatly to the gap between **Payments Received** and **Billing**, albeit with a one-month delay, indicating a causative relationship.

While we are actively working to reduce the Arrears amount as quickly and efficiently as possible, we are still heavily constrained by the current cash flow problems caused by owners who unlawfully refuse to pay levies. *I would like to applaud and thank the owners that do pay their levies and those who have committed to payment arrangements with us.* Once again, I welcome any owner who wishes to enter into a payment arrangement and bring their levies up to date.

We have also made special payment arrangements available for the pensioners and senior citizens in the complex, to help ease the added financial burden of the Special Levy. See [SBC-QR4 – C](#).

Insurance

- For Context, see:
 - SBC-QR1 – p8
 - SBC-QR2 – p15
 - SBC-QR3 – p34-37

During my initial discovery and evaluation, I requested the brokers to send me all relevant details pertaining to SBC's current insurance policy with Old Mutual.

I raised some concerns regarding the current policy and coverage:

- Several months of incorrect Debit Orders.
- Several renewal policies in error that were not picked up by Solver Property Services.
- No Replacement Valuation on file since the inception of the policy.
- It seemed that the sum insured was incorrect.
- Insufficient cover for Public & Employee Liability as per the minimum required.

After many requests and follow-ups, I was provided with various amendments to policy cover made in error vs actual current policy. These all were corrected by Old Mutual. I also requested competitive quotes from the current and additional brokers to assess the most comprehensive cover and the best available rates.

I appointed a valuator in **December 2021** and received the completed Replacement Valuation, calculated at R [REDACTED] [SBC-QR3 – K]

In September, I requested a revised Replacement Valuation, as part of my efforts to negotiate better cover when SBC's policy came up for renewal. The revised **Replacement Valuation** [SBC-QR4 – I] is R [REDACTED] from which the amount of R [REDACTED] m² was derived for insurance calculations.

After months of negotiations, I obtained corrected cover for SBC [SBC-QR3 – p36], as well as included Fidelity cover that was never in the policy (and is now a statutory requirement), which was a major risk factor for the owners. Our Policy [SBC-QR3 – L] premium was reduced to R [REDACTED] from R [REDACTED] a substantial saving of R [REDACTED] per month [SBC-QR3 – p36].

We have numerous claims that are pending and take continuous follow-ups from me and the broker with little to no improvement.

Our insurance policy was up for renewal on **01 October 2022**. OMI proposed these terms [SBC-QR4 – J].

- Proposed an inflationary increase of 8% on the pre-renewal sums insureds and a rate adjustment of 5%.
- Geyser excess increase to 10% of claim, minimum R2 000.

I immediately began negotiating again, seeking out counter offers and looking for the best deal possible ^[SBC-QR4 – J]. This yielded results, as OMI ultimately agreed to only increasing the premium by R [REDACTED] (2%), for a new premium of R [REDACTED] while keeping the geyser excess minimum to R [REDACTED] ^[SBC-QR4 – J].

The final insurance matter to mention is that of **Kalreesh Plumbing** ^[SBC-QR4 – K]. There are several claims from the period of September 2021 – November 2021, for geysers and other plumbing repairs, that were never processed due to negligence on the part of Solver. In my ongoing negotiations with OMI, I have applied for an exception to their late claim policy for this particular matter. OMI are evaluating and considering if they will pay or decline, as is their right. I am constantly trying to see if we can minimise this potential expense. I will communicate developments and outcomes as they occur, and in subsequent reports.

Auditors & Tax

- *For Context, see:*
 - *SBC-QR1 – p9*
 - *SBC-QR2 – p17*
 - *SBC-QR3 – p37-41*

According to Solver, prior to my appointment, the Financials for 2020 were never sent for Audit, as the previous Trustees did not want to appoint an auditor.

I appointed Van Sitterts Auditors to carry out the complete Audit of SBC's 2020 Books, as well as to carry out an entire Audit Review of the previously Audited Financials for 2019. Both were carried out in accordance with the International Financial Reporting Standard for SME, and as per the requirements of The Sectional Title Schemes Management Act and Regulations.

- *Review of 2019 Audited Financials.*
 - *Balance Sheet reviewed by Van Sitterts.*
 - *Van Sitterts uphold the Completed and Filled Financial Statement as expressed by Strever & Co, with minor allocation changes due to the time of allocations versus testing. They have confirmed that these were indeed corrected and are no cause for any concern.*
 - *These financial statements were never signed by the ostensible (previous) Trustees.*
 - *In light of this Independent review, I have approved and signed off these Statements.* ^[SBC-QR3 – M,N]
 - *Auditor recommended that Spartacus Body Corporate will have to take serious corrective actions with regards to building up their Reserve, to ensure that the planned maintenance expenditure is covered as per the plans and reports* ^[SBC-QR3 – B, C, S & T].

- *Audited Financial Statements 2020*
 - *These financial statements were not submitted for Audit by the ostensible (previous) Trustees and Solver Property Services.*
 - *Van Sitterts completed the audit of the compiled Annual Financial Statements for 2020 [SBC-QR3 – Q].*
 - *As the Court-appointed Administrator, I was not appointed during the financial period, and thus I am only able to comment on the below points as expressed by Audited Financials.*
- *Overview of 2020 Presented Financials*
 - *Overall Performance:*
 - *Total Combined Income: R 7 376 826 (FY2020) vs R 6 474 007 (FY2019).*
 - *Total Expenditure: R 7 139 458 vs R 6 902 765 in 2019.*
 - *Total After Taxation: R 386 996 (FY2020) vs -R 318 308 which in effect means a 221% change/ growth Year on Year.*
 - *Overall Expenses*
 - *See: SBC-QR3 – p39 for an overview of these.*
 - *See: SBC-QR3 – Q for itemised breakdown*
 - *Other Contributing expenses either decreased, or were marginally increased, as to be expected.*

Tax – SARS.

- *For Context, see:*
 - *SBC-QR2 – p20*
 - *SBC-QR3 – p40-41*

Upon initial request for information from Solver and the ostensible (previous) Trustees pertaining to take-on information, I was informed that the Tax for the Body Corporate was never filed and/or paid for several years, and certain claims were made with regards to Tax.

After reviewing all information and documentation pertaining to this unpaid Tax Query & Claim, I can confirm that:

- *Income Tax for both 2018 & 2019 was submitted by MPS & Auditor*
- *2018's tax was paid by MPS, but 2019's tax was not paid as yet due to there being no funds available, approval from Trustees still pending, and the subsequent Court Cases.*
- *The same periods were, in effect, paid twice on different Tax numbers.*
- *Solver, by appointing a Public Officer, instead of following the change of Public Officer processes, thus duplicated the Body Corporate's Tax Number on these returns instead of obtaining the correct Tax Number that was Registered to the Body Corporate for all the previous years. This resulted in duplicated returns, payments and accounts.*

I appointed a Tax consultant with the Audit firm to resolve these duplicated accounts, returns and payments. In effect, we will try and negotiate with SARS with regards to interest and more to see what can be allowed as both returns are paid.

Once this has been resolved, the Auditor will submit the Tax due for 2020 – As per AFS the current amount due is R [REDACTED] for the year. The final amount is to be determined with the above corrections. This correction of the above-mentioned omissions will incur additional costs to the Body Corporate.

I received a letter from the Tax Consultants, **McNair & Co**^[SBC-QR4 – L] on **3 October 2022**, stating the following:

"We have emailed the forms to both public officers [MPS & Solver] to give me Power of Attorney to contact SARS. Once we have received these Power of Attorney's [sic], SARS will be contacted so that we can consolidate the accounts and get a zero balance on the new tax number and then it can be closed.

The only tax number will be the original one.

After successfully completing the above, we will submit overdue tax return as per the Audited Financials for FY2020, as the abovementioned will impact the overall Tax Liability Due by the Body Corporate, which can only be determined on the completion thereof.

To finalise this with SARS I estimate it will take about two to three months."

Maintenance Plans, Savings, and Impact on Levies

- For Context, see:
 - SBC-QR1 – p5-6
 - SBC-QR2 – p8-9
 - SBC-QR3 – p49

As mentioned in my 3rd Quarterly Report, according to the 10 Year Maintenance Plan ^[SBC-QR3 – B], SBC requires approximately R [REDACTED] to carry out the projects needed in the upcoming years. This figure is subject to change, due to the volatile nature of the current economy, with prices of both materials and labour being subject to larger macroeconomic trends that are outside the scope of this report.

In previous reports, it was demonstrated that the Levy Contribution at the time was insufficient to meet the needs of repairing the Complex effectively, thus requiring an increase to the base Levy and the institution of a short-term Special Levy in order to raise funds for required maintenance. We still require more than R [REDACTED] per year to cover the costs of the Maintenance Plan. We are committed to tackling the Repair and Maintenance projects as a matter of urgency as funds become available.

I am pleased to report that significant progress has been made in terms of Repairs and Maintenance in the 4th Quarter, but there is still much to be done. The details of this progress are covered in the **Repairs and Maintenance** [SBC-QR4 – p29-34] section below.

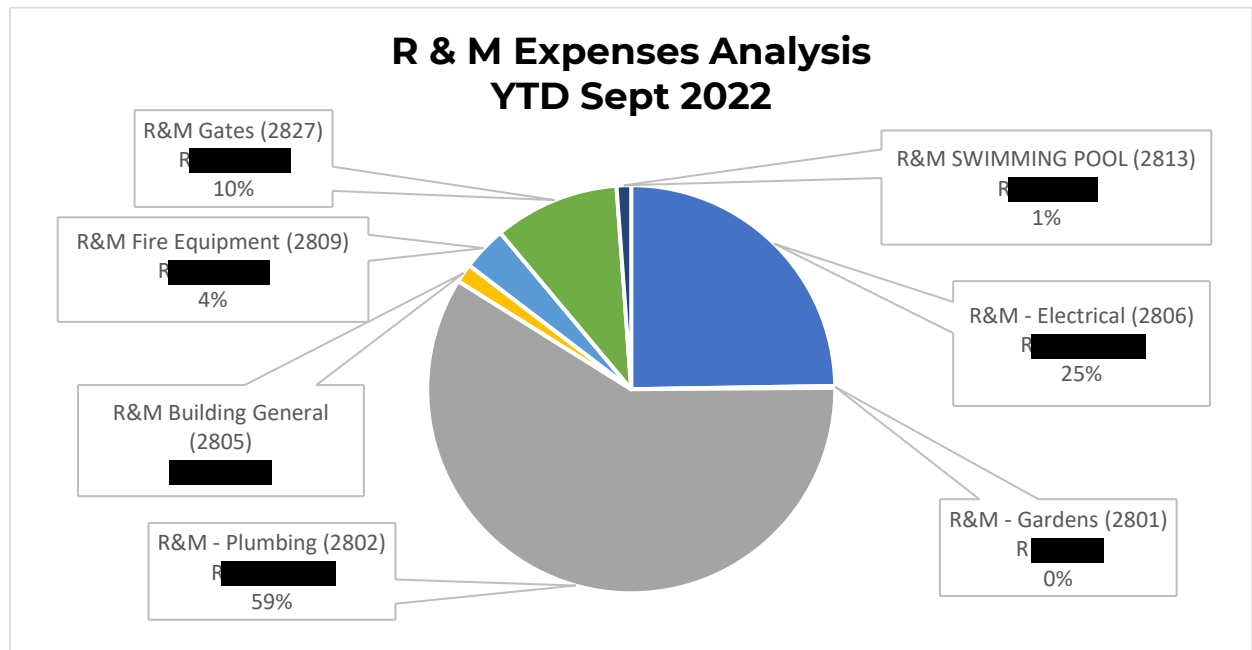
Here is a summary of Repair and Maintenance Expenses of the Year-to-Date in 2022:

R & M Expenses Analysis

YTD Sept 2022

R&M - Electrical (2806)	R [REDACTED]
R&M - Gardens (2801)	R [REDACTED]
R&M - Plumbing (2802)	R [REDACTED]
R&M Building General (2805)	R [REDACTED]
R&M Fire Equipment (2809)	R [REDACTED]
R&M Gates (2827)	R [REDACTED]
R&M SWIMMING POOL (2813)	R [REDACTED]
Total YTD	R [REDACTED]
Insurance Claim Settled	-R [REDACTED]
Owner Excess Charged	-R [REDACTED]
Total Impact on BC YTD	R [REDACTED]
Monthly Average Impact on BC YTD	R [REDACTED]

Source:[SBC-QR4 – G]



Source:[SBC-QR4 – G]

As I have mentioned in all my reports to date, I am continually seeking out practical ways to save money wherever possible. Below is a breakdown of the savings we have accrued this year:

Administrator Cost Saving Initiatives - Sept 22	
Dec 2021 - Sept 22	
Management Agent Fees	R [REDACTED]
Facilities , Meter Reading & Staff Services	R [REDACTED]
Insurance - Re Negotiations	R [REDACTED]
Security - Negotiation 0% Increase	R [REDACTED]
Special Projects Additional Discount	R [REDACTED]
Total Savings for the BC over period.	R [REDACTED]

Source:[SBC-QR4 – G]

Budget 2022 & Levies

- For Context, see:
 - SBC-QR1 – p9
 - SBC-QR2 – p21
 - SBC-QR3 – p52

In my 3rd Quarterly Report, I attached a forecasted **Budget for 2022** [SBC-QR3 – S, T] for a better understanding of the costs required to facilitate SBC's return to solvency, compliance, and acceptable quality of life.

In the 4th Quarter, we have rolled out the Levy Increase, as well as the Special Levy, which has opened up some cash flow, and allowed us to begin the critical projects laid out elsewhere in this Report.

Unfortunately, the sharp increase in legal fees, and increase in arrears was unanticipated, and has hampered progress somewhat.

However, as the projects roll out and members see their levies being put to use in improving their quality of life, I expect the fiscal situation to improve considerably.

MUNICIPAL MATTERS

- For Context, see:
 - SBC-QR1 – p7
 - SBC-QR2 – p12-13
 - SBC-QR3 – p30-34

Water and Sewerage

Several problems with the Billing Practices implemented in the past by Solver and previous Trustees ^[SBC-QR1 – p7 | SBC-QR2 – p12 | SBC-QR3 – p31], were discovered:

- They had not been charging the correct tariffs to the units, and there was a significant problem with the free kl allocations.
- Council Recon Actual vs Billed was never carried out, and meter numbers were never verified.
- The Council Allocation for free kl was not verified and not receiving the correct allocated amount as these are charged inconsistently from Council.

Solver had taken inconsistent readings and averaged these out over months, with under and pre-billing. I have made corrections for most of the impacted accounts where possible, given current information. Everything will be allocated, and corrected where necessary, in the reconstruction of all accounts in due course. Affected owners will also see this reflecting on their updated statements.

I have contacted the Council on several occasions to arrange a meeting to discuss these matters and to address and rectify the charges where applicable. I have made a complete list of credits due, as per the actual vs incorrect billing. After meetings with Council & Town Planner, the full credits due cannot be allocated until we resolve the **Two Stands Issue** ^[SBC-QR4-p29].

We ask that the community monitor their usage and attempt to save water where possible and report any leaks immediately.

Electricity

- See: SBC-QR3 – p32-34

Several problems with the Billing in the past by Solver Services and previous Trustees were discovered:

- Council Recon Actual vs Billed was never carried out, and council meter readings were never taken or verified.

- The previous Trustees entered into a payment arrangement for a back bill correction of R [REDACTED] that costs the Complex an additional R [REDACTED] expense every month.

During the initial investigation and negotiation with Council, I noticed that we appeared to have an 11 000 Volt Step-Down Transformer with no record of being serviced in several years, if not more [SBC-QR1 – p7 | SBC-QR2 – p13 | SBC-QR3 – p32]. It was in dire need of a service and a critical concern since power to the entire complex ran through this particular piece of infrastructure. I obtained quotes and planned for the repair using funds raised through the Special Levy and Levy Increase.

The repair was planned for **12 October 2022** [SBC-QR4 – C] and residents were notified but had to be postponed to **19 October 2022** [SBC-QR4 – C], due to Council being unable to isolate the complex from the grid and having other urgent power supply matters to attend to at the time.

Upon commencement of the repairs, I was informed that the infrastructure was not a Step-Down Transformer, but instead an 11,000 kVA Isolation Switch. A service was carried out, to fix a cracked baffle plate, faulty bull horns, debris build up and oil leaks in the bushings and glands from years of residue build-up. No internal repairs were carried out as, upon inspection and testing, the internal components were deemed to be in working order. See [SBC-QR4 – M](#) for pictures of the repairs.

Upon reconnection, a power surge blew the fuses on the Council's side, requiring further emergency repairs. The problem was resolved, certification and testing were completed [SBC-QR4 – M] and finally, power was returned to the Complex on the **21th of October 2022**.

In the process of resolving this matter, I have been informed that, in order to be compliant with current power supply infrastructure requirements, we will need to install additional fuses and other components to secure the integrity of SBC's power supply. We will be addressing this as a priority in the coming months.

As stated in previous reports, Council has been billing on averages determined several months before COVID began, and not adjusted since. This was due to the fact that the actual meter had been stolen [SBC-QR3 – p32-33]. Upon discovering this, I immediately informed Council, and pursued the matter consistently until, eventually, after many delays due to an absence of meters in stock, the meter was replaced in the first week of October 2022 [SBC-QR3 – O].

We will now have to wait and see how the actual power consumption readings for the complex differ from the averages billed by City of Ekurhuleni and adjust accordingly.

We ask that the community monitor their usage and attempt to save electricity where possible, and report maintenance problems to Mansfield Property Solutions.

Council

- For Context, see:
 - SBC-QR1 – p7
 - SBC-QR2 – p12-14
 - SBC-QR3 – p44-46

The Council invoices and recovery losses that get absorbed by the Body Corporate are extensive. On the current Council vs Recovery Recon figures below, you will note that the Body Corporate has absorbed R 294 407 from the Admin Levy this year so far. The average have been reduced to R 32 712/month.

I have personally reconciled the Council and Recovery Accounts from November 2020 to date, to ensure that the billing is corrected on all accounts, and that any credits due are passed within the rebuild.

The total impact of the actual corrected billing vs recoveries had a negative impact on the Body Corporate Admin Fund and the total, as per below, is R734 702, with an average of R 40 816 of common area cost that needs to be absorbed within the Admin Budget, totalling 13.4% for the year.

Municipal Expenses Jan - Sept 2022 YTD Analysis

	Total Expense BC	Recoveries Billed	Variance	% of Income	Losses %
Jan-22					
Feb-22					
Mar-22					
Apr-22					
May-22					
Jun-22					
Jul-22					E - COE
Aug-22					E - COE
Sep-22					E - COE
Period Totals					
Avg Loss Per Month 2022					
Previous 18 Months Jan 21 - June 22 Loss Total					
Avg Per Month for Period					

Source: [SBC-QR4 – G]

I am actively engaging with council on a continuous basis to address various legacy issues that continue to impact the complex.

The substation was also vandalised in April ^[SBC-QR3 – U]. After several follow ups and complaints, Council has managed to lock the area. We have since cleaned up this area and keep security monitoring it as part of their daily duties.

The administration also continuously follows up on credits not passed on correctly, as well as payments made not reflecting. It appears that the Council systems are down at times or not up to date.

I strongly suggest that the Body Corporate considers installing prepaid meters for all units as, once implemented, such an upgrade will immediately alleviate the pressure on the cash flow and reduce the arrears dramatically.

I have engaged with several companies and am busy with Council to consider these options with financing plans for the capital outlay of this, so as not to burden the owners with another large, once-off expense. I will compile my recommendations, once completed, for the owners to consider this matter in due course.

Two Stands Issue

This has been one of the more surprising and perplexing discoveries that I have made since being appointed. In my **Project Plan** ^[SBC-QR4 – B], dated **06 September 2022** and circulated as part of my Motion for Extension application, I summarised the issue thus:

“This situation is quite unique in that the original developer built the scheme seeming as one and operating as one, but in reality, is actually two separate schemes. To date, no other person managing the scheme has been aware of this issue or raised it with the Trustees or the Members.

Initial investigations have shown that, due to the two erven involved being located in different extensions of the municipality, a consolidation is not possible.

Through the services of a town planner, I have attempted to uplift the original plans for the complex but to date, have not been placed in possession of the same.

Further, on the advice I have from Town Planners and Attorneys, the process to consolidate the schemes is fraught with technicality, and procedural requirements which will, by their very nature, take a protracted time to plan and execute.

I estimate that I will have a definitive answer and remedy for this issue within 24 months of the date hereon and wish to provide an additional 12 months for the execution of the work based on my findings.”

The situation remains the same at present, and I will document and report on the process as it proceeds.

See [SBC-QR4 – N](#) for more context.

REPAIRS AND MAINTENANCE

- For Context, see:
 - SBC-QR1 – p5-6
 - SBC-QR2 – p8-12
 - SBC-QR3 – p14-30

SBC is still in dire need of critical maintenance which has been heretofore halted due to the lack of cash flow. The implementation of both the Levy Increase and Special Levy have gone a long way to helping SBC begin addressing these issues, but there is still a lot to be done, and still not quite enough money to do it.

Even though an amount is being allocated to the Reserve Fund during the levy run, it is not sufficient, and is still, in part (and out of necessity) being used to cover shortfalls in the Complex operations. It will still take time to bring the Maintenance Reserve Fund to a point of compliance in terms of the Sectional Title Schemes Management Act (No. 8 of 2011), as well as to a point of meeting the needs of the

10-year Maintenance Plan ^[SBC-QR3 – B]

Ad-hoc Maintenance, however, will continue to be difficult to address within the current constraints of cash flow, which remains a critical concern. This year, we have addressed several ad-hoc, unplanned maintenance issues.

As mentioned in the **Finances** ^[SBC-QR4 – p20] section, I am actively engaging with our Insurer on outstanding claims to get the optimum settlements on all submitted claims.

In my previous report, I concluded that the Special Levy and Levy Increase needed to be implemented to facilitate Repairs and improve SBC's physical and financial conditions. These were implemented, and as a result, we have been able to begin several Repairs and Maintenance projects in this past quarter (detailed below and above), with more progress to come.

Various plumbing, security and electrical emergency maintenance issues were addressed as well as ad-hoc maintenance repairs over the past quarter.

Plumbing

There have been several plumbing issues addressed as ad-hoc maintenance in the quarters since my appointment, details of which can be found in my previous report ^[SBC-QR3 – p17].

In the 4th Quarter, 13 Pressure Release Valves were replaced, with more to follow in the next quarter. Two leaks in the Common Area, and one Drain Line were also fixed.

Planned Maintenance for the Remainder of 2022.

Owners and residents highlighted some of the areas they would like to address within the yearly planned maintenance. I took this into consideration along with an understanding of the fiscal requirements and other factors at play when determining the way forward for the rest of 2022. I am pleased to state that we have made significant progress on a number of these matters in the past quarter, as described below.

As part of the **Motion for Extension of Administration** ^[SBC-QR4 – B], I included a **Project Plan** ^[SBC-QR4 – B] as a roadmap for the way forward, which included many of the matters outlined below.

Security Upgrades Project

- See: SBC-QR3 – p18-26

As stated above, and in previous reports, the access control and security systems of the complex remain of upmost importance to the administration, as well as to every owner and resident.

Upon my appointment, the access control system was not working and was in desperate need of an upgrade. We repaired the system twice simply to get it functional. However, a suitable permanent solution was still required.

In my 3rd Quarterly Report, I included a breakdown of various options and solutions, with the overall cost implication for SBC calculated and compared over a 48-month period ^[SBC-QR3 – p20-24 | SBC-QR3 – E].

In the 4th Quarter, I was able to negotiate the following arrangement with RiskTec:

- Intercom & Access
- Electric Fence % COC
- Bore Hole Cover
- Palisade wall Gate
- Gate Track Replace
- Additional & Replacement Energisers
- **Total Investment**
 - 7,5 % Discount
- **Total Due After Discount**
- **60% Deposit Payment for Project Confirmation**
- **Payment Balance Three Months Instalments**



Source: ^[SBC-QR4 – O]

On **22 September 2022** ^[SBC-QR4 – C], in my Letter to SBC members and residents I announced the commencement of some of these projects.

On the **17th of October 2022**, RiskTec reported progress of the Security Upgrades Project is as follows:

“The following work has been completed:

3 X Gate stainless tracks

3 X Gates wheels

3 X Gate racks

Exit gate palisade panel

Additional work done on the visitors gate: Replaced faulty safety beams.

17/10/2022, we have started with the replacing of the electric fence from 6 wire to 8 wire, please note that this is a time consuming installation and will give updates time to time, once the installation of the electric fence is completed we will give you an update on the next chapter of the project.”

Source: [SBC-QR4 – O]

The completion of these upgrades will represent a significant milestone in SBC's restoration process, a milestone I look forward to with much anticipation. It must be noted that the Levy Increase and Special Levy have been instrumental in opening up cash flow for us to begin this project. I would therefore like to thank all paying members, once again, for their contributions to the complex.

Pools

- See: SBC-QR3 – p26

Over the course of 2022, we have fixed and replaced various parts on each pool to ensure that they are running, and I obtained estimates to carry out complete pool repairs. It is estimated that we will require R [REDACTED] to implement the repairs.

We will implement these repairs once the higher priority items are addressed and when the cash flow permits such expenditure.

Signage / Indemnities / Rails & Road Marking

- See: SBC-QR3 - p27

All the current signage inside and outside the complex is inadequate, outdated, damaged and/or faded. I obtained quotes pertaining to the signage project as well as the replacement of rails ^[SBC-QR3 – J]. The cashflow simply has not been sufficient to roll this out yet. This matter will be addressed as soon as possible since it is critical in minimising risks. Updated signage has been designed, and I will be obtaining revised quotes for these projects, implementing them as soon as we have the funds to do so.

Bore Hole Reservoir

- See: SBC-QR3 – p28

In the Maintenance Report ^[SBC-QR3 – C, D], it was noted that the reservoir needs to be covered as it is a major risk for people and/or children to fall in, with no way of getting out. This could potentially lead to loss of life and is thus a health and safety priority.

The DB Board at the Bore Hole has been fixed, and a Certificate of Compliance has been issued. The Bore Hole will be covered as part of the **Security Upgrades Project** ^[SBC-QR4 – O] outlined above.

Children's Play area.

- See: SBC-QR3 – p28

In my previous Report, I noted that the Playground was in a state of disrepair to the point of being unfit for purpose as a safe space for children to play. At the time, the projected cost of repairs was too high to make the repairs an urgent priority.

However, it pleases me immensely to report that, through the initiative of SBC community members, we commenced the Playground Repair Project on the **22nd of September 2022** ^[SBC-QR4 – C] and it has proceeded steadily, with the new amenities already being enjoyed by the children of SBC.

As I stated in my Letter dated **22 September 2022**:

“The play area has been designed by one of our passionate landscapers, Maureen Ferreira, to have the same look and feel as most pre-primary and primary schools’

play areas. I would like to thank her personally for all the effort she has put in, for her dedication, and for her commitment to oversee this project alongside Peter. She has gone above and beyond with her design and has even managed to arrange donations of some equipment and materials free of charge, as further contribute to this project. She will be assisted by Charlie and his team in the building of the Playground area.

The Playground area renovation will take some weeks to complete, and therefore the demarcated work areas will be off-limits while construction is underway."

Source: [SBC-QR4 – C]

I look forward to the completion of this project before the start of December school holidays this year. See [SBC-QR4 – P](#) for pictures of the current progress.

Buildings and Damp

- See: SBC-QR3 – p29

The issues relating to damp are legacy problems that existed before my appointment as Administrator, and stem from the now-well-documented negligence prior to my appointment.

In letters dated **06 October 2022** [SBC-QR4 – C] and **10 October 2022** [SBC-QR4 – C], we informed owners that there would be a full inspection of the entire complex for all areas and units affected by damp on Saturday the **15th of October 2022**.

Prior to this inspection, we were aware of at least 20 units with internal damp issues as well as of damp affecting external areas. This informed my initial costings and projections.

The inspection, carried out on the **15th of October 2022**, revealed that the problem is significantly more expansive than initially thought. We are awaiting a comprehensive and itemised quote, but the high-level breakdown thus far is outlined below:

- We are now aware of more than 70 units that are affected by damp to some degree.
- Drainage in the roofs of some buildings is poor, leading to damp from above.
- Some buildings have damp creeping in from both the ground and the roof.
- The initial estimate (pending a full quote) is that the entire repair project will cost in excess of R [REDACTED]
- This necessitates a phased roll-out of repairs, tackling the damp in sections, and allowing time for funding to be sensibly sourced and sorted out.
- The priority must be to repair cornices and load-bearing areas first.

Source: [SBC-QR4 – Q]

Once we have an itemised quote, and a definitive sense of the scope and scale of repairs required, I will begin negotiating with suppliers and planning the roll-out of this project. All the pertinent details will be circulated to SBC members and residents, and the progress of the project will be documented in future reports.

Windows, Putty, and Gutters.

- See: *SBC-QR3 – p30*

The windows and putty are deteriorating fast, and the gutters are in a state of disrepair that exacerbates the expansion of damp in some building. This is purely due to the lack of maintenance prior to my appointment. The repairs required are listed in the **10 Year Maintenance Plan**^[SBC-QR3 – B] and **Project Plan**^[SBC-QR4 – B] and will therefore be addressed as part of those plans, as and when cash flow permits.

Should they become an emergency critical repair requirement, I will inform the Body Corporate accordingly and this will result in the necessary levies being raised, since we do not have the liquidity to address these matters rapidly without raising additional contributions from members.

Other Maintenance Carried Out This Year.

- See: *SBC-QR3 – p34*

We completed the annual Fire Service and Additional Compliance requirements for Fire Safety in the 3rd Quarter.

We have also carried out Pest Control throughout the complex. We humbly request that all residents please ensure that they dispose of their refuse correctly and make use of the bins as a matter of hygiene and respect.

WHAT COMES NEXT

I wish to re-state here, a sentiment expressed earlier in this Report – the work of restoring SBC is now well under way, but far from complete. There are several processes currently under way that will take time, and careful oversight, to see through to effective completion. I firmly believe that we will effectively complete said processes and thus arrive in a position to return a safe, solvent and sustainable SBC back to its community. To be clear though, we are not there yet, and there is much to do before we are. This is the crux of my **Motion for Extension of Administration**.

Just like in my **3rd Quarterly Report**, in this section, I have laid out a summary of the priorities, plans and processes we will be deciding on and implementing over the remainder of 2022.

All matters outlined in this Report are dependent, to some degree or another, on the outcome of my **Motion for Extension of Administration**, due to be heard on the **28th of November 2022**. For planning purposes, as expressed in this report, I have worked on the assumption that the Motion will be upheld. I hope that will indeed be the case.

The **Account Reconstruction** process will continue through the next Quarter, with completion expected in December 2022. As part of this project, accounts will be moved to the **New Accounting System**. We will keep the Court and SBC members up to date with pertinent developments as they arise, and in my Reports.

The **Duplicate Tax Number Issue** is currently expected to be resolved in between December 2022 and February 2023, dependent on our interactions with SARS. Thereafter **Updated and Reconstructed Financials** will be sent for **Audit**, following which we will be able to bring our taxes up to date.

We will continue the process of rectifying the **Two Stands Issue**. As mentioned in my **Project Plan**, this issue will likely take the longest to resolve, as the problem dates back to more than 20 years ago. We will keep the Court and SBC members up to date with pertinent developments as they arise, and in my Reports.

The **Security Upgrades Project** is now well underway, and completion is expected before the end of 2022. I will be reminding SBC residents to update their information for the **Access Control System** database. We will keep the Court and SBC members up to date with pertinent developments as they arise, and in my Reports.

Signage and Road Markings will be rolled out as soon as possible in the next 3 months. We will notify members and residents in due course.

The **Borehole Cover** will be installed as part of the **Security Upgrades Project**.

Due to the splendid success of the community-led **Playground Upgrade Project**, due to be completed in November 2022, the **Park and Braai Areas** are next on the

list. We will be formulating a plan, securing quotes, and I look forward to announcing developments in this project as they occur and in my next Report.

Once the **Security Upgrades Project** is complete, preparations for **next phase of Repairs and Maintenance** can begin, namely with regards to **Damp** and **Pools**. Due to the scale and complexity of the damp, I will not make any pre-emptive statements here, but I will keep SBC members and residents abreast of important developments, as they occur and in my Reports. The same goes for the pools, even though the scale and complexity are significantly diminished when compared to the damp.

Any, and all, other important developments in the complex will be communicated to SBC members and residents and subsequently documented in my Reports.

CONCLUSION

In conclusion, and as is now customary, I would like to thank the owners, once again, for their commitment to making SBC a better place for all residents. Thank you for your patience, your resilience, and your faith.

If we work together, with the unified purpose building of a restored sanctuary for the whole community, we are already well on our way to fulfilling precisely that purpose. Together, in the face of many and varied challenges, we are now evidently building a community where children can play in safety, and parents can relax – where the people who live here always feel at home. It's takes time, hard work, and tough choices, to do, but when the hard work is done, we will be glad that we did.

And finally, if any owner has questions or concerns, ideas or requests, compliments or complaints, please do not hesitate to reach out to myself, or the Managing Agents. The best way to get in touch, is by sending an email to, or calling, Mansfield Property Solutions. If you would like to meet with me directly, simply send an email requesting a meeting and we'll make it happen.

Yours faithfully,



Craig Vermaak

Court Appointed Administrator

ADDENDA

Index of Addenda to this Report

REFERENCE	DOCUMENT NAME	PAGE COUNT
SBC-QR4 – A	Records from Managing Agents' Tender Process	25
SBC-QR4 – B	Motion for Extension of Administration & Project Plan	58
SBC-QR4 – C	Notices from Administrator to SBC	26
SBC-QR4 – D	List of Debtors with Arrears Over R 10 000	1
SBC-QR4 – E	SHP Legal Collections Report – Sep 2022	2
SBC-QR4 – F	Income Statement – Admin ex Reserve	2
SBC-QR4 – G	Supplementary Financial Information Pack	8
SBC-QR4 – H	Records of Unit 66 Account Recon	14
SBC-QR4 – I	Updated Replacement Valuation	5
SBC-QR4 – J	Records of OMI Renewal Negotiation	6
SBC-QR4 – K	Records of Kalreesh Plumbing	22
SBC-QR4 – L	Letter from McMair & Co – RE: Tax Number	1
SBC-QR4 – M	Pictures of Step Down/Isolator Repairs	5
SBC-QR4 – N	City of Ekurhuleni Invoice and Correspondence	12
SBC-QR4 – O	Records of Negotiations with RiskTec	15
SBC-QR4 – P	Pictures of Playground Upgrade Progress	4
SBC-QR4 – Q	Email - Damp Inspection Preliminary Assessment	2