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## BUSINESS RESCUE

Businesses fail and this is a fact. No business is too big or too small to fail.

Below are facts related to business insolvency and a few pointers to help you understand more about business rescue and the importance of being a Director. Failure to implement business rescue proceedings could result in the Director being charged with reckless trading and be exposed to personal liability.

- There were 1868 liquidations in 2017 compared to 1934 in 2016. The trend for the last 9 years is downward suggesting that more and more businesses are utilising the Business Rescue process rather than have their company liquidated.
- The business rescue process is provided for in the South African Companies Act, Number 71 of 2008 (the Act).
- Being a Director of a company is never an easy task and one that should never be taken lightly. All Directors should follow the Principles of Corporate Governance as defined in the **King IV™ Report**. Purchase a copy for yourself from LexisNexis.
- Directors of a company are the key people entrusted by law with the function of administering the company and are central to good corporate governance.
- It is the responsibility of Directors to ensure that they place their company(ies) into either business rescue or liquidation, or to cease trading, when the warning signs are evident. It is therefore essential that Directors review the financial status of the company on a regular (minimum monthly) basis. **Review of Management Accounts is an absolute necessity and this is where your Financial Manager and Professional Accountant service provider such as Fincor Professional Accountants play a vital role.**
- Business owners and Directors must ensure that the business has sufficient capital to stay afloat. If you find that the business is cash-strapped and may struggle to pay the Creditors you should consider implementing the principles of Business Rescue as soon as possible. Source additional funds from existing investors or from a new investor if possible.
- Revise management roles. Restructure the business. Make operational changes. Remove excess resources.
- Obtain buy-in from your investors, creditors and banks from the outset. Do not delay this buy-in option.
- Should you wish to implement Business Rescue for your company, you will need to contact your Attorney and a Business Rescue Practitioner as soon as possible.

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