

ANCYL Investment Arm Flouting Companies Act

Written by Rudi Prinsloo
Sunday, 02 August 2009 07:43 -



A probe has found a litany of shortcomings in the management of the ANC Youth League's investment arm, Lembede Investment Holdings.

"The company does not have audited annual financial statements since its incorporation. This has hampered the determination with certainty of the assets and the values thereof," the chairman of Lembede's board, Pule Mabe, told a press briefing at the company's offices in Sandton, Johannesburg on Thursday.

He said the company lacked sound corporate governance, resulting in the flouting of the Companies Act.

The board chairman and youth league treasurer general was presenting a report compiled by auditors Gobodo, at the request of Lembede's new board. The probe was requested as part of a due diligence into the state of the company.

Under its previous management, the league's investment arm was linked to controversial black economic empowerment ventures involving slain mining magnate Brett Kebble.

It was reported to have made those managing it very rich, sidelining its main purpose as a cash cow for the league.

According to Mabe the board resolved to "restructure" the way Lembede conducted business.

"In essence the restructuring is aimed at simplifying the pyramid and various subsidiaries of Lembede into a simple holding structure.

"The board, therefore, as part of the restructuring, is considering consolidating the Lembede assets into a trust, the SA Youth Development Trust whose beneficiaries are the youth.

"A firm decision will be taken once the tax advice and other considerations have been finalised as part of the restructuring process."

Mabe was unable to place a value on Lembede's current worth, saying it was undergoing a "valuation process".

However, he did reveal the company had a viable balance sheet with assets including a sizeable mineral rights portfolio, investments in the mining and services sectors and in a hydraulics and mining supplies business.

On announcing the probe in October last year, Mabe said action would be taken should any dubious dealings be uncovered. He said on Thursday "corrective measures", instead of punitive

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action would be taken.

No allegations of impropriety against the previous management could be established due to "lack of information".

"When you implement corrective measures you are also taking actions, actions are not only those things that are punitive, corrective measures are also actions."

On reports relating to Brett Keble, he said the board dealt with them "in depth".

"We have assessed those and we have come to a determination that the report does not point to any other thing."

The board would soon present the report to the Youth League's leaders. Mabe assured Lembede's business associates it would "draw strength" from its recent experiences.

He said the rationale behind the league incorporating Lembede was to receive financial assistance rather than depending solely on donations.

"There is still merit in this, however, with the benefit of hindsight, the implementation could have been better handled."

Source : Sapa /nm/th
Date : 30 Jul 2009 17:21