

# Umhlanga Sands Share Block Proprietary Limited

Registration No. 1972/003573/07

## Annual Report

for the year ended 31 December 2022



**Umhlanga Sands Share Block Proprietary Limited**  
**Annual Financial Statements**  
for the year ended 31 December 2022

**COMPANY INFORMATION**

Registration number:	1972/003573/07
Registered address:	Nelson Mandela Square 4th Floor, South Tower Corner 5th and Maude Streets Sandton 2196
Postal address:	Private Bag X200 Bryanston 2021

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The annual financial statements have been audited as required by section 30(2)(b)(1) of the South African Companies Act 71, of 2008. Mr Darren Park CA(SA), in his capacity as financial manager of Umhlanga Sands Share Block Proprietary Limited, supervised the preparation of the annual financial statements.

# Umhlanga Sands Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2022

On behalf of our Board of Directors, I am honoured to report on the significant achievements of uMhlanga Sands Resort ("uMhlanga Sands"), over the last year.

Our highly sought-after and award-winning uMhlanga Sands, has a pristine beachfront location for our guests to indulge in the breath-taking sunrises and sunsets along the uMhlanga coastline. The resort is well looked after by the professional, hospitable and highly energised team of staff members. It certainly is a pleasure holidaying at our beautiful resort and I know that many visitors look forward to being warmly welcomed at reception, and to start their holiday. Whether the holiday requires complete relaxation or to be entertained by the fun-filled activities through our various entertainment programmes, there certainly is something for all age groups.

Having gained some "normality" after the previous two years were governed by much restrictions and limitations in Kwa-Zulu Natal, our resort has continued to improve, impress and set new benchmarks. Guest feedback indicates that the majority of shareholders and guests are delighted with the offering at uMhlanga Sands and the financial results below, show that the share block is financially sound.

## Resort update

I am delighted to report that uMhlanga Sands now houses the very impressive Mangwanani Spa. The spa opened its doors in December 2022 and has become a popular retreat for guests, visitors and the local community. The spa boasts world-class facilities including: well-equipped treatment rooms; a spa bath; a steam room; and a nail-and-pedi bar, amongst others. As mentioned, guest surveys conducted throughout the year have recorded that guests of the resort are very happy with the property and its offering. Channels such as Google Review and Tripadvisor are still the two main contributors to these surveys, alongside RCI guest comments and score cards. uMhlanga Sands remains an RCI Gold Crown awarded resort with a 4-star tourism grade status.

Our gardens and grounds look fabulous. The garden areas receive much focus and attention and are well maintained.

Our in-house entertainment facility ("Xscape") and programmes offer great fun and excitement to children participating in activities and learning new skills whilst on holiday. Xscape shares an educational aspect to the activities and many children enjoy a special and memorable holiday. The Xscape programmes offer activities for both teenagers/young adults ("tweens") and adults.

Security and safety of our guests remains a priority. To this end, we are in partnership with the uMhlanga Promenade Urban Improvement Precinct ("uMhlanga UIP"), for safety and security in the uMhlanga areas, including the promenade. uMhlanga Sands supports the uMhlanga UIP and has presence on its Board and I am pleased to mention that the uMhlanga UIP team provides 24-hour patrols, as well as cleaning and greening services to negate any urban decay. Consequently, the roads towards the Village are clean and safe for guests and visitors to not only drive by car, but to walk to the mall, shops, restaurants and so on. The promenade is also safe for guests and visitors to enjoy a leisurely and scenic walk or a run along.

Our resort property commenced an essential spalling project in 2021 and this major project continued into 2022, with a total of 87 balconies being completed. Due to the extreme corrosion within the cement blocks: the spalling project incorporated the replacement of the overhanging façades with a lighter and more durable product; and the walls between the pillars required pinning to maintain its integrity. The first and second phase of the project has been successfully completed and the balance of the phases would receive great focus for roll out in 2023 and possibly into 2024.

## Financial results for the year ended 31 December 2022

The statement of comprehensive income as set out on page 14 of the annual financial statements reflects the income and expenditure of the Company in a summarised format. The detailed levy fund operating statement is not audited and is presented as supplementary information on pages 25 to 26.

Total income for the year ended 31 December 2022, is recorded in the statement of comprehensive income (including net finance income) at R96.1m (2021: R88.4m), expenses of R66.7m (2021: R58.7m) and a levy surplus after taxation of R27.7m (2021: R28.4m), that is transferred to the reserve for property, plant and equipment.

## Income

The detailed levy fund operating statement records an increase in rental pool by 55.5%, a decrease in short-term rental income by 17.4% and an increase in non-levy income by 18.7%. Non-levy income included rental from commercial tenants and income from parking. Interest received increased by 59.9% due to higher interest rates compared to 2021.

# Umhlanga Sands Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2022

Shareholders wishing to place their weeks in the rental pool system must please do so in writing at least 90-days prior to the commencement of their week. Any outstanding levy amount must first be settled in full.

## Expenditure

Total expenditure for the year increased by 13.6% to R66.7m (2021: R58.7m). Year-on-year:

- **Rooms** expenditure increased by 8.3% with more guest entertainment programmes being performed in 2022;
- **Administration and general** expenditure increased by 33.7%. The majority of the increase related to subscription fees for the Community Schemes Ombud Service ("CSOS") and higher provision for repossessed debtors;
- **Electricity, water, and refuse** expenditure increased by 27.6% mainly due to an increase in generator fuel and the increased frequency of load shedding as well as an increase in the municipal billing;
- **Repairs and maintenance** expenditure decreased by 5.6% mainly due to room care and major repairs and maintenance works being completed in the prior year;
- **Corporate charges** increased by 13.3% mainly due to increased municipal rates and taxes;
- **Management fees** decreased. The fee is a set amount with rental income received through the outsourced restaurant tenants being offset against the fee. The higher rental income received through the outsourced restaurant tenants in 2022, resulted in a lower management fee allocation.

## Statement of financial position

The statement of financial position on page 15 together with the notes related thereto reflects the financial position of the Company. The reserve for property, plant and equipment increased to R79.1m from R67.7m in 2021 and fixed deposits held with bank increased to R103.5m, against R86m in 2021. Cash and cash equivalents decreased to R2.7m (2021: R3.9m). Levies receivable decreased to R3.4m (2021: R5.5m) while levies received in advance increased to R27m (2021: R26.8m).

## Capital expenditure

Capital expenditure amounted to R16.2m (2021: R11.2m). Major items of expenditure included:

	R
• Spalling	7,400,608
• Spa installation	2,381,785
• Back of house refurbishment	1,003,447
• Swimming pool loungers	713,740
• Balcony - doors and rails	696,108
• Water storage tanks	568,988
• Lift - safety edge and buttons	473,309

## 2023 Levy budget

The 2023 annual levy budget increase approved by the Directors, averages 6.5%. As always, the Directors examined each item of expenditure on a line-by-line basis and have been satisfied that management made every effort to reduce costs without affecting the standards of uMhlanga Sands and its facilities.

The 2023 levy increase, inclusive of VAT, is as follows:

• Tugela room:	R7,880	(2022: R7,400)
• St Lucia room:	R11,830	(2022: R11,110)

## Vacation ownership association of South Africa ("VOASA")

For new shareholders and as a reminder to all, VOASA is a self-regulatory member-based trade association for the shared vacation ownership industry in South Africa. It exists to protect consumer rights and commits to ongoing growth within the timeshare industry, in a positive and organised manner. The share block remains a member of VOASA.

## Legal matter: municipal rates objection

The legal objection to the reclassification and change by the municipality to the category rating of uMhlanga Sands is ongoing. The eThekweni municipality imposed a category change for uMhlanga Sands a few years ago from residential to commercial and this change continues to greatly impact our municipal rates charge. The current status is that the matter is awaiting a court date to be heard.

# Umhlanga Sands Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2022

## General

I wish to thank guests for using the dedicated smokers' room located to the left of the Spur restaurant and all guests and visitors who abide by our house rules while using our facilities. As mandated by the Board, management continues its efforts in managing the few guests and visitors that do not follow our house rules.

## Conclusion

You can be assured that uMhlanga Sands is well managed by the efficient Southern Sun Group management team and supporting staff. Our Board maintains a healthy and productive working relationship with management and I take this opportunity to thank all employees who go the extra mile for us and for their commitment to maintain the high standards expected of them. Their reliability, willingness, and enthusiasm ensures a memorable guest experience.

I extend appreciation to my fellow Directors Messrs. Ajith Ramsarup, Nicholas Dickson, Mzwandile ("Al") Zoya, Johannes ("John") van Rooyen, Dr Mahomed Mia and Ms Louise McMillan, and to the management team, for their time, energy, professionalism and guidance this past year.

I wish you all a prosperous year ahead and invite you to attend our annual general meeting. Should you find yourself unable to attend, please complete and return the form of proxy enclosed in this annual report on page 5.



A handwritten signature in black ink, appearing to read 'AN Ridl'.

**AN Ridl**  
Chairman

**Umhlanga Sands Share Block  
Proprietary Limited**  
Registration Number: 1972/003573/07  
("the Company")

Registered Office  
Nelson Mandela Square  
4th Floor, South Tower  
Cnr 5th and Maude Streets  
Sandton 2196

Private Bag X200, Bryanston, 2021  
Telephone (031) 337 3341  
Facsimile (086) 765 2272  
**Resorts.companysecretarialservices@southern.sun.com**

Notice is hereby given to the shareholders of the Company that the Annual General Meeting ("AGM") of the Company will be held on **Wednesday 13 September 2023 at 10h00, at uMhlanga Sands Resort, 44 Lagoon Drive, uMhlanga** for the purposes of considering the following business to be transacted and, if deemed fit, passing with or without amendment, the ordinary and special resolutions set out hereunder, and considering any other matters raised by shareholders at the AGM.

**1. Receipt and adoption of annual financial statements and reports**

Ordinary resolution 1: Resolved as an ordinary resolution to receive and adopt the Annual Financial Statements of the Company for the financial year ended 31 December 2022, together with the reports of the Directors, the independent auditors thereon, and further to receive the reports of the audit committee and the social and ethics committee contained in the annual report of the Company for the financial year ended 31 December 2022, and tabled at the meeting at which this resolution was proposed.

**2. Appointment of auditors**

Ordinary resolution 2: Resolved as an ordinary resolution upon the recommendation of the Board of Directors that BDO South Africa Incorporated ("BDO") be and are hereby re-appointed as independent auditors of the Company until the conclusion of the next AGM of the Company.

**3. Election of Directors**

The Board is limited by the Memorandum of Incorporation ("MOI") to no less than four and no more than seven Directors in number. Directors shall retire at each AGM and be eligible for re-election. **It would facilitate secretarial procedures if nominations for the appointment of those Directors representing the shareholders be received by no later than 10h00 on Monday, 11 September 2023 at the registered office of the Company or email address. Nominations must be in writing with the name of the proposer and seconder and be accompanied by the acceptance of such nomination by the nominee and their curriculum vitae ("CV").**

Ordinary resolution 3.1: Resolved as an ordinary resolution that Mr Nicholas Dickson who retires in terms of the Company's MOI and who is eligible and available for re-election, be and is hereby elected as a Director of the Company.

Ordinary resolution 3.2: Resolved as an ordinary resolution that Ms Louise McMillan who retires in terms of the Company's MOI and who is eligible and available for re-election, be and is hereby elected as a Director of the Company.

Ordinary resolution 3.3: Resolved as an ordinary resolution that Dr Mahomed Mia who retires in terms of the Company's MOI and who is eligible and available for re-election, be and is hereby elected as a Director of the Company.

Ordinary resolution 3.4: Resolved as an ordinary resolution that Mr Ajith Ramsarup who retires in terms of the Company's MOI and who is eligible and available for re-election, be and is hereby elected as a Director of the Company.

Ordinary resolution 3.5: Resolved as an ordinary resolution that Mr Anthony Ridl who retires in terms of the Company's MOI and who is eligible and available for re-election, be and is hereby elected as a Director of the Company.

Ordinary resolution 3.6: Resolved as an ordinary resolution that Mr Johannes van Rooyen who retires in terms of the Company's MOI and who is eligible and available for re-election, be and is hereby elected as a Director of the Company.

Ordinary resolution 3.7: Resolved as an ordinary resolution that Mr Mzwandile Zoya who retires in terms of the Company's MOI and who is eligible and available for re-election, be and is hereby elected as a Director of the Company.

**4. Appointment of audit committee**

Ordinary resolution 4.1: Resolved as an ordinary resolution that Mr Nicholas Dickson be and is hereby elected as a member of the Company's audit committee in terms of the Company's MOI;

Ordinary resolution 4.2: Resolved as an ordinary resolution that Mr Ajith Ramsarup be and is hereby elected as a member of the Company's audit committee in terms of the Company's MOI; and

Ordinary resolution 4.3: Resolved as an ordinary resolution that Mr Anthony Ridl be and is hereby elected as a member of the Company's audit committee in terms of the Company's MOI.

**5. Approval of insured value of property**

Ordinary resolution 5: Resolved as an ordinary resolution the recommended insured value of the property, as tabled at the meeting at which this resolution was proposed, be and is hereby approved.

**6. Non-executive Directors' fees**

Special resolution 1: ***The reason for and effect of this special resolution:***

In terms of section 66(8) of the South African Companies Act 71, of 2008, the Company may pay remuneration to its Directors for their service as Directors. Section 66(9) requires the remuneration to be paid in accordance with a special resolution approved by the shareholders within the previous two years. Section 66(12) requires that any particular Director appointed to more than one committee of the Company, be calculated only once. Directors will be entitled to be paid attendance fees/emoluments in respect of the above period.

It is noted that an amount of R8,400 for non-executive Directors' fees was approved at the previous AGM for the year until 13 September 2023. Resolved as a special resolution that the fees remain unchanged at R8,400 (vat payable to the extent applicable to this remuneration) payable to the non-executive Directors of the Company for their services as Directors of the Company and as members of sub-committees, per meeting or cluster of meetings, in respect of the period from 14 September 2023 until the next AGM of the Company, and tabled at the meeting at which this resolution was proposed, be and is hereby approved.

Subject to the provisions of the Companies Act 71, of 2008, no business shall be transacted at any AGM unless a quorum of shareholders is present at the time when the meeting proceeds to business. The quorum at any AGM shall be no less than three shareholders present, holding at least five percent (5%) of the share capital and voting rights, personally or by proxy, and who are entitled to be exercised at the meeting.

In the event of a quorum not being present within half an hour of the appointed time for the meeting to begin, the AGM will be automatically adjourned for one business day, to Thursday, 14 September 2023 and if at such adjourned meeting a quorum is not present within half an hour of the start time, the shareholders there present in person or by proxy shall be deemed to constitute the necessary quorum.

For an ordinary resolution to be adopted by shareholders at the AGM, it must be supported by more than fifty percent (50%) of the voting rights in favour of such a resolution. For a special resolution to be adopted by shareholders at the meeting, it must be supported by more than sixty percent (60%) of the voting rights in favour of such a resolution.

**The record date for determining shareholders' voting rights is Wednesday, 6 September 2023.**

Any shareholder entitled to attend and vote is entitled to appoint a proxy to attend, vote and speak in his/her stead, and such proxy need not be a shareholder of the Company. **Forms of proxy should be forwarded to reach the registered office of the Company, for the attention of the company secretary, by no later than 10h00 on Monday, 11 September 2023. A form of proxy is enclosed on page 5 for this purpose.**

**By order of the Board  
Southern Sun Secretarial Services Proprietary Limited  
10 May 2023**

uMhlanga Sands Share Block

Proprietary Limited

Registration Number: 1972/003573/07

("the Company")

Registered Office

Nelson Mandela Square

4th Floor, South Tower

Cnr 5th and Maude Streets

Sandton 2196

Private Bag X200, Bryanston, 2021

Telephone (031) 366 7061

Facsimile (086) 765 2272

Resorts.companysecretarialservices@southernsun.com

Form of proxy for use by shareholders at the annual general meeting ("AGM") of the Company to be held on **Wednesday, 13 September 2023 at 10h00 at uMhlanga Sands Resort, 44 Lagoon Drive, uMhlanga.**

#### Form of proxy

I/We ....., being the shareholder/s of ..... ordinary

shares in the Company, with right of use of unit ....., week ....., hereby appoint:

1. ...., or failing him/her,

2. ...., or failing him/her,

3. the chairman of the AGM,

as my/our proxy to vote for me/us on my/our behalf at the AGM of the Company, to be held on the above-mentioned date and at any adjournment thereof as follows:

	In Favour Of	Against	Abstain
<b>Ordinary Resolution 1:</b> Receipt and adoption of annual financial statements and reports - Year ended 31 December 2022			
<b>Ordinary Resolution 2:</b> Appointment of auditors			
<b>Ordinary Resolution 3:</b> Election of Directors			
3.1 Nicholas Dickson			
3.2 Louise McMillan			
3.3 Mahomed Mia			
3.4 Ajith Ramsarup			
3.5 Anthony Ridl			
3.6 Johannes van Rooyen			
3.7 Mzwandile Zoya			
<b>Ordinary Resolution 4:</b> Appointment of audit committee			
4.1 Nicholas Dickson			
4.2 Ajith Ramsarup			
4.3 Anthony Ridl			
<b>Ordinary resolution 5:</b> Insured value of property			
<b>Special Resolution 1:</b> Non-executive Directors' fees (R8,400)			

Signed at ..... this ..... day of ..... 2023.

Signature ..... assisted by ..... (where applicable)

Unless otherwise instructed specifically as above, the form of proxy will vote as the appointee deems fit.

Any alteration or correction made to this form of proxy (excluding the deletion of alternatives and excluding the deletion of singular/plural alternatives) must be initialled by the signatory/ies. **Documentary evidence establishing the authority of a person signing this form of proxy in an appointee/representative capacity (e.g. on behalf of a company, close corporation, body corporate or trust) must be attached to this form, failing which the proxy will be invalid.**

The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat, to the exclusion of any proxy appointed in terms thereof, should such shareholder wish to do so. Any shareholder entitled to attend and vote, is entitled to appoint a proxy to attend, vote and speak in his/her stead and such proxy need not be a shareholder of the Company.

**Forms of proxy should be forwarded to reach the registered office of the Company, for the attention of the company secretary, by no later than 10h00 on Monday, 11 September 2023.**





# Umhlanga Sands Share Block Proprietary Limited

Statement of Directors' Responsibility for the Year Ended 31 December 2022

The Directors and management are responsible for the preparation, integrity and fair presentation of the annual financial statements of Umhlanga Sands Share Block Proprietary Limited. The annual financial statements presented on pages 14 to 24 have been prepared in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities and in the manner required by the South African Companies Act 71, of 2008.

The Directors and management are also responsible for maintaining the Company's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss.

Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The Directors and management have the responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position, financial performance and cash flows of the Company to enable the Directors to ensure that the annual financial statements comply with the relevant legislation. The Directors are satisfied that the information contained in the annual financial statements fairly presents the results of operations for the year and the financial position of the Company at year-end.

The going concern basis has been adopted in preparing the annual financial statements. The Directors have no reason to believe that the Company will not be a going concern in the foreseeable future.

The Company's external auditors, BDO South Africa Incorporated, audited the annual financial statements and their report is presented on pages 12 and 13.

## Approval of annual financial statements

The annual financial statements set out on pages 14 to 24 were approved by the Directors on 10 May 2023 and are signed by:



**AN Ridl**  
Chairman



**RN Dickson**  
Director (chairman - audit committee)

## Declaration by the company secretary

I hereby confirm in my capacity as company secretary of Umhlanga Sands Share Block Proprietary Limited, that for the year ended 31 December 2022, the Company has filed all required returns and notices in terms of the South African Companies Act 71, of 2008, and that all such returns and notices are to the best of my knowledge and belief, true, correct and up to date.



**MJ Mahloele**  
For Southern Sun Secretarial Services Proprietary Limited

# Umhlanga Sands Share Block Proprietary Limited

Report of the Audit Committee for the Year Ended 31 December 2022

The audit committee has pleasure in submitting this report, as required by section 94 of the South African Companies Act 71, of 2008 ("Companies Act"). The audit committee is an independent statutory committee appointed by the shareholders at each annual general meeting ("AGM").

## 1. Members of the audit committee

The members of the audit committee comprise three non-executive Directors being myself as Chairman, Mr Ajith Ramsarup and Mr Anthony Ridl.

## 2. Frequency of meetings

The audit committee met twice during the financial year under review. Provision is made for additional meetings to be held, when and if necessary.

## 3. Attendance

The external auditors, in their capacity as auditors to the Company, attend and report to the meetings of the audit committee. Relevant senior managers attend the meetings by invitation.

## 4. Duties of the audit committee

The work of the audit committee during the year focusses on:

- 4.1 evaluating the independence and effectiveness of the external auditors, the fees and terms of engagement;
- 4.2 ensuring that the appointment of the audit firm complies with the provision of the Companies Act and any other legislation relating to the appointment of auditors;
- 4.3 approving of external audit and internal audit plans;
- 4.4 determining, subject to the provisions, the nature and extent of any non-audit services that the auditors may provide to the Company;
- 4.5 reviewing of prospective accounting standards' changes;
- 4.6 evaluating financial reporting procedures;
- 4.7 reviewing of and recommending to the Board for approval, the annual financial statements;
- 4.8 assessing of the internal control environment, particularly in relation to the system on internal financial controls; and
- 4.9 performing such other oversight functions as may be determined by the Board.

## 5. Independence of external auditors

The audit committee is satisfied that the external auditors are independent of the Company, as set out in section 94(8) of the Companies Act. Requisite assurance is provided by the auditors that internal governance processes within the audit firm both support and demonstrate its claim to independence.



**RN Dickson**  
Chairman  
10 May 2023

# Umhlanga Sands Share Block Proprietary Limited

Report of the Social and Ethics Committee for the Year Ended 31 December 2022

The social and ethics committee ("the committee") of Umhlanga Sands Share Block is a statutory committee that is governed by the South African Companies Act 71, of 2008, guided by King IV and includes any other responsibilities allocated to it by the Board.

## Composition and functioning

The committee currently comprises four Directors namely myself Ms Louise McMillan (Chairman), Mr Johannes ("John") van Rooyen, Mr Mzwandile ("AL") Zoya and Dr Mahomed Mia. The management team of the resort provide operational support. The committee holds comprehensive meetings twice a year.

## Role of the committee

The committee ensures that the resorts' corporate social investment ("CSI"), energy, water and waste management programmes are in place. It also ensures good corporate citizenship, monitors employee engagement and development, and ensures that health and public safety remains a key focus.

## Corporate citizenship – CSI sustainability

The committee has a strong regard for corporate citizenship that highlights its social, cultural and environmental responsibility as well as sustainability. Local CSI initiatives are not only supported through donations of time and written-off operating equipment, but also through training and guidance to assist the organisations and initiatives to better sustain themselves.

## Social and economic development

The committee assists its local community through various initiatives and outreach programmes. The 2022 year enabled the committee and staff to actively participate more in social responsibilities and engage with various communities where a positive influence could be made. The previous two years were impacted by many restrictions and interruptions.

Umhlanga Sands Resort actively contributes to the maintenance and upkeep of the promenade, beaches and security through the Umhlanga Urban Improvement Precinct ("uMhlanga UIP"). Regular meetings are hosted and the resort, along with Cabana Beach Resort and Beverly Hills Hotel, are represented on the uMhlanga UIP board.

To support and empower impoverished children, the elderly, and communities in need, the Domino Foundation, Shalom Nest, and Holah Baby House received donations of various operating equipment items, including written-off linen, duvet inners, and swimming pool towels.

A successful and very impactful project was initiated whereby written-off sheets were sewn into school shirts for underprivileged primary school children in our local communities. The extent of the need for such is great and the committee's goal is to expand this initiative by engaging other role players in the local hospitality industry.

Support for the planning and development of the local Blackburn Village Project continued through 2022. The intention of the initiative is to create a micro-economy within this destitute community through the recycling of waste. Every property generates waste and incurs a cost to have it removed and/or recycled. Waste continues to be an environmental burden as landfill sites are under pressure due to the amount of waste, that has the knock-on effect of potentially becoming a pollutant. Once land has been secured for the project, the wet waste generated by our guests and the numerous food and beverage outlets on the property would be collected and transported by members of the Blackburn Village project to the waste site to convert to compost. Plastic waste would be recycled into buckets and bags, which would then be sold together with the compost, with the proceeds going towards maintaining the waste recycling processes. This very exciting pilot project is attracting positive attention and support from many other organizations including the Green Corridors: a council funded NPC, local municipality, Tongaat Hulett and the local uMhlanga UIP. Once the project is fully operational, the process would hopefully grow through support of other resorts, hotels and industries and for other waste products to be added to the recycling initiative, thus creating a sustainable income and micro-economy for this local community.

## Environmental health and public safety

The committee ensures that the resort's energy, water and waste programmes are effective and contribute towards its sustainable goals. The resort has recorded savings in both water and electricity consumption, and financial costs over the year mainly through improved management and influence on routine processes, use of equipment, and constant monitoring of the live tracking system. Any deviation from the set targets is investigated immediately. Many energy-saving initiatives are already in place with the most recent being external lights converted to solar lights. The borehole production has improved thanks to much focus and attention from management and the service provider. Many other cost savings initiatives are in place such as the installation of the grey water reservoirs, that are used to refill the swimming pools, irrigate the gardens and wash vehicles. The waste management programme at our resort is managed and tracked by Don't Waste Services through a live online system. With waste separation and recycling being of key importance, guests and staff are continuously reminded and encouraged to follow better environmental practices and contribute positively to the recycling process.

## Organisational resilience management system ("ORMS")

The organizational resilience management system ("ORMS"), implemented by the Southern Sun Group throughout all its properties, is a comprehensive management system that records, plans and implements systems relating to fire protection, safety, security, business continuity, environmental impact, risk analysis and the effects on the business. The management system is updated quarterly and is audited by the risk department of Southern Sun on an annual basis. We are pleased to report that the resort continues to excel in this area. An internal crisis call



# Umhlanga Sands Share Block Proprietary Limited

Report of the Social and Ethics Committee for the Year Ended 31 December 2022

centre is available to all staff within the Southern Sun Group for immediate assistance for any staff member and/or guest during an emergency.

## Guest relations and correspondence

Guest feedback is paramount to the operational success of our resort. For this reason, the electronic guest survey system is carefully monitored and responded to daily. Other forms of feedback is derived from social media platforms such as Facebook, Google Reviews and Tripadvisor. Since the Government-imposed lockdown period, the eGuest programme has been suspended. We are delighted to report that guest feedback has continued via the aforementioned platforms and the resort continues to receive overwhelmingly positive reviews. The resort remains an RCI Gold Crown resort with a 4-star rating through the Tourism Grading Council of South Africa.

## Labour, employment relations, training and BBBEE

The resort complies with the Labour Relations Act of South Africa. Employee engagement is carefully monitored, and management assists in developing, maintaining and improving employee relationships through communication, performance management, and processing grievances and/or disputes. The staff are the resort's most valuable asset and every employee is given ongoing development and training.

In addition to helping employees perform their jobs more competently, Southern Sun offers training programmes to encourage employees to advance into interesting new roles. The use of other platforms such as Microsoft Teams and Zoom have afforded staff an opportunity to attend an even wider array of courses at a more economical cost.

The resort falls under the Level One BBBEE rating of the Southern Sun Group.

## Strategic plans

The committee focused on the following strategic areas:

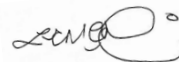
1. A legal matter regarding an ongoing objection process to change the municipal category rating imposed by eThekweni municipality. The property rating category was changed from a residential category to a commercial category. The objection remains a high focus with the resort awaiting a court date to have the matter reviewed;
2. Since the introduction of the new and very popular restaurants in November 2020, many guests mentioned that a lounge space was necessary. Following discussions, it was noted that many guests, whilst on holiday, still had professional obligations and spent time participating in business meetings. In light of this fact, a new adult lounge area and meeting facility will, in 2023, be created on the mezzanine level, overlooking the family pool; and

3. The extent of the spalling repairs required to maintain this beachfront property is such that the work that commenced in 2021 had to be extended into 2022. A total of 87 balconies were completed in 2022 and a further 84 balconies are planned for 2023.

## Custodian of the unique identity

The resort prides itself in its unique and highly enjoyable entertainment programme. Xscape entertainment offers fun and excitement that creates lifelong holiday memories for children and adults. The committee ensures that the unique identity of "Kid is King" is maintained. The resort, as a world-class property, has deep meaning for so many families that have been enjoying exceptional experiences for many generations.

In closing, I am very proud of all that is being achieved and I wish to thank all role players for their support this past year.



**Louise McMillan**  
Chairman

# Umhlanga Sands Share Block Proprietary Limited

Report of the Directors for the Year ended 31 December 2022

The Directors present their annual report of the Company for the year ended 31 December 2022.

## 1 Business activity

The Company owns the land and buildings known as uMhlanga Sands Resort that are utilised by the shareholders on a timeshare basis with respective shareholders' time interest being apportioned through the issue of shares according to share block regulations. These regulations provide for the following:

1. Shares are issued in predefined blocks that are linked by a use agreement relating to specific units during specific weeks of the year;
2. Linked to the respective share blocks, are obligations on the share block shareholders to make loans to the Company; and
3. Obligations on share block shareholders to contribute levies to enable the Company to defray its expenditure.

## 2 Financial results

The financial results of the Company are set out in the attached annual financial statements.

In accordance with the provisions of the Share Blocks Control Act and in common with other timeshare operations in South Africa, the Company has since its inception as a share block company, raised an annual levy making a provision for the maintenance and upkeep of the property. Asset replacement costs and additions to property, plant and equipment have been charged against this amount annually. Before providing for property, plant and equipment additions and replacements, a surplus of R27,673,140 (2021: R28,378,455) was transferred to the reserve for property, plant and equipment.

No dividends have been declared during the year and none are recommended (2021: R Nil).

## 3 Share capital

The authorised and issued share capital has remained unchanged.

## 4 Insurance

The resort buildings and its contents are insured at current replacement values under an all-risk policy. In addition, Sasria (Riot) cover has been arranged for the sum insured. The Company does not insure personal belongings of the individual timesharers. The Company does not guarantee the provision of alternative accommodation in the event of a disaster and does not take out insurance for this.

## 5 Directors and secretary

The Directors in office during the year under review and at the date of this report are:

RN Dickson *	
LE McMillan ^	
MF Mia ^	
AB Ramsarup *	
AN Ridl *	Chairman (Alternate MN Ridl)
JPF van Rooyen ^	
MA Zoya ^	

\* Audit committee members

^ Social and ethics committee members

The secretary of the Company is Southern Sun Secretarial Services Proprietary Limited, whose business and postal addresses are:

<b>Business:</b>	<b>Postal:</b>
Nelson Mandela Square	Private Bag X200
4th Floor, South Tower	Bryanston
Corner 5th and Maude Streets	2021
Sandton	
2196	

# Umhlanga Sands Share Block Proprietary Limited

Report of the Directors for the Year Ended 31 December 2022

## 6 Management

The operations of the Company are managed by Southern Sun Hotel Interests Proprietary Limited.

## 7 Material events after year-end

The Directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in this report or in the annual financial statements, that would significantly affect the financial position of the Company or the results of its operations.

## 8 Legal matters

The Company is currently pursuing legal action regarding the following matter.

The legal matter is an objection to the rates reclassification by the eThekweni Municipality. The Company has been classified in the "Business and Commercial" rates category resulting in a steep increase in the annual rates charge. The Company is awaiting the outcome of similar objections raised by other share block companies before proceeding further on this matter. R39,517 was spent in legal fees on this matter in 2022 (2021: R508).



# Umhlanga Sands Share Block Proprietary Limited

## Report of the Independent Auditors

### To the shareholders of Umhlanga Sands Share Block Proprietary Limited

#### Opinion

We have audited the financial statements of Umhlanga Sands Share Block Proprietary Limited (the company) set out on pages 14 to 24, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Umhlanga Sands Share Block Proprietary Limited as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

#### Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Umhlanga Sands Share Block Proprietary Limited Annual Report for the year ended 31 December 2022", which includes the Declaration by the Company Secretary, Report of the Audit Committee, Report of the Social and Ethics Committee and the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

# Umhlanga Sands Share Block Proprietary Limited

## Report of the Independent Auditors

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO South Africa Inc*

### **BDO South Africa Incorporated**

Registered Auditors

**Leanne Laxson**

Director

Registered Auditor

17 July 2023

5A Rydall Vale Office Park  
38 Douglas Saunders Drive  
La Lucia, 4051

# Umhlanga Sands Share Block Proprietary Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 R	2021 R
<b>Income</b>		<b>90 946 029</b>	<b>85 191 346</b>
Levy income		<b>85 938 878</b>	<b>80 239 051</b>
Other income		<b>5 007 151</b>	<b>4 952 295</b>
<b>Expenses</b>		<b>(66 699 876)</b>	<b>(58 694 982)</b>
Levy surplus before interest and taxation	3	<b>24 246 153</b>	<b>26 496 364</b>
Finance income	4	<b>5 196 546</b>	<b>3 250 848</b>
Levy surplus before taxation		<b>29 442 699</b>	<b>29 747 212</b>
Income tax expense	5	<b>(1 769 559)</b>	<b>(1 368 757)</b>
<b>Levy surplus for the year</b>		<b>27 673 140</b>	<b>28 378 455</b>



# Umhlanga Sands Share Block Proprietary Limited

Statement of Financial Position as at 31 December 2022

	Note	2022 R	2021 R
<b>ASSETS</b>			
<b>Current assets</b>			
Inventories		142 519	229 949
Trade and other receivables	6	16 781 312	12 455 805
Levies receivable	7	3 431 095	5 476 973
Fixed deposits held with bank	11	103 500 000	86 000 000
Cash and cash equivalents	12	2 662 014	3 881 646
<b>Total current assets</b>		<b>126 516 940</b>	<b>108 044 373</b>
<b>Total assets</b>		<b>126 516 940</b>	<b>108 044 373</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	10	3 537 184	3 537 184
Reserve for property, plant and equipment	8	79 126 102	67 687 226
<b>Total equity</b>		<b>82 663 286</b>	<b>71 224 410</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	15 064 108	7 308 895
Levies received in advance	13	27 040 572	26 827 059
Current tax liabilities		1 748 974	2 684 009
<b>Total current liabilities</b>		<b>43 853 654</b>	<b>36 819 963</b>
<b>Total liabilities</b>		<b>43 853 654</b>	<b>36 819 963</b>
<b>Total equity and liabilities</b>		<b>126 516 940</b>	<b>108 044 373</b>

## Statement of Changes in Equity for the Year Ended 31 December 2022

	Note	2022 R	2021 R
<b>Share capital</b>			
Ordinary shares at the beginning of the year and at year-end	10	3 537 184	3 537 184
<b>Reserve for property, plant and equipment</b>			
At the beginning of the year		67 687 226	50 500 299
Levy surplus for the year		27 673 140	28 378 455
Property, plant and equipment additions and replacements during the year	8	(16 234 264)	(11 191 528)
At year-end		79 126 102	67 687 226

# Umhlanga Sands Share Block Proprietary Limited

Statement of Cash Flows for the Year Ended 31 December 2022

	2022 R	2021 R
<b>Cash flow from operating activities</b>		
Levy surplus before taxation	29 442 699	29 747 212
Adjustments for		
Interest received	(5 196 546)	(3 250 848)
Net surplus before working capital changes	24 246 153	26 496 364
Changes in working capital		
Movement in inventories	87 430	(165 681)
Movement in levies receivable	2 045 878	(982 039)
Movement in trade and other receivables	(4 325 507)	(5 773 547)
Movement in levies received in advance	213 513	7 104 403
Movement in trade and other payables	7 755 213	(6 584 661)
Cash flows from operating activities	30 022 680	20 094 839
Interest received	5 196 546	3 250 848
Tax paid	(2 704 594)	-
Net cash inflow from operating activities	32 514 632	23 345 687
<b>Cash flow from investing activities</b>		
Property, plant and equipment additions and replacements	(16 234 264)	(11 191 528)
Movement in fixed deposits held with bank	(17 500 000)	(17 000 000)
Net cash outflow from investing activities	(33 734 264)	(28 191 528)
<b>Net movement in cash and cash equivalents</b>	<b>(1 219 632)</b>	<b>(4 845 841)</b>
Cash and cash equivalents at the beginning of the year	3 881 646	8 727 487
<b>Cash and cash equivalents at year-end</b>	<b>2 662 014</b>	<b>3 881 646</b>

# Umhlanga Sands Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2022

## 1 Accounting policies

The principal accounting policies adopted in the preparation of these annual financial statements are set out below:

### 1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities ("IFRS for SME's") and the South African Companies Act 71, of 2008. The annual financial statements have been prepared on the historical cost basis unless otherwise indicated in the policies set out below.

The accounting policies are consistent with previous periods.

The preparation of annual financial statements in conformity with IFRS for SME's requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the annual financial statements and the reported amounts of revenues and expenses during the reporting period, based on management's best knowledge of current events and actions. Actual results may ultimately differ from these estimates. During the current year, there were no areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements.

### 1.2 Reserve for property, plant and equipment

Normal maintenance expenditure is written-off against the statement of comprehensive income.

A reserve for capital expenditure in respect of additions and replacements of property, plant and equipment is provided. This reserve is intended to provide for the expenditure incurred. Transfers are made to and from this reserve, having regard to surpluses if any, in the statement of comprehensive income and to amounts expended in respect of property, plant and equipment. The right of use of all property, plant and equipment is vested in the shareholders.

All proceeds on the disposals of property, plant and equipment are credited to the statement of comprehensive income.

### 1.3 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the first-in, first-out ("FIFO") method. Net realisable value is the estimate of the selling price in the ordinary course of business.

### 1.4 Leases

Leases of assets under which substantially all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

### 1.5 Financial instruments

Fixed deposits held with bank are recognised when the Company becomes a party to the contractual provisions of the respective instrument and are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest. Fixed deposits held with bank are recognised initially at fair value and subsequently measured at amortised cost. Fixed deposits held with bank are derecognised when the right to receive cash flows from the asset has expired or has been transferred and the Company has transferred substantially all the risks and rewards of ownership. Interest income from these term deposits is included in finance income using the effective interest rate method.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for impairment. Such provision is established when there is evidence that the Company will not be able to collect the full amount owing. The provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers. Bad debts are written-off in the year during which they are identified.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

Gains and losses on subsequent measurement of financial instruments are reflected in the statement of comprehensive income.



# Umhlanga Sands Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2022

## 1.6 Cash and cash equivalents

Cash and cash equivalents include deposits held on call with the bank. These are reflected in the statement of financial position and statement of cash flow at cost.

## 1.7 Revenue recognition

Revenue is stated exclusive of value-added tax.

Levy revenue is recognised when the right to occupation arises.

Interest income is recognised as it accrues, taking into account the effective yield on the asset.

Sundry revenue is recognised when it is earned.

## 1.8 Provisions

Provisions are recognised when the Company has a present or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be established.

The Company recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

## 1.9 Equity

Ordinary shares are classified as equity.

## 1.10 Current taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the financial year-end date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authority.

## 1.11 Retirement benefits

The Company participates in two defined contribution plans, the assets of which are held in a separate trustee-administered fund. The Company pays fixed contributions into a separate entity. Contributions are charged to the statement of comprehensive income in the year to which they relate. The Company has no further payment obligations once the contributions have been paid. The Pension Fund Act of South Africa governs the defined contribution plans. All permanent employees are required to belong to the defined contribution plans.

## 2 Financial risk management

### Capital management

All costs associated with the maintenance of the resort, including the refurbishment of the property and replacements of movable property, plant and equipment, are financed out of levies from shareholders.

### Financial risk factors

The financial risks to which the Company is exposed are liquidity, credit and interest rate risk.

### Liquidity risk

In terms of the use agreements associated with the shares of the Company, shareholders are obliged to contribute levies sufficient to cover the costs of the maintenance, upkeep, control and management of the resort.

In order to manage the liquidity requirements of the Company, a rolling 10-year capital replacement and refurbishment plan is maintained and reviewed regularly by the Directors. This plan provides for the orderly refurbishment of the property and maintenance of sufficient contingency reserves, based on increases in annual levies.

The financial instruments to which the Company is exposed represent bank balances and accounts receivable and payable in respect of the operation of the levy fund. Accounts payable are generally settled within 30 days. The carrying values of the financial instruments approximate fair value.

# Umhlanga Sands Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2022

## 2 Financial risk management (continued)

### Credit risk

Credit risk arises from bank balances and amounts due from shareholders. There is no significant concentration of credit risk on amounts due by shareholders.

The Company invests surplus cash on deposit and on call only with the four largest South African banking institutions.

Credit risk arising from levy amounts due is managed by close monitoring of outstanding balances and prompt repossession of defaulting units through the exercise of a lien on shares as provided in the memorandum of incorporation of the Company.

In terms of the Company's accounting policies, levies receivable are recognised in the statement of financial position only when the right to occupation arises.

### Interest rate risk

The Company is exposed to interest rate risk to the extent that interest rates on bank balances with financial institutions may vary. As a matter of practice, adverse interest rate risk is minimised by conservative budgeting.

# Umhlanga Sands Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2022

	2022 R	2021 R
<b>3 Levy surplus before interest and taxation</b>		
The levy surplus before interest and taxation is stated after taking into account the following:		
Employee costs		
Salaries, wages and benefits	14 958 776	12 601 185
Contributions to retirement funds	615 056	229 368
Management fees	2 295 165	3 368 281
Audit fees	319 144	254 860
Legal fees	33 839	95 428
Other operating expenses	48 477 896	42 145 860
	<b>66 699 876</b>	<b>58 694 982</b>
<b>4 Finance income</b>		
Interest income earned on fixed deposits, call deposits and current account	<b>5 196 546</b>	<b>3 250 848</b>
<b>5 Income tax expense</b>		
Provision is made for Company taxation on the non-levy income.		
No tax is payable on levy income from the shareholders in terms of section 10(1)(e) of the Income Tax Act.		
Current year	<b>1 748 976</b>	<b>1 368 757</b>
Prior year under provision	<b>20 583</b>	<b>-</b>
	<b>1 769 559</b>	<b>1 368 757</b>
A reconciliation of the taxation charge is not considered appropriate as share block companies are only liable for taxation on net non-levy income.		
<b>6 Trade and other receivables</b>		
Trade receivables (refer note 15)	<b>271 349</b>	<b>506 831</b>
Prepayments (refer note 15)	<b>11 927 052</b>	<b>8 928 100</b>
Interest receivable	<b>1 113 191</b>	<b>450 539</b>
Receiver of revenue - Vat	<b>1 832 183</b>	<b>1 260 643</b>
Sundry receivables (refer note 15)	<b>1 637 537</b>	<b>1 309 692</b>
	<b>16 781 312</b>	<b>12 455 805</b>
<b>7 Levies receivable</b>		
Levy debtors	<b>2 469 290</b>	<b>4 210 966</b>
Reposessed debtors	<b>1 586 056</b>	<b>1 630 936</b>
Provision for reposessed debtors	<b>(624 251)</b>	<b>(364 929)</b>
Opening balance	<b>(364 929)</b>	<b>(334 584)</b>
Movement	<b>(259 322)</b>	<b>(30 345)</b>
	<b>3 431 095</b>	<b>5 476 973</b>

# Umhlanga Sands Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2022

	2022 R	2021 R
<b>8 Reserve for property, plant and equipment</b>		
At the beginning of the year	67 687 226	50 500 299
Levy surplus for the year	27 673 140	28 378 455
	95 360 366	78 878 754
Property, plant and equipment additions and replacements during the year	(16 234 264)	(11 191 528)
At year-end	79 126 102	67 687 226
The Directors have reviewed a forward estimate, prepared by management, of the costs of property, plant and equipment additions and replacements over the next 10 years.		
The Directors have approved capital expenditure of R30,294,240 for 2023 (2021: approved capital expenditure of R27,870,488 for 2022) which it is anticipated will decrease the budgeted reserve fund by R1,755,928 (2021: decrease the budgeted reserve fund by R3,708,605 for 2022). There were commitments made for R794,737 at year-end (2021: R802,365).		
<b>9 Trade and other payables</b>		
Trade payables (refer note 15)	3 627 617	1 246 098
Other payables		
Accruals (refer note 15)	4 452 092	3 366 598
Provision for auditor's remuneration	309 744	256 882
Sundry payables (refer note 15)	6 674 655	2 439 317
	15 064 108	7 308 895
<b>10 Share capital</b>		
<b>Authorised and issued</b>		
35,371,840 Class "A" ordinary shares of 10 cents each	3 537 184	3 537 184
<b>11 Fixed deposits held with bank</b>		
Fixed deposits held with bank	103 500 000	86 000 000
<b>12 Cash and cash equivalents</b>		
Bank balances	2 632 051	3 864 172
Cash on hand	29 963	17 474
	2 662 014	3 881 646
<b>13 Levies received in advance</b>		
Levies received in advance	27 040 572	26 827 059

Shareholders are billed 12 months in advance. This represents levies received in advance (for the future year) that have been received at the end of the financial year.

# Umhlanga Sands Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2022

	2022	2021
	R	R

## 14 Property, plant and equipment

The Company complies with the SAICA Guide on Financial Reporting for Share Block Companies with respect to the treatment of property, plant and equipment. In terms of the SAICA Guide the right of use of property vested with the shareholders, has been offset against the loan from shareholders with the balance transferred to the reserve for property plant and equipment.

Land and buildings comprise the following property:

Lot 1076, Umhlanga Rocks Township, Kwa-Zulu Natal with buildings thereon, known as uMhlanga Sands Resort.

Land and buildings were originally purchased for R13,882,239 and are not recognised. Although the Company has legal title to the property, it effectively only owns the bare dominium over the property that is considered to be of no value. The property is currently valued by the municipality at R355,000,000 for rates purposes. There are no bonds on the property.

## 15 Related party transactions

The operations of the Company are managed by Southern Sun Hotel Interests Proprietary Limited ("SSHI"). The Company is charged the following fees in terms of the management agreement:

Short-term rentals	256 294	302 874
Rental pool	341 561	221 307
Management fee	2 295 165	3 368 281
Central accounting and levy collection fees	3 484 167	3 332 271

The Company receives rental income from SSHI for the letting of office space:

Rental income	(135 225)	(277 030)
---------------	-----------	-----------

Southern Sun Timesharing Proprietary Limited ("SST") is the accredited rental and resale services provider. During the financial year the Company received the following fee in terms of the management agreement:

Commission on resale and rental of weeks - SST	(189 661)	(145 003)
--	-----------	-----------

Share Registry Management Services Proprietary Limited ("SRMS") provides an exclusive transfer of shares service to shareholders. During the financial year the Company (received)/paid the following fees in terms of the management agreement:

Commission on transfer of ownership - SRMS	(55 204)	(65 278)
Secretarial fees on repossessed debtors - SRMS	141 900	92 400

During the financial year the Company paid the following fees to SunSwop (a division of SSHI), which is affiliated to RCI:

Fees for points on weeks affected by Covid-19	-	(140 183)
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During the year, the Company concluded a bulk deal with SunSwop, selling repossessed units in order to reduce the number of repossessed units and to secure future levy collection. Sunswop purchased 232 repossessed units from the Company for R2,467,880.



# Umhlanga Sands Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2022

	2022 R	2021 R
<b>15 Related party transactions (continued)</b>		
During the financial year the Company paid the following SSHI internal charges:		
Administration - Information technology, industrial relations, training, etc	977 269	707 440
Training related	19 034	1 867
Frequent guest loyalty program	22 134	24 106
Certain costs are incurred by SSHI in terms of contracts negotiated on behalf of shareholders of the Southern Sun group, including the Company. These costs, that include insurance and certain maintenance and operating lease contracts, are recovered from the Company via a loan account. The balance of the loan account is as follows:		
Due (to)/by SSHI and its subsidiaries:		
Included in trade payables (refer note 9)	(50 207)	(14 520)
Included in sundry payables (refer note 9)	(4 052 952)	(277 127)
Included in accruals (refer note 9)	-	(475 225)
Included in trade receivables (refer note 6)	130	67 230
Included in prepayments (refer note 6)	751 599	-
Included in sundry receivables (refer note 6)	121 518	13 963
	<b>(3 229 912)</b>	<b>(685 679)</b>

SSHI own units in the Company as follows:

	Number of units	Levies paid R	Levies received in advance R
SunSwop (a division of SSHI) - 2022 shareholding	417	1 568 880	795 900
SunSwop (a division of SSHI) - 2021 shareholding	185	1 318 410	310 800

The following entities, related through common directorship, own units in the Company as follows:

## 2022 - shareholding

RN Dickson - Dream Vacation Club	653	5 236 450	1 261 000
AB Ramsarup - The Leisure Holiday Club	579	4 540 590	1 469 770
AN Ridl - Club Leisure Group	1 151	9 229 720	3 140 830

## 2021 - shareholding

RN Dickson - Dream Vacation Club	649	4 911 750	1 639 220
AB Ramsarup - The Leisure Holiday Club	581	4 350 900	843 740
AN Ridl - Club Leisure Group	1 151	8 801 280	2 590 580

# Umhlanga Sands Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2022

	2022 R	2021 R
<b>16 Directors' emoluments</b>		
For their services to the Company, the Directors have been remunerated an agreed upon fee per meeting attended and are reimbursed for costs incurred whilst performing the Company's business. Further, the Directors are insured for medical costs and personal accident. The Directors are also covered by insurance taken out by the Company as indemnification against all liability of any Director towards the Company in respect of negligence, default, breach of duty or breach of trust.		
Directors' emoluments paid for the year:		
RN Dickson	33 600	33 600
LE McMillan	33 600	33 600
MF Mia	33 600	33 600
AB Ramsarup	33 600	33 600
AN Ridl	33 600	33 600
JPF van Rooyen	33 600	33 600
MA Zoya	33 600	33 600
	<b>235 200</b>	<b>235 200</b>

# Umhlanga Sands Share Block Proprietary Limited

Unaudited Supplementary Schedules to the Annual Financial Statements  
Detailed Levy Fund Operating Statement for the Year Ended 31 December 2022

	2022 R	2021 R
<b>INCOME</b>		
Levies	85 938 878	80 239 051
Rental pool	516 191	332 001
Short-term rentals	2 277 558	2 755 698
Net non-levy income		
- telephone, rentals and penalties etc	2 213 402	1 864 596
	<b>90 946 029</b>	<b>85 191 346</b>
<b>EXPENDITURE</b>		
<b>Room expenses</b>		
Cleaning supplies	340 868	328 519
Guest entertainment and DSTV	2 338 881	1 875 191
Guest supplies	1 038 497	821 419
Laundry	3 306 679	3 224 609
Pest control	36 188	26 064
Personnel costs - outside services	7 822 246	6 822 436
Plants and decorations	42 350	33 660
Printing and stationery, including reception	207 333	341 291
Replacement of cutlery, crockery, linen, towels, uniforms, etc	1 244 476	1 415 597
Security and banking services	2 517 392	2 554 041
	<b>18 894 910</b>	<b>17 442 827</b>
<b>Administration and general</b>		
Audit fees		
- current year	319 144	254 860
Bank charges	19 665	27 535
Central accounting and levy collection fees	3 484 167	3 332 271
Corporate social initiatives	99 998	56 739
Covid related costs	74 463	216 447
Credit card commission	252 998	279 349
Directors' emoluments	235 200	235 200
Information technology costs	1 574 822	1 321 137
Insurance		
- premium	1 175 545	791 571
Legal fees	33 839	95 428
Licences and permits	77 072	131 486
Loss and damages	5 870	-
Loss on repossessed debtors	784 461	56 057
Marketing	42 850	88 393
Postage	-	200
Provision for repossessed debtors	259 322	30 345
Railage, cartage and hire transport	972	264
Subscriptions	725 269	72 072
SunSwop exchange service	-	(140 183)
Telephone	19 200	19 826
Travel - management and Directors	29 894	24 050
Vehicles - fuel and oil	109 208	78 962
	<b>9 323 959</b>	<b>6 972 009</b>

# Umhlanga Sands Share Block Proprietary Limited

Unaudited Supplementary Schedules to the Annual Financial Statements  
Detailed Levy Fund Operating Statement for the Year Ended 31 December 2022

	2022 R	2021 R
<b>Electricity, water and refuse</b>		
Electric bulbs	95 401	66 664
Electricity	4 903 197	4 069 404
Generator fuel	254 110	102 271
Refuse	309 682	389 371
Water	1 420 250	846 419
	<b>6 982 640</b>	<b>5 474 129</b>
<b>Repairs and maintenance</b>		
Air-conditioning	812 265	1 054 610
Buildings and elevators	574 131	554 195
Electrical and mechanical	242 544	240 607
Furniture, fixtures and room access cards	609 800	644 898
Gardens and grounds	322 811	331 888
Painting and redecorating	66 872	36 959
Plumbing and heating	105 983	111 522
Radio and TV	93 377	126 650
Room care	294 846	334 476
Swimming pool cleaning and repairs	110 851	34 289
Vehicles	51 511	8 252
	<b>3 284 991</b>	<b>3 478 346</b>
<b>Capital charges</b>		
Annual report and statutory costs	96 984	67 243
Municipal rates and taxes	9 527 490	8 319 218
Urban improvement programme	719 905	742 376
	<b>10 344 379</b>	<b>9 128 837</b>
<b>Personnel costs</b>		
Rooms	10 441 223	8 286 819
Administration and general	2 917 849	2 490 528
Repairs and maintenance	2 214 760	2 053 206
	<b>15 573 832</b>	<b>12 830 553</b>
<b>Management fee</b>	<b>2 295 165</b>	<b>3 368 281</b>
<b>Total expenditure</b>	<b>66 699 876</b>	<b>58 694 982</b>
Excess of income over expenditure before finance cost and taxation	<b>24 246 153</b>	<b>26 496 364</b>
<b>Finance income</b>		
Interest received	<b>5 196 546</b>	<b>3 250 848</b>
Excess of income over expenditure before taxation	<b>29 442 699</b>	<b>29 747 212</b>
<b>Taxation</b>		
Current year	<b>1 748 976</b>	<b>1 368 757</b>
Prior year under provision	<b>20 583</b>	<b>-</b>
	<b>1 769 559</b>	<b>1 368 757</b>
Excess of income over expenditure after taxation for the year, transferred to reserve for property, plant and equipment	<b>27 673 140</b>	<b>28 378 455</b>

# Umhlanga Sands Share Block Proprietary Limited

## MINUTES OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS FOR THE YEAR ENDED 31 DECEMBER 2021 HELD ON WEDNESDAY 12 OCTOBER 2022 AT 10H02 AT UMHLANGA SANDS RESORT UMHLANGA

### 1 WELCOME AND PREAMBLE

The Chairman of the Company Mr Anthony Ridl, welcomed all shareholders in attendance both in person and online through the Microsoft Office Teams platform. He introduced his fellow non-executive Directors Mr Nicholas Dickson; Mr Ajith Ramsarup; Dr Mahomed Mia; Mr Mzwandile ("Al") Zoya; and Ms Louise McMillan. Mr Johannes ("John") van Rooyen was unable to attend the meeting in person following a recent mountain bike accident but was in attendance online. Members of the senior management team and company secretariat team were present.

### 2 QUORUM

A number of shareholders had tendered their apologies for the meeting and had submitted their forms of proxy for voting purposes. The Chairman noted that 7,484,398 ordinary shares were represented in person or by proxy at the start of this meeting and that this constituted a quorum of approximately 21.16% of the Company's issued share capital. With the required quorum being present, being at least 3 shareholders present and holding at least 5% of the share capital, the Chairman declared the meeting duly constituted.

### 3 NOTICE OF MEETING

All shareholders present consented that the notice of meeting dated 11 May 2022 be taken as read.

### 4 VOTING

The Chairman informed the meeting that voting on the resolutions would be conducted by means of a show of hands. For the resolutions to be carried, 50% of total votes exercised must be in favour of an ordinary resolution and 60% of total votes exercised must be in favour of a special resolution.

### 5 ADOPTION OF ANNUAL FINANCIAL STATEMENTS AND REPORTS

#### ORDINARY RESOLUTION 1

Ordinary resolution 1 as set out in the notice convening the meeting, related to the receipt and adoption of the annual financial statements and accompanying reports contained in the annual report of the Company for the financial year ended 31 December 2021. No questions or comments were recorded, and it was unanimously RESOLVED that the annual financial statements for the year ended 31 December 2021 be and were hereby approved and adopted.

### 6 APPOINTMENT OF AUDITORS - BDO SOUTH AFRICA INCORPORATED ("BDO")

#### ORDINARY RESOLUTION 2

Ordinary resolution 2 related to the appointment of BDO as the independent auditors of the Company until conclusion of the next AGM of the Company. It was unanimously RESOLVED that BDO be and was hereby re-appointed as the independent auditors of the Company.

### 7 DIRECTORS

In terms of the Company's memorandum of incorporation ("MOI") the Board was limited to no more than 7 Directors. The Directors who retired at this meeting were eligible and available for re-election. No additional nominations had been received.

#### 7.1 ORDINARY RESOLUTION 3.1

Ordinary resolution 3.1 related to the election of Mr Nicholas Dickson as a Director. It was unanimously RESOLVED that Mr Dickson be and was hereby re-elected as a Director of the Company.

#### 7.2 ORDINARY RESOLUTION 3.2

Ordinary resolution 3.2 related to the election of Ms Louise McMillan as a Director. It was unanimously RESOLVED that Ms McMillan be and was hereby re-elected as a Director of the Company.



# Umhlanga Sands Share Block Proprietary Limited

## 7.3 ORDINARY RESOLUTION 3.3

Ordinary resolution 3.3 related to the election of Dr Mahomed Mia as a Director. It was unanimously RESOLVED that Dr Mia be and was hereby re-elected as a Director of the Company.

## 7.4 ORDINARY RESOLUTION 3.4

Ordinary resolution 3.4 related to the election of Mr Ajith Ramsarup as a Director. It was unanimously RESOLVED that Mr Ramsarup be and was hereby re-elected as a Director of the Company.

## 7.5 ORDINARY RESOLUTION 3.5

Ordinary resolution 3.5 related to the election of Mr Anthony Ridl as a Director. It was unanimously RESOLVED that Mr Ridl be and was hereby re-elected as a Director of the Company.

## 7.6 ORDINARY RESOLUTION 3.6

Ordinary resolution 3.6 related to the election of Mr John van Rooyen as a Director. It was unanimously RESOLVED that Mr van Rooyen be and was hereby re-elected as a Director of the Company.

## 7.7 ORDINARY RESOLUTION 3.7

Ordinary resolution 3.7 related to the election of Mr Al Zoya as a Director. It was unanimously RESOLVED that Mr Zoya be and was hereby re-elected as a Director of the Company.

## 8 APPOINTMENT OF AUDIT COMMITTEE

In terms of the Company's MOI, the Company was required at each AGM to elect an audit committee comprising at least 3 members.

### 8.1 ORDINARY RESOLUTION 4.1

Ordinary resolution 4.1 related to the election of Mr Nicholas Dickson as a member of the Company's audit committee. It was unanimously RESOLVED that Mr Dickson be and was hereby re-elected as a member of the Company's audit committee.

### 8.2 ORDINARY RESOLUTION 4.2

Ordinary resolution 4.2 related to the election of Mr Ajith Ramsarup as a member of the Company's audit committee. It was unanimously RESOLVED that Mr Ramsarup be and was hereby re-elected as a member of the Company's audit committee.

### 8.3 ORDINARY RESOLUTION 4.3

Ordinary resolution 4.3 related to the election of Mr Anthony Ridl as a member of the Company's audit committee. It was unanimously RESOLVED that Mr Ridl be and was hereby re-elected as a member of the Company's audit committee.

## 9 INSURED VALUE OF PROPERTY

As recommended by independent quantity surveyors Brian Heineberg and Associates and duly approved by the board of Directors, the insured value of the property amounted to R1,003,878,138. Buildings were valued at R782,652,484 and furniture, fittings and equipment were valued at R221,225,654. It was unanimously RESOLVED that the insured value of the property be and was hereby approved.

## 10 NON-EXECUTIVE DIRECTORS' FEES

### SPECIAL RESOLUTION 1

Special resolution 1 related to the approval of the fees payable to non-executive Directors for their services as a Director. The Chairman advised that Directors' fees had not increased for the past 3 years and was not recommended for increase for the year ahead. It was unanimously RESOLVED that in terms of the provisions of section 66(9) of the Companies Act 71 of 2008 that R8,400 (Vat payable to the extent applicable to this remuneration) payable to the non-executive Directors of the Company for their

# Umhlanga Sands Share Block Proprietary Limited

services as Directors and/or members of the sub-committees, per meeting or cluster of meetings in respect of the period from 13 October 2022 until the next AGM of the Company, be and was hereby approved.

## 11 OTHER BUSINESS

### 11.1 GENERAL MANAGER PRESENTATION AND REPORT OF THE SOCIAL AND ETHICS COMMITTEE

Together with photographic evidence, Mr Antony Larsen presented an overview of the following achievements and results during the 2021 year:

- Facebook interaction;
- Google reviews;
- Tripadvisor ranking;
- Landscape audit;
- Overall occupancy;
- Energy and water consumption;
- Borehole water supply;
- Recycling of generated waste;
- Donations and support of CSI initiatives;
- Various upgrades and enhancements made around the property; and
- Participation in Earth Hour.

Mr Larsen presented images of the current upgrade and refurbishment projects that included:

- Spalling project;
- Stainless steel permanent umbrella structures;
- Air handling units; and
- The swimming pool slides.

Corporate social investment ("CSI") included:

- Jump Youth Mission: Donation of replaced vinyl flooring;
- Future Stars Care Centre: Donation of old doors, written-off linen and food basket contributions;
- Together for Durban: Donation of 40 hampers; and
- Durban Child and Youth Care Centre: Donation of meals.

The Chairman commended the managing agent and management team for another successful year. He was pleased to note all the favourable comments and feedback provided over the year.

A shareholder was dissatisfied with the service provided by Mugg & Bean. During her holiday, Mugg & Bean had provided a poor standard of service on four occasions and Europa Piccolo had run out of ingredients for their pasta meals. The shareholder had only received excuses as to why the restaurant was unable to purchase the ingredients from another store. While her recent experience had impacted on her holiday, she shared her surprise to learn that Cabana Beach Resort was ranked higher than uMhlanga Sands Resort through Tripadvisor, as she believed that the rooms and facilities at uMhlanga Sands Resort were much nicer. The Chairman thanked the shareholder for her comments and stated that Mr Larsen would investigate the bad service and shortage of ingredients for such a long period of time. The experience was unacceptable. The Chairman added that the resort would always be compared to Cabana Beach Resort, but he believed that the higher scores may be because the resort had self-catering facilities.

A shareholder attending the meeting online shared that he had recently stayed at Cabana Beach Resort and in comparison, he felt that uMhlanga Sands Resort was a better resort with his two teenage children spending most of their holiday at the resort. He congratulated the team and wrote that the resort was fantastic. The shareholder then enquired about residents having access to the local gymnasium at Planet Fitness, as was offered to Cabana Beach residents. Mr Larsen had taken his comments into consideration and would investigate the option for residents to also utilise the local gymnasium.

## 12 CLOSURE

There being no further business, the Chairman thanked all for their attendance and declared the meeting closed at 10h31.



Chairman

## Notes

## Notes





