

Drakensberg Sun Chalets Share Block Proprietary Limited

Registration no:1988/002500/07

Annual Report

for the year ended 31 December 2022

 **Southern Sun**
RESORTS

Drakensberg Sun Chalets Share Block Proprietary Limited
Annual Financial Statements
for the year ended 31 December 2022

COMPANY INFORMATION

Registration number:	1988/002500/07
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 Drakensberg Sun Chalets Share Block Proprietary Limited, supervised the preparation of the annual financial statements.

Drakensberg Sun Chalets Share Block Proprietary Limited

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

As your Chairman, I take pleasure in reporting on the operations, developments, financial performance and position of Drakensberg Sun Chalets Share Block for the year 2022.

Through a very tough economic climate and ongoing challenges, the resort continues to maintain the high standard of service and holiday experience that we have all grown accustomed to at Drakensberg Sun. The property looks superb and remains an amazing location at which to unwind and enjoy the clean air and pure bliss that the mountains have to offer. I am so pleased to report that Drakensberg Sun remains one of the most sought-after holiday destinations in South Africa and it is thanks to our Directors, the management team and staff of Southern Sun who deliver the high standard of service delivery and a welcoming atmosphere to all who visit.

In many respects, 2022 was the year when operations returned to "normal". With the last of the Covid-19 restrictions being lifted, the resort welcomed back many of its guests who had not travelled since 2019. There was a notable increase in the number of shareholders occupying their units again, and it was also great to welcome many new exchange guests who were visiting the resort for the first time.

Projects and upgrades completed

A mock-up chalet for the much-anticipated refurbishment project was completed in November 2021 and the fresh-look and modern design has addressed some of the age-old niggles about the adequacy of the size of the appliances and the aging furniture and décor. Final approval of the project allowed for another five chalets to be refurbished in line with the project programme this past year. The external woodwork and deteriorating infrastructure of the chalets is being addressed within this project and the additional cover over the entertainment area, together with the interior upgrades, has been very well received. Careful planning is always necessary when conducting such a large project, and while we would like to include as many upgrades and items as possible, the refurbishment project will be planned in a phased period once sufficient reserves are available. The programme has allowed for an additional four chalets to be refurbished in 2023, with the overall project scheduled for completion by 2028.

It has been a long time coming, but I am delighted to report that the road from Winterton (R600) to the resort's turnoff has finally been repaired by the local municipality, making the drive a more pleasant experience when compared to previous years. While only quick fixes were

done in the past, this time a more comprehensive fix was done that saw large sections of the road being completely re-surfaced. There are a few potholes from the turnoff towards the resort that remain unattended and management will continue to apply pressure on the municipality to get this repaired as soon as possible. I would like to thank the management team for their perseverance to date in this regard.

Other projects completed in 2022 included:

- **Lightning protection** - With the resort having experienced several lightning strikes in recent months it was necessary to carry out a complete upgrade of the lightning protection installation to minimise damage during strikes;
- **Dam scour valve** - During recent heavy rains the dam level needed to be dropped to prevent overflowing and flooding of the jetties. The main valve that controls the levels was inoperable due to rust, and had to be replaced;
- **Electrical substation** - The old and failing electrical substation was replaced with a more efficient system to better handle the increased episodes of load shedding; and
- **Staff accommodation** - Phase two of the structural upgrade of the staff accommodation was completed, making the houses safe from rising damp and subsidence.

The safety of all on the property is of paramount concern and for this reason your Board and staff at the resort strongly discourage hikers going out onto the trails alone. As a matter of safety, you are strongly requested to notify the entertainment desk as you leave the resort and to sign back in when you return. This safety precaution should be taken very seriously so that a search party will know where to look for you in the event of an unforeseen accident while you are out on a walk/hike. Please liaise with the staff to make your walk/hike an enjoyable and trouble-free experience.

Financial position

Your Board closely reviews all income and expenditure, and much deliberation takes place at each meeting on how to further reduce expenditure and find ways to improve sources of income for the share block. It is an ongoing task for management to: improve and extend marketing channels to grow the sales and rentals of the chalets; work in conjunction with the apartments and hotel entity on the property for rentals and sales; approach current and new markets to attract entertainment, sporting events and other business to the area and, in turn, to our resort; and attractively package repossessed weeks for quicker resale so as to reduce the increasing list of repossessed weeks and outstanding levies.

Drakensberg Sun Chalets Share Block Proprietary Limited

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

Occupancy

Occupancy for 2022 ended on 77.9% (2021: 81.7%). Should you find yourself unable to utilise your timeshare week, please advise the resort as the week may be placed in short-term rental that would benefit both yourself and the share block. Alternatively, you could deposit your week with SunSwop for exchanges to other resorts, both locally and internationally.

Financial results for the year ended 31 December 2022

The statement of comprehensive income as set out on page 12 of the annual financial statements reflects income and expenditure of the Company in a summarised format. The detailed levy fund operating statement, that is not audited and presented as supplementary information, appears on pages 22 and 23 and will be referred to when I comment on the financial results for the year.

The statement of comprehensive income and expenditure for the year ended 31 December 2022 reflects total income, including net finance income of R16.235m (2021: R15.347m) and total expenditure of R13.423m (2021: R9.978m). The levy surplus after taxation was R2.599m (2021: R5.158m) and this has been transferred to the reserve for property, plant and equipment. Below is a more detailed review of variances in income and expenditure:

Income

Total income increased by 6% year-on-year. Management continues to pursue opportunities to increase revenue particularly through the short-term rental and rental pool options.

Expenditure

Total expenditure of R13.423m (2021: R9.978m) reflected an increase of 35% year-on-year and a more detailed review of the expenditure is recorded below:

- **Rooms** increased by 16% compared to prior year due to increased housekeeping, laundry and guest entertainment costs;
- **Administration and general** reflected an increase of 117% year-on-year primarily due to an increase in the provision for repossessed units by R1.2m and the inclusion of R85k in respect of CSOS subscription fees for the period 2017 to 2022;
- **Electricity, water and refuse** increased by 15% due to more frequent episodes of load shedding and a higher consumption of diesel for the generator;

- **Repairs and maintenance** increased by 21% mainly due to more frequent usage of the generator; and
- **Corporate charges** decreased by 12% year-on-year.

Statement of financial position

The statement of financial position, detailed on page 13 together with the related notes thereto, reflects the financial position of the Company. The reserve for property, plant and equipment decreased to R8.141m (2021: R14.218m); fixed deposits held with bank decreased to R10.168m (2021: R17.263m); while cash and cash equivalents increased to R1.484m (2021: R310k); levies receivable decreased to R1.271m (2021: R1.693m) and levies received in advance increased to R4.211m (2021: R4.038m). The Company incurred capital expenditure of R8,677m (2021: R3,756m) in respect of the following major projects:

	R
Chalets' refurbishment	7,117,989
Substation	850,000
New dam valve	167,980
Storm water investigative work	105,950
Unit equipment	102,456
Staff accommodation refurbishment	88,722
All-purpose court refurbishment	84,040

Levy 2023

The 2023 annual levy budget increase was approved by the Directors and averages 6.5%. As always, the Directors examined each item of expenditure on a line-by-line basis and were satisfied that management had made every effort to ensure that cost increases were the minimum possible, but without affecting the standards and facilities enjoyed by all guests of Drakensberg Sun.

The 2023 levies inclusive of VAT are as follows:

Standard	R11,110 (2022: R10,430)
High	R13,330 (2022: R12,510)

Vacation ownership association of Southern 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 in the timeshare industry in a positive and organised manner. The Company remains a member of VOASA.

Drakensberg Sun Chalets Share Block Proprietary Limited

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

Surrounding developments

I confirm that neither I, your Board, nor management is aware of any new land claims having been lodged, or any advancement regarding any existing claims.

Other business

Shareholders can be assured that our share block is well run and strongly supported by Southern Sun. I am confident that Directors, shareholders and guests will continue to receive the attention to detail and great service provided at our wonderful resort.

Conclusion

I confirm that our share block is in a good financial position. Staff continuously go the extra mile for us and our guests, and I would like to thank all staff members for their friendliness, willingness and enthusiasm in all that they do. I extend sincere thanks and appreciation to my fellow Directors and to the Southern Sun management team for their time, knowledge and professional guidance over this last year.

As an opportunity to discuss or debate any issues, I welcome you to attend our AGM. Should you find yourself unable to attend, please complete and return the form of proxy enclosed in this annual report on page 5.

Take care and I wish you all a prosperous year ahead.



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

Anthony Ridl
Chairman

**Drakensberg Sun Chalets Share Block
Proprietary Limited**
Registration Number: 1988/002500/07
("the Company")

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

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Bryanston 2021
Telephone: (031) 366 7061
Facsimile: (086) 765 2272
Resorts.companysecretarialservices@southernsun.com

Notice is hereby given to the shareholders of the Company that the Annual General Meeting ("AGM") of the Company will be held on **Thursday, 14 September 2023 at 11h00 at uMhlanga Sands Resort, 44 Lagoon Drive, uMhlanga**, for the purpose 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 not less than three and not more than five Directors in number. **It would facilitate secretarial procedures if nominations for the appointment of those Directors representing the shareholders be received by no later than 11h00 on Tuesday, 12 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 Brent 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 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 3.4: 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; and

Ordinary resolution 3.5: 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.

4. Appointment of audit committee

Ordinary resolution 4.1: Resolved as an ordinary resolution that Mr Brent 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 R4,240 for non-executive Directors' fees was approved at the previous AGM for the year until 14 September 2023. Resolved as a special resolution the fees remain unchanged at R4,240 (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 15 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 South African 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 Friday 15 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 shareholder's voting rights is Thursday, 7 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 11h00 on Tuesday, 12 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
9 May 2023**

**Drakensberg Sun Chalets Share Block
Proprietary Limited**
Registration Number: 1988/002500/07
("the Company")

Registered Office
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Form of proxy for use by shareholders at the annual general meeting ("AGM") of the Company to be held on **Thursday, 14 September 2023 at 11h00 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
Ordinary resolution 1: Receipt and adoption of annual financial statements and reports - Year ended 31 December 2022			
Ordinary resolution 2: Appointment of auditors			
Ordinary resolution 3: Election of Directors			
3.1 Brent Dickson			
3.2 Louise McMillan			
3.3 Ajith Ramsarup			
3.4 Anthony Ridl			
3.5 Johannes van Rooyen			
Ordinary resolution 4: Appointment of audit committee			
4.1 Brent Dickson			
4.2 Ajith Ramsarup			
4.3 Anthony Ridl			
Ordinary resolution 5: Insured value of property			
Special resolution 1: Non-executive Directors' fees (R4,240)			

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 11h00 on Tuesday, 12 September 2023.

Drakensberg Sun Chalets 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 Drakensberg Sun Chalets Share Block Proprietary Limited. The annual financial statements presented on pages 12 to 21 have been prepared in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities ("IFRS for SME's") 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 10 to 11.

Approval of annual financial statements

The annual financial statements set out on pages 12 to 21 were approved by the Directors on 9 May 2023 and are signed by:



AN Ridl
Chairman



AB Ramsarup
Director (chairman - audit committee)

Declaration by the company secretary

I hereby confirm in my capacity as company secretary of Drakensberg Sun Chalets 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 Mahloe
For Southern Sun Secretarial Services Proprietary Limited

Drakensberg Sun Chalets 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 Mr Brent Dickson, myself as Chairman 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 focused 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 systems 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.



AB Ramsarup
Chairman
9 May 2023

Drakensberg Sun Chalets 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 Drakensberg Sun Chalets Share Block Proprietary Limited is a statutory committee that is governed by the South African Companies Act 71, of 2008, guided by King IV, and the responsibilities allocated to it by the Board.

Role of the committee

The committee's responsibilities include monitoring the Company's activities with regards to social and economic development; good corporate citizenship; environment, health and public safety; consumer relationships; as well as labour and employment.

Social and economic development

The committee endeavors to assist organisations and initiatives in its local community. The uMfolozi Crèche continues to be the committee's main beneficiary for support and donations and I am proud to share that the affiliation has shown great success and progress over the last 9 years. The committee has completed various building works that has given the young children access to proper ablution facilities, electricity, and a school environment more conducive to the learning and education system. The committee remains committed to ongoing support of the creche.

The hiking trails on the property have been awarded the much-coveted green flag status. We are extremely proud to market this as the accreditation provides public recognition for trails that are engaged in long-term responsible management, accuracy of information along the route and which are environmentally accountable in the interests of the public.

Corporate citizenship

The committee has a strong regard for corporate citizenship that highlights its social, cultural, environmental responsibility and sustainability of the initiative. Local corporate social investment initiatives are supported generally through donations of time and written-off operating equipment. Some local organisations in turn recycle and/or reuse the donated items for the benefit of its beneficiaries.

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 collaborates with Working with Water, a government appointed organisation that strives to eradicate all alien and invasive plants in the area. Space has been provided on the property for the establishment of a nursery to cultivate indigenous plants that are used to replace the alien plants both on the property and in the surrounding area.

The resort contracts with Waste.co, that responsibly manages the resort's waste recycling programme. General waste is disposed of in a licensed landfill site and glass, cans, plastic, paper and cardboard is sorted and recycled through other reputable companies.

A 24-hour medical assistance service is available to all staff and guests of Drakensberg Sun. This service offers medical advice and responds to medical emergencies, incidents of violence, fire emergencies, incidents of flooding and other natural disasters.

The organisational resilience management system ("ORMS"), implemented by Southern Sun throughout all of its properties, is a comprehensive recording system for data and statistics relating to fire protection, safety, security, business continuity, environmental impact, risk analysis and the impact that these have on the business. ORMS is audited internally by staff on a quarterly basis and annually, by Southern Sun.

Guest relations and correspondence

The committee and the resort values guest feedback to help shape and improve service delivery as well as business operations. In addition to the very important personal and face-to-face guest interaction, an electronic guest satisfaction reporting system, GuestRevu, reports on all areas of operation and this is monitored to measure service delivery. Tripadvisor, Google Review and RCI are also platforms monitored to measure service delivery.

Labour and employment relations

The resort complies with the Labour Relations Act of South Africa. All employees are treated fairly, and employee engagement is constantly monitored.

Employees are the resort's most valuable asset. Training and development programmes are continuously offered for all level of duties, to both improve an employee's self-confidence and to offer opportunities for an employee to achieve their full potential. The internal training programmes are generally run by Southern Sun.

The resort is linked to the BBBEE rating of the Southern Sun Group that proudly holds a level one BBBEE status.

Strategic issues

The resort general manager and his deputy general manager are proud members of the Central Drakensberg Information Centre. The membership ensures that the resort takes a leading role in tourism and tourism-related decisions that can impact local and surrounding areas.

Composition and functioning

The committee is a combined membership, comprised of Directors from both the Drakensberg Sun Chalets and the Drakensberg Sun Hotel Share Block Boards, that hold comprehensive meetings twice a year. The members include myself, Ms Samantha Croft, Mr Peter Pienaar, Mr Johannes ("John") van Rooyen and Mr Pranesh Sukhdeo, the resort's general manager. Resort employees assist greatly with the committee's activities and are always welcome to attend a meeting.

Activities of the committee

The committee ensures that the resort's environmental programme has a focused approach to energy, water, and waste management. Energy and water consumption is monitored through a live tracking software, that records consumption levels through a series of online meters. The system alerts management when consumption occurs outside of the designated and set target areas and management is then able to proactively address any anomalies before wastage can occur. The system allows for the tracking of trends and places emphasis on using the resort's resources during optimal periods of the day. The implementation of this management resource has contributed greatly to savings in the resort's usage of utilities and contributing costs.

The goal of the committee for the year ahead is to maintain its commitment to training and development of employees, expand its recycling initiatives, and to improve its outreach programme to the local community.

The resort continues to be a well-loved destination, underpinned by an ethos of sustainability, environmental consciousness, and most importantly, its investment in people.



Louise McMillan
Chairperson

Drakensberg Sun Chalets 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 Drakensberg Sun Resort that is 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, your 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 annually against this amount. Before providing for property, plant and equipment additions and replacements, a surplus of R2,599,239 (2021: R5,158,033) was transferred to the reserve for property, plant and equipment.

No dividend has 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 chalet 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:

BS Dickson *		
LE McMillan ^		
AB Ramsarup *		
AN Ridl *	Chairman	(Alternate MN Ridl)
JPF van Rooyen ^		

* 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:

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

6 Management

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

8 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.

Drakensberg Sun Chalets Share Block Proprietary Limited

Report of the Independent Auditors

To the shareholders of Drakensberg Sun Chalets Share Block Proprietary Limited

Opinion

We have audited the financial statements of Drakensberg Sun Chalets Share Block Proprietary Limited (the company) set out on pages 12 to 21, 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 Drakensberg Sun Chalets 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 "Drakensberg Sun Chalets 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.

Drakensberg Sun Chalets 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

18 July 2023

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

Drakensberg Sun Chalets Share Block Proprietary Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 R	2021 R
Income		15 573 915	14 573 556
Levy income		14 692 070	14 001 786
Other income		881 845	571 770
Expenses		(13 422 529)	(9 978 417)
Levy surplus before interest and taxation	3	2 151 386	4 595 139
Finance income	4	660 992	773 846
Levy surplus before taxation		2 812 378	5 368 985
Income tax expense	5	(213 139)	(210 952)
Levy surplus for the year		2 599 239	5 158 033

Drakensberg Sun Chalets Share Block Proprietary Limited

Statement of Financial Position as at 31 December 2022

	Note	2022 R	2021 R
ASSETS			
Current assets			
Trade and other receivables	6	2 016 773	2 579 505
Levies receivable	10	1 270 881	1 693 021
Fixed deposits held with bank	11	10 168 329	17 263 203
Cash and cash equivalents	12	1 484 160	310 237
Total current assets		14 940 143	21 845 966
Total assets		14 940 143	21 845 966
EQUITY			
Capital and reserves			
Share capital	9	1 256	1 256
Reserve for property, plant and equipment	7	8 140 959	14 218 297
Total equity		8 142 215	14 219 553
LIABILITIES			
Current liabilities			
Trade and other payables	8	2 379 543	3 207 854
Levies received in advance	13	4 210 843	4 037 579
Current tax liability		207 542	380 980
Total current liabilities		6 797 928	7 626 413
Total liabilities		6 797 928	7 626 413
Total equity and liabilities		14 940 143	21 845 966

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

	Note	2022 R	2021 R
Share capital			
Ordinary shares at the beginning of the year and at year-end	9	1 256	1 256
Reserve for property, plant and equipment			
At the beginning of the year		14 218 297	12 816 181
Levy surplus for the year		2 599 239	5 158 033
Property, plant and equipment additions and replacements during the year	7	(8 676 577)	(3 755 917)
At year-end		8 140 959	14 218 297

Drakensberg Sun Chalets Share Block Proprietary Limited

Statement of Cash Flows for the Year Ended 31 December 2022

	2022 R	2021 R
Cash flow from operating activities		
Levy surplus before taxation	2 812 378	5 368 985
Adjustments for		
Interest received	(660 992)	(773 846)
Net surplus before working capital changes	2 151 386	4 595 139
Changes in working capital		
Movement in levies receivable	422 140	(297 276)
Movement in trade and other receivables	562 732	(1 337 169)
Movement in levies received in advance	173 264	612 143
Movement in trade and other payables	(828 311)	(725 987)
Cash flows from operating activities	2 481 211	2 846 850
Interest received	660 992	773 846
Tax paid	(386 577)	-
Net cash inflow from operating activities	2 755 626	3 620 696
Cash flow from investing activities		
Property, plant and equipment additions and replacements	(8 676 577)	(3 755 917)
Movement in fixed deposits held with bank	7 094 874	(880 316)
Net cash outflow from investing activities	(1 581 703)	(4 636 233)
Movement in cash and cash equivalents	1 173 923	(1 015 537)
Cash and cash equivalents at the beginning of the year	310 237	1 325 774
Cash and cash equivalents at year-end	1 484 160	310 237

Drakensberg Sun Chalets 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 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.

1.4 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.

1.5 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 flows at cost.

Drakensberg Sun Chalets Share Block Proprietary Limited

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

1.6 Revenue recognition

Revenue is stated exclusive of value-added tax.

Levy revenue is recognised when the right to occupation arises.

Special levy revenue is recognised when raised.

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

Sundry revenue is recognised when it is earned.

1.7 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.

1.8 Equity

Ordinary shares are classified as equity.

1.9 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.

1.10 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 include 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 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.

Drakensberg Sun Chalets Share Block Proprietary Limited

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

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.

Drakensberg Sun Chalets Share Block Proprietary Limited

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

	2022 R	2021 R
3 Levy surplus before interest and taxation		
The levy surplus before interest and taxation is stated after taking into account the following:		
Employee costs		
Salaries, wages and benefits	3 398 397	2 654 063
Contributions to retirement funds	140 464	(1 440)
Management fees	695 096	664 792
Audit fees	90 055	81 030
Internal audit fees	16 128	663
Other operating expenses	9 082 389	6 579 309
	13 422 529	9 978 417
4 Finance income		
Interest income earned on fixed deposits, call deposits and current account	660 992	773 846
5 Income tax expense		
Provision is made for Company taxation on the net non-levy income of the levy fund.		
No tax is payable on levy income from the shareholders in term of section 10(1)(e) of the Income Tax Act.		
Current year	207 543	210 952
Prior year underprovision	5 596	-
	213 139	210 952
A reconciliation of the taxation charge is not considered appropriate as share block companies are only liable for taxation on their net non-levy income.		
6 Trade and other receivables		
Trade and other receivables (refer note 15)	89 786	231 499
Prepayments (refer note 15)	1 790 162	1 890 533
Receiver of Revenue - Vat	-	360 012
Interest receivable	136 825	97 461
	2 016 773	2 579 505
7 Reserve for property, plant and equipment		
At the beginning of the year	14 218 297	12 816 181
Levy surplus for the year	2 599 239	5 158 033
	16 817 536	17 974 214
Property, plant and equipment additions and replacements during the year	(8 676 577)	(3 755 917)
At year-end	8 140 959	14 218 297

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 for 2023 of R9,614,050 (2021: budgeted capital expenditure of R13,607,472 approved for 2022) which is anticipated to decrease the budgeted surplus in the reserve fund by R5,539,241 (2021: decrease the budgeted surplus by R9,763,256 in 2022). There were capital commitments made for R495,151 at year-end (2021: R533,912).

Drakensberg Sun Chalets Share Block Proprietary Limited

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

	2022 R	2021 R
8 Trade and other payables		
Trade payables	3 474	370 381
Accruals (refer note 15)	380 323	364 984
Provision for auditors' remuneration	81 243	81 030
Sundry payables (refer note 15)	952 876	269 605
Receiver of Revenue - Vat	545 795	-
Drakensberg Sun Hotel Proprietary Limited (refer note 15)	415 832	2 121 854
	2 379 543	3 207 854
9 Share capital		
Authorised		
635,250 ordinary shares of 1 cent each	6 352	6 352
Issued		
125,580 ordinary shares of 1 cent each	1 256	1 256
10 Levies receivable		
Levy debtors	951 609	603 190
Reposessed debtors	2 447 752	1 620 995
Provision for reposessed debtors	(2 128 480)	(531 164)
Opening balance	(531 164)	(179 387)
Movement	(1 597 316)	(351 777)
	1 270 881	1 693 021
11 Fixed deposits held with bank		
Fixed deposits held with bank	10 168 329	17 263 203
12 Cash and cash equivalents		
Bank balances	1 484 160	310 237
13 Levies received in advance		
Levies received in advance	4 210 843	4 037 579

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.

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:

Sub-division 112 of sub-division 4 of the Farm Driefontein No 1389, situated in the regulated area of Cathkin Park, Administrative District of KwaZulu Natal, in extent 20,1798 hectares.

Drakensberg Sun Chalets Share Block Proprietary Limited

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

	2022 R	2021 R
14 Property, plant and equipment (continued)		
Land and buildings were originally purchased for R7,848,970 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 R17,000,000 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	78 700	56 448
Rental pool	38 203	16 526
Management fee	695 096	664 792
Central accounting and levy collection fees	247 656	236 865
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	(5 233)	(3 813)
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	(8 934)	(16 178)
Secretarial fees on repossessed debtors and use agreement fees - SRMS	21 235	16 643
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	33 240	(36 430)
During the financial year the Company paid the following SSHI internal charges:		
Administration - Information technology, procurement, etc	208 285	149 947
Most costs of Drakensberg Sun Resort, including costs in terms of contracts negotiated on behalf of members of the Southern Sun Group, are initially incurred by Drakensberg Sun Hotel Proprietary Limited. The portion of costs applicable to the Company is recovered via a current account.		
Amount owing (to)/from Drakensberg Sun Hotel Proprietary Limited, SSHI and its subsidiaries:		
Included in accruals (refer note 8)	-	(69 560)
Owing to Drakensberg Sun Hotel Proprietary Limited (refer note 8)	(415 832)	(2 121 854)
Included in sundry payables (refer note 8)	(80 942)	(5 280)
Included in trade and other receivables (refer note 6)	34 837	16 801
Included in prepayments (refer note 6)	73 964	-
	(387 973)	(2 179 893)

Drakensberg Sun Chalets Share Block Proprietary Limited

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

	2022 R	2021 R
15 Related party transactions (continued)		
Balances due (to)/by the following entities, related through common directorship, are as follows:		
Sabie River Share Block Proprietary Limited - included in sundry payables (refer note 8)	-	(1 018)
Drakensberg Sun Hotel Share Block Proprietary Limited - included in sundry payables (refer note 8)	(8 929)	(106 704)
	(8 929)	(107 722)

SSHI owns units in the Company as follows:

	Number of units	Levies paid R	Levies received in advance R
SunSwop (a division of SSHI) - 2022 shareholding	27	283 690	55 550
SunSwop (a division of SSHI) - 2021 shareholding	27	271 180	52 150

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

2022 - shareholding

BS Dickson - Dream Vacation Club	89	994 860	66 660
AB Ramsarup - The Leisure Holiday Club	23	241 970	68 880
AN Ridl - Club Leisure Group	33	492 260	148 870

2021 - shareholding

BS Dickson - Dream Vacation Club	88	917 140	93 870
AB Ramsarup - The Leisure Holiday Club	23	231 300	64 660
AN Ridl - Club Leisure Group	66	1 024 860	43 800

16 Directors' emoluments

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:

DM Alexander (Retired 3 June 2021)	-	8 480
BS Dickson	16 960	16 960
LE McMillan	8 480	8 480
AB Ramsarup	8 480	8 480
AN Ridl	8 480	8 480
JPF van Rooyen	16 960	4 240
	59 360	55 120

Drakensberg Sun Chalets 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
INCOME		
Levies	14 692 070	14 001 786
Rental pool	116 903	112 852
Sale of capital assets	15 852	-
Short-term rentals	400 413	407 838
Net non-levy income		
- telephone, rentals and penalties etc	348 677	51 080
	15 573 915	14 573 556
EXPENDITURE		
Rooms expenses		
Cleaning supplies	46 346	41 068
Guest entertainment - DSTV, outside services, videos, cocktails, games and prizes	520 389	392 739
Guest supplies	103 345	105 687
Laundry	580 961	428 088
Personnel costs - outside services	1 427 613	1 252 560
Pest control	6 677	4 289
Printing and stationery, including reception	111 593	97 403
Replacement of cutlery, crockery, linen, towels, uniforms, etc	63 646	94 354
Security services	710 735	674 144
	3 571 305	3 090 332
Administration and general		
Audit fees		
- current year	90 055	81 030
Bad debts	-	-
Bank charges	3 157	3 132
Central accounting and levy collection fees	247 656	236 865
Corporate social initiatives	25 000	25 165
Credit card commission	41 276	50 026
Directors' emoluments	59 360	55 120
Information technology costs	472 562	499 362
Insurance		
- premiums	122 582	81 322
- excess	302 400	-
Internal audit fees	16 128	663
Legal fees	8 201	22 416
Licences and permits	15 706	12 091
Loss on repossessed debtors	143	1 302
Provision for repossessed debtors	1 597 316	351 777
Railage, cartage and hire transport	1 316	2 930
Subscriptions/marketing	88 121	5 164
SunSwop exchange service	33 240	(36 430)
Telephone	35 116	33 209
Travel - management and Directors	14 269	23 223
Vehicles - fuel and oil	41 106	32 099
	3 214 710	1 480 466
Electricity and refuse		
Electricity	752 962	843 814
Generator fuel	287 570	60 512
Refuse	75 152	63 119
	1 115 684	967 445

Drakensberg Sun Chalets 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
Repairs and maintenance		
Buildings	126 505	59 593
Furniture, fixtures, electrical and mechanical	178 198	173 419
Gardens and grounds	654 290	463 576
Painting and redecorating	6 141	25 715
General maintenance	122 521	173 756
	1 087 655	896 059
Corporate Charges		
Annual report and statutory costs	15 690	22 138
Furniture and equipment leases	15 706	13 633
Municipal rates and taxes	167 822	190 929
	199 218	226 700
Personnel costs		
Rooms	1 112 560	880 500
Administration and general	1 626 853	1 282 946
Repairs and maintenance	799 448	489 177
	3 538 861	2 652 623
Management fee	695 096	664 792
Total expenditure	13 422 529	9 978 417
Excess of income over expenditure before finance income and taxation	2 151 386	4 595 139
Finance income		
Interest received	660 992	773 846
Excess of income over expenditure before taxation	2 812 378	5 368 985
Taxation		
Current	207 543	210 952
Prior year under provision	5 596	-
	213 139	210 952
Excess of income over expenditure for the year transferred to reserve for property, plant and equipment	2 599 239	5 158 033

Drakensberg Sun Chalets Share Block Proprietary Limited

MINUTES OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS FOR THE YEAR ENDED 31 DECEMBER 2021 HELD ON THURSDAY 13 OCTOBER 2022 AT 11H03 IN COCO'S BAR 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 Brent Dickson 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. Mr Ajith Ramsarup had tendered his apologies as he was travelling to attend another meeting. 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 125,580 ordinary shares were represented in person or by proxy at the start of this meeting and that this constituted a quorum of approximately 10.53% 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 10 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 the independent auditors of the Company.

7 DIRECTORS

In terms of the Company's memorandum of incorporation ("MOI") the Board is limited to no more than 5 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 Brent 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.

7.3 ORDINARY RESOLUTION 3.3

Ordinary resolution 3.3 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.

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7.4 ORDINARY RESOLUTION 3.4

Ordinary resolution 3.4 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.

7.5 ORDINARY RESOLUTION 3.5

Ordinary resolution 3.5 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.

8 APPOINTMENT OF AUDIT COMMITTEE

In terms of the Company's MOI, the Company is 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 Brent 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 R126,909,550. Buildings were valued at R103,248,297 and furniture, fittings and equipment were valued at R23,661,253. 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 R4,240 (Vat payable to the extent applicable to this remuneration) payable to the non-executive Directors of the Company for their services as Directors and/or members of the sub-committees, per meeting or cluster of meetings in respect of the period from 14 October 2022 until the next AGM of the Company, be and was hereby approved.

11 OTHER BUSINESS

GENERAL MANAGER PRESENTATION AND REPORT OF THE SOCIAL AND ETHICS COMMITTEE

Together with photographic evidence, Mr Pranesh Sukhdeo presented an overview of the following achievements and projects during the 2021 year:

- Level One BBBEE status;
- Organisational Resilience Management Systems' ("ORMS") audit;
- Energy and water consumption;
- Tripadvisor's 4-star rating and 4th best property in the valley;
- RCI's Gold Crown status;
- Replacement of an independent Chalet generator;
- Upgrade to an automatic water treatment plant;
- Replacement of main switch gear and upgrade of lightning protection of system;
- Upgrade of hotel wi-fi connectivity and installation of wi-fi to both chalets and apartments;
- Replacement of hot water return pipe and hot water vessel for chalets;
- Upgrade of outdoor braai and picnic areas;

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- Installation of sound attenuators over the heat pumps;
- Resurface of tennis court and multi-purpose court;
- Re-lay paving to the bottom car park at the chalets;
- Paving of driveway to the chalets;
- Donations and support through CSI initiatives;
- Celebrate world awareness days;
- Install recycling station;
- Fire breaks;
- Christmas celebrations held at the resort as well as at the local creche;
- Monthly road clean ups;
- Visit and donation of food items and stationery to the local creche by the South African Rugby Legends organisation; and
- Refurbishment of the chalets and apartments.

Mr Sukhdeo shared that guests were very happy with the newly refurbished units. A few guests had highlighted a need for more kitchen cupboard storage and food baskets had since been introduced for extra storage. The Chairman was pleased with the new designs and noted that the Board would inspect the units when next at the resort in November 2022. The new balcony roofs had made a huge impact. Ms Ravani Naicker from RCI had conducted inspections of the property and had an opportunity to stay in a chalet. She commended the Board and management for the massive improvement and felt assured that RCI members would enjoy their stay on the property.

12 CLOSURE

There being no further business the Chairman thanked all for their attendance and declared the meeting closed at 11h31.



Chairman

Notes

