

# Umhlanga Sands Share Block Proprietary Limited

Registration No. 1972/003573/07

## Annual Report

for the year ended 31 December 2023

**Umhlanga Sands Share Block Proprietary Limited**  
**Annual Financial Statements**  
for the year ended 31 December 2023

**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 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 2023

On behalf of the Board of Directors, it is my privilege to report on the progress and achievements of the uMhlanga Sands Resort ("uMhlanga Sands"), over the last year.

Our extremely popular and sought-after uMhlanga Sands property is situated along a prime beachfront location for guests to enjoy all that the uMhlanga coastline has to offer. The resort is well looked after by our professional, hospitable and highly energised team of staff members. It certainly is a pleasure staying at our beautiful resort and I am sure that you all feel the warm welcome from the time you enter the lobby.

This past year under review has thankfully recorded vast improvement in the challenges faced by KwaZulu Natal and guest feedback overall indicates that guests are delighted with the offering at uMhlanga Sands.

## Resort projects

The newly refurbished adult lounge and business space on the mezzanine level overlooking the family swimming pool has been an incredible addition to the facilities. The space was largely an administrative office area with outdoor seating for guests to sit and relax and the Board believed that there was potential to improve adult spaces for guests wanting some quiet time or to work whilst on holiday. The new adult area includes a large lounge space, meeting pods and a boardroom. Adult guests can sit in comfort and relax or work in isolation, or socialise with other guests, play games, or watch sport on the motorised drop-down television screen. Food and beverage can be ordered from personal mobile devices so that you do not need to leave the comfort of your chair. For those wishing to sit on the veranda overlooking the family swimming pool, there is now a permanent awning shielding you from the elements and keeping you part of the adult space.

The major spalling and painting works project commenced in 2021 and was finally completed in March 2024. Due to the location of the property and resultant extreme corrosion within the cement blocks, the spalling project incorporated the replacement of some overhanging façades, the walls between the pillars required pinning to maintain its integrity, loose mortar was secured, and rebars within the mortar were replaced to much of the ocean facing façade of the building.

Following numerous challenges and teething issues with the television system on the property, all bedroom televisions have been upgraded to a new cloud-based Hospitality television and a new head-end system has been installed. Management spent a lot of time and

investigated many options to improve the issues with the televisions and, this much needed upgrade provides improved viewing and allows technicians to link remotely to the system and rectify any software failures much sooner.

Whilst numerous other smaller projects were successfully completed through the year to maintain the high standards of the property, it is worthy to mention that the laundry room, ironing room and the two ablution facilities for disabled persons was upgraded.

Our in-house entertainment facility ("Xscape") and programmes offer great fun and excitement to our younger guests. It is impressive that children can participate in activities and learn new skills whilst on holiday and the educational aspect of the Xscape activities and programme creates an extra special and memorable holiday. Xscape does offer activities for both the teenagers/young adults ("tweens") and adults. I am excited to share that guests of our resort can now enjoy playing padel and pickleball. The courts are situated at Cabana Beach Resort along Lagoon Drive however, in collaboration, Cabana Beach Resort and uMhlanga Sands Resort share the facilities for all in-house guests to enjoy. Should you wish to book a court please let our entertainment team know and they will assist you in confirming your games.

## Resort Update

The gardens and grounds receive much attention and through our very capable and hard-working landscaping team, they look fabulous as always.

As part of the ongoing focus and priority of safety and security for all guests, the resort and our staff members continue to partner and participate with the uMhlanga Promenade Urban Improvement Precinct ("uMhlanga UIP"). We support the uMhlanga UIP and have 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 around the property and along the promenade to avoid security risks and any urban decay. It is a pleasure to note that the roads towards the uMhlanga Village are clean and safe for resort guests and area visitors to not only drive by car, but to walk to the mall, shops, restaurants and so on. The promenade is safe for all to enjoy a leisurely and scenic walk or a carefree run along its path.

Through various guest survey platforms, feedback records guests of our resort are very happy with the property and its offering. Platforms such as Google Review and Tripadvisor remain the two highest contributors to

# Umhlanga Sands Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2023

feedback, along with guest feedback through RCI and guest score cards. uMhlanga Sands Resort continues to operate under the RCI Gold Crown status and proudly holds a 4-star tourism grade rating.

## Financial results for the year ended 31 December 2023

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 2023 is recorded in the statement of comprehensive income (including net finance income) at R104.4m (2022: R96.1m), expenses of R71.7m (2022: R66.7m) and a levy surplus after taxation of R30.3m (2022: R27.7m), that is transferred to the reserve for property, plant and equipment.

## Income

The detailed levy fund operating statement records an increase in rental pool income by 92.9%, a decrease in short-term rental income by 7.2% and an increase in non-levy income by 3.8%. Non-levy income included rental from commercial tenants and income from parking. Interest received increased by R4m compared to 2022, with higher interest rates and an increase in cash invested due to the timing of capital expenditure.

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 timeshare week. Any outstanding levy amount must first be settled in full.

## Expenditure

Total expenditure for the year increased by 7.4% to R71.7m (2022: R66.7m). Year-on-year:

- **Rooms** expenditure increased by 5.8% due to an increase of R591k in the replacement of operating equipment in 2023;
- **Administration and general** expenditure decreased by 6.7%. Much of the year-on-year decrease related to the sale of repossessed weeks during the year, that resulted in the reversal of the provision for repossessed debtors with a saving of R884k recorded, as well as a saving recorded against loss on repossessed debtors of R363k. Subscriptions decreased by R569k due to the prior year including fees for the Community Schemes Ombud Service ("CSOS") for the period 2017 to 2022;

- **Electricity, water, and refuse** expenditure increased by 25.4% mainly due to an increase of R852k in generator fuel resulting from an increased frequency of load shedding;
- **Repairs and maintenance** expenditure increased by 20.7% mainly due to additional spends on air-conditioning, room care, furniture, fixtures and room access cards. This related to the increased spend on plugs for the fire hydrant line throughout the building, additional fire-system signage, door lock and key card upgrades, replacement of swimming pool heat pumps, replacement of fan coil units in rooms, and the painting of rooms;
- **Corporate charges** increased by 13.9% mainly due to increased municipal rates and taxes following the July 2023 municipal valuation increase of 25%;
- **Management fees** increased by 11.5%. The fee escalates annually by CPI and rental income received from the outsourced restaurant tenants is offset against this fee. The lower rental income received through the outsourced restaurant tenants in 2023, resulted in a higher 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 R93.4m from R79.1m in 2022 and fixed deposits held with bank increased to R120m, against R103.5m in 2022. Cash and cash equivalents increased to R3.1m (2022: R2.7m). Levies receivable decreased to R2.3m (2022: R3.4m) while levies received in advance decreased to R25.4m (2022: R27m).

## Capital expenditure

Capital expenditure amounted to R16m (2022: R16.2m). Major items of expenditure included:

	R
• Mezzanine adult lounge	6,024,076
• Spalling	3,041,494
• Televisions	2,573,720
• Extraction fans	1,200,208

## Levy budget

As always, the Board examines each item of expenditure on a line-by-line basis and has been satisfied that management made every effort to ensure that cost increases were as minimal as possible, without affecting the standards and facilities enjoyed by all shareholders and guests at our resort. Levies for the following year will be approved in August and will be communicated to all shareholders in due course.

# Umhlanga Sands Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2023

## 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. Our share block remains a member of VOASA.

## Legal matter: Municipal rates objection

The legal objection to the eThekweni Municipality's reclassification and change to the category rating of uMhlanga Sands Resort is ongoing. The municipality imposed a category change a few years ago and the change took the property from a residential category status to a commercial category status, thereby greatly impacting the property with much higher municipal rates charges imposed. Many years on and in collaboration with other similar properties in the area, the Board eagerly awaits a court date to resolve the misconception of our property's offering.

## Special thanks

I thank all guests who use the dedicated smokers' room located to the left of the Spur restaurant and all guests and visitors who abide by our house rules whilst on the property. As mandated by the Board, management continues its efforts in managing the few guests and visitors who disregard our house rules.

You can rest assured that uMhlanga Sands is well-managed by the Southern Sun Group management team and its supporting staff members. The Board maintains a healthy and productive working relationship with management and I would like to thank all staff members who go the extra mile for us and all guests and for their commitment to maintain the high standards expected of them and our resort. Their reliability, willingness, and enthusiasm, ensures a memorable guest experience.

I extend special 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.

## Conclusion

I wish every shareholder a prosperous year ahead and invite you all 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](mailto: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 **Thursday, 19 September 2024 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 2023, 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 2023, 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 Tuesday, 17 September 2024 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 appointed 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 appointed as a member of the Company's Audit Committee in terms of the Company's MOI;  
Ordinary resolution 4.3: Resolved as an ordinary resolution that Mr Anthony Ridl be and is hereby appointed 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 19 September 2024. 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 20 September 2024 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 Friday, 20 September 2024 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 Thursday, 12 September 2024.**

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 Tuesday, 17 September 2024. 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 2024

**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@southern.sun.com**

Form of proxy for use by shareholders at the Annual General Meeting ("AGM") of the Company to be held on **Thursday, 19 September 2024 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 2023			
<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 ..... 2024.

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 Tuesday, 17 September 2024.**

# Umhlanga Sands Share Block Proprietary Limited

Statement of Directors' Responsibility for the Year Ended 31 December 2023

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 IFRS for SMEs Accounting Standard 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 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 9 May 2024 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 2023, 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 2023

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 Nicholas Dickson (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 external 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 prospective accounting standards' changes;
- 4.6 evaluating financial reporting procedures;
- 4.7 reviewing and recommendation to the Board for approval, the annual financial statements;
- 4.8 assessing 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 and that 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  
9 May 2024

# Umhlanga Sands Share Block Proprietary Limited

Report of the Social and Ethics Committee for the Year Ended 31 December 2023

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 and our management team of the resort provides operational support. The Committee holds comprehensive meetings twice a year.

## Role of the committee

The Committee ensures that the resort’s Corporate Social Investment programme (“CSI”), and 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 2023 year enabled the Committee and staff to continue to actively participate in social responsibilities and engage with various communities where a positive influence could be made. Umhlanga Sands Resort contributes to the maintenance and upkeep of the promenade, beaches and security through the uMhlanga Promenade 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 local communities in need, Malvern Children’s Home, Shalom Nest, Winners’ Early Childhood Preschool and Day Care Centre, Hands for Hearts, Rays of Good Hope, Crow, and Jump Youth Mission received donations of various written-off operating equipment, including baby cots, linen, duvet inners, swimming pool towels and clear view fencing removed from the resorts perimeter. The Sinikithemba Youth and Students Development Organisation received food parcels and gift packs towards the organisation’s Christmas celebration. Various Reach for a Dream activities, for children between the ages of 3 and 18 diagnosed with life-threatening illnesses, were hosted throughout the year.

Staff and guests participate in weekly Beach Clean-up Days, Earth Hour, World Wetlands Day, World Water Day, Mandela Day (supporting Rise Against Hunger), Flip Flop Day, as well as the annual Cansa Shavathon event.

## 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. Focus remains on effective management and savings in both water and electricity consumption, as well as financial costs over the year mainly through improved management and influences on routine processes, the use of equipment, and constantly monitoring the live tracking system. Any deviation from the set targets is immediately investigated and corrected.

Many energy-saving initiatives are already in place with the most recent initiative being to convert external lighting to solar lighting. The borehole suffered some downtime with a number of challenges, but the issues have since been resolved. Many cost savings initiatives are in place such as having grey water reservoirs installed to refill the swimming pools, irrigate the gardens and wash back of house areas.

The waste management programme at the 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 protection, safety, security, business continuity, environmental impact, risk analysis and the effects of each on the business. The management system is updated quarterly and is audited by the Southern Sun risk department on an annual basis. We are pleased to report that the resort continues to excel in this area.

## Guest relations and correspondence

Guest feedback is paramount to the operational success of the resort. For this reason, all guest survey systems are carefully monitored and responded to. Much of this is derived from RCI reviews and social media platforms such as Facebook, Google Reviews and Tripadvisor. I am delighted to report that guest feedback has continued via the aforementioned platforms and that the resort continues to receive overwhelmingly positive reviews. The resort remains an RCI Gold Crown rated resort and maintains its 4-star rating through the Tourism Grading Council of South Africa.

# Umhlanga Sands Share Block Proprietary Limited

Report of the Social and Ethics Committee for the Year Ended 31 December 2023

## 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 maintaining, developing and improving employee relationships through communication, performance management, and processing grievances and/or disputes. Staff members are the resort's most valuable asset and every employee is given an opportunity for training and ongoing development.

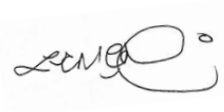
In addition to helping employees to perform their jobs more competently, Southern Sun offers training programmes to encourage employees to advance into new roles. The use of other platforms such as online Microsoft Teams and Zoom have afforded staff an opportunity to attend an even wider array of courses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

Under the Southern Sun Resorts portfolio, uMhlanga Sands Resort proudly holds a level one BBBEE certificate status.

## Strategic plans

The legal matter regarding an ongoing objection process to the change imposed by the eThekweni municipality to the category rating of uMhlanga Sands Resort. The property rating category was changed from residential to a commercial category. The objection remains high focus with the resort awaiting a court date to have the matter heard.

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 2023

The Directors present their annual report of the Company for the year ended 31 December 2023.

## 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 annually against this amount. Before providing for property, plant and equipment additions and replacements, a surplus of R30,272,520 (2022: R27,673,140) was transferred to the reserve for property, plant and equipment.

No dividends have been declared during the year and none are recommended (2022: 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 *	(Alternate: AL Faulds - Appointed 15 February 2024)
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 2023

## 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. R142,599 was spent on legal fees in 2023 (2022: R39,517).

# 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 2023, 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 2023, and its financial performance and cash flows for the year then ended in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board 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 yearended 31 December 2023", 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 the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board 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.

# Umhlanga Sands Share Block Proprietary Limited

Report of the Independent Auditors

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.

## 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

21 August 2024

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 2023

	Note	2023 R	2022 R
<b>Income</b>		<b>95 234 146</b>	90 946 029
Levy income		89 825 167	85 938 878
Other income		5 408 979	5 007 151
<b>Expenses</b>		<b>(71 653 457)</b>	(66 699 876)
Levy surplus before interest and taxation	3	23 580 689	24 246 153
<b>Finance income</b>	4	<b>9 213 733</b>	5 196 546
Levy surplus before taxation		32 794 422	29 442 699
<b>Income tax expense</b>	5	<b>(2 521 902)</b>	(1 769 559)
<b>Levy surplus for the year</b>		<b>30 272 520</b>	27 673 140



# Umhlanga Sands Share Block Proprietary Limited

Statement of Financial Position as at 31 December 2023

	Note	2023 R	2022 R
<b>ASSETS</b>			
<b>Current assets</b>			
Inventories		154 487	142 519
Trade and other receivables	6	15 496 273	16 781 312
Levies receivable	7	2 287 236	3 431 095
Fixed deposits held with bank	11	120 000 000	103 500 000
Cash and cash equivalents	12	3 083 698	2 662 014
<b>Total current assets</b>		<b>141 021 694</b>	<b>126 516 940</b>
<b>Total assets</b>		<b>141 021 694</b>	<b>126 516 940</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	93 369 300	79 126 102
<b>Total equity</b>		<b>96 906 484</b>	<b>82 663 286</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	16 150 414	15 064 108
Levies received in advance	13	25 442 895	27 040 572
Current tax liabilities		2 521 901	1 748 974
<b>Total current liabilities</b>		<b>44 115 210</b>	<b>43 853 654</b>
<b>Total liabilities</b>		<b>44 115 210</b>	<b>43 853 654</b>
<b>Total equity and liabilities</b>		<b>141 021 694</b>	<b>126 516 940</b>

## Statement of Changes in Equity for the Year Ended 31 December 2023

	Note	2023 R	2022 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		79 126 102	67 687 226
Levy surplus for the year		30 272 520	27 673 140
Property, plant and equipment additions and replacements during the year	8	(16 029 322)	(16 234 264)
At year-end		93 369 300	79 126 102

# Umhlanga Sands Share Block Proprietary Limited

Statement of Cash Flows for the Year Ended 31 December 2023

	2023 R	2022 R
<b>Cash flow from operating activities</b>		
Levy surplus before taxation	32 794 422	29 442 699
Adjustments for		
Interest received	(9 213 733)	(5 196 546)
Net surplus before working capital changes	23 580 689	24 246 153
Changes in working capital		
Movement in inventories	(11 968)	87 430
Movement in levies receivable	1 143 859	2 045 878
Movement in trade and other receivables	1 285 039	(4 325 507)
Movement in levies received in advance	(1 597 677)	213 513
Movement in trade and other payables	1 086 306	7 755 213
Cash flows from operating activities	25 486 248	30 022 680
Interest received	9 213 733	5 196 546
Tax paid	(1 748 975)	(2 704 594)
Net cash inflow from operating activities	32 951 006	32 514 632
<b>Cash flow from investing activities</b>		
Property, plant and equipment additions and replacements	(16 029 322)	(16 234 264)
Movement in fixed deposits held with bank	(16 500 000)	(17 500 000)
Net cash outflow from investing activities	(32 529 322)	(33 734 264)
<b>Net movement in cash and cash equivalents</b>	421 684	(1 219 632)
Cash and cash equivalents at the beginning of the year	2 662 014	3 881 646
<b>Cash and cash equivalents at year-end</b>	<b>3 083 698</b>	<b>2 662 014</b>

# Umhlanga Sands Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2023

## 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 IFRS for SMEs Accounting Standard 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 SMEs Accounting Standard 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 2023

## 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 the 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.

# Umhlanga Sands Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2023

## 2 Financial risk management (continued)

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.

### Credit risk

Credit risk arises from bank balances and amounts due by 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 2023

	2023 R	2022 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	14 915 139	14 958 776
Contributions to retirement funds	985 816	615 056
Management fees	2 558 320	2 295 165
Audit fees	235 000	234 607
Internal audit and legal fees	206 093	118 376
Other operating expenses	52 753 089	48 477 896
	<b>71 653 457</b>	<b>66 699 876</b>
<b>4 Finance income</b>		
Interest income earned on fixed deposits, call deposits and current account	<b>9 213 733</b>	5 196 546
<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	2 521 902	1 748 976
Prior year under provision	-	20 583
	<b>2 521 902</b>	<b>1 769 559</b>
A reconciliation of the taxation charge is not considered appropriate as share block companies are only liable for taxation on the Company's net non-levy income.		
<b>6 Trade and other receivables</b>		
Trade receivables (refer note 15)	469 776	271 349
Prepayments (refer note 15)	11 837 401	11 927 052
Interest receivable	1 537 957	1 113 191
SARS - Vat	-	1 832 183
Sundry receivables (refer note 15)	1 651 139	1 637 537
	<b>15 496 273</b>	<b>16 781 312</b>
<b>7 Levies receivable</b>		
Levy debtors	2 257 996	2 469 290
Repossessed debtors	29 240	1 586 056
Provision for repossessed debtors	-	(624 251)
Opening balance	(624 251)	(364 929)
Movement	624 251	(259 322)
	<b>2 287 236</b>	<b>3 431 095</b>

# Umhlanga Sands Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2023

	2023 R	2022 R
<b>8 Reserve for property, plant and equipment</b>		
At the beginning of the year	79 126 102	67 687 226
Levy surplus for the year	30 272 520	27 673 140
	<b>109 398 622</b>	<b>95 360 366</b>
Property, plant and equipment additions and replacements during the year	<b>(16 029 322)</b>	<b>(16 234 264)</b>
At year-end	<b>93 369 300</b>	<b>79 126 102</b>
<p>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.</p> <p>The Directors have approved capital expenditure of R14,923,925 for 2024 (2022: approved capital expenditure of R30,294,240 for 2023) which it is anticipated will increase the budgeted reserve fund by R11,551,138 (2022: budgeted reserve fund decrease by R1,755,928 for 2023). There were no commitments made at year-end (2022: R794,737).</p>		
<b>9 Trade and other payables</b>		
Trade payables (refer note 15)	6 783 213	3 627 617
Other payables		
Accruals	3 197 799	4 452 092
Provision for auditor's remuneration	176 349	309 744
SARS - Vat	3 157 835	-
Sundry payables (refer note 15)	2 835 218	6 674 655
	<b>16 150 414</b>	<b>15 064 108</b>
<b>10 Share capital</b>		
<b>Authorised and issued</b>		
35,371,840 Class "A" ordinary shares of 10 cents each	<b>3 537 184</b>	<b>3 537 184</b>
<b>11 Fixed deposits held with bank</b>		
Fixed deposits held with bank	<b>120 000 000</b>	<b>103 500 000</b>
<b>12 Cash and cash equivalents</b>		
Bank balances	3 048 985	2 632 051
Cash on hand	34 713	29 963
	<b>3 083 698</b>	<b>2 662 014</b>
<b>13 Levies received in advance</b>		
Levies received in advance	<b>25 442 895</b>	<b>27 040 572</b>

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 2023

	2023	2022
	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	236 751	256 294
Rental pool	661 110	341 561
Management fee	2 558 320	2 295 165
Central accounting and levy collection fees	3 722 832	3 484 167

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

Rental income	(145 815)	(135 225)
---------------	-----------	-----------

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	(150 222)	(189 661)
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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	(73 391)	(55 204)
Secretarial fees on repossessed debtors - SRMS	152 174	123 391

During the year, the Company concluded 2 bulk deals with SunSwop (a division of SSHI), selling repossessed weeks in order to reduce the number of repossessed weeks and to secure future levy collection. Sunswop purchased 99 repossessed weeks from the Company for R716,183 and 121 repossessed weeks from the Company for R1,094,017 (2022: purchased 232 repossessed weeks from the Company for R2,467,880).

During the financial year the Company paid the following SSHI internal charges:

Administration - Information technology, industrial relations, training, etc	1 298 225	977 269
Training related	5 500	19 034
Frequent guest loyalty program	41 813	22 134



# Umhlanga Sands Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2023

	2023 R	2022 R
<b>15 Related party transactions (continued)</b>		
Certain costs are incurred by SSHI in terms of contracts negotiated on behalf of members 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)	(2 974 147)	(50 207)
Included in sundry payables (refer note 9)	(330)	(4 052 952)
Included in trade receivables (refer note 6)	-	130
Included in prepayments (refer note 6)	970 431	751 599
Included in sundry receivables (refer note 6)	61 561	121 518
	<b>(1 942 485)</b>	<b>(3 229 912)</b>

SSHI own weeks in the Company as follows:

	Number of weeks	Levies paid R	Levies received in advance R
SunSwop (a division of SSHI) - 2023 shareholding	735	4 196 470	1 436 240
SunSwop (a division of SSHI) - 2022 shareholding	417	1 568 880	795 900

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

## 2023 - shareholding

RN Dickson - Dream Vacation Club	658	5 524 840	1 611 680
AB Ramsarup - The Leisure Holiday Club	579	4 835 070	1 557 350
AN Ridl - Club Leisure Group	1 151	9 828 280	2 977 070

## 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

# Umhlanga Sands Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2023

	2023 R	2022 R
<b>16 Directors' emoluments</b>		
<p>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.</p>		
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 2023

	2023 R	2022 R
<b>INCOME</b>		
Levies	89 825 167	85 938 878
Rental pool	995 953	516 191
Short-term rentals	2 114 496	2 277 558
Net non-levy income		
- telephone, rentals and penalties etc	2 298 530	2 213 402
	<b>95 234 146</b>	<b>90 946 029</b>
<b>EXPENDITURE</b>		
<b>Room expenses</b>		
Cleaning supplies	366 455	340 868
Guest entertainment and DSTV	2 219 481	2 338 881
Guest supplies	880 406	1 038 497
Laundry	3 554 366	3 306 679
Pest control	39 292	36 188
Personnel costs - outside services	7 990 872	7 822 246
Plants and decorations	33 253	42 350
Printing and stationery, including reception	354 892	207 333
Replacement of cutlery, crockery, linen, towels, uniforms, etc	1 835 735	1 244 476
Security and banking services	2 718 558	2 517 392
	<b>19 993 310</b>	<b>18 894 910</b>
<b>Administration and general</b>		
Audit fees		
- current year	235 000	234 607
Bank charges	17 088	19 665
Central accounting and levy collection fees	3 722 832	3 484 167
Corporate social initiatives	111 946	99 998
Covid related costs	-	74 463
Credit card commission	328 218	252 998
Directors' emoluments	235 200	235 200
Information technology costs	1 935 678	1 574 822
Insurance		
- premium	1 457 776	1 175 545
Internal audit	(6 344)	84 537
Legal fees	212 437	33 839
Licences and permits	192 521	77 072
Loss and damages	-	5 870
Loss on repossessed debtors	421 638	784 461
Marketing	108 661	42 850
Postage	583	-
Provision for repossessed debtors	(624 251)	259 322
Railage, cartage and hire transport	15 137	972
Subscriptions	155 919	725 269
Telephone	17 600	19 200
Travel - management and Directors	41 397	29 894
Vehicles - fuel and oil	120 796	109 208
	<b>8 699 832</b>	<b>9 323 959</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 2023

	2023 R	2022 R
<b>Electricity, water and refuse</b>		
Electric bulbs	94 546	95 401
Electricity	5 431 823	4 903 197
Generator fuel	1 106 243	254 110
Refuse	382 269	309 682
Water	1 741 209	1 420 250
	<b>8 756 090</b>	<b>6 982 640</b>
<b>Repairs and maintenance</b>		
Air-conditioning	972 825	812 265
Buildings and elevators	665 436	574 131
Electrical and mechanical	281 213	242 544
Furniture, fixtures and room access cards	810 971	609 800
Gardens and grounds	402 846	322 811
Painting and redecorating	61 919	66 872
Plumbing and heating	143 374	105 983
Radio and TV	61 335	93 377
Room care	405 160	294 846
Swimming pool cleaning and repairs	116 408	110 851
Vehicles	44 740	51 511
	<b>3 966 227</b>	<b>3 284 991</b>
<b>Capital charges</b>		
Annual report and statutory costs	-	96 984
Municipal rates and taxes	11 021 153	9 527 490
Urban improvement programme	757 570	719 905
	<b>11 778 723</b>	<b>10 344 379</b>
<b>Personnel costs</b>		
Rooms	10 471 696	10 441 223
Administration and general	3 050 870	2 917 849
Repairs and maintenance	2 378 389	2 214 760
	<b>15 900 955</b>	<b>15 573 832</b>
<b>Management fee</b>	<b>2 558 320</b>	<b>2 295 165</b>
<b>Total expenditure</b>	<b>71 653 457</b>	<b>66 699 876</b>
Excess of income over expenditure before finance cost and taxation	<b>23 580 689</b>	<b>24 246 153</b>
<b>Finance income</b>		
Interest received	<b>9 213 733</b>	<b>5 196 546</b>
Excess of income over expenditure before taxation	<b>32 794 422</b>	<b>29 442 699</b>
<b>Taxation</b>		
Current year	<b>2 521 902</b>	<b>1 748 976</b>
Prior year under provision	-	20 583
	<b>2 521 902</b>	<b>1 769 559</b>
Excess of income over expenditure after taxation for the year, transferred to reserve for property, plant and equipment	<b>30 272 520</b>	<b>27 673 140</b>

# Umhlanga Sands Share Block Proprietary Limited

## MINUTES OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS FOR THE YEAR ENDED 31 DECEMBER 2022 HELD ON WEDNESDAY 13 SEPTEMBER 2023 AT 10H03 AT UMHLANGA SANDS RESORT, UMHLANGA

### 1 WELCOME AND PREAMBLE

The Chairman of the Company Mr Anthony Ridl welcomed all present, in person and online through the Microsoft Office Teams platform, to the 2022 Annual General Meeting ("AGM") of Umhlanga Sands Share Block. He was delighted to hold this AGM in the resort's newly created lounge area. Shareholders had requested more adult-specific areas and the addition of the lounge had been a great success and was already a benefit to the resort. He complimented the Board and management team for creating such a professional and relaxing adult space and he encouraged all shareholders to inspect the space and note the new boardroom and working pod facilities now available on site.

The Chairman introduced his fellow Directors: Mr Nicholas Dickson; Ms Louise McMillan; Mr Ajith Ramsarup; Dr Mahomed Mia; Mr Johannes ("John") van Rooyen; and Mr Mzwandile ("Al") Zoya. He noted that members of senior management, the company secretariat team, and an audit firm representative were also present.

### 2 QUORUM

A number of shareholders had tendered their apologies for the meeting and had submitted forms of proxy for voting purposes. The Chairman noted that 7,033,673 ordinary shares were represented in person and by proxy at the start of this meeting and that this constituted a quorum of 19.88% 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 2023 be and is hereby 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 2022. No questions or comments were recorded, and it was unanimously RESOLVED that the Annual Financial Statements for the year ended 31 December 2022 be and are hereby 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 is hereby 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 however, eligible and available for re-election. No additional nominations had been received to date and no nominations were taken from the floor.

#### 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 is hereby elected as a Director of the Company.

# Umhlanga Sands Share Block Proprietary Limited

## **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 is hereby elected as a Director of the Company.

## **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 is hereby 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 is hereby 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 is hereby 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 is hereby 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 is hereby 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 appoint an Audit Committee comprising at least 3 members.

### **8.1 ORDINARY RESOLUTION 4.1**

Ordinary resolution 4.1 related to the appointment of Mr Nicholas Dickson as a member of the Company's Audit Committee. It was unanimously RESOLVED that Mr Dickson be and is hereby appointed as a member of the Company's Audit Committee.

### **8.2 ORDINARY RESOLUTION 4.2**

Ordinary resolution 4.2 related to the appointment of Mr Ajith Ramsarup as a member of the Company's Audit Committee. It was unanimously RESOLVED that Mr Ramsarup be and is hereby appointed as a member of the Company's Audit Committee.

### **8.3 ORDINARY RESOLUTION 4.3**

Ordinary resolution 4.3 related to the appointment of Mr Anthony Ridl as a member of the Company's Audit Committee. It was unanimously RESOLVED that Mr Ridl be and is hereby appointed 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 R986,104,976 (Buildings valued at R864,500,222 and furniture, fittings and equipment valued at R121,604,754). The Chairman explained that the valuation had decreased year-on-year due to the Vat component being excluded from the valuation amount. It was unanimously RESOLVED that the insured value of the property be and is hereby approved at R986,104,976.

# Umhlanga Sands Share Block Proprietary Limited

## 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 4 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 services as Directors and/or members of the sub-committees, per meeting or cluster of meetings in respect of the period from 14 September 2023 until the next AGM of the Company, be and is hereby approved.

## 11 OTHER BUSINESS

### GENERAL MANAGER'S PRESENTATION AND REPORT OF THE SOCIAL AND ETHICS COMMITTEE

Together with photographic evidence, the General Manager, Mr Antony Larsen presented an overview of the following achievements and results during the 2022 year:

- Overall occupancy;
- Beach closures;
- Energy consumption;
- Municipal and borehole water consumption;
- Recycling;
- Risk audits;
- Facebook;
- Guest reviews through RCI, Google and GuestRevu;
- RCI awards; and
- Tourism award.

Mr Larsen presented images and feedback on the current upgrades and refurbishment projects:

- Ongoing spalling project;
- Mangwanani Boutique Spa;
- Resurfacing of the all-purpose sports court; and
- Refurbished balcony tables and chairs.

Corporate social investment ("CSI") included:

- Rise Against Hunger: staff volunteered by making food packages on Mandela Day;
- Weekly beach clean-ups;
- Participation in fundraising for CHOC;
- Participation in Earth Hour;
- Hands for Hearts – donation of food hampers;
- KZN Flood Relief – donation of food items, nappies and toiletries;
- Isinkwa Setheku Organisation – donation of linen;
- Matthew 25:35 Organisation - donation of linen;
- William Carey School of World Mission – donation of linen; and
- Baby Home Durban North – donation of linen.

The Chairman shared that uMhlanga Sands' sister-resort Cabana Beach Resort, had recently converted a tennis court into a padel and pickleball court and that as of today, guests of both resorts were able to book the courts. He encouraged the guests of uMhlanga Sands Resort to book the courts and enjoy the new facility at Cabana Beach Resort.

The Chairman stated that the Directors and the management team were in constant discussion to improve the property and be ahead of any competitive properties. A softs refurbishment of the rooms was therefore planned for 2025 and the Spur restaurant would soon upgrade the outside deck space. There had been a delay in the upgrade as the land upon which the deck was situated, belonged to the council and approval was first required before any alterations could be made.

Shareholder Mr Richard Bradbury stated that he and his family had holidayed at the resort for 40-45 years and that he had never been disappointed with the facilities or the offerings. Although his family had travel abroad through SunSwop, they kept returning to holiday at uMhlanga Sands Resort.

# Umhlanga Sands Share Block Proprietary Limited

The Chairman wished to mention that the Board and management team were doing its utmost to be informed and stay on top of beach closure communications, so that shareholders and guests enjoyed their holidays. While the team had no influence or control over the closing and opening of the beaches, the operations Director of Southern Sun Hotels Ms Samantha Croft was in discussion with the eThekweni city manager and that representatives of Southern Sun and the share block were present on the Umhlanga Improvement Precinct ("UIP") and tourism boards. Opportunities were being taken to work with the council to better understand and remedy the sewerage situation and implications on the beaches. The Chairman hoped that the beach closures would in 2024 be considered a "thing of the past".

He thanked his fellow Directors and the management team for another successful year and for maintaining such a high standard offering. He also thanked the shareholders for their feedback and comments over the year as all were appreciated.

## 12 CLOSURE

There being no further business, the Chairman declared the meeting closed at 10h33.



Chairman

15 November 2023

Date





