

# Drakensberg Sun Hotel Share Block Proprietary Limited

Registration No. 1967/007156/07

## Annual Report

for the year ended 31 December 2023



 **Southern Sun**  
RESORTS



**Drakensberg Sun Hotel Share Block Proprietary Limited**  
**Annual Financial Statements**  
for the year ended 31 December 2023

**COMPANY INFORMATION**

Registration number:	1967/007156/07
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 Drakensberg Sun Hotel Share Block Proprietary Limited, supervised the preparation of the annual financial statements.

# Drakensberg Sun Hotel Share Block Proprietary Limited

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

On behalf of the Board of Directors of Drakensberg Sun Hotel Share Block, and in my position as your Chairman, I am honoured to provide feedback on the operations of the Company for the 2023 year.

Despite difficult economic conditions, Drakensberg Sun Resort consistently offers our shareholders, exchange guests, and visitors exceptional holiday experiences. Drakensberg Sun Resort is considered a premier location and continues to be one of the most sought-after holiday destinations in Southern Africa at which to relax and enjoy the pristine mountain views and clean air. I am grateful for the valuable contributions made by my fellow Directors over the past year, and for the attention to detail and great efforts made by our managing agent, Southern Sun. Our staff members at Drakensberg Sun Resort ensure a memorable holiday experience for all who stay at our resort.

## Resort update

The challenge with the poor condition of the road from Winterton (R600) to the resort's turnoff unfortunately persists, with even more potholes and surface damage developing due to the heavy vehicles that travel along this stretch. Despite ongoing efforts to lobby the local council to maintain this road, our management team's requests have largely been ignored. Nevertheless, our management team in collaboration with local civic organisations, will continue to apply pressure on the municipality to expedite the necessary and urgent repairs. Fortunately for staff and our guests, the road from the turnoff towards the resort is easier to maintain and is in a better condition. I extend my gratitude to the Southern Sun team for its guidance and perseverance in this matter.

## Projects and upgrades completed in 2023 included:

### Refurbishment of apartments

The refurbishment of the apartments is progressing steadily and to date, 17 apartments have been successfully completed. Guest feedback has been overwhelmingly positive, with many guests praising the improved layout, new design, and level of comfort. Notably, the bigger appliances have been particularly well-received, especially by long-stay guests who find them better-suited to their needs. Your Board extends its gratitude to the designers and technical teams for the dedication in making this project a success, and to the management team for facilitating the project's execution. Your Board would

also like to thank the guests affected during the works for their understanding and for putting up with the unavoidable noise during the construction phase. Your Board and the management team is confident that the improvements will enhance your overall holiday experience.

### Maintenance and infrastructure improvements

We have addressed the rusted valves that control the water flow in and out of our main reservoir. The replacement of these valves was critical to ensure reliability and the efficiency of our water management system.

### Recreational additions

I am pleased to inform you of the full reinstatement of the Ellis Pond, that sustained significant damage during the 2021 floods. The successful restoration has rejuvenated a key feature on our resort and has enhanced its natural beauty and charm.

Additionally, kayaking has been introduced at the lake to provide a new and enjoyable activity for all guests. The lake has also been stocked with trout and fly fishing has been reintroduced as a fun activity for guests of varying levels of skill to enjoy. The team is particularly enthusiastic about offering newcomers the chance to learn and appreciate this cherished pastime amidst the serene surroundings.

### Restoration of access to the Blue Grotto Trail

Flooding during 2021 destroyed the bridge at the entrance to the Blue Grotto walking trail, and the team embarked on a project to restore this essential access point. I am happy to share that a new bridge was designed and constructed to better weather the conditions and access to the popular hiking location was thus reinstated. The bridge access not only helps to preserve a key attraction but also reinforces our commitment to maintain the natural beauty of it and make this accessible to our guests.

The safety of all on the property is of paramount importance and for this reason, I take this opportunity to remind all guests and visitors that it is strongly discouraged that hikers go out onto the trails alone. Whether you are new to hiking or a well-versed hiker, you are requested to notify the entertainment desk as you leave the resort and to sign back upon your return.

# Drakensberg Sun Hotel Share Block Proprietary Limited

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

This safety precaution is taken very seriously so that a search party knows where to look for you should an unforeseen event take place while you are out on a walk or hike. Please liaise with the staff of the entertainment desk to help make your walk or hike an enjoyable and trouble-free experience.

## Financial position

As a member of your Board, I assure you that the Directors closely review all income and expenditure, and that 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. The management team has been tasked to consistently: improve and extend marketing channels to grow the sales and rentals of the apartment units; work in conjunction with the chalets and hotel entity on the property for additional rentals and sales; and to approach current and new markets to attract entertainment, sporting events and other business to the area and, in turn, to our resort.

## Occupancy

Occupancy for 2023 increased to 86% (2022: 81.9%). Should you find yourself unable to utilise your designated timeshare week, please advise the resort as the week could be placed in the long-term rental pool (90-days advance notice required) or short-term rental pool, that could benefit both yourself and the share block. Alternatively, you could bank your week with the SunSwop team for an exchange into other resorts, both locally and internationally.

## Financial results for the year ended 31 December 2023

The statement of comprehensive income as set out on page 13 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 only, appears on pages 24 and 25 and will be referred to when I comment on the financial results for the year.

The statement of comprehensive income for the year 31 December 2023 reflects total income including net finance income of R17.2m (2022: R16m) and total expenditure of R14.4m (2022: R13.3m). The levy surplus after taxation was R2.6m (2022: R2.4m) 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 7.8% year-on-year due to higher interest rates, as well as settlement of the insurance claim relating to damage experienced by the Cathkin building during a fire.

## Expenditure

Total expenditure of R14.4m (2022: R13.3m) reflected an increase of 8.2% year-on-year. A detailed review of the expenditure is recorded below.

- **Rooms** increased by 9.7% compared to prior year due to higher occupancies and the replacement of operating equipment;
- **Administration and general** decreased by 13.1% year-on-year primarily due to a decrease in the provision for repossessed debtors and the prior year inclusion of R92k in respect of CSOS subscription fees for the period 2017 to 2022;
- **Electricity, water and refuse** increased by 44.4% due to more frequent episodes of load shedding and a higher consumption of diesel for the generator;
- **Repairs and maintenance** increased by 40% due to more frequent service of the generators and the inclusion of costs to repair the Cathkin building that was damaged in a fire; and
- **Corporate charges** decreased by 9.4% year-on-year.

## Statement of financial position

The statement of financial position as detailed on page 14, together with the related notes thereto, reflects the financial position of the Company. The reserve for property, plant and equipment decreased to R8.2m (2022: R11.7m); fixed deposits held with bank decreased to R9.6m (2022: R13.6m); and levies received in advance decreased to R4.3m (2022: R4.9m) while cash and cash equivalents increased to R2.5m (2022: R1.5m); and levies receivable increased to R927k (2022: R897k).

During the 2023 year, the Company incurred capital expenditure of R6.1m (2022: R6.6m) in respect of the following major projects:

	R
• Apartments refurbishment	5,211,398
• Cathkin staff accommodation upgrade	592,909
• Unit equipment	99,478

# Drakensberg Sun Hotel Share Block Proprietary Limited

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

## Levy budget

As always, the Board examines each item of expenditure on a line-by-line basis and have been satisfied that management makes 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.

## 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 within the timeshare industry in a positive and organised manner. The Company remains a member of VOASA.

## Surrounding developments

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

## Other business

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

## Conclusion

Our share block is financially sound. 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 my sincere thanks and appreciation to my fellow Directors and to the management team for their time, knowledge and professional guidance over this past year.

As an opportunity to discuss any issues or raise any questions, I welcome you to attend our forthcoming Annual General Meeting. Should you however find yourself unable to attend, please complete and return the form of proxy enclosed in this annual report on page 5.

I wish you all a prosperous and more successful year ahead.



A handwritten signature in black ink, appearing to read 'Peter Pienaar', written over a white background.

**Peter Pienaar**  
Chairman

**Drakensberg Sun Hotel Share Block  
Proprietary Limited**  
Registration Number: 1967/007156/07  
("the Company")

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

Private Bag X200, Bryanston, 2021  
Telephone (031) 366 7061  
Facsimile (086) 765 2272  
[Resorts.companysecretarialservices@southernsun.com](mailto: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 **Friday, 20 September 2024 at 11h30 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 2023 together with the reports of the Directors, the independent auditors thereon and further to receive the reports of the Audit Committee and of 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 is 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"). In terms of clause 21.1 of the MOI, at each AGM all Directors representing the 'C' class shareholders shall retire. The Chairman and Directors representing the 'A', 'B', 'D', 'E' and 'F' shareholders shall remain in office until they resign or become disqualified from holding office. The 'C' class shareholders shall be entitled to appoint three Directors. **It would facilitate secretarial procedures if nominations for the appointment of those Directors representing the 'C' class shareholders be received by no later than 11h30 on Wednesday, 18 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 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 3.2: 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; and

Ordinary resolution 3.3: 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.

**4. Appointment of audit committee**

Ordinary resolution 4.1: 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; and

Ordinary resolution 4.2: 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. Insured value of the 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 20 September 2024. 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 21 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 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 Monday, 23 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 shareholder's voting rights is Friday, 13 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 11h30 on Wednesday, 18 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  
8 May 2024

**Drakensberg Sun Hotel Share Block Proprietary Limited**  
 Registration Number: 1967/007156/07  
 ("the Company")

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

Private Bag X200, Bryanston, 2021  
 Telephone (031) 366 7061  
 Facsimile (086) 765 2272  
**Resorts.companysecretarialservices@southernsun.com**

Form of proxy for use by shareholders at the Annual General Meeting ("AGM") of the Company to be held on **Friday, 20 September 2024 at 11h30, 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 Louise McMillan			
3.2 Ajith Ramsarup			
3.3 Anthony Ridl			
<b>Ordinary resolution 4:</b> Appointment of Audit Committee			
4.1 Ajith Ramsarup			
4.2 Anthony Ridl			
<b>Ordinary resolution 5:</b> Approval of Insured value of property			
<b>Special resolution 1:</b> Non-executive Directors' fees (R4,240)			

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 11h30 on Wednesday, 18 September 2024.**

# Drakensberg Sun Hotel 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 Drakensberg Sun Hotel Share Block Proprietary Limited. The annual financial statements presented on pages 13 to 23 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 11 to 12.

## Approval of annual financial statements

The annual financial statements set out on pages 13 to 23 were approved by the Directors on 8 May 2024 and are signed by:



**PM Pienaar**  
Chairman



**AB Ramsarup**  
Director (Chairman - Audit Committee)

## Declaration by the Company Secretary

I hereby confirm in my capacity as Company Secretary of Drakensberg Sun Hotel 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



# Drakensberg Sun Hotel 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 two Directors being Mr Ajith Ramsarup (Chairman) and Mr Anthony Ridl as well as a Director of Drakensberg Sun Chalets Share Block Proprietary Limited, Mr Brent Dickson.

## 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 attended and reported to the meetings of the Audit Committee. Relevant senior managers attended 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 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 recommending to the Board for approval, the annual financial statements;
- 4.8 assessing 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 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.



**AB Ramsarup**  
Chairman  
8 May 2024

# Drakensberg Sun Hotel 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 Drakensberg Sun Hotel 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.

## Composition and functioning

The Committee comprises four Directors from both the Drakensberg Sun Chalets and the Drakensberg Sun Hotel Share Block Boards, namely: myself, Ms Louise McMillan; Mr Peter Pienaar; Mr Johannes ("John") van Rooyen; and Mr Pranesh Sukhdeo. Comprehensive meetings are held at least twice a year. The staff of Drakensberg Sun Resort assist the Committee greatly by taking part in many activities and reporting back to the Committee at each meeting.

## 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 endeavours to support and guide organisations and initiatives in the resort's 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 10 years. The Committee has completed various building works that has given the young children access to proper ablution facilities, the supply of electricity, and a school environment more conducive for the learning and educational activities. The Committee remains committed to ongoing support for the creche.

The Committee initiated a new project in collaboration with Kwazamokuhle School for its physically disabled learners. The initiative aims to enhance the school's sports facilities and provide wheelchair accessibility and provide support to the resident students through donations of linen.

The trails at Drakensberg Sun Resort have been awarded the much-coveted Green Flag Trail status. The Committee is extremely proud of this achievement as the international accreditation enhances public awareness and confidence in the trails. The accreditation is a useful tool for the resort to market its trails as the trails received regular and ongoing management and care; showed up to date and accurate trail data; reduced impact on the local environment; and identified risks associated with each trail types.

## 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. 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 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 WasteCo, to responsibly manage the resort's waste and recycling programme. General waste is disposed of in a licensed landfill site while 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 Resort. This service offers medical advice and responds to emergencies relating to medical, violence, fire, flooding, and other natural disasters.

The organisational resilience management system 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 areas have on the business. The management system is audited internally by staff on a quarterly basis and by the risk department of Southern Sun on an annual basis.

## Guest relations and correspondence

The Committee and management team of the resort values guest feedback to improve service delivery and business operations wherever possible. In addition to being able to interact with staff and management on site, feedback may be gathered through an electronic guest satisfaction survey called GuestRevu, as well through online platforms such as Tripadvisor, Google Review and RCI.

## Labour and employment relations

The Company complies with the Labour Relations Act of South Africa. All staff members are treated fairly, and engagement is frequently monitored. The resort's staff members are one of the most valued assets of Drakensberg Sun Resort and for this reason, the management team assists in training and developing staff members to both improve their self-confidence and guide them to achieve their full potential. The internal training programmes are generally provided by the Southern Sun training department.

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

## Strategic issues

The Committee is pleased to note that the general manager and deputy general manager of Drakensberg Sun are members of the Central Drakensberg Experience. The membership ensures that Drakensberg Sun Resort takes a leading role in tourism and tourism-related decisions that can impact the local and surrounding areas.

Goals for the year ahead are: to maintain commitment in training and developing staff members of Drakensberg Sun Resort; expand recycling initiatives; and improve outreach programmes to the local community.

Drakensberg Sun 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 Hotel 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 Drakensberg Sun Resort that comprises a hotel and an apartment timesharing scheme. The apartments are utilised by the "C" class shareholders on a timeshare basis with 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.

The "A", "B" and "D" class shareholders have the right of use of the hotel property excluding the timesharing apartments and the business portion.

The "E" class shareholders have the exclusive right of use of the business portion of the Drakensberg Sun Hotel buildings.

The "F" class shareholders have the exclusive right of use of the land and buildings on the property, excluding the Drakensberg Sun Hotel buildings.

## 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 R2,551,579 (2022: R2,432,830) was transferred to the reserve for property, plant and equipment.

No dividend has 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 hotel buildings and their 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:

### Representing "A", "B", "D", "E" and "F" class shareholders

PJ Boshoff (Alternate SJ Croft)

DA Park

PM Pienaar ^ Chairman

P Sukhdeo ^



# Drakensberg Sun Hotel Share Block Proprietary Limited

Report of the Directors for the Year Ended 31 December 2023

## Representing "C" class shareholders

LE McMillan ^

AB Ramsarup \*

AN Ridl \* (Alternate MN Ridl)

\* 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:

Nelson Mandela Square  
4th Floor, South Tower  
Corner 5th and Maude Streets  
Sandton  
2196

### Postal:

Private Bag X200  
Bryanston  
2021

## 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.

# Drakensberg Sun Hotel Share Block Proprietary Limited

Report of the Independent Auditors

**To the shareholders of Drakensberg Sun Hotel Share Block Proprietary Limited**

## **Opinion**

We have audited the financial statements of Drakensberg Sun Hotel Share Block Proprietary Limited (the company) set out on pages 13 to 23, 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 Drakensberg Sun Hotel 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 "Drakensberg Sun Hotel 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.

# Drakensberg Sun Hotel 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

14 August 2024

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



# Drakensberg Sun Hotel Share Block Proprietary Limited

Statement of Comprehensive Income for the Year Ended 31 December 2023

	Note	2023 R	2022 R
<b>Income</b>		<b>16 147 500</b>	15 099 701
Levy income		15 578 329	14 635 045
Other income		569 171	464 656
<b>Expenses</b>		<b>(14 417 661)</b>	(13 328 425)
Levy surplus before interest and taxation	3	1 729 839	1 771 276
<b>Finance income</b>	4	<b>1 037 610</b>	851 782
Levy surplus before taxation		2 767 449	2 623 058
<b>Income tax expense</b>	5	<b>(215 870)</b>	(190 228)
<b>Levy surplus for the year</b>		<b>2 551 579</b>	2 432 830

# Drakensberg Sun Hotel 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>			
Trade and other receivables	6	2 217 342	3 432 731
Levies receivable	10	927 218	896 650
Fixed deposits held with bank	11	9 589 299	13 618 848
Cash and cash equivalents	12	2 522 900	1 514 646
<b>Total current assets</b>		<b>15 256 759</b>	<b>19 462 875</b>
<b>Total assets</b>		<b>15 256 759</b>	<b>19 462 875</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	9	6 500	6 500
Reserve for property, plant and equipment	7	8 216 365	11 728 585
<b>Total equity</b>		<b>8 222 865</b>	<b>11 735 085</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	2 586 939	2 612 012
Levies received in advance	13	4 255 162	4 927 224
Current tax liability		191 793	188 554
<b>Total current liabilities</b>		<b>7 033 894</b>	<b>7 727 790</b>
<b>Total liabilities</b>		<b>7 033 894</b>	<b>7 727 790</b>
<b>Total equity and liabilities</b>		<b>15 256 759</b>	<b>19 462 875</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	9	6 500	6 500
<b>Reserve for property, plant and equipment</b>			
At the beginning of the year		11 728 585	15 866 623
Levy surplus for the year		2 551 579	2 432 830
Property, plant and equipment additions and replacements during the year	7	(6 063 799)	(6 570 868)
At year-end		8 216 365	11 728 585

# Drakensberg Sun Hotel 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	2 767 449	2 623 058
Adjustments for		
Interest received	(1 037 610)	(851 782)
Net surplus before working capital changes	1 729 839	1 771 276
Changes in working capital		
Movement in levies receivable	(30 568)	577 767
Movement in trade and other receivables	1 215 389	(1 130 600)
Movement in levies received in advance	(672 062)	656 124
Movement in trade and other payables	(25 073)	4 075
Cash flows from operating activities	2 217 525	1 878 642
Interest received	1 037 610	851 782
Tax paid	(212 631)	(300 161)
Net cash inflow from operating activities	3 042 504	2 430 263
<b>Cash flow from investing activities</b>		
Property, plant and equipment additions and replacements	(6 063 799)	(6 570 868)
Movement in fixed deposits held with bank	4 029 549	4 925 469
Net cash outflow from investing activities	(2 034 250)	(1 645 399)
<b>Net movement in cash and cash equivalents</b>	1 008 254	784 864
Cash and cash equivalents at the beginning of the year	1 514 646	729 782
<b>Cash and cash equivalents at year-end</b>	<b>2 522 900</b>	<b>1 514 646</b>



# Drakensberg Sun Hotel 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 were 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 Hotel Share Block Proprietary Limited

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

## 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 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 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.

# Drakensberg Sun Hotel Share Block Proprietary Limited

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

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 primarily 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.



# Drakensberg Sun Hotel 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	3 506 604	3 485 812
Contributions to retirement funds	227 862	140 464
Management fees	1 067 480	1 009 915
Audit fees	92 971	81 243
Other operating expenses	9 522 744	8 610 991
	<b>14 417 661</b>	<b>13 328 425</b>
<b>4 Finance income</b>		
Interest income earned on fixed deposits, call deposits and current account	<b>1 037 610</b>	851 782
<b>5 Income tax expense</b>		
Provision is made for Company taxation on the net non-levy income of the "C" class levy fund.		
No tax is payable on levy income from the shareholders in terms of Section 10(1)e of the Income Tax Act.		
Current year	224 227	188 554
Prior year (over)/under provision	(8 357)	1 674
	<b>215 870</b>	<b>190 228</b>
A reconciliation of the tax charge is not considered appropriate as share block companies are only liable for tax on the Company's net non-levy income.		
<b>6 Trade and other receivables</b>		
Trade and other receivables (refer note 15)	47 602	60 553
Prepayments (refer note 15)	1 995 474	1 732 925
Interest receivable	174 266	116 406
SARS - Vat	-	1 522 847
	<b>2 217 342</b>	<b>3 432 731</b>
<b>7 Reserve for property, plant and equipment</b>		
At the beginning of the year	11 728 585	15 866 623
Levy surplus for the year	2 551 579	2 432 830
	<b>14 280 164</b>	<b>18 299 453</b>
Property, plant and equipment additions and replacements during the year	(6 063 799)	(6 570 868)
At year-end	<b>8 216 365</b>	<b>11 728 585</b>

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 2024 of R6,881,663 (2022: budgeted capital expenditure of R9,545,354 approved for 2023) which is anticipated to decrease the budgeted surplus in the reserve fund by R4,049,711 (2022: budgeted surplus decrease by R5,867,494 in 2023). There were capital commitments made for R99,815 at year-end (2022: R2,608,574).

# Drakensberg Sun Hotel Share Block Proprietary Limited

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

	2023 R	2022 R
<b>8 Trade and other payables</b>		
Trade payables (refer note 15)	1 633	277 021
Accruals	215 006	377 761
Provision for auditor's remuneration	43 181	81 243
SARS - Vat	398 786	-
Sundry payables (refer note 15)	229 474	304 564
Drakensberg Sun Hotel Proprietary Limited (refer note 15)	1 698 859	1 571 423
	<b>2 586 939</b>	<b>2 612 012</b>
<b>9 Share capital</b>		
<b>Authorised and issued</b>		
33,360 - "A" class ordinary shares of 1 cent each	334	334
33,360 - "B" class ordinary shares of 1 cent each	334	334
72,228 - "C" class ordinary shares of 1 cent each	722	722
7,344 - "D" class ordinary shares of 1 cent each	73	73
3,000 - "E" class ordinary shares of 1 cent each	30	30
500,708 - "F" class ordinary shares of 1 cent each	5 007	5 007
	<b>6 500</b>	<b>6 500</b>

## Voting rights

The shares have equal voting rights.

## Dividends

Only the "F" class shareholders have the right to dividends.

## "E" class shares

The holders of the "E" class shares may require the holders of the "C" class shares to:

- purchase an undivided share in all the "E" class shares and the relevant linked loan obligations.
- accept the cession and assignment of an undivided share of the holder of the "E" class shares rights and obligations in terms of the "E" class use agreement.

## "C" class shares

In terms of the various use agreements the "A", "B" and "D" class shares may be re-classified as "C" class shares on the conversion of the respective accommodation to timeshare.

## Winding-up

In terms of the memorandum of incorporation, should the Company be wound up and have funds remaining for distribution to shareholders, after paying all liabilities other than the loan obligation, the liquidator shall obtain a separate valuation for the land on the one hand and the hotel buildings on the other.

The balance available for distribution will be distributed as follows:

An amount equal to the value of the land will be distributed to the holders of the "F" class shares. The balance will be distributed to the holders of the other classes of shares. Such distribution will be deemed to firstly discharge the shareholders loan obligations and thereafter, a liquidation dividend.

# Drakensberg Sun Hotel Share Block Proprietary Limited

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

	2023 R	2022 R
<b>10 Levies receivable</b>		
Levy debtors	470 827	606 841
Reposessed debtors	3 499 017	2 221 894
Provision for reposessed debtors	(3 042 626)	(1 932 085)
Opening balance	(1 932 085)	(455 706)
Movement	(1 110 541)	(1 476 379)
	<b>927 218</b>	<b>896 650</b>
<b>11 Fixed deposits held with bank</b>		
Fixed deposits held with bank	<b>9 589 299</b>	<b>13 618 848</b>
<b>12 Cash and cash equivalents</b>		
Bank balances	<b>2 522 900</b>	<b>1 514 646</b>
<b>13 Levies received in advance</b>		
Levies received in advance	<b>4 255 162</b>	<b>4 927 224</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.

## 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:

The remainder of Sub 4 of the farm Driefontein No. 1389, Development Area of Driefontein, KwaZulu Natal, and the farm Stijlberg No. 7283, County of Weenen, KwaZulu Natal.

Land and buildings were originally purchased for R22,052,939 and are not recognised because 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 R68,182,000 for rates purposes. There are no bonds on the property.

The holders of the "F" class shares have an option to purchase a portion of the land and buildings for R14,400,000.

## 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	35 824	64 297
Rental pool	44 791	27 602
Management fee	1 067 480	1 009 915
Central accounting and levy collection	264 626	247 619

# Drakensberg Sun Hotel 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>		
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	259	(727)
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	(1 703)	(886)
Secretarial fees on repossessed debtors - SRMS	21 304	17 791
During the financial year the Company paid the following SSHI internal charges:		
Administration - Information technology, procurement, etc	257 615	208 477
During the year, the Company concluded a bulk deal with SunSwop (a division of SSHI), selling usage of mid-week occupation of repossessed weeks in order to reduce accumulated debt on the weeks. Sunswop purchased mid-week occupation usage of 80 repossessed weeks from the Company for R160,000.		
Most costs of the 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. The balance of the current account is as follows:		
Amount owing (to)/from SSHI and its subsidiaries:		
Included in trade payables (refer note 8)	(1 632)	-
Included in sundry payables (refer note 8)	(50 719)	(96 481)
Drakensberg Sun Hotel Proprietary Limited (refer note 8)	(1 698 859)	(1 571 423)
Included in trade and other receivables (refer note 6)	-	16 235
Included in prepayments (refer note 6)	76 063	46 303
	<b>(1 675 147)</b>	<b>(1 605 366)</b>
Balances due (to)/by the following entities, related through common directorship, is as follows:		
Drakensberg Sun Chalets Share Block Proprietary Limited - included in trade and other receivables (refer note 6)	26 128	4 930

	Number of weeks	Levies paid R	Levies received in advance R
SSHI owns weeks in the Company as follows:			
SunSwop (a division of SSHI) - 2023 shareholding	19	211 250	68 670
SunSwop (a division of SSHI) - 2022 shareholding	19	199 070	64 170

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

## 2023 - shareholding

AB Ramsarup - The Leisure Holiday Club	469	4 890 800	2 168 530
AN Ridl - Club Leisure Group	95	1 109 490	535 380

## 2022 - shareholding

AB Ramsarup - The Leisure Holiday Club	469	4 608 800	2 026 370
AN Ridl - Club Leisure Group	102	1 107 630	528 730



# Drakensberg Sun Hotel Share Block Proprietary Limited

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

## 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.

	2023 R	2022 R
Directors' emoluments paid for the year:		
LE McMillan	8 480	8 480
AB Ramsarup	8 480	8 480
AN Ridl	4 240	8 480
	<b>21 200</b>	<b>25 440</b>

# Drakensberg Sun Hotel 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	15 578 329	14 635 045
Rental pool	8 251	93 254
Sale of capital assets	25 935	25 261
Short-term rentals	314 169	328 994
Net non-levy income		
- telephone, rentals, sundry recoveries and penalties	220 816	17 147
	<b>16 147 500</b>	<b>15 099 701</b>
<b>EXPENDITURE</b>		
<b>Rooms expenses</b>		
Cleaning supplies	57 509	49 404
Guest entertainment - DSTV, outside services, videos, cocktails, games and prizes	577 575	527 340
Guest supplies	128 422	105 852
Laundry	637 531	583 918
Personnel costs - outside services	1 468 176	1 363 949
Pest control	9 135	6 677
Printing and stationery, including reception	99 236	111 591
Replacement of cutlery, crockery, linen, towels, uniforms etc	103 485	47 140
Security services	765 242	710 848
	<b>3 846 311</b>	<b>3 506 719</b>
<b>Administration and general</b>		
Auditors remuneration		
- current year	92 971	81 243
Bank charges	2 456	2 866
Central accounting and levy collection fees	264 626	247 619
Credit card commission	25 100	26 624
Directors' emoluments	10 584	25 440
Information technology costs	518 168	472 735
Insurance		
- premium	79 376	95 633
- excess	-	52 500
Licences and permits	18 374	16 398
Loss on repossessed debtors	109 762	-
Overs and shortages	(232)	-
Professional fees	-	8 201
Provision for repossessed debtors	1 110 541	1 476 379
Railage, cartage and hire transport	529	9 446
Subscriptions/marketing	40 518	118 996
Telephone	40 188	35 116
Travel - management and Directors	5 057	12 820
Vehicles - fuel and oil	47 941	41 175
	<b>2 365 959</b>	<b>2 723 191</b>
<b>Electricity and refuse</b>		
Electricity	957 107	834 225
Generator fuel	705 633	287 571
Refuse	66 081	75 152
	<b>1 728 821</b>	<b>1 196 948</b>

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	2023 R	2022 R
<b>Repairs and maintenance</b>		
Buildings	28 183	28 876
Electrical and mechanical	260 978	150 299
Furniture and fixtures	33 179	47 483
Gardens and grounds	655 449	633 126
General maintenance	331 567	102 132
Painting and redecorating	45 936	31 293
Plumbing and heating	44 255	33 130
Suncare	96 700	42 155
	<b>1 496 247</b>	<b>1 068 494</b>
<b>Corporate charges</b>		
Annual report and statutory costs	21 169	17 282
Furniture and equipment leases	7 853	11 780
Municipal rates and taxes	149 355	167 820
	<b>178 377</b>	<b>196 882</b>
<b>Personnel costs</b>		
Rooms	1 091 602	1 111 316
Administration and general	1 758 612	1 739 893
Repairs and maintenance	884 252	775 067
	<b>3 734 466</b>	<b>3 626 276</b>
<b>Management fee</b>	<b>1 067 480</b>	<b>1 009 915</b>
<b>Total expenditure</b>	<b>14 417 661</b>	<b>13 328 425</b>
Excess of income over expenditure before finance income and taxation	<b>1 729 839</b>	<b>1 771 276</b>
<b>Finance income</b>		
Interest received	<b>1 037 610</b>	<b>851 782</b>
Excess of income over expenditure before taxation	<b>2 767 449</b>	<b>2 623 058</b>
<b>Taxation</b>		
Current	224 227	188 554
Prior year (over)/under provision	(8 357)	1 674
	<b>215 870</b>	<b>190 228</b>
Excess of income over expenditure for the year transferred to reserve for property, plant and equipment	<b>2 551 579</b>	<b>2 432 830</b>

# Drakensberg Sun Hotel Share Block Proprietary Limited

MINUTES OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS FOR THE YEAR ENDED 31 DECEMBER 2022 HELD ON THURSDAY 14 SEPTEMBER 2023 AT 12H00 IN THE ADULT LOUNGE, UMHLANGA SANDS RESORT, UMHLANGA

## 1 WELCOME AND PREAMBLE

The Chairman of the Company Mr Peter Pienaar welcomed all shareholders in attendance both in person and online through the Microsoft Office Teams platform. He introduced his fellow Directors representing the "A", "B", "D", "E" and "F" class shareholders: Mr Jacobus ("Jaco") Boshoff who was online through the Microsoft Office platform; Ms Samantha Croft; Mr Pranesh Sukhdeo; and Mr Darren Park.

The Chairman then introduced his non-executive Directors representing the "C" class shareholders: Ms Louise McMillan; and Mr Ajith Ramsarup. Mr Anthony Ridl was unable to attend this meeting and had tendered his apologies.

He noted that members of senior management, the Company Secretariat team, and an audit firm representative was also 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 28,091 ordinary shares were represented in person or by proxy at the start of this meeting and that this constituted a quorum of approximately 39.41% 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 9 May 2023 be and was 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 "C" class shareholders were entitled to appoint 3 Directors. Directors representing the "C" class shareholders who retired at this meeting were however, eligible and available for re-election. No additional nominations had been received to date.

The Chairman proposed that the meeting take ordinary resolution 3.1 to 3.3, as outlined in the notice of this AGM in the annual report, as read and recommended that the meeting vote for all the eligible Directors en bloc. There were no objections to the proposal or to the election of any of the Directors. It was unanimously RESOLVED that Ms Louise McMillan, Mr Ajith Ramsarup and Mr Anthony Ridl be and are hereby elected as a Director of the Company.



# Drakensberg Sun Hotel Share Block Proprietary Limited

## 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. The Audit Committee of the Company combined its meetings with the Audit Committee of Drakensberg Sun Chalets Share Block and as such, the members were joined by Mr Brent Dickson who was a Director of Drakensberg Sun Chalets Share Block. While an Audit Committee required 3 non-executive Directors to serve on the Committee, with Mr Dickson's appointment, it was only necessary to appoint 2 Committee members at this meeting.

### 8.1 ORDINARY RESOLUTION 4.1

Ordinary resolution 4.1 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.

### 8.2 ORDINARY RESOLUTION 4.2

Ordinary resolution 4.2 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 R62,605,987. (Buildings valued at R46,186,780 and furniture, fittings and equipment valued at R16,419,207). It was unanimously RESOLVED that the insured value of the property be and is hereby approved at R62,605,987.

## 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 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 15 September 2023 until the next AGM of the Company, be and is hereby approved.

## 11 OTHER BUSINESS

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

Together with photographic evidence, the general manager of the resort, Mr Pranesh Sukhdeo presented an overview of the following achievements, projects and results during the 2022 year:

- Energy consumption saving year-on-year: 13%;
- Water consumption saving year-on-year: 3%;
- BBBEE status: Level One Contributor;
- Organisational Resilience Management Services ("ORMS") audit: 99%;
- Awarded 4-Star Tourism Graded Resort;
- Awarded RCI Gold Crown Resort; and
- Guest feedback: GuestRevu, Booking.com, Tripadvisor and Google.

Corporate social investment ("CSI") included:

- Entrance road: monthly clean-up;
- Childhood Cancer Foundation South Africa ("CHOC"): Fundraising;
- Working for Water: Affiliation and participation in projects to remove alien plants around the property and area;
- uMfolozi Creche: Visit and painting of creche on Nelson Mandela Day;
- uMfolozi Creche: Painting of a newly built classroom and creation of ablution facilities;
- uMfolozi Creche: Hosted and sponsored the children to a Christmas celebration at the resort;
- SA Rugby Legends Organisation: Visit and donation of food items and stationery to local creche;
- National Environmental Days: Participation and awareness created; and
- Environmental Initiatives: Participation in Arbor Day and Earth Hour.

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Property upgrades and improvements included:

- Refurbishment of 10 chalets;
- Refurbishment of 17 apartments;
- Upgrade of chalets' lightning protection system;
- Upgrade of apartments' lightning protection system;
- Upgrade of chalets' sub-station;
- Replacement of main dam valve;
- Replacement of apartments' sprinkler heads; and
- Controlled fire breaks conducted in the area.

Mr Sukhdeo presented before-and-after photographic slides of the refurbished chalets and apartment units. The units looked fantastic and the next refurbishment phase would commence in 2024.

## 12 CLOSURE

There being no further business to discuss the Chairman thanked all for their attendance and declared the meeting closed at 12h16.

  
\_\_\_\_\_  
Chairman

14 November 2023

\_\_\_\_\_  
Date

