

Umhlanga Sands Share Block Proprietary Limited

Registration No. 1972/003573/07

Annual Report

for the year ended 31 December 2021



Umhlanga Sands Share Block Proprietary Limited
Annual Financial Statements
for the year ended 31 December 2021

COMPANY INFORMATION

Registration number: 1972/003573/07
Registered address: Palazzo Towers West
Montecasino Boulevard
Fourways
2055
Postal address: Private Bag X200
Bryanston
2021

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The following supplementary information does not form part of the annual financial statements and is unaudited:

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

Umhlanga Sands Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2021

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

Our sought-after beautiful resort, the award winning uMhlanga Sands, has a pristine beachfront location. Our guests enjoy breath-taking sunrises and sunsets along the uMhlanga coastline and are well-looked after by our friendly, hospitable and highly energised team. It certainly is a pleasure holidaying at our resort and I know, that many cannot wait to arrive at reception to be warmly welcomed and to start their holiday of either complete relaxation or to join the entertainment team for fun-filled activities. There is certainly something for all age groups at uMhlanga Sands.

Although 2021 has been a tough year, our resort continued to improve and continues to set new benchmarks. Feedback received show that shareholders and guests remain happy with the offering and the financial results show that the share block is financially sound.

Resort update

It is my privilege to report that the resorts' Wi-Fi upgrade was completed during 2021. This major Wi-Fi project changed the capacity from a shared access point to an individual room access point which allows for better coverage of the rooms as well as public areas. The project also enables cutting edge technology to be incorporated when it comes to in-room telephones, television connectivity and eliminates the need to upkeep and maintain cabling throughout the property. These enhancements have added much value to the resort offering.

The resort's ever popular swimming pool areas has been renewed by upgrading the permanent umbrellas from a painted steel frame to a stainless-steel frame. This enabled management to dramatically reduce maintenance costs with no rust and no need to continuously paint the frames. The kiddie's water slides area has been waterproofed and coated with fresh paint. It has enhanced the overall look and feel to the pool area and feedback from the guests are very positive.

The balance of the Tugela and St. Lucia units have been upgraded with new vinyl flooring. The essential block-out curtains have been upgraded in all the rooms and the air-conditioning air-handling units that feed into the public areas have been replaced. Your Board and the management team strive to maintain this world class resort to the highest standard whilst retaining its homely and inviting atmosphere.

The essential spalling project commenced and included the North-Western back side of the building from ground level to level four in line with main reception entrance. The project incorporated the replacement of the façades on level four due to extreme corrosion within the cement blocks. To add to this, the walls between the pillars were found to require pinning to maintain their integrity and this too has been done successfully.

Our gardens and grounds continue to enjoy much focus and attention and remain well maintained and look fabulous.

In partnership with the uMhlanga Promenade Urban Improvement Precinct ("UIP"), safety and security in the areas around the property, including the promenade, is constantly managed. Safety and security is of paramount importance to us all and I am proud to mention that the promenade remains safe for guests and local visitors to enjoy a leisurely and scenic walk or run along the promenade. Our resort continues to support the UIP team that provides 24-hour patrols as well as cleaning and greening services in the area in the interests of negating any urban decay.

Thanks to our in-house entertainment facilities and programmes, children have great fun participating in activities and learning new skills whilst on holiday. Xscape offers an educational aspect to the entertainment activities and many children get to enjoy a special and memorable holiday. The programmes provide activities for both "tweens" and adults. I am delighted to highlight that volleyball games have been re-introduced as the risks associated with Covid-19 have dissipated.

Financial results for the year ended 31 December 2021

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 and will be referred to when I comment on the financial results for the year.

The statement of comprehensive income for the year ended 31 December 2021 reflects total income (including net finance income) of R88.4m (2020: R86.2m), expenses of R58.7m (2020: R52.9m) and a levy surplus after taxation of R28.4m (2020: R31.9m), which was transferred to the reserve for property, plant and equipment.

Umhlanga Sands Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2021

Income

The detailed levy fund operating statement reflects increases in rental pool by 26.3%, short-term rental income by 79.2% and non-levy income by 17.7%, due to prior year comparative revenues were being affected by the closure of the resort for a 4 month period in 2020. Non-levy income included the rental from commercial tenants and parking income. Interest received decreased by 21.4% due to lower interest rates given the current economic market conditions. Shareholders wishing to place their weeks in the rental pool must do so in writing at least 90-days prior to the commencement of their week, which will be confirmed provided that the annual levy has been paid.

Expenditure

Total expenditure for the year increased to R58.7m (2020: R52.9m), due to prior year comparative expenses being affected by the closure of the resort for 4 months.

- **Rooms expenses** increased by 57.7% year-on-year due to the Covid-19 lockdown and closure of the resort in 2020.
- **Administration and general** expenditure decreased by 47.2% year-on-year. Majority of this decrease was recorded in Sunswop exchange services related to the 2020 rebate that was offered to shareholders affected by the lockdown period.
- **Electricity, water, and refuse** increased by 43.2% due to the temporary closure of the resort in 2020.
- **Repairs and maintenance** expenditure increased by 29.7% year-on-year mainly due to the Covid-19 lockdown and closure of the resort in 2020. Painting expense decreased by 49.3% year on year as major painting work had to be done before the resort fully opened in 2020.
- **Corporate charges** increased by 2.1% year on year.
- **Management fees** is a set amount, made up of contributions from the outsourced restaurants and the difference being paid by the share block. Contributions from outsourced restaurants increased year-on-year due to the temporary closure of the resort in 2020, which resulted in a lower management fee allocation.

Statement of financial position

The statement of financial position (balance sheet) 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 R67.7m from R50.5m in 2020 and fixed deposits held with bank increased to R86m, against R69m in 2020. Cash and cash equivalents decreased to R3.9m (2020: R8.7m). Levies receivable increased to R5.5m (2020: R4.5m) while levies received in advance amounted to R26.8m (2020: R19.7m).

Capital expenditure

Capital expenditure of R11.2m was incurred, against R15.1m in 2020. This included major items of expenditure such as:

• WI-FI	2,694,275
• Painting and spalling	2,623,648
• Room flooring	1,727,713
• Pool umbrellas	1,060,011
• Airconditioning - air handling unit and cooling tower	813,432

2023 Levy budget

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

The 2023 levies inclusive of VAT are as follows:

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

Vacation ownership association of South Africa ("VOASA")

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

Umhlanga Sands Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2021

Legal matter: municipal rates objection

The legal objection to change the municipal rating category is ongoing. The eThekweni municipality imposed a category change for uMhlanga Sands a few years ago from residential to commercial. The change greatly impacted our resort's municipal rates charge. The legal process has not yet been resolved.

Legal matter: Fleetwood-On-Sea

Our family swimming pool area is one of our greatest assets and guests thoroughly enjoy the view, the atmosphere and the entertainment. The objection to the proposed re-development of our neighbouring property, Fleetwood-On-Sea, was an ongoing matter. The initial development proposal submitted for approval would have greatly impacted the shade/shadow line cast across the family swimming pool area. Much progress has been made to mutually agree on a development plan that minimised the negative impact on our greatly loved asset. An agreement was reached by all parties at the end of 2021.

General

Thank you to the guests for using the dedicated smokers' room located to the left of Spur and to all guests who abide by our house rules while using the facilities provided. Management continues its efforts to manage the few visitors that do not respect our house rules.

Your Board monitors corporate social investment ("CSI") projects very closely and I am very proud of the hard work and dedication given to each initiative by our resorts social and ethics committee and the staff involved. I refer you to page 8 of this annual report for a breakdown on what the social and ethics committee is responsible for and I encourage you to attend the annual general meeting where a comprehensive presentation will be shown highlighting the great initiatives and contributions made by uMhlanga Sands, in strong support of its local community and initiatives for great causes.

Conclusion

Shareholders can be assured that our resort is well managed by the efficient Southern Sun management team and staff. Your Board maintains a healthy and productive working relationship with our reliable and committed management team. I would like to thank all staff members who go the extra mile for our shareholders and guests. Every bit of willingness, kindness and enthusiasm adds to a memorable guest experience.

I extend my appreciation to my fellow Directors Messrs Ramsarup, Dickson, Zoya, van Rooyen, Dr Mia and Ms McMillan, as well as to the Southern Sun management team, for their time, energy, professionalism and guidance this past year. As a team, we continue to set the benchmark for others to follow.

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



AN Ridl
Chairman

Notice is hereby given to the shareholders of the Company that the Annual General Meeting ("AGM") of the Company will be held on **Wednesday, 12 October 2022 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 2021, 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 2021, 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 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 (4) and no more than seven (7) 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 10h30 on Monday, 10 October 2022 at the registered office of the Company or email address. Nominations must be in writing with the name of the proposer and seconder and be accompanied by the acceptance of such nomination by the nominee and their curriculum vitae ("CV").**

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

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

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

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

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

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

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

4. Appointment of audit committee

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

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

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

5. Approval of insured value of property

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

6. Non-executive Directors' fees

Special resolution 1: It is noted that an amount of R8,400 for non-executive Directors' fees was approved at the previous AGM for the year until 11 October 2022. It is now 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 13 October 2022 until the next AGM of the Company, and tabled at the meeting at which this resolution was proposed, be and is hereby approved.

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 (2) years. Section 66(12) requires that any particular Director appointed to more than one (1) committee of the Company, be calculated only once. Directors will be entitled to be paid attendance fees/emoluments in respect of the above period.

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 (3) 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 (1) business day, to Thursday, 13 October 2022 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 Tuesday, 4 October 2022.

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 10h30 on Monday, 10 October 2022. A form of proxy is enclosed on page 5 for this purpose.**

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

Registered Office
 Palazzo Towers West
 Montecasino Boulevard
 Fourways, 2055

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

Form of proxy for use by shareholders at the annual general meeting ("AGM") of the Company to be held on **Wednesday, 12 October 2022 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
Ordinary Resolution 1: Receipt and adoption of annual financial statements and reports - Year ended 31 December 2021			
Ordinary Resolution 2: Appointment of auditors			
Ordinary Resolution 3: 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			
Ordinary Resolution 4: Appointment of audit committee			
4.1 Nicholas Dickson			
4.2 Ajith Ramsarup			
4.3 Anthony Ridl			
Ordinary resolution 5: Insured value of property			
Special Resolution 1: Non-executive Directors' fees (R8,400)			

Signed at this day of.....2022.

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 10h30 on Monday, 10 October 2022.

Umhlanga Sands Share Block Proprietary Limited

Statement of Directors' Responsibility for the Year Ended 31 December 2021

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

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

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

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

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

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

Approval of annual financial statements

The annual financial statements set out on pages 14 to 24 were approved by the Board of Directors on 11 May 2022 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 2021, 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 2021

The audit committee has pleasure in submitting this report, as required by Section 94 of the South African Companies Act 71, of 2008. 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, attended and reported to the meetings of the audit committee. Relevant senior managers attended the meeting 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 South African Companies Act and any other legislation relating to the appointment of auditors;
- 4.3 approving of external audit and internal audit plans;
- 4.4 determining, subject to the provisions, the nature and extent of any non-audit services that the auditors may provide to the Company;
- 4.5 reviewing of prospective accounting standards' changes;
- 4.6 evaluating financial reporting procedures;
- 4.7 reviewing of and recommending to the Board for approval, the annual financial statements;
- 4.8 assessing of the internal control environment, particularly in relation to the system on internal financial controls; and
- 4.9 performing such other oversight functions as may be determined by the Board.

5. Independence of external auditors

The audit committee has satisfied itself that the external auditors are independent of the Company, as set out in Section 94(8) of the South African Companies Act 71, of 2008. Requisite assurance was provided by the auditors that internal governance processes within the audit firm support and demonstrate its claim to independence.



RN Dickson
Chairman
11 May 2022

Umhlanga Sands Share Block Proprietary Limited

Report of the Social and Ethics Committee for the Year Ended 31 December 2021

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 Ms Louise McMillan (Chairman), Mr John van Rooyen, Mr Mzwandile Zoya and Dr Mahomed Mia. The management team of the resort provide operational support. The committee holds comprehensive meetings twice a year.

Role of the committee

The committee ensures that the resorts' corporate social investment ("CSI"), energy, water and waste 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. Due to the impact of the global Covid-19 pandemic, basic day-to-day supplies were provided in the form of hampers and linen to local old age homes, La Lucia Baby House, Open Door Crisis Centre, Shalom Nest, the Valley Trust, Monkey Helpline and Malvern Child and Youth Care Centre.

The July unrest in Durban resulted in much needed assistance throughout the Province, and Golden Steps School, for the intellectual disabled in Hazelmer was assisted with basics for food preparation and office equipment. The resort provided support with office equipment.

Following the rooms' refurbishment project, the laminated flooring removed from the rooms was donated to Jump Youth Mission House that support and care for young families and children with life controlling addictions. Bedroom doors were donated to Future Stars Care Centre to upgrade their facility. Hairdryers and goody packs were donated to Girls' and Boys' Town for their basic sanitary needs.

Various donations, including written-off linen, duvet inners and swimming pool towels were donated to the Help-U Foundation for the care of underprivileged children who are in children's homes – the aged, the fragile and people who are in desperate need.

Financial support was given to the uMhlanga Promenade Urban Improvement Precinct project that involved extending the uMhlanga promenade onto a boardwalk through the Lagoon nature reserve toward the north side of the beach. This has further enhanced the experience of all those who love to visit uMhlanga and now provides an outstanding coffee shop experience inside the reserve.

Our local kids' soccer team - Seven Starts – who are coached by our own staff member, Shando Mbongeni, were sponsored with soccer boots.

The children of Durban Child and the Youth Care Centre received meals on Christmas Eve, Boxing Day and New Year's Eve. Aquina Cares ECD pre-primary school, run by Zola and her mom, received donations of goodie bags with basic needs and educational material.

A successful project was initiated whereby written-off sheets were converted into school shirts for under privileged primary school children in our local communities. Due to the extent of the need for such, our goal is to expand this by engaging other role players in the local hospitality industry. This project has been very impactful in the community and would continue to be rolled out.

The project to provide sustained support to the local Blackburn Village Project continued through 2021. The intention remains to create a micro-economy within this destitute community through the recycling of waste. Waste is generated by all properties that incur costs to have this removed/recycled, and waste continues to be an environmental burden as landfill sites are under pressure due to the amount of waste, which has the knock-on effect of potentially becoming a pollutant. As a starting point, the wet waste generated by our guests and the numerous food and beverage outlets on the property is converted into compost. The process requires numerous role players to collect, transport and convert the wet waste into compost. Plastic waste is recycled into buckets and bags and these and the compost are sold. This is a very exciting pilot project that is attracting positive attention and support from many organisations including the local municipality, Tongaat Hulett and the local uMhlanga Urban Improvement Precincts ("UIP's") that have shown interest in purchasing the finished products. The proposal is to grow the process through support of other resorts, hotels and industries and for other waste products to be added to the recycling initiative, thus creating a sustainable income and micro-economy for this local community.

Recognition was received in the VOASA newsletter, edition 39, for the corporate social investment that uMhlanga sands resort contributes towards its local community.

Environmental health and public safety

The committee ensures that the resort's energy, water and waste programmes are effective and contribute towards its sustainable goals.

Umhlanga Sands Share Block Proprietary Limited

Report of the Social and Ethics Committee for the Year Ended 31 December 2021

Organisational resilience management system ("ORMS")

The ORMS system, implemented by Southern Sun throughout all its properties, is a comprehensive management system that records the plans and systems relating to fire protection, safety, security, business continuity, environmental impact, risk analysis and the effects on the business. This management system is updated quarterly and is audited by the risk department of Southern Sun on an annual basis.

Guest relations and correspondence

Guest feedback is paramount to the operational success of our resort. For this reason, the electronic eGuest satisfaction survey system is carefully monitored and responded to daily. Other forms of feedback is derived from social media platforms such as Facebook, Google reviews and Tripadvisor. Since the Government-imposed lockdown period, the eGuest programme was suspended. We are however, delighted to report that guest feedback has continued via the aforementioned platforms and we continue to receive overwhelmingly positive reviews.

Labour, employment relations, training and BBBEE

uMhlanga Sands Resort complies with the Labour Relations Act of South Africa. Employee engagement is carefully monitored and management assist in developing, maintaining and improving employee relationships through communication, performance management, and processing grievances and/or disputes. Our staff are our most valuable asset and there is a sustained effort in training and developing each employee.

The training programmes are not only offered by Southern Sun to improve proficiencies in staff roles, but also to inspire staff to grow into new and exciting responsibilities. Our resort falls under the BBBEE rating of the Southern Sun Group, which is a level three BBBEE contributor.

Strategic plans

The committee focused on three strategic areas:

1. A legal matter regarding an ongoing objection process to change the municipal category rating imposed by eThekweni municipality. The property rating category was changed from a residential category to a commercial category;
2. A legal matter regarding an objection to the re-development of the neighbouring property, Fleetwood-On-Sea, as the shadow of the intended development will have a negative impact on the family swimming pool and entertainment area; and
3. The spa tenant contract expires on 31 August 2022. The intention is to move the spa facility from the mezzanine level to the recently vacated accounts' office space, thereby opening the mezzanine floor to accommodate a more adult-friendly space.

Custodian of the unique identity

The resort prides itself in its unique and highly enjoyable entertainment programme. Xscape entertainment offers fun and excitement that creates lifelong holiday memories for children and adults. The committee ensures that the unique identity of "Kid is King" is maintained.

Environmental areas

The committee is focused on ensuring that the resort's environmental programme has a strong approach to energy, water and waste management. Energy and water consumption is monitored daily through a live tracking system and any deviation from the set consumption targets sends an alert to management notifying them that wastage may occur. Furthermore, the system tracks trends to highlight the optimal time for the resort's resources to be used to ensure cost savings where possible. Many other cost saving initiatives are in place such as the installation of grey water reservoirs that are used to refill the swimming pool water, to irrigate the gardens and grounds and to wash vehicles. The savings achieved in water and electricity over the past few years has been very good.

The waste management programme at uMhlanga Sands Resort is controlled by Don't Waste Services and is tracked through a live recording system. There is an opportunity here to reinvent this current arrangement and incorporate it into the Blackburn Village project.

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



Louise McMillan
Chairman

Umhlanga Sands Share Block Proprietary Limited

Report of the Directors for the Year ended 31 December 2021

The Directors present their annual report of the Company for the year ended 31 December 2021.

1 Business activity

The Company owns the land and buildings known as uMhlanga Sands Resort which 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 which are linked by a use agreement relating to specific units during specific weeks of the year;
2. Linked to the respective share blocks are obligations on the share block shareholders to make loans to the Company; and
3. Obligations on share block shareholders to contribute levies to enable the Company to defray its expenditure.

2 Financial results

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

In accordance with the provisions of the Share Blocks Control Act and in common with other timeshare operations in South Africa, the Company has, since its inception as a share block company, raised an annual levy making a provision for the maintenance and upkeep of the property. Asset replacement costs and additions to property, plant and equipment have been charged against this amount annually. Before providing for property, plant and equipment additions and replacements, a surplus of R28,378,455 (2020: R31,895,921) was transferred to the reserve for property, plant and equipment.

No dividends have been declared during the year and none are recommended (2020: R Nil).

3 Share capital

The authorised and issued share capital has remained unchanged during the year.

4 Insurance

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

5 Directors and secretary

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

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

* Audit committee shareholders

^ Social and ethics committee shareholders

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

Business:	Postal:
Palazzo Towers West	Private Bag X200
Montecasino Boulevard	Bryanston
Fourways	2021
2055	

Umhlanga Sands Share Block Proprietary Limited

Report of the Directors for the Year Ended 31 December 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 affect the financial position of the Company or the results of its operations significantly.

8 Legal matters

The Company is currently pursuing legal action regarding two matters.

The first legal matter is an objection to the Fleetwood-on-Sea development, where the upward development of our neighbours building will cast a shadow line across the family pool and surrounding lawn area. R26,570 was spent on this matter in 2021 (2020: R31,231).

The second 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 outcomes of similar objections raised by other share block companies before proceeding further on this matter. R508 was spent on this matter in 2021 (2020: R1,325).

Umhlanga Sands Share Block Proprietary Limited

Report of the Independent Auditors

Independent Auditor's Report

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 2021, and the statement of profit or loss and other 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 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis of Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Umhlanga Sands Share Block Proprietary Limited Annual Financial Statements for the year ended 31 December 2021", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Umhlanga Sands Share Block Proprietary Limited

Report of the Independent Auditors

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

BDO South Africa Inc

BDO South Africa Incorporated
Registered Auditors

Leanne Laxson
Director

16 September 2022

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 2021

	Note	2021 R	2020 R
Income		85 191 346	82 020 546
Levy income		80 239 051	78 460 994
Other income		4 952 295	3 559 552
Expenses		(58 694 982)	(52 947 723)
Levy surplus before interest and taxation	3	26 496 364	29 072 823
Finance income	4	3 250 848	4 138 351
Levy surplus before taxation		29 747 212	33 211 174
Income tax expense	5	(1 368 757)	(1 315 253)
Levy surplus for the year		28 378 455	31 895 921

Umhlanga Sands Share Block Proprietary Limited

Statement of Financial Position as at 31 December 2021

	Note	2021 R	2020 R
ASSETS			
Current assets			
Inventories		229 949	64 268
Trade and other receivables	6	12 455 805	6 682 258
Levies receivable	7	5 476 973	4 494 934
Fixed deposits held with bank	11	86 000 000	69 000 000
Cash and cash equivalents	12	3 881 646	8 727 487
Total current assets		108 044 373	88 968 947
Total assets		108 044 373	88 968 947
EQUITY			
Capital and reserves			
Share capital	10	3 537 184	3 537 184
Reserve for property, plant and equipment	8	67 687 226	50 500 299
Total equity		71 224 410	54 037 483
LIABILITIES			
Current liabilities			
Trade and other payables	9	7 308 895	13 893 556
Levies received in advance	13	26 827 059	19 722 656
Current tax liabilities		2 684 009	1 315 252
Total current liabilities		36 819 963	34 931 464
Total liabilities		36 819 963	34 931 464
Total equity and liabilities		108 044 373	88 968 947

Statement of Changes in Equity for the Year Ended 31 December 2021

	Note	2021 R	2020 R
Share capital			
Ordinary shares at the beginning of the year and at year-end	10	3 537 184	3 537 184
Reserve for property, plant and equipment			
At the beginning of the year		50 500 299	33 669 708
Levy surplus for the year		28 378 455	31 895 921
Property, plant and equipment additions and replacements during the year	8	(11 191 528)	(15 065 330)
At year-end		67 687 226	50 500 299

Umhlanga Sands Share Block Proprietary Limited

Statement of Cash Flows for the Year Ended 31 December 2021

	2021 R	2020 R
Cash flow from operating activities		
Levy surplus before taxation	29 747 212	33 211 174
Adjustments for:		
Interest received	(3 250 848)	(4 138 351)
Net surplus before working capital changes	26 496 364	29 072 823
Changes in working capital		
- Movement in inventories	(165 681)	25 829
- Movement in levies receivable	(982 039)	(3 788 112)
- Movement in trade and other receivables	(5 773 547)	228 760
- Movement in levies received in advance	7 104 403	(3 814 623)
- Movement in trade and other payables	(6 584 661)	7 289 712
Cash flows from operating activities	20 094 839	29 014 389
Interest received	3 250 848	4 138 351
Tax paid	-	(1 842 500)
Net cash inflow from operating activities	23 345 687	31 310 240
Cash flow from investing activities		
Property, plant and equipment additions and replacements	(11 191 528)	(15 065 330)
Movement in fixed deposits held with bank	(17 000 000)	(15 000 000)
Net cash outflow from investing activities	(28 191 528)	(30 065 330)
Net movement in cash and cash equivalents	(4 845 841)	1 244 910
Cash and cash equivalents at the beginning of the year	8 727 487	7 482 577
Cash and cash equivalents at year-end	3 881 646	8 727 487

Umhlanga Sands Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2021

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

1.1 Basis of preparation

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

The accounting policies are consistent with previous periods.

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

1.2 Reserve for property, plant and equipment

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

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

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

1.3 Inventories

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

1.4 Leases

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

1.5 Financial instruments

Fixed deposits held with bank are recognised when the Company becomes a party to the contractual provisions of the respective instrument and are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest. Fixed deposits held with bank are recognised initially at fair value and subsequently measured at amortised cost. Fixed deposits held with bank are derecognised when the right to receive cash flows from the asset has expired or has been transferred and the Company has transferred substantially all 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 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.

1.6 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.

Umhlanga Sands Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2021

1.7 Revenue recognition

Revenue is stated exclusive of value-added tax.

Levy revenue is recognised when the right to occupation arises.

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

Sundry revenue is recognised when it is earned.

1.8 Provisions

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

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

1.9 Equity

Ordinary shares are classified as equity.

1.10 Current taxes

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

1.11 Retirement benefits

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

2 Financial risk management

Capital management

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

Financial risk factors

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

Liquidity risk

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

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

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

Umhlanga Sands Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2021

2 Financial risk management (continued)

Credit risk

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

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

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

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

Interest rate risk

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

Umhlanga Sands Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2021

	2021 R	2020 R
3 Levy surplus before interest and taxation		
The levy surplus before interest and taxation is stated after taking into account the following:		
Employee costs		
- salaries, wages and benefits	12 601 185	8 615 482
- contributions to retirement funds	229 368	435 713
Management fees	3 368 281	4 179 925
Audit fees	254 860	173 500
Lease expenses	-	(600)
Professional, legal and internal audit fees	95 428	96 898
Other operating expenses	42 145 860	39 446 805
	58 694 982	52 947 723
4 Finance income		
Interest income:		
Interest earned on fixed deposits, call deposits and current account	3 250 848	4 138 375
	3 250 848	4 138 375
5 Income tax expense		
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	1 368 757	1 315 253
	1 368 757	1 315 253
A reconciliation of the taxation charge is not considered appropriate as share block companies are liable for taxation only on net non-levy income.		
6 Trade and other receivables		
Trade receivables (refer note 15)	506 831	725 065
Prepayments	8 928 100	2 936 836
Interest receivable	450 539	2 063 245
Receiver of revenue - Vat	1 260 643	-
Sundry receivables (refer note 15)	1 309 692	957 112
	12 455 805	6 682 258
7 Levies receivable		
Levy debtors	4 210 966	4 156 780
Repossessed debtors	1 630 936	672 738
Provision for repossessed debtors	(364 929)	(334 584)
- Opening balance	(334 584)	(159 230)
- Movement	(30 345)	(175 354)
	5 476 973	4 494 934

Umhlanga Sands Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2021

	2021 R	2020 R
8 Reserve for property, plant and equipment		
At the beginning of the year	50 500 299	33 669 708
Levy surplus for the year	28 378 455	31 895 921
	78 878 754	65 565 629
Property, plant and equipment additions and replacements during the year	(11 191 528)	(15 065 330)
At year-end	67 687 226	50 500 299
<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 R27,870,488 for 2022 (2020: approved capital expenditure of R20,472,936 for 2021) which it is anticipated will decrease the budgeted reserve fund by R3,708,605 (2020: increase the budgeted reserve fund by R1,687,542 for 2021). There were commitments made for R802,365 at year-end (2020: R nil).</p>		
9 Trade and other payables		
Trade payables (refer note 15)	1 246 098	1 739 280
Other payables		
Accruals (refer note 15)	3 366 598	10 045 272
Provision for auditors' remuneration	256 882	183 000
Receiver of revenue - Vat	-	103 557
Sundry payables (refer note 15)	2 439 317	1 822 447
	6 062 797	12 154 276
	7 308 895	13 893 556
10 Share capital		
Authorised and issued		
35,371,840 Class "A" ordinary shares of 10 cents each	3 537 184	3 537 184
11 Fixed deposits held with bank		
Fixed deposits held with bank - short term	86 000 000	69 000 000
	86 000 000	69 000 000
12 Cash and cash equivalents		
Bank balances	3 864 172	8 691 369
Cash on hand	17 474	36 118
	3 881 646	8 727 487
13 Levies received in advance		
Levies received in advance	26 827 059	19 722 656

Shareholders are billed 12 months in advance and 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 2021

	2021	2020
	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 which is considered to be of no value. The property is currently valued by the municipality at R284,000,000 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	302 874	172 183
Rental pool	221 307	175 286
Management fee	3 368 281	4 179 925
Central accounting and levy collection fees	3 332 271	3 226 339

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

Rental income	(277 030)	(564 555)
---------------	-----------	-----------

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	(145 003)	(119 015)
--	-----------	-----------

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	(65 278)	(61 404)
Secretarial fees on repossessed debtors and use agreement fees - SRMS	92 400	47 311

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

Fees for points on weeks affected by Covid-19	(140 183)	6 425 457
	(140 183)	6 425 457

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

- Administration - Information technology, industrial relations, training, etc	707 440	475 163
- Training related	1 867	13 710
- Frequent guest loyalty program	24 106	26 802

Umhlanga Sands Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2021

	2021 R	2020 R
15 Related party transactions (continued)		
Certain costs are incurred by SSHI in terms of contracts negotiated on behalf of shareholders of the Southern Sun group, including the Company. These costs, which 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)	(14 520)	(895 348)
- included in sundry payables (refer note 9)	(277 127)	(743 736)
- included in accruals (refer note 9)	(475 225)	(164 757)
- included in trade receivables (refer note 6)	67 230	209 252
- included in sundry receivables (refer note 6)	13 963	11 500
	(685 679)	(1 583 089)

SSHI own units in the Company as follows:

	Number of units	Levies paid R	Levies received in advance R
SunSwop (a division of SSHI) - 2021 shareholding	185	1 318 410	310 800
SunSwop (a division of SSHI) - 2020 shareholding	185	1 320 260	296 100

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

2021 - shareholding

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

2020 - shareholding

RN Dickson - Dream Vacation Club	645	4 886 540	1 329 300
AB Ramsarup - The Leisure Holiday Club	584	4 950 640	803 910
AN Ridl - Club Leisure Group	1 153	8 812 800	2 274 450

Umhlanga Sands Share Block Proprietary

Notes to the Annual Financial Statements for the Year Ended 31 December 2021

	2021	2020
	R	R
16 Directors' emoluments		
Directors have been remunerated an agreed upon fee per meeting attended for their services to the Company. In addition, Directors 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 any negligence, default, breach of duty or breach of trust.		
Directors' emoluments paid for the year:		
RN Dickson	33 600	42 000
G Kruger	-	25 200
JA Lee	-	33 600
LE McMillan	33 600	42 000
MF Mia	33 600	42 000
AB Ramsarup	33 600	42 000
AN Ridl	33 600	42 000
JPF van Rooyen	33 600	8 400
MA Zoya	33 600	8 400
	235 200	285 600

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 2021

	2021 R	2020 R
INCOME		
Levies	80 239 051	78 460 994
Rental pool	332 001	262 929
Short term rentals	2 755 698	1 537 514
Sale of capital assets	-	174 739
Net non-levy income		
- telephone, rentals and penalties etc	1 864 596	1 584 370
	85 191 346	82 020 546
EXPENDITURE		
Room expenses		
Cleaning supplies	328 519	192 640
Guest entertainment and DSTV	1 875 191	1 192 291
Guest supplies	821 419	484 724
Laundry	3 224 609	1 906 670
Pest control	26 064	18 635
Personnel costs - outside services	6 822 436	4 241 829
Plants and decorations	33 660	20 208
Printing and stationery, including reception	341 291	154 634
Replacement of cutlery, crockery, linen, towels, uniforms, etc	1 415 597	804 964
Security and banking services	2 554 041	2 047 011
	17 442 827	11 063 606
Administration and general		
Audit fees		
- current year	254 860	173 500
Bank charges	27 535	29 265
Central accounting and levy collection fees	3 332 271	3 226 339
Corporate social initiatives	56 739	81 448
Covid related costs	216 447	187 674
Credit card commission	279 349	228 819
Directors' emoluments	235 200	285 600
Information technology costs	1 321 137	915 107
Insurance		
- excess	-	10 000
- premium	791 571	1 000 323
- claim	-	(10 000)
Legal fees	95 428	49 500
Licences and permits	131 486	148 395
Loss on repossessed debtors	56 057	9 978
Marketing	88 393	67 084
Postage	200	575
Professional fees	-	47 398
Provision for repossessed debtors	30 345	175 354
Railage, cartage and hire transport	264	2 952
Subscriptions	72 072	65 687
SunSwop exchange service	(140 183)	6 425 457
Telephone	19 826	22 122
Travel - management and Directors	24 050	29 372
Vehicles - fuel and oil	78 962	36 556
	6 972 009	13 208 505

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 2021

	2021 R	2020 R
Electricity, water and refuse		
Electric bulbs	66 664	20 155
Electricity	4 069 404	2 520 275
Generator fuel	102 271	94 525
Refuse	389 371	200 297
Water	846 419	987 919
	5 474 129	3 823 171
Repairs and maintenance		
Air-conditioning	1 054 610	819 499
Buildings and elevators	554 195	437 318
Electrical and mechanical	240 607	172 694
Flooring and carpeting	-	173 345
Furniture, fixtures and room access cards	644 898	303 809
Gardens and grounds	331 888	211 391
Painting and redecorating	36 959	72 901
Personnel costs - outside services swimming pool	-	74 084
Plumbing and heating	111 522	77 372
Radio and TV	126 650	-
Room care	334 476	292 254
Swimming pool cleaning and repairs	34 289	41 771
Vehicles	8 252	4 518
	3 478 346	2 680 956
Capital charges		
Annual report and statutory costs	67 243	35 090
Furniture and equipment leases	-	(600)
Municipal rates and taxes	8 319 218	8 142 483
Urban improvement programme	742 376	763 392
	9 128 837	8 940 365
Personnel costs		
Rooms	8 286 819	5 776 939
Administration and general	2 490 528	1 725 459
Repairs and maintenance	2 053 206	1 548 797
	12 830 553	9 051 195
Management fee	3 368 281	4 179 925
Total expenditure	58 694 982	52 947 723
Excess of income over expenditure before finance cost and taxation	26 496 364	29 072 823
Finance income		
Interest received	3 250 848	4 138 351
Excess of income over expenditure before taxation	29 747 212	33 211 174
Taxation		
- current	1 368 757	1 315 253
Excess of income over expenditure after taxation for the year transferred to reserve for property, plant and equipment	28 378 455	31 895 921

Umhlanga Sands Share Block Proprietary Limited

Minutes of the Annual General Meeting of Shareholders for the Year Ended 31 December 2020 held on Wednesday, 15 September 2021 at 11h07, at uMhlanga Sands Resort, uMhlanga

1 WELCOME AND PREAMBLE

The Chairman of the Company, Mr Anthony Ridl, welcomed all shareholders present. He advised that the meeting was convened in terms of the notice of the annual general meeting ("AGM"), dated 23 July 2021.

He introduced his fellow non-executive Directors: Mr Nicholas Dickson; Mr Ajith Ramsarup; Dr Mahomed Mia; Mr Johannes ("John") van Rooyen; Mr Mzwandile ("Al") Zoya; and Ms Louise McMillan. Members of the senior management team and company secretariat team were also in attendance.

A number of shareholders were unable to attend the AGM and had submitted their forms of proxy in their absence.

2 QUORUM

The Chairman noted that 6,812,284 ordinary shares were represented in person and/or by proxy at the start of this meeting. This constituted a quorum of approximately 19.26% of the Company's issued share capital. With the required quorum being present, being at least three 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 consenting, the notice of meeting dated 23 July 2021 was taken as read.

4 VOTING

The Chairman informed the meeting that voting on the resolutions be taken 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

The Chairman presented the annual financial statements for the year ended 31 December 2020, together with the reports of Directors, the independent auditors thereon, and the reports of the audit committee, and the social and ethics committee, as contained in the annual report of the Company.

ORDINARY RESOLUTION 1

Ordinary resolution 1, as set out in the notice convening the meeting, relating 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 2020 was taken as read. No questions or comments were recorded and it was unanimously RESOLVED that the annual financial statements for the year ended 31 December 2020 be and are hereby approved and adopted.

6 APPOINTMENT OF AUDITORS

ORDINARY RESOLUTION 2

Ordinary resolution 2, as set out in the notice convening the meeting, relating to the appointment of BDO South Africa Incorporated ("BDO") as the independent auditors of the Company until the conclusion of the next AGM of the Company was taken as read. There were no queries or comments and it 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 is limited to seven (7) Directors. The Chairman noted that the Directors who retire at this meeting, being eligible, were available for re-election. No additional nomination with supporting documentation was received.

Umhlanga Sands Share Block Proprietary Limited

7.1 ORDINARY RESOLUTION 3.1

Ordinary resolution 3.1, as set out in the notice convening the meeting, relating to the re-election of Mr Nicholas Dickson as a Director, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Mr Dickson be and is hereby re-elected as a Director of the Company.

7.2 ORDINARY RESOLUTION 3.2

Ordinary resolution 3.2, as set out in the notice convening the meeting, relating to the re-election of Ms Louise McMillan as a Director, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Ms McMillan be and is hereby re-elected as a Director of the Company.

7.3 ORDINARY RESOLUTION 3.3

Ordinary resolution 3.3, as set out in the notice convening the meeting, relating to the re-election of Dr Mahomed Mia as a Director, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Dr Mia be and is hereby re-elected as a Director of the Company.

7.4 ORDINARY RESOLUTION 3.4

Ordinary resolution 3.4, as set out in the notice convening the meeting, relating to the re-election of Mr Ajith Ramsarup as a Director, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Mr Ramsarup be and is hereby re-elected as a Director of the Company.

7.5 ORDINARY RESOLUTION 3.5

Ordinary resolution 3.5, as set out in the notice convening the meeting, relating to the re-election of Mr Anthony Ridl as a Director, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Mr Ridl be and is hereby re-elected as a Director of the Company.

7.6 ORDINARY RESOLUTION 3.6

Ordinary resolution 3.6, as set out in the notice convening the meeting, relating to the re-election of Mr John van Rooyen as a Director, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Mr van Rooyen be and is hereby re-elected as a Director of the Company.

7.7 ORDINARY RESOLUTION 3.7

Ordinary resolution 3.7, as set out in the notice convening the meeting, relating to the re-election of Mr Al Zoya as a Director, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Mr Zoya be and is hereby re-elected as a Director of the Company.

8 APPOINTMENT OF AUDIT COMMITTEE

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

8.1 ORDINARY RESOLUTION 4.1

Ordinary resolution 4.1, as set out in the notice convening the meeting, relating to the election of Mr Nicholas Dickson as a member of the Company's audit committee, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Mr Dickson be and is hereby elected as a member of the Company's audit committee.

8.2 ORDINARY RESOLUTION 4.2

Ordinary resolution 4.2, as set out in the notice convening the meeting, relating to the election of Mr Ajith Ramsarup, as a member of the Company's audit committee, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Mr Ramsarup be and is hereby elected as a member of the Company's audit committee.

Umhlanga Sands Share Block Proprietary Limited

8.3 ORDINARY RESOLUTION 4.3

Ordinary resolution 4.3, as set out in the notice convening the meeting, relating to the election of Mr Anthony Ridl as a member of the Company's audit committee, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Mr Ridl be and is hereby elected as a member of the Company's audit committee.

9 INSURED VALUE OF PROPERTY

As recommended by independent quantity surveyors, Brian Heineberg and Associates and duly approved by the Board of Directors, the insured value of the property amounted to R680,468,571. Buildings were valued at R573,254,511 and furniture, fittings and equipment was valued at R107,214,060. There were no questions or comments and it was unanimously RESOLVED that the insured value of the property be and is hereby approved.

10 NON-EXECUTIVE DIRECTORS' FEES

SPECIAL RESOLUTION 1

Special resolution 1, as set out in the notice convening the meeting, relating to the approval of the fees payable to non-executive Directors for their services as a Director, was taken as read.

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, or cluster of meetings, in respect of the period from 16 September 2021 until the next AGM of the Company, be and is hereby approved.

11 OTHER BUSINESS

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

The Chairman invited the resort's general manager, Mr Antony Larsen, to present his report to the meeting. Mr Larsen greeted all shareholders and commented that the 2020 year had been an extraordinary year. He presented an overview of the following:

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

Mr Larsen presented images of the refurbished and enhanced areas that included the:

- entrance area;
- lift lobbies;
- reception service area;
- public areas;
- food and beverage areas; and
- entrance to the family swimming pool area;

The meeting applauded Mr Larsen for his presentation.

The Chairman mentioned that while 2020 had been a very challenging year, the share block and resort had operated very well.

Umhlanga Sands Share Block Proprietary Limited

12 CLOSURE

The Chairman thanked his fellow Directors for their assistance and support during the difficult year and he thanked the management team for their guidance and continued efforts in running a very well operated resort. The Chairman extended his appreciation to the shareholders who attended the meeting and to those who provided their forms of proxy in their absence.

There being no further business, the Chairman declared the meeting closed at 11h30.



Chairman

