



UMZUMBE CHALETs

AANDELEBLOK EDMS BEPERK

SHARE BLOCK PTY LIMITED

Reg. # 1968/011196/07

Jaarverslag – Annual Report 2022-07-01 – 2023-06-30

Inhoud – Contents

Kennisgewing van Algemene Jaarvergadering	2-3
Notice of Annual General Meeting	4-5
Notule 2022-11-11 / Minutes	6-12
Chairman's Report/Voorsittersverslag	13-14
Finansiële State / Financial Statements	17-18
Volmagvorm / Form of Proxy	Last Page

Geregistreerde Kantoor / Registered Office

Umzumbe Chalets Aandeleblok Edms Beperk/Share Block Pty Limited
Umzumbe Station Road
KwaZulu-Natal

Posbus/P O Box 20
UMZUMBE
4225

Tel: 039-684-6291
Faks/Fax: 039-684-5652
E-pos/mail: (dept)@umzumbechalets.co.za
Webwerf/site:www.umzumbechalets.co.za



UMZUMBE CHALETs AANDELEBLOK EDMS BPK

Reg. # 1968/011196/07

Direkteure:

Mnr JZ Helberg (Voorsitter)
Mnr JC van Schalkwyk (Uitvoerende Direkteur)
Mev R Bodenstein

Adres:

Stasieweg 2
KwaZulu-Natal
Posbus 20
Umzumbe
4225

KENNISGEWING VAN ALGEMENE JAARVERGADERING GEHOU TE UMZUMBE CHALETs AANDELEBLOK EDMS BPK

Kennis geskied hiermee dat die Algemene Jaarvergadering van Aandeelhouders van die Maatskappy op die perseel van **Umzumbe Chalets Aandeleblok Edms Beperk** gehou sal word op, **Vrydag, 10 November 2023 om 18h30.**

Agenda is soos volg:

1. **Verwelkoming**
 - 1.1 Teenwoordig
 - 1.2 Verskonings
2. **Verslag van die Voorsitter.**
3. Om die finansiële state van die Maatskappy vir die finansiële jaar geëindig **30 Junie 2023** te ontvang en te oorweeg, tesame met die Direkteursverslag en die verslag van die Ouditeure daarop.
4. **Direkteure:**
 - 4.1 Onveranderd
5. **Ouditeure:**
 - 5.1 ASI Assurance & Advisory Inc.
6. Om die **Direkteursvergoeding** vir die finansiële jaar 2023/2024 vas te stel.
7. **Magtiging** vir die Direksie om die **Ouditeursvergoeding** vir die jaar 2023/2024 vas te stel.
8. Goedkeuring van **Oordversekering** – geplaas by: **Versekeraar - Lloyds South Africa (Pty) Ltd**
Onderskrywer - F & I Risk Managers (Pty)Ltd

- Geboue / Inhoud **R90,750,000.00**
9. Om enige ander sake wat op 'n Algemene Jaarvergadering behandel mag word, af te handel.

LET WEL:

- 1) Punte vir bespreking en/of voorstelle ten opsigte van bogemelde agendapunte moet skriftelik en ten volle gemotiveerd, gerig word om die geregistreerde kantoor van die Maatskappy teen nie later as **16:00 op Maandag, 06 November 2023** te bereik.
- 2) **Volmag:**
n Lid wat geregtig is om die Maatskappy se Algemene Jaarvergadering by te woon en daar te stem, is geregtig om in sy plek 'n volmag aan te stel om die vergadering by te woon en daar te praat en te stem. 'n Gevolmagtigde hoef nie 'n lid van die Maatskappy te wees nie. Die lid moet die ingeslote volmagvorm volledig voltooi, dateer en onderteken, indien / versend om die geregistreerde kantoor van die Maatskappy, nie later as **48 uur voor die aanvang van die vergadering**, te bereik.
- 3) **Alle dokumente wat saam met die kennisgewing versprei word, sal tydens die vergadering as gelese beskou word.**

In opdrag van die Raad.

JC van Schalkwyk
Uitvoerende Direkteur
1 Oktober 2023



UMZUMBE CHALETs SHARE BLOCK PTY LIMITED

Reg. #. 1968/011196/07

Directors:

Mnr JZ Helberg (Chairman)
Mnr JC van Schalkwyk (Executive Director)
Mrs R Bodenstein

Address:

2 Station Road
Umzumbe
KwaZulu-Natal
P O Box 20
Umzumbe
4225

NOTICE TO SHAREHOLDERS OF THE ANNUAL GENERAL MEETING HELD AT UMZUMBE CHALETs SHARE BLOCK PTY LTD

Notice is hereby given that an Annual General Meeting of members of the Company will be held at the premises of **Umzumbe Chalets Share Block Pty Limited** on **Friday, 10 November 2023** at **18h30**.

Agenada is as follows:

- 1. Welcome**
 - 1.1 Present
 - 1.2 Apologies
- 2. Chairman's Report.**
- 3.** To receive and consider the annual financial statements of the Company for the financial year ended **30 June 2023**, including the Directors' Report and the report of the Auditors thereon.
- 4. Directors:**
 - 4.1 Remain the same
- 5. Auditors:**
 - 5.1 ASI Assurance & Advisory Inc
- 6.** To determine the remuneration of the Directors for the period **1 July 2023** to **30 June 2024**.
- 7.** To authorise the Directors to determine the Auditors remuneration for the financial year ending **30 June 2024**.
- 8.** Approval of insurance values placed with **Insurer - Lloyds South Africa (Pty) Ltd**
Underwriter - F & I Risk Managers (Pty)Ltd

- Buildings / Contents - **R90,750,000.00**
- 9.** To transact such other business as may be transacted at an Annual General Meeting.

PLEASE NOTE:

- 1) Points for discussion and/or proposals in respect of any of above items must be submitted in writing, fully motivated, to reach the registered office of the Company, not later than **16:00 on Monday, 06 November 2023.**
- 2) **Proxy:**
A member who is entitled to attend and vote at an Annual General Meeting of the Company is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Company. The member must fully complete, date and sign the included proxy form and deliver/forward it to reach the registered office of the Company not later than **48 hours prior to the commencement** of the meeting.
- 3) **All documents accompanying this notice will be taken as read at the meeting.**

By order of the Board.

JC van Schalkwyk
Executive Director
01 October 2023

UMZUMBE CHALETS AANDELEBLOK BEPERK

Reg. Nr. 1968/011196/07

**NOTULE/ MINUTES VAN DIE ALGEMENE JAARVERGADERING/AGM GEHOUD OP
VRYDAG, 11 November 2022, OM 18h:30 TE**

UMZUMBE CHALETS AANDELEBLOK BPK, STASIESTRAAT, UMZUMBE.

Teenwoordig/ Present:

DIREKTEURE/DIRECTORS:

JZ Helberg (Voorsitter)
JC van Schalkwyk (Uitvoerende Direkteur)
R Bodenstein (Finansiële Direkteur)
T. Smith (Sekretaresse)

Verskonings/ Apologies:

Geen/None

AANDEELHOERS TEENWOORDIG/ SHARE HOLDERS PRESENT:

Mnr. D Oosthuizen
Mnr. MB Erasmus
Mev. EM Erasmus
Mnr. HJS Fourie

AANDEELHOERS/SHAREHOLDERS (stemme/votes):

211 stemme verteenwoordig met volmagte.
211 votes casted with proxies.

VERWELKOMING / WELCOMING:

Die Voorsitter verwelkom almal teenwoordig, insluitend die aandeelhouders wat op "Facebook Live" aansluit, en verklaar die vergadering behoorlik gekonstitueer.
The Chairman bid a friendly welcome to everybody present, including the shareholders that is joining on Facebook Live, and declare the meeting properly constituted.

BEVESTIGING VAN SAKELYS/AFFIRMATION OF AGENDA:

Die Voorsitter versoek dat, 9.1 Korting op Pensioenarischeffings, bygevoeg word op die agenda soos per geskrewe versoek

The Chairman requests that, 9.1 Rebate on Pensioner Levies, be added to the agenda as per written request.

Die sakelys is so aanvaar en goedgekeur./ The agenda was accepted and approved.

2. VERSLAG VAN DIE VOORSITTER / CHAIRMAN'S REPORT:

(Hierdie verslag is as gelese aanvaar / This report will be taken as read.)

Die Voorsitter noem dat –

- Umzumbe Chalets in 'n oorlewingsstryd is. Die finansies lyk goed, maar die Direksie moet voorsorg maak dat die finansies nie te ver agteruit gaan nie. Hy (Voorsitter) stel almal gerus dat daar klaar strategieë in plek is om dit te verhoed.

Een van die strategieë is om nie net weke uit te verhuur nie, maar ook dae. Die inkomste wat verhurings vir die 2021/2022 finansiële jaar ingebring het kom tot die bedrag van R292 081.00.

- dit die aandeelhouer se verantwoordelikheid is om seker te maak dat, ongeag of hul self van die aandeel gebruik maak of dit uitverhuur, die aantal gaster nie 6 per eenheid oorskrei nie. Indien daar meer as 6 persone 'n eenheid beset, kan 'n ander eenheid gehuur word om die aandeelhouders tegemoet te kom met die ekstra persoon.
- dat indien die aandeelhouders nie van hul weke gebruik kan maak nie, kan hulle hul weke by Iexchange bank en sodoende beloon word met punte wat dan gebruik kan word om 'n ander oord te besoek in 'n ander tyd van die jaar.
- Mnr. HJS Fourie stel voor dat daar gekyk word na die aantal punte wat Iexchange gee in vergelyking met die weke wat gebank word.

Die Voorsitter verduidelik dat die aantal punte wat Iexchange die aandeelhouders mee beloon, van die waarde van die week afhang. Bv. binneseisoen, buite seisoen of hoë seisoen, A-Raam of H-Raam ens.

Hy (Voorsitter) verduidelik ook dat indien 'n aandeelhouer sy/haar punte by 'n oord wil gebruik wat se waarde volgens Iexchange hoër is as die waarde van die week wat gebank is, gaan dit nie moontlik wees om 'n week by daai spesifieke oord te bly vir die aantal punte wat ontvang is nie.

Mnr. JC van Schalkwyk verduidelik dat hoe vroër 'n aandeelhouer sy week/weke bank hoe groter is die kans om die volle waarde van die week/weke se punte te ontvang.

Mnr. HJS Fourie vra of Umzumbe Chalets enige finansiële voordeel trek rakende Iexchange?

Die Voorsitter verduidelik dat Umzumbe Chalets self geen voordeel trek nie, maar dat Iexchange 'n alternatiewe opsie vir die aandeelhouders is indien hul nie van hul weke gebruik kan maak nie.

Daar word genoem dat alhoewel Umzumbe Chalets nie direk voordeel trek nie, help die bankproses met die slegte skuld. Voordat 'n aandeelhouer hul week kan bank, moet alle heffings op datum betaal word.

Mnr. MB Erasmus vra indien hy sy week bank by Iexchange, is dit dan Iexchange se verantwoordelikheid om sy week by Umzumbe uit te huur?

Mnr. JC van Schalkwyk bevestig dat omdat die aandeelhouer sy week gebank het, val daai week dan, net vir daai jaar, in Iexchange se beskikbaarheidspoel en dit is dan Iexchange se verantwoordelikheid om daai week uit te verhuur.

The Chairman mentioned that -

- Umzumbe Chalets is in a battle for survival. Although the finances looks good, the Board of Directors must make sure that the finances do not deteriorate too far. He (Chairman) reassures everyone that there are already strategies in place to prevent this.

One of the strategies is to rent out not only weeks, but also days. The income brought in by rentals for the 2021/2022 financial year comes to the amount of R292 081.00.

- it is the shareholder's responsibility to make sure that, regardless of whether they themselves use the share or they rent it out, the number of guests does not exceed 6 per unit. If more than 6 people occupy a unit, another unit can be rented to accommodate the shareholders with the extra person/persons.
- that if the shareholders cannot use their weeks, they can bank their weeks at Iexchange and thus be rewarded with points that can then be used to visit another resort at another time of the year.
- Mr. HJS Fourie suggests looking at the number of points that Iexchange gives compared to the weeks that are banked.

The Chairman explains that the number of points that Iexchange rewards the shareholders with depends on the value of the week. For example, in-season, out of season or high season, A-Frame or H-Frame etc.

He (Chairman) also explains that if a shareholder wants to use his/her points at a resort with a higher value (according to Iexchange) than the Umzumbe week/weeks that were banked, it will not be possible to spend a week at that specific resort with the amount of points received.

Mr. JC van Schalkwyk explains that the earlier a shareholder banks his week/weeks, the greater the chances of receiving the full amount of points according to the value of the week/weeks.

Mr. HJS Fourie asks if Umzumbe Chalets benefit financially regarding Iexchange?

The Chairman explains that Umzumbe Chalets itself does not benefit, but that Iexchange is merely an alternative option for the shareholders that cannot utilize their week/weeks.

It is mentioned that although Umzumbe Chalets does not benefit directly, the banking process helps with the bad debt. Before a shareholder can bank their week, all levies must be paid up to date.

Mr. MB Erasmus asks if he banks his weeks at Iexchange, is it then Iexchange's responsibility to rent out his weeks at Umzumbe?

Mr. JC van Schalkwyk confirms that because the shareholder has banked his week, that week then falls, only for that year, in Iexchange's availability pool and it is then Iexchange's responsibility to rent out that week.

The report is generally accepted and agreed upon.

Approved: Mnr. D Oosthuizen

Second: Mr. MB Erasmus

3. Finansiële State/ Financial Statements:

Die Finansiëlestate wat op die webblad verskyn het is as gelese aanvaar.

The Financial Statements that were available on the web page were accepted as read for the meeting.

Mrs. R. Bodenstein (Financial Director) –

- Confirms that Umzumbe did get an unqualified audit report.
- The outstanding levies at yearend 2021/2022 is inline with the prior year at about 14%
- The bad debts is about R1,1 million and although it sounds high, it is no use to keep the outstanding debtors at an amount that is not recoverable and then the financial statements would have been over stated.
- The bad debts recovered increased from the prior year. This shows that the strategies implemented to recover the bad debt is working. Even though it increased, it is still low in terms of the outstanding debtors
- The main increases, regarding the expenses, was in Maintenance of Communal Property (increased with +-R230 000.00) and Repairs and Maintenance (increased with +-R250 000.00)
This shows that although there is a large outstanding levy amount, Umzumbe is still spending on repairs and maintenance to improve the resort to keep it at a 3 Star or 4 Star level.
- Levies received in advance is sitting at almost R3.3 million. If you look at the bank balance at the end of the 2021/2022 financial year, it shows an amount of about R6.3 million. Deducting the levies paid in advance for the 2022/2023 financial year (R3.3million), the actual amount in the bank for the 2021/2022 financial year is about R3 million.
Concern is expressed because the R3 million that is reflecting in the bank, is the same as in the prior year and this shows that Umzumbe Chalets is standing still and not moving forward. This is because of the outstanding debtors increasing.
- The assets/liabilities ratio - for every R1 Liability there is R2.50 of assets to cover that liability. This is a good ratio to have in comparison to the norm of 1-1.

Mr. HJS Fourie expresses concern about the unsold weeks and would like to know if the Directors are acting on this issue to increase the selling of weeks.

The Chairman reassures Mr. Fourie that there are strategies in place, for example – outside marketers were approached to help with the marketing and selling of more weeks.

Mr. HJS Fourie mentions that he can see that the H-Frame units' availability are decreasing, which shows him that there is a demand for the H-Frames and suggests that the Directors look into building more H-Frames and maybe look into adding and extra

toilet on the top floor of the A-Frames to increase the chances of selling the shares and therefor increasing the income at Umzumbe Chalets.

Mr. JC van Schalkwyk explains that the reason for the H-Frames' availability decreasing, is not due the weeks being sold, but because of existing shareholders that moved from A-Frames to H-Frames.

The Chairman reassures Mr. Fourie that the Directors are busy working on and looking into everything he is suggesting and although there is a lot of problems that comes with the specific suggestions, the Directors are still working on finding solutions.

Mr. MB Erasmus praises the Directors for the great work they did the past few years regarding the marketing of Umzumbe Chalets. He mentions even though the Directors and Umzumbe staff works hard in marketing the resort, there is a big negativity in the South African market regarding time share and share blocks and that puts a big burden on the selling of Umzumbe shares.

Die finansiële state word so aanvaar/The financial statements were accepted

Approved: Mr. HJS Fourie

Second: Mr. MB Erasmus

4. DIREKTEURE / DIRECTORS:

4.1 Onveranderd/No changes

Die vergadering neem kennis en dit word algemeen aanvaar/ The meeting takes note and it is generally accepted.

Approved: Mr. MB Erasmus

Second: Mr. D Ooshuizen

5. AANSTEL VAN OUDITEURE/ APPOINTMENT OF AUDITORS:

5.1 ASI Assurance & Advisory Inc.

Die Heraanstelling van ASI Assurance & Advisory Inc. vir die boekjaar 2022/2023 word aanvaar en goedgekeur.

The Re-appointment of ASI Assurance & Advisory Inc. for the financial year 2022/2023 was accepted and approved.

Voorstel: Mnr. MB Erasmus

Sekondant: Mnr. D Oosthuizen

6. DIRECTORS REMUNERATION/ DIREKTEURSVERGODEING

Due to the economic conditions in South Africa and the Covid 19 pandemic, the Directors opted again not to receive any Directors remuneration increases for the year ending 30 June 2023.

Mr. MB Erasmus proposes, that the Directors remuneration should increase to R30 000 this year.

The Board shows appreciation and accepts Mr. Erasmus's proposal.

Approved: Mr. MB Erasmus

Second: Mr. D Oosthuizen

7. Ouditeursvergoeding/ Auditor's remuneration:

Magtiging word verleen aan Direkteure om die Ouditeursvergoeding vir die jaar **30 Junie 2022/2023** vas te stel.

Voorstel: Mnr. MB Erasmus

Sekondant: Mnr. HJS Fourie

8. GOEDKEURING VAN VERSEKERING/APPROVAL OF INSURANCE WITH ZURICH INSURANCE COMPANY:

Versekeraar/Insurer – Lloyds South Africa (Pty) Ltd

Onderskrywer/Underwriter – F & I Risk Manager (Pty) Ltd.

The new total insured value: **R82,500,000.00**

Approved: Mr. D Oosthuizen

Second: Mr. MB Erasmus

9.1 Afslag op Pensioenarischeffings / Rebate on Pensioners Levy

Die Voorsitter verduidelik dat 'n groter deel van Umzumbe se aandeelhouders pensioenarisse is en dat Umzumbe Chalets afhanklik is van heffings om uitgawes te dek. As daar 'n afslag op pensioenarischeffings is, sal dit 'n groot tekort op die inkomste veroorsaak en dit sal nie regverdig wees teenoor die nie-pensioenarisse wat dan tot die tekort sal moet bydra nie.

Die Voorsitter noem dat daar ander aspekte is waarna die Direksie kyk rakende afslag op heffings.

Mnr. MB Erasmus stel voor dat daar ook na 'n uittredestrategie gekyk word.

Die Voorsitter deel mee dat daar baie reperkussies kan wees, maar dat die Direksie sal kyk na die implikasies rakende die uittredestrategie.

Die Voorsitter vra dat die vergadering die Direkteure volmag sal gee om verder hierop in te gaan, met inagneming van die uittredestrategie en ander aspekte.

The Chairman explains that a larger proportion of Umzumbe's shareholders are pensioners, and that Umzumbe Chalets is dependent on levies to cover expenses. If there is a discount on pensioner levies, it will cause a large deficit on the income and it will not be fair to the non-pensioners who will then have to contribute to the deficit.

The Chairman mentions that there are other aspects that the Directors are looking at regarding discounts on levies.

Mr. MB Erasmus suggests that an exit strategy must also be looked at.

The Chairman mentions that there can be many repercussions, but that the Board will look at the implications regarding the exit strategy.

The Chairman asks that the meeting will give the Board power of attorney to go into this further, taking into account the exit strategy and other aspects.

VOTE OF THANKS:

The Chairman conveyed his thanks to the director's for their trust and support.

Die Voorsitter bedank sy gade vir haar ondersteuning die afgelope jaar, asook die Bestuur van Umzumbe Chalets Aandeleblok Edms Bpk vir die goeie vordering en toestand van die oord.

A vote of thanks to the faithful shareholders for paying their levies promptly and support over the years.

Approved: Mr. D Ooshuizen

Second: Mr. MB Erasmus

Afsluiting:

Hierna bedank die Voorsitter weereens almal vir hul teenwoordigheid en hul insette tot die verrigtinge en sluit die vergadering amptelik om 19h55.

Almal teenwoordig word uitgenooi om verversings / tee / koffie saam met die Raadslede in die "Blou Duiker Restaurant" te geniet.

Geteken as 'n ware weergawe van die verrigtinge.


Mnr. JZ Helberg
VOORSITTER


Mnr. JC van Schalkwyk
UITVOERENDE DIREKTEUR

10/03/2023
DATUM

Umzumbe Chalets Shareblock Ltd. Chairman's Report for the year ending 30 June 2023.

It is again my privilege to provide you with this report for the financial year ending 30 June 2023. With this report we provide shareholders with pertinent information as to the state of affairs of Umzumbe Chalets Shareblock Pty Ltd. which includes the financial position and the future of Umzumbe as perceived by the Directors.

For financial and technical reasons, it was decided to discontinue to include electronic participation in the Annual General Meeting (AGM) and to resort back to the previous norm of personal attendance at the AGM at Umzumbe. The unsigned minutes of the meeting will be available on request after the meeting has taken place. (Note that these minutes will only be approved at the next AGM).

Umzumbe Chalets are still able to provide its shareholders with an affordable and pleasant holiday and still compares favourably with like timeshares in the area. However, we still experience a drop in the levies paid by shareholders because of the perception that no holiday means no levy due. This is in breach of the original contract between the shareholder and Umzumbe Chalets Shareblock Ltd. and legal recourse will be taken against defaulters.

Ugu Municipality experienced several water supply problems over the past year with no water being available for days (sometime weeks) on end. Due to water management systems (water tanks and two boreholes) installed by the Managing Director, Umzumbe Chalets was able to supply sufficient water to its residents even in high season periods. Unfortunately, and due to high-cost factors, the problem of electricity supply still remains.

The Financial Results and the report by the Financial Director at our Annual General Meeting (AGM) will elaborate on our financial position and point to the financial future of our resort.

The Directors have performed the required liquidity and solvency tests as required by the Companies Act 71, 2008 of South Africa and are satisfied that Umzumbe Chalets is still solvent according to these tests. This is attested to in the Auditors Report and the Report of the Directors in the Financial Statements. The operating results and financial state of affairs are fully set out in the Financial Statements and will be further explained by the Financial Director at the Annual General Meeting (AGM). To be noted is that Umzumbe made a Loss of R149,430.00 after taxation for the year. This reduced our Accumulated Surplus from R4,917,006.00 to R4,767,576.00

The rebuilding of H-Frame chalets has been suspended due to financial constraints, but we will continue with upgrading the existing A-frame chalets because these chalets are still the backbone of Umzumbe Chalets, and we cannot afford to neglect them. Shareholders are again reminded to book two weeks in advance if they intend to utilise their timeshare and to obtain a booking reference number for this reservation. Without this booking reference number, considerable delays could be encountered upon arrival due to various obvious facts. Guests are reminded **not to arrive before 14h00** as under no circumstances will they be allowed access to the resort. Please read all the literature provided when entering the resort to acquaint yourself with the rules of the resort. The requirements of the Consumer Protection Act also necessitate a check in form that must be completed with the check in process.

We have kept the number of Directors to the minimum requirements by law to three which translates to another cost saving. The Administration personnel under the leadership of Jaco has again performed admirably, not only in their day-to-day functions, but also to bring the strategies of the Directors to fruition

and for this I thank them. I wish to extend my appreciation to Jaco (our Managing Director) who has gone beyond his reference of duty in the day to day running and maintenance upgrades of the resort. Particular mention must also be made of our Financial Director, who is a qualified CA, and who have given invaluable inputs to the intricate finances of Umzumbe Chalets. To my wife, thank you for your understanding and support. I also wish to thank our Shareholders for their continued loyalty. We can assure you that as your Director's (and also as Shareholders) we will do everything in our power to keep Umzumbe Chalets a viable and pleasurable resort for us all.

The AGM will take place on Friday 10 November 2023, if you are unable to attend the AGM, you are urged to complete the enclosed proxy form so that your vote can be voiced at this meeting. We look forward to meeting with you at this AGM and wish you many happy holidays at Umzumbe chalets.

Friendly Regards,

Johan Helberg, B.Com, A IMTA, A ITC
Chairman

Umzumbe Chalets Shareblock Limited

(Registration Number 1968/011196/07)

**Annual Financial Statements
for the year ended 30 June 2023**

Audited Financial Statements

in compliance with the Companies Act of South Africa

Audited by: ASI Assurance and Advisory Incorporated

Professional designation: Registered Accountants and Auditors

Date published: 8 August 2023

Umzumbe Chalets Shareblock Limited

(Registration Number 1968/011196/07)

Annual Financial Statements for the year ended 30 June 2023

Index

	Page
General Information	2
Directors' Responsibilities and Approval	3
Directors' Report	4
Independent Auditor's Report	5 - 6
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Accounting Policies	11 - 12
Notes to the Financial Statements	13 - 16
The supplementary information presented does not form part of the Financial Statements and is unaudited: Detailed Income Statement	17 - 18

Umzumbe Chalets Shareblock Limited

(Registration Number 1968/011196/07)

Annual Financial Statements for the year ended 30 June 2023

General Information

Country of Incorporation and Domicile	South Africa
Registration Number	1968/011196/07
Nature of Business and Principal Activities	The principal activity of the company is operating a shareblock scheme in respect of its immovable property. There were no major changes herein during the year.
Directors	J.Z. Helberg J.C. Van Schalkwyk R Bodenstein
Registered Office	Umzumbe Station Road Umzumbe 4225
Business Address	Umzumbe Station Road Umzumbe 4225
Postal Address	P.O. Box 20 Umzumbe 4225
Bankers	ABSA Bank Limited
Tax Number	9621/225/84/7
Level of Assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Chartered Accountants CA(SA)	ASI Assurance and Advisory Incorporated 132 Musgrave Road Musgrave Berea 4062

Umzumbe Chalets Shareblock Limited

(Registration Number 1968/011196/07)

Annual Financial Statements for the year ended 30 June 2023

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The annual financial statements support the viability of the company.

The annual financial statements have been audited by the independent auditing firm, ASI Assurance and Advisory Incorporated, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the directors and committees of the directors. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 5 to 6.

The annual financial statements set out on pages 7 to 16, and the supplementary information set out on pages 17 to 18 which have been prepared on the going concern basis, were approved by the directors and were signed on 8 August 2023 on their behalf by:

J.Z. Helberg

J.C. Van Schalkwyk

R Bodenstein

Umzumbe Chalets Shareblock Limited

(Registration Number 1968/011196/07)

Annual Financial Statements for the year ended 30 June 2023

Directors' Report

The directors present their report for the year ended 30 June 2023.

1. Review of activities

Main business and operations

The principal activity of the company is operating a shareblock scheme in respect of its immovable property. There were no major changes herein during the year.

The operating results and statement of financial position of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the company.

4. Directors

The directors of the company during the year and up to the date of this report are as follows:

J.Z. Helberg

J.C. Van Schalkwyk

R Bodenstein

5. Independent Auditors

ASI Assurance and Advisory Incorporated were reappointed as the independent auditors of Umzumbe Chalets Shareblock Limited.

Independent Auditor's Report

To the Shareholders of Umzumbe Chalets Shareblock Limited

Opinion

We have audited the financial statements of Umzumbe Chalets Shareblock Limited set out on pages 7 to 16, which comprise the statement of financial position as at 30 June 2023, and the statement of comprehensive income, the statement of changes in equity and the 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 Umzumbe Chalets Shareblock Limited as at 30 June 2023, 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 for 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 "Umzumbe Chalets Shareblock Limited Financial Statements for the year ended 30 June 2023", which includes the Directors' Report, and the statement of Directors' Responsibilities and Approval as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the supplementary information set out on pages 17 to 18. 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.

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 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 financial statements that are free from material misstatement, whether due to fraud or error.

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.

ASI Assurance and Advisory Incorporated

Per: S. Ismail
Registered Accountants and Auditors
Chartered Accountant (SA)

8 August 2023

132 Musgrave Road
Musgrave
Berea
4062

Umzumbe Chalets Shareblock Limited

(Registration Number 1968/011196/07)

Financial Statements for the year ended 30 June 2023

Statement of Financial Position

Figures in R

	Notes	2023	2022
Current assets			
Trade and other receivables	2	1,673,579	1,848,197
Current tax assets		-	37,020
Cash and cash equivalents	3	6,126,558	6,360,289
Total assets		7,800,137	8,245,506
Equity and liabilities			
Equity			
Issued capital	4	5,700	5,700
Reserves	4	(5,700)	(5,700)
Accumulated surplus		4,767,576	4,917,006
Total equity		4,767,576	4,917,006
Liabilities			
Current liabilities			
Trade and other payables	5	66,588	90,618
Income received in advance		2,936,583	3,237,882
Current tax liabilities		29,390	-
Total liabilities		3,032,561	3,328,500
Total equity and liabilities		7,800,137	8,245,506

Umzumbe Chalets Shareblock Limited

(Registration Number 1968/011196/07)

Financial Statements for the year ended 30 June 2023

Statement of Comprehensive Income

Figures in R	Notes	2023	2022
Revenue		8,549,332	8,287,427
Other income		638,243	446,729
Employee benefits expense	6	(2,229,296)	(1,936,135)
Other expenses		(7,373,597)	(6,652,979)
(Deficit)/Surplus from operating activities		(415,318)	145,042
Finance income		344,798	191,546
Surplus before tax		(70,520)	336,588
Income tax expense	9	(78,910)	(39,296)
(Deficit)/Surplus for the year		(149,430)	297,292

Umzumbe Chalets Shareblock Limited

(Registration Number 1968/011196/07)

Financial Statements for the year ended 30 June 2023

Statement of Changes in Equity

Figures in R	Issued capital	Shareholders' Loan	Accumulated surplus	Total
Balance at 1 July 2021	5,700	(5,700)	4,619,714	4,619,714
Changes in equity				
Surplus for the year	-	-	297,292	297,292
Total comprehensive income	-	-	297,292	297,292
Balance at 30 June 2022	5,700	(5,700)	4,917,006	4,917,006
Balance at 1 July 2022	5,700	(5,700)	4,917,006	4,917,006
Changes in equity				
Deficit for the year	-	-	(149,430)	(149,430)
Total comprehensive income	-	-	(149,430)	(149,430)
Balance at 30 June 2023	5,700	(5,700)	4,767,576	4,767,576
Notes	4	4		

Umzumbe Chalets Shareblock Limited

(Registration Number 1968/011196/07)

Financial Statements for the year ended 30 June 2023

Statement of Cash Flows

Figures in R

	Notes	2023	2022
Cash flows from operations			
Cash receipts from customers		7,564,578	7,599,723
Cash paid to suppliers and employees		(8,130,607)	(7,428,054)
Net cash flows (used in) / from operations	10	(566,029)	171,669
Interest received		344,798	191,546
Income taxes paid	11	(12,500)	(31,000)
Net cash flows (used in) / from operating activities		<u>(233,731)</u>	<u>332,215</u>
Net (decrease) / increase in cash and cash equivalents		<u>(233,731)</u>	<u>332,215</u>
Cash and cash equivalents at beginning of the year		6,360,289	6,028,074
Cash and cash equivalents at end of the year	3	<u>6,126,558</u>	<u>6,360,289</u>

Umzumbe Chalets Shareblock Limited

(Registration Number 1968/011196/07)

Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements of Umzumbe Chalets Shareblock Limited have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act of South Africa. The financial statements have been prepared under the historical cost convention. They are presented in South African Rand.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Property, plant and equipment

As the right of use of all items of property, plant and equipment is given to the shareholders of the share block company, and therefore no future economic benefits will arise therefrom, all items of property, plant and equipment are expensed in the period in which they are acquired.

1.2 Financial instruments

Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

Trade and other payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Levies in advance

Levies in advance are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Issued capital

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Umzumbe Chalets Shareblock Limited

(Registration Number 1968/011196/07)

Financial Statements for the year ended 30 June 2023

Accounting Policies

1.3 Tax

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of value-added tax, returns, rebates and discounts.

Revenue comprises levies raised for the year and other income related to the letting of the units under the shareblock scheme. Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the debtor, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company.

Interest income is recognised using the effective interest method.

1.5 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.6 Major asset replacement

All replacement and non-routine maintenance will be charged directly against the levy fund.

Umzumbe Chalets Shareblock Limited

(Registration Number 1968/011196/07)

Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

Figures in R

2023

2022

2. Trade and other receivables

Trade and other receivables comprise:

Trade receivables	1,058,520	1,267,937
Deposits	54,627	62,045
Other receivables	4,060	5,550
Value added tax	556,372	512,665
Total trade and other receivables	1,673,579	1,848,197
Debtors ageing		
120 + days outstanding	1,058,520	1,267,937
	1,058,520	1,267,937

3. Cash and cash equivalents

3.1 Cash and cash equivalents comprise:

Cash and bank balances

Cash on hand	3,000	3,000
Balances with banks	6,123,558	6,357,289
Total cash and cash equivalents included in current assets	6,126,558	6,360,289

3.2 Detail of cash and cash equivalent balances

Bank balances

Bank balances	249,370	130,900
Short term deposits	4,439,219	4,857,468
Fixed deposits	1,434,969	1,368,921
Total	6,123,558	6,357,289

Cash on hand

Cash on hand	3,000	3,000
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4. Issued capital

Authorised and issued share capital

Authorised

2688 Ordinary shares of no par value	5,700	5,700
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Issued

2688 Ordinary shares of no par value	5,700	5,700
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Umzumbe Chalets Shareblock Limited

(Registration Number 1968/011196/07)

Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

Figures in R

2023

2022

5. Trade and other payables

Trade and other payables comprise:

Unknown deposits	66,588	90,618
Total trade and other payables	66,588	90,618

6. Employee benefits expense

6.1 Employee benefits expense comprises:

Salaries and wages	2,229,296	1,936,135
Total employee benefits expense	2,229,296	1,936,135

Executives

2023

	Directors' emoluments and salaries	Bonuses	Other benefits*	Pension paid or receivable	Total
J.Z. Helberg	30,000		22,800		52,800
J.C. Van Schalkwyk	458,739	38,228	20,004	34,264	551,235
R. Bodenstein	30,000		22,800		52,800
	518,739	38,228	65,604	34,264	656,835

2022

	Directors' emoluments and salaries	Bonuses	Other benefits*	Pension paid or receivable	Total
J.Z. Helberg	25,200		22,800		48,000
J.C. Van Schalkwyk	432,772	36,064	7,500	32,262	508,599
R. Bodenstein	25,200		22,800		48,000
	483,172	36,064	53,100	32,262	604,599

*Other benefits comprise cellphone and internet allowance

Umzumbe Chalets Shareblock Limited

(Registration Number 1968/011196/07)

Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

Figures in R

2023

2022

7. Municipal charges

Municipal charges comprise:

Municipal charges - electricity	458,671	426,520
Municipal charges - water	93,698	78,114
Municipal charges - rates	150,018	142,525
Total municipal charges	702,387	647,159

8. Repairs and maintenance

Repairs and maintenance comprise:

Repairs and maintenance - office equipment	25,888	450
Repairs and maintenance - outdoors	14,395	20,198
Repairs and maintenance - electrical	190,978	169,702
Repairs and maintenance - fire safety	9,755	8,460
Repairs and maintenance - buildings	776,417	588,029
Repairs and maintenance - plumbing	56,289	111,695
Repairs and maintenance - appliances	86,254	40,687
Repairs and maintenance - roads	48,893	79,318
Total repairs and maintenance	1,208,869	1,018,539

9. Income tax expense

Income tax recognised in profit or loss:

Current tax		
Current year	(78,910)	(39,296)

10. Cash flows from operating activities

(Deficit) / Surplus for the year	(149,430)	297,292
Adjustments for:		
Income tax expense	78,910	39,296
Change in operating assets and liabilities:		
Adjustments for decrease in trade accounts receivable	(1,286,899)	(1,210,061)
Adjustments for decrease in other operating receivables	(34,799)	(237,411)
Adjustments for increase in trade accounts payable	(325,329)	351,861
Net cash flows from operations	(566,029)	171,669

Umzumbe Chalets Shareblock Limited

(Registration Number 1968/011196/07)

Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

Figures in R

2023

2022

11. Income tax paid

Income tax paid

Amounts receivable at the beginning of the year	37,020	45,316
Amounts (receivable) / payable at the end of the year	29,390	(37,020)
Current tax for the year recognised in surplus or deficit	(78,910)	(39,296)
	<u>(12,500)</u>	<u>(31,000)</u>

Umzumbe Chalets Shareblock Limited

(Registration Number 1968/011196/07)

Annual Financial Statements for the year ended 30 June 2023

Detailed Income Statement

Figures in R

	Notes	2023	2022
Revenue			
Levies raised		8,174,014	7,995,346
Rent income		375,318	292,081
Total revenue		8,549,332	8,287,427
Other income			
Bad debts recovered		181,656	119,764
Breakage recoveries		224,527	176,601
Commission received		44,660	33,822
Insurance claims		82,910	39,519
Stock week sale income		104,490	77,023
Total other income		638,243	446,729
Employee benefits expense	6		
Employee costs		(2,229,296)	(1,936,135)
Other expenses			
Auditors' remuneration		(36,650)	(31,900)
Bad debts		(1,496,316)	(1,122,238)
Bank charges		(34,521)	(34,637)
Cleaning		(1,035,638)	(1,029,750)
Computer expenses		(11,796)	(14,263)
Insurance		(208,139)	(169,547)
Legal expense		(12,995)	(6,081)
Magazines and books		(61,127)	(8,390)
Maintenance of communal property		(1,539,078)	(1,423,791)
Management and staff meetings		(26,289)	(22,115)
Motor vehicle expense		(141,444)	(339,552)
Municipal charges	7	(702,387)	(647,159)
Petrol and oil		(108,200)	(87,028)
Printing and stationery		(119,922)	(132,745)
Protective clothing		(5,059)	(8,855)
Repairs and maintenance	8	(1,208,869)	(1,018,539)
Replacements		(102,243)	(78,312)
Secretarial fees		(10,893)	(9,323)
Security		(379,943)	(340,652)
Subscriptions		(29,393)	(23,961)
Telecommunication		(102,695)	(104,141)
Total other expenses		(7,373,597)	(6,652,979)
(Deficit)/Surplus from operating activities		(415,318)	145,042
Finance income			
Interest received		344,798	191,546
Total finance income		344,798	191,546
(Deficit)/Surplus before tax		(70,520)	336,588

Umzumbe Chalets Shareblock Limited

(Registration Number 1968/011196/07)

Annual Financial Statements for the year ended 30 June 2023

Detailed Income Statement

Figures in R	Notes	2023	2022
Income tax	9		
Current tax		(78,910)	(39,296)
Total income tax expense		<u>(78,910)</u>	<u>(39,296)</u>
(Deficit)/Surplus for the year		<u>(149,430)</u>	<u>297,292</u>