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DURBAN SPA BODY CORPORATE
ANNUAL REPORT FOR THE YEAR ENDED 4 JANUARY 2019
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DURBAN SPA BODY CORPORATE

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Durban Spa Body Corporate will be held at the Durban Spa Conference Centre, 57 O R Tambo Parade, Durban on **Thursday 2 May 2019 at 11h00**.

In accordance with the Rules of the Body Corporate as registered at the Deeds Office, read in conjunction with the published Management Rules and in accordance with the Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011) (hereafter referred to as the "Act"), your attention is drawn to the following:

- (a) Each title (week) registered in your name entitles you to one vote.
- (b) Votes at a meeting may be cast either personally or by proxy, whether on a poll or on a show of hands.
- (c) A proxy shall be appointed in writing under the hand of the appointer or his agent duly appointed in writing and shall be handed to the Chairman 72 hours before the start of the meeting. A proxy does not have to be an owner but shall not be the managing agent or any of his or her employees, or an employee of the Body Corporate.
- (d) Joint members:
 - (i) When two or more persons are entitled to exercise one vote jointly, that vote shall be exercised only by a person (who may or may not be one of them) jointly appointed by them as their proxy.
 - (ii) Notwithstanding sub rule (i), where two or more persons are entitled to exercise one vote jointly, any one of them may demand a poll.
- (e) Except in cases where a special resolution or unanimous resolution is required in terms of the Act, an owner is not entitled to vote at a general meeting unless any contribution payable, in terms of his title and his undivided share in the common property, have been paid. (Management Rule 64 (a))
- (f) Nominations by owners for the election of a trustee at any annual general meeting shall be given in writing, accompanied by the written consent of the person nominated so as to be received at the domicilium of the Body Corporate, presently at 57 O R Tambo Parade, Durban 4001, 72 hours before the Annual General Meeting on the understanding that trustees are also capable of being elected by way of nominations with the consent of the nominee, given at the meeting itself should insufficient written nominations for the number of trustees as specified by virtue of the Rules, are received.
- (g) Where reference is made to Management Rules in these documents the Management Rules of the Durban Spa Body Corporate issued in terms of Section 35 (2) (a) of the Sectional Titles Act 1986 refer.

DURBAN SPA BODY CORPORATE

ANNUAL GENERAL MEETING OF MEMBERS – 2 MAY 2019 AT 11:00

AGENDA OF BUSINESS AS PRESCRIBED IN TERMS OF RULE 17 OF THE MANAGEMENT RULES OF THE SECTIONAL TITLES MANAGEMENT ACT 2011 (ACT NO 8 OF 2011) (hereafter referred to as the “Act”)

1. Welcome and Personalia
2. Attendance Register, confirmation of proxies, nominees and other persons representing members
3. Determination of a quorum
4. Presentation to the meeting of proof of notice of the meeting or waiver of notice
5. Approval of the Agenda
6. Approval of the minutes of the previous Annual General Meeting
7. Consideration and approval of Special Resolution number 1
“Resolved that the trustees are hereby authorised to pay trustee remuneration in accordance with the revised budget for the year ended 3 January 2020.”
8. Consideration and approval of Special Resolution number 2 in accordance with Prescribed Rule 28(7)
“Resolved that the trustees are hereby authorised and instructed to cancel the existing management agreement with Kondotel Holdings (Proprietary) Limited with effect from 30 September 2019 to ensure compliance with Prescribed Rule 28(7).”
9. Consideration and approval of Ordinary Resolution numbers 1(a) and (b)
 - (a) ***“Resolved that the trustees are hereby authorised to continue with the practice whereby Durban Spa Body Corporate “DSBC” pays property rates and taxes to the Municipality on behalf of members and recover such rates and taxes from members by increasing the annual levy.”***
 - (b) ***“Resolved further that a separate trust account be maintained for the payment and recovery of property rates and taxes and that the trust account be operated based on a full recovery of all payments made.”***
10. Consideration and approval of Ordinary Resolution number 2 in accordance with Prescribed Rule 28(5) and 28(7)
“Resolved that the trustees are hereby authorised to appoint a managing agent to perform specified financial, secretarial, administrative or other management services under the supervision of the trustees with effect from 1 October 2019. Resolved further that the trustees be authorised to seek legal advice to assist with the finalisation of the management agreement.”
11. Consideration and approval of Ordinary Resolution number 3
“Resolved that Kondotel Beherend (Proprietary) Limited be thanked for the outstanding services rendered as managing agent over the last 36 years”
12. As the meeting is an Annual General Meeting
 - (i) Report on the activities and decisions of the trustees since the previous Annual General Meeting.

- (ii) Approval of the replacement valuation of all buildings and improvements as obtained in accordance with Rule 23(3) of the Act.
 - (iii) Confirmation of the extent of the insurance cover obtained by the Body Corporate in terms of Rules 23(6), (7) and (8) of the Act.
 - (iv) Consideration of the annual financial statements for the year ended 4 January 2019.
 - (v) Approval of the budgets for the Administrative Fund and the Reserve Fund for the year ending 8 January 2021 and the revised budget for the year ending 3 January 2020.
 - (vi) Appointment of an auditor to audit the annual financial statements for the year ending 3 January 2020.

“Resolve to re-appoint PKF Durban, chartered accountants as the auditors of Durban Spa Body Corporate for the year ending 3 January 2020.”
 - (vii) Determination of the number of trustees to be elected to serve during the next financial year.
 - (viii) Election of trustees
13. Report on the lodgement of any amendments to the scheme’s rules adopted by the Body Corporate.
 14. New or further business
 15. Dissolution of the meeting.

DURBAN SPA BODY CORPORATE

CORPORATE MANAGEMENT REPORT BY THE BOARD OF TRUSTEES TO MEMBERS FOR THE YEAR ENDED 4 JANUARY 2019

The Trustees have pleasure in submitting herewith their corporate management report for the year ended 4 January 2019 for approval at the Annual General Meeting.

1. BUSINESS OF DURBAN SPA BODY CORPORATE

The Durban Spa Body Corporate operates a timesharing scheme in terms of the Property Timesharing Control Act 75 of 1983, the Sectional Titles Act 95 of 1986 as amended, the Sectional Titles Schemes Management Act 8 of 2011 (the "STSM Act") and the management regulations and management rules promulgated in terms of these acts.

2. TRANSPARENCY AND ACCOUNTABILITY

Durban Spa Body Corporate is committed to the principles of transparency, integrity and accountability in its dealings with all its members, rental guests, staff, suppliers, service providers, contractors and related parties. The Durban Spa Body Corporate subscribes to the King IV Code on corporate governance on the basis of compliance or explanation as far as it is applicable to the Durban Spa Body Corporate.

3. BOARD OF TRUSTEES

The Board of Trustees consists of independent non-executive Trustees, who are elected on the strength of their business acumen and specific skills. The Trustees are elected annually by the members at the Annual General Meeting ("AGM").

The current Board of Trustees is as follows:

Prof AL Nel	Chairman of the Board of Trustees, Executive Director: Operations at the University of Johannesburg
Mr HJ Blomerus	Chairman of the Finance and Risk Committee and Businessman
Mr JB Conradie	Chairman of the Site and Buildings Committee, Architect and Director of companies
Mr PJ Joubert	Attorney and Director of Companies
Mr JA van der Linde	Lecturer at North-West University

The Board has two standing committees, namely the Finance and Risk Committee and the Site and Buildings Committee.

The Trustees met on 4 occasions during the 2018/19 financial year. In addition to that the Finance and Risk Committee met on 3 occasions and the Site and Buildings Committee on two occasions. These meetings were well attended as witnessed by the 94% attendance figure.

All the Trustees have access to the advice of the Managing Agent and in appropriate circumstances may, at the expense of the Durban Spa Body Corporate, seek independent professional advice concerning matters relating to the affairs of the Durban Spa Body Corporate.

4. OCCUPANCY

The most important motivator for timeshare membership is the utilization thereof. Special attention is being given to promoting use by our members. The total occupancy for 2018/19 was 79% against 79% in 2017/18. This figure represents a stable utilization year on year. Owner's occupancy increased by 1% for 2018/19 to 70% compared to 69% in 2017/18.

5. COMPLIANCE WITH THE STSM ACT

In October 2016, the STSM Act was promulgated and came into effect. The STSM Act aims to regulate all sectional title schemes in South Africa and Durban Spa Body Corporate must also comply with the STSM Act from the date of promulgation.

Prescribed Management Rule 19(2)(b) of the STSM Act, determines that a quorum at the upcoming Annual General Meeting ("AGM") is constituted by members entitled to vote and holding one third of the total votes of members in value. Section 6(5) of the STSM Act states that a proxy may not act as a proxy for more than two members. Based on historical attendances this may not be achieved. Given the unique circumstances of Durban Spa Body Corporate, where owners or members do not permanently reside in their section and must make special arrangements to attend the AGM at significant personal cost, If a quorum is not present at the date and time of the AGM, Prescribed Management Rule 19(4) determines that the meeting stands adjourned to the same day in the next week at the same place and time. If on the day to which the meeting is adjourned a quorum is not present within 30 minutes from the time appointed for the meeting, the members

entitled to vote and present in person or by proxy constitute a quorum. All members are encouraged and urged to attend or appoint a proxy to attend the AGM to meet the requirements of the STSM Act.

Prescribed Management Rule 8(2) states that unless so determined by special resolution, Trustees who are members are not entitled to any reward, whether monetary or otherwise, for their services as such. A special resolution as defined in the STSM Act means a resolution passed by at least 75% calculated in value and in number, of the votes of the members of the Durban Spa Body Corporate who are represented at the AGM. Remuneration equivalent to 0.81% of the levy raised was paid to the Trustees during the period under review in terms of a special resolution adopted at the AGM held on 3 May 2018. The revised budget for the year ending 3 January 2020 likewise includes a provision to pay trustee remuneration equivalent to 1% of the levies to be raised for that year. The Trustees believe that it will be impossible to secure the services of suitably qualified, experienced and skilled people to serve as Trustees if no remuneration is offered. A special resolution will again be put to the upcoming AGM to approve the payment of trustee remuneration for the year ending 3 January 2020.

The Durban Spa Body Corporate has entered into a management agreement with Kondotel Beherend (Proprietary) Limited since inception of the scheme in 1983. Prescribed Management Rule 28(7) determines that a management agreement may not endure for a period longer than three years. To comply with this regulation, that came into effect on 6 October 2016, a special resolution will be put to the members to cancel the existing management agreement with effect from 30 September 2019. The Trustees believe that a Managing Agent must be appointed to perform specified financial, secretarial, administrative or other management services under the supervision of the Trustees with effect from 1 October 2019. An ordinary resolution in this regard will be presented to the members for approval at the AGM. The Trustees have engaged legal counsel to draft a management agreement that meets the requirements of the STSM Act and the changed needs of an STSMA governed scheme. On approval of the ordinary resolution at the AGM, a formal procurement process will be conducted to appoint a Managing Agent.

The Trustees would like to express their very sincere appreciation to Kondotel Beherend and its staff, and in particular Mr Jan Kruger, for the outstanding and dedicated service that they have rendered to the Durban Spa Body Corporate over more than three decades.

6. RENT AGREEMENTS FOR THE RESTAURANT, CONFERENCE CENTRE AND HEALTH SPA

Trading conditions for the RJ's Famous Rib Steakhouse continues to be very challenging and is affected by the opening of a Spur franchise on the ground floor of the Garden Court Hotel. RJ's continues to support the franchise and explore new concepts and strategies to ensure the viability of the business. The RJ's restaurant also leases restaurant operating assets from the Durban Spa Body Corporate. RJ's has also leased the basement area below the Conference Centre and is in the process of relocating its head office to this space. This tenant has fallen behind with the payments of rent and utilities and the Managing Agent and management is closely monitoring and managing the situation.

The tenant of the Durban Spa Conference Centre is trading satisfactorily but not at a level that allows for the increase in the rentals. Rental payments for this tenant is fully up-to-date as at the time of the writing of this report. The tenant of the hair salon is trading satisfactorily and has now taken over the lease of the health spa from the former tenant and entered into an extension of the lease for a further 5 years.

7. FINANCIAL REPORTING

7.1 Financial Statements – General

The Trustees in conjunction with the Managing Agent of Durban Spa Body Corporate are responsible for the preparation of the financial statements and other information presented in the annual report in a manner that fairly represents the state of affairs and results of the operations of the Durban Spa Body Corporate. The annual financial statements were externally compiled by Mr GF v L Froneman CA(SA) RA. The external auditors are responsible for carrying out an independent examination of the financial statements and reporting thereon, in accordance with International Auditing Standards.

The annual financial statements are based on appropriate accounting policies and are supported by reasonable and prudent judgment and best estimates.

The Trustees, through the Managing Agent, controls and oversees the financial management and operation of Durban Spa Body Corporate in accordance with the approved Financial Policy and Protocol.

7.2 Audited Financial Results

7.2.1 The audited financial statements for the year ended 4 January 2019 set out in detail the financial results of Durban Spa Body Corporate. The following is a summary of the results reflected on the Administrative Fund levy income statement:

	Actual (R)	Budgeted (R)	Prior Year (R)
Operating shortfall before interest	(69 915)	(709 606)	(1 784 952)
Interest on investments and debtors	598 420	677 659	700 695
Surplus / (Deficit)	528 505	(31 947)	(1 084 257)
Income tax expense	(141 745)	(439 852)	(333 174)
Surplus / (Deficit) after income tax	386 760	(471 799)	(1 417 431)

Levy income, allocated to the Administrative Fund increased by 23.69% compared to the previous year. Net Rental income from section 76 decreased by 5.81% compared to the actual results of the previous year. This was due to the reduced rental negotiated with the RJ's restaurant following the liquidation of the Spur franchise in 2017.

Interest earned on investments for the current year increased by 0.54% compared to the previous year. Due to a more accurate allocation of interest income between the Administrative Fund and the Reserve Fund as required by the STSM Act, the amount attributed to the Administrative Fund decreased by 14.60% and that attributed to the Reserve Fund increased by 28.13%.

An amount of R 1 069 290 was written off as bad debts in respect of levies for the year under review, compared to the budgeted amount of R 500 000 and R 651 112 of the previous year. This is an increase of 64.23% compared to the actual for the previous year and an increase of 113.84% compared to the budget.

The Managing Agent and management must be commended for the containment of costs and expenses well within budget. This has meant that the Durban Spa Body Corporate achieved a surplus of R 386 760 compared to the actual deficit after tax of R 1 417 431 for the previous year.

After the transfer of the surplus of the year ended 4 January 2019 to the Retained Surplus fund, the balance of the fund now stands at R 1 028 474.

7.2.2 The Reserve Fund for the year under review is as follows:

	Actual (R)	Prior Year (R)
Opening balance at beginning of year	6 248 340	3 970 573
Levies allocated	3 059 071	4 030 759
Interest received	492 664	384 504
Sale of furniture	104 749	8 368
	9 904 824	8 394 204
Less: amounts utilized for maintenance, repair, replacements and refurbishment	(4 428 894)	(2 052 416)
Less: Income tax for the year	(92 354)	(93 448)
Closing balance at year end	5 383 576	6 248 340
Reserve Fund balance as a % of the Administrative Fund levy income for the year#	32.06%	46.03%
# Minimum set by the STSM Act is 25%		

7.3 Levy Collection

The Trustees express their sincere appreciation to all members who pay their levies on time. This ensures a healthy cash flow that enables Durban Spa Body Corporate to fulfil all its commitments and obligations. The Trustees have an obligation to manage the member's levy contribution effectively and to act responsibly in the interest of all members against defaulting debtors.

The Managing Agent and management continue their focus on effective debt collection and all defaulting members who have not paid their levies in full by 30 June are handed over to attorneys and are blacklisted in the process. The legal actions that have been taken against defaulting members in prior years are finally coming to a conclusion when these units will be placed on auction. However, a major obstacle to the effective sale of these units is the disproportionately large legal costs that are incurred by the new owner to register the unit in his/her name.

8. MAINTENANCE, REPAIR AND REPLACEMENT PLAN

The STSM Act requires a Durban Spa Body Corporate to prepare a written maintenance, repair and replacement plan for the common property setting out the major capital items expected to require maintenance, repair and replacement within the next 10 years. Durban Spa Body Corporate has implemented and maintained such a plan since its establishment. Given the unique requirements of a time

share sectional title scheme, the Durban Spa maintenance, repair and replacement plan (the "Plan") cover not only the common property of the Resort but the entire building, including the apartments owned by members. Durban Spa Body Corporate has likewise maintained a Reserve Fund for maintenance, repair and replacement since it was formed. The Plan was approved by the members on 4 May 2017.

To fund the cost of the Plan, Durban Spa Body Corporate established a Reserve Fund with separate bank accounts. A portion of the annual levies are allocated to the Reserve Fund. Details of the maintenance, repair and replacement work undertaken during the year in accordance with this plan is contained in note 18 of the Annual Financial Statements.

9. PROPERTY RATES AND TAXES

In terms of the STSM Act and the Management Rules prescribed thereunder, property rates and taxes does not form part of the activities of a Durban Spa Body Corporate. However, Durban Spa Body Corporate is a timesharing sectional titles scheme where each section or unit is jointly owned by 52 members. The Municipality sends the rates bills to Durban Spa Body Corporate and expects Durban Spa Body Corporate to pay the bills on behalf of our members. If the charge for a section or unit is not paid in full the Municipality has the right to suspend the provision of utilities to the section or unit thereby preventing all joint owners from using the section or unit. To ensure its continued operation Durban Spa Body Corporate has no alternative but to pay the rates bills in full and recover the cost from our members. Durban Spa Body Corporate therefore established a separate trust account for the payment and recovery of property rates and taxes that does not form part of the accounts of the Durban Spa Body Corporate.

The Trustees will propose an ordinary resolution at the annual general meeting to seek formal approval from our members to continue with this practice to pay property rates and taxes to the Municipality and recover it from our members.

On 4 January 2019 the trust account reflected a surplus of R 837 925. This surplus arose from a discount of 45% that was awarded by the Municipality. A formal application must annually be lodged for such discount and the percentage discount may vary from year to year or may not even be granted. For the year ending 8 January 2021 property rates and taxes is budgeted to increase by about 7.00% compared to the budget for the previous year.

10. PROPOSED ANNUAL BUDGET: YEAR ENDING 8 JANUARY 2021

A detailed budget is presented to the members of Durban Spa Body Corporate for approval at the Annual General Meeting. The proposed budget for the year ending 8 January 2021 and the revised budget for the year ending 3 January 2020 can be summarized as follows:

	Budget 2020/2021 (R)	Change %	Revised Budget 2019/2020 (R)
Administrative fund			
Total operating expenditure	20 809 760	7.30%	19 394 680
Interest income	(635 609)	(11.56%)	(718 674)
Rental & other income	(683 449)	12.68%	(606 541)
Income tax	295 004	(29.41%)	417 922
(Deficit) after tax	-		(352 550)
Levies to cover operating expenditure	19 785 707	9.10%	18 134 837
Levies for transfer to the Reserve Fund	3 816 720	(4.28%)	3 987 404
Total budget for Levies	23 602 427	6.69%	22 122 241
Reserve fund			
Levies to be transferred to the Reserve Fund	3 816 720	(4.28%)	3 987 404
Add: Interest capitalised on cash assets of the Fund	514 600	(0.40%)	516 667
Less: Replacement and refurbishment costs	(1 983 113)	(36.74%)	(3 134 680)
Less: Income tax	(144 088)	(0.40%)	(144 667)
Surplus contribution for the year	2 204 119	79.97%	1 224 724

Operating expenditure is budgeted to increase by 7.30% compared to the revised budget for the previous year. Total levies to be transferred to the Reserve Fund is budgeted to decrease by 4.28% compared to the

revised budget for the previous year. Total interest income is budgeted to decrease by 11.56% and rental income is budgeted to increase by 12.68% compared to the revised budget for the previous year.

The budgeted increase in operating expenditure is contained at 5.20% if the increase of 53.33% in the provision for bad debts is excluded.

Replacement and refurbishment costs for the 2020/2021 year is budgeted to decrease by 36.74% in accordance with the maintenance, repair and replacement plan. These costs depend on the replacement cycle and fluctuate from year to year.

The budget for total levies and property rates and taxes and CSOS levies payable on behalf of members can be summarised as follows:

	Budget 2020/2021 (R)	Change %	Budget 2019/2020 (R)
Total budget for Levies	23 602 427	6.69%	22 122 241
Property rates and taxes payable on behalf of members	1 674 822	7.00%	1 565 255
CSOS levies payable on behalf of members	59 488	10.00%	54 080
Total budget for Levies and property rates and taxes payable on behalf of members	25 336 737	6.72%	23 741 576

11. EVENTS AFTER THE YEAR END

The Trustees are not aware of any matter or event that occurred after the year end that requires disclosure.

12. SAFETY, SECURITY AND CLEANING SERVICES

External security and cleaning companies attend to the general security and cleaning of the building.

Our General Manager was re-elected as a Director on the Board of UIP (Urban Improvement Precinct) and are keeping the Managing Agent and board of Trustees fully informed about safety, security and cleaning services performances in this regard.

13. MANAGING AGENT

Kondotel Holdings (Proprietary) Limited is appointed as Managing Agent in terms of a written agreement, to manage and administer the duties and functions of the Trustees as an agent and not as a principal. The Managing Agent plays an important role in strategic, financial and operational planning and control. Mr JH Allen is responsible for the day-to-day functions of the Managing Agent. Mr JH Kruger remains the Managing Director of the company.

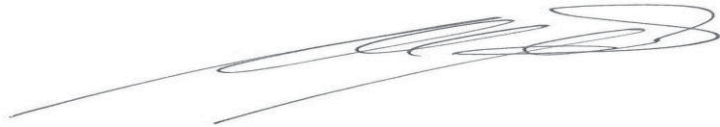
The remuneration of the Managing Agent is based on the monetary value of operating and capital expenditure incurred during the financial year as well as a percentage of the rental commission.

14. MANAGEMENT AND STAFF

The General Manager, Mrs Nicolene Brennan, is responsible for the day-to-day management of the Durban Spa Resort and reports directly to the Managing Agent. The management team reporting to the General Manager has remained very stable and all positions could be filled from within its ranks.

The total personnel corps remained at 28 members, of whom 15 are male and 13 are female. Durban Spa adheres to the Employment Equity Act and submitted its Employment Equity Plan. 50% of the staff comes from the Black population group, 25% are Indian and 21% are White and 4% Coloured. 66% of the senior management of the Durban Spa Body Corporate are from designated population groups. In addition to the 28 staff members we have a compliment of contract cleaning and security staff and supervisors. Sub-contractors are also used for the maintenance of lifts, air-conditioning, CCTV security cameras and IT.

We wish all our timeshare owners and guests to Durban Spa a wonderful and happy holiday for years to come. We are looking forward welcoming you again this year and be assured of the best service at all times. It gives us great joy to serve you and your family and guests every day!



PROF AL NEL, CHAIRMAN

On behalf of the BOARD OF TRUSTEES
DURBAN SPA BODY CORPORATE

DURBAN SPA BODY CORPORATE

Annual Financial Statements as at 4 January 2019

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These Annual Financial Statements were externally compiled by Mr GF v L Froneman CA (SA) RA

Middel & Partners

**GF v L Froneman
Middel & Partners
Chartered Accountants (SA)
Registered Auditors**

DURBAN SPA BODY CORPORATE

Trustees' responsibilities and approval of the financial statements for the year ended 4 January 2019

The trustees are required 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 fairly present the state of affairs of the body corporate as at the end of the financial year and the results of its operations and cash flow for the period then ended, in conformity with the basis of accounting as described in note 1 to the annual financial statements. The external auditor's are engaged to express an independent opinion on the annual financial statements. The annual financial statements are prepared in accordance with the basis of accounting as detailed in note 1 to the annual financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the body corporate and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board of trustees sets 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 body corporate and all employees are required to maintain the highest ethical standards in ensuring the body corporate's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the body corporate is on identifying, assessing, managing and monitoring all known forms of risk across the body corporate. While operating risk cannot be fully eliminated, the body corporate endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The trustees 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 trustees have reviewed the body corporate's cash flow forecast for the year to 3 January 2020 and, in the light of this review and the current financial position, they are satisfied that the body corporate has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the trustees are primarily responsible for the financial affairs of the body corporate, they are supported by the body corporate's external auditors.

The external auditor's are responsible for independently auditing and reporting on the body corporate's annual financial statements. The annual financial statements have been examined by the body corporate's external auditor's and their report is presented on pages 11 and 12.

The annual financial statements set out on pages 13 to 26, which have been prepared on the going concern basis, were approved by the board of trustees on 20 March 2019 and were signed on its behalf by:



A L Nel (Chairman of the Board of Trustees)



H J Blomerus (Chairman of the Finance and Risk Committee)

Independent Auditor's Report

To the members of Durban Spa Body Corporate

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of Durban Spa Body Corporate set out on pages 13 to 26, which comprise the statement of financial position as at 4 January 2019, the administrative fund levy income statement, the reserve fund income statement, statement of changes in reserves and the statement of cash flow for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements of Durban Spa Body Corporate for the year ended 4 January 2019 are prepared, in all material respects, in accordance with the basis of accounting as set out in Note 1 to the financial statements and the requirements of the Sectional Titles Schemes Management Act, 2011, the Sectional Titles Schemes Management Regulations, 2016 and the Management Rules of the body corporate established in terms thereof.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA's). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the body corporate 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 Annual 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 1 to the annual financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the body corporate's own accounting policies to satisfy the financial information needs of its members. As a result, the annual financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The Trustees are responsible for the other information. The other information comprises the Trustees' Report and the maintenance, repair and replacement plan. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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 trustees for the Annual Financial Statements

The Trustees are responsible for the preparation and fair presentation of the annual financial statements in accordance with basis of accounting as set out in Note 1 to the financial statements and the requirements of the Sectional Titles Schemes Management Act, 2011, the Sectional Titles Schemes Management Regulations, 2016 and the Management Rules of the body corporate established in terms thereof, and for such internal control as the Trustees determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

PKF (Durban)

(formerly David Strachan & Tayler)

Chartered Accountants (SA) Registered Auditors

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In preparing the annual financial statements, the Trustees are responsible for assessing the body corporate'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 Trustees either intend to liquidate the body corporate or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 ISA's 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 annual financial statements.

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

- Identify and assess the risks of material misstatement of the annual 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 body corporate's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the trustees' 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 body corporate'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 annual 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 body corporate to cease to continue as a going concern.

We communicate with the Trustees 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.

Report on other legal and regulatory requirements

In accordance with the Management Rules of the body corporate and in terms of Regulation 6 of the Sectional Titles Schemes Management Regulations 2016, Rules 26(5)(c)(ii), (iii) and (iv), we report as follows:

Compliance findings with accounting requirements (Rule 26(5)(c)(ii))

The trustees are responsible to ensure that the body corporate complies with management rules 21, 24 and 26 adopted in terms of the Sectional Titles Schemes Management Regulations 2016, which includes the implementation of systems, processes and internal controls such internal control as the trustees determine is necessary.

If during the course of our audit of the annual financial statements of the body corporate we become aware of any instances of non-compliance with the accounting requirements set out in management rules 21, 24 and 26, we are required to report our findings. We have nothing to report in this regard.

Management of the body corporate's financial affairs and funds (Rules 26(5)(c)(iii) and (iv))

In terms of relevant International Standards on Auditing we were unable to conduct an engagement relating to whether the financial records of the body corporate have been kept and its funds have been managed so as to provide a reasonable level of protection against theft or fraud, and whether the financial affairs of the body corporate appear to be effectively managed, as required by Rules 26(5)(c)(iii) and (iv). We have not gathered evidence to express any assurance opinion or conclusion thereon.

Yours faithfully,



PKF Durban
Partner: KJ Dall
Registered Auditor
Date: 15 March 2019
Durban

DURBAN SPA BODY CORPORATE
ADMINISTRATIVE FUND LEVY INCOME STATEMENT
FOR THE YEAR ENDED 4 JANUARY 2019

	<u>Notes</u>	<u>2018 / 2019</u> <u>R</u>	<u>2018 / 2019</u> <u>R</u>	<u>2017/ 2018</u> <u>R</u>	<u>2017/ 2018</u> <u>R</u>
		<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
INCOME		17,370,583	17,487,646	14,253,227	15,167,402
Levies	2	16,791,539	16,792,336	13,575,436	13,575,239
Net Rental - section 76	3	452,075	640,345	479,982	1,555,452
Net rental - ROU		13,928	0	31,604	0
Laundromat		23,364	28,485	24,539	26,711
Sundry income		89,677	26,480	141,666	10,000
LESS : EXPENSES		17,440,498	18,197,252	16,038,179	16,860,215
Administration expenses	4	3,112,794	2,487,765	2,394,128	2,133,450
Insurances		184,867	213,214	173,460	165,316
Management fee		1,525,390	1,611,375	1,447,338	1,498,649
Rates, taxes, refuse removal and sewer	5	252,807	316,745	265,089	316,804
Electricity	6	2,589,220	2,973,751	2,419,411	2,822,598
Maintenance and repairs	7	958,664	1,245,622	978,455	1,111,279
Remuneration	8	5,425,172	5,732,765	5,234,451	5,501,492
Travel and accommodation	9	72,293	90,623	70,641	102,680
Cleaning services	10	2,602,086	2,827,406	2,410,531	2,529,103
Water usage		717,205	697,986	644,675	678,844
DEFICIT		(69,915)	(709,606)	(1,784,952)	(1,692,813)
Interest received	11	598,420	677,659	700,695	744,529
OPERATING SURPLUS (DEFICIT)		528,505	(31,947)	(1,084,257)	(948,284)
Income tax for the year	12	141,745	439,852	333,174	536,220
SURPLUS (DEFICIT) AFTER TAX		386,760	(471,799)	(1,417,431)	(1,484,504)

DURBAN SPA BODY CORPORATE

RESERVE FUND INCOME STATEMENT FOR THE YEAR ENDED 4 JANUARY 2019

	<u>Notes</u>	<u>2018 / 2019</u> <u>R</u>	<u>2018 / 2019</u> <u>R</u>	<u>2017 / 2018</u> <u>R</u>	<u>2017 / 2018</u> <u>R</u>
		<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
INCOME		3,163,820	3,059,071	4,039,127	4,030,759
Levy contribution	2	3,059,071	3,059,071	4,030,759	4,030,759
Sale of furniture		104,749	0	8,368	0
LESS : EXPENSES	18	4,428,894	3,684,114	2,052,416	2,602,146
Replacement and refurbishment costs		4,167,391	3,315,703	1,950,436	2,472,851
Managing agents remuneration on capital expenditure		261,502	368,411	101,980	129,295
(DEFICIT) SURPLUS		(1,265,074)	(625,043)	1,986,711	1,428,613
Interest received	11	492,664	550,000	384,504	384,504
OPERATING (DEFICIT) SURPLUS		(772,410)	(75,043)	2,371,215	1,813,117
Income tax for the year	12	92,354	154,000	93,448	107,661
(DEFICIT) SURPLUS CONTRIBUTION FOR THE YEAR		(864,764)	(229,043)	2,277,767	1,705,456

DURBAN SPA BODY CORPORATE

STATEMENT OF FINANCIAL POSITION AS AT 4 JANUARY 2019

ASSETS	<u>Notes</u>	<u>2019</u> R	<u>2018</u> R
NON- CURRENT ASSETS		2,560,401	2,611,498
Investment property	14	2,100,000	2,100,000
Finance lease receivable	15	460,401	511,498
CURRENT ASSETS		21,490,450	20,746,892
Finance lease receivable	15	126,696	105,588
Amounts receivable and prepayments	16	2,723,308	1,777,383
Income tax - refundable	22	0	3,035
Cash and cash equivalents	17	18,640,446	18,860,886
		24,050,851	23,358,390
RESERVES AND LIABILITIES			
RESERVE FUND	18	5,383,576	6,248,340
ADMINISTRATIVE FUND		3,120,494	2,733,734
NON-DISTRIBUTABLE RESERVE		2,092,020	2,092,020
RETAINED SURPLUS - ADMINISTRATIVE FUND		1,028,474	641,714
TOTAL RESERVES		8,504,070	8,982,073
CURRENT LIABILITIES		15,546,781	14,376,315
Amounts payable	19	4,561,454	4,122,084
Income tax - payable		51,598	0
Amounts received in advance		10,933,729	10,254,232
		24,050,851	23,358,389

DURBAN SPA BODY CORPORATE

STATEMENT OF CHANGES TO RESERVES FOR THE YEAR ENDED 4 JANUARY 2019

	<u>RESERVE FUND</u>	<u>NON- DISTRIBUTABLE RESERVE</u>	<u>RETAINED SURPLUS - ADMINISTRATIVE FUND</u>	<u>ADMINISTRATIVE FUND</u>	<u>TOTAL RESERVES</u>
	R	R	R		R
Balance as at 6 January 2017	3,970,573	2,092,020	2,059,145	4,151,165	8,121,738
Surplus contribution for the year	2,277,767	0	0	0	2,277,767
Deficit after tax	0	0	(1 417 431)	(1,417,431)	(1,417,431)
Balance as at 5 January 2018	6,248,340	2,092,020	641,714	2,733,734	8,982,074
Deficit contribution for the year	(864,764)	0	0	0	(864,764)
Surplus after tax	0	0	386,760	386,760	386,760
Balance as at 4 January 2019	5,383,576	2,092,020	1,028,474	3,120,494	8,504,070

DURBAN SPA BODY CORPORATE

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 4 JANUARY 2019

	<u>Notes</u>	<u>2019</u> <u>R</u>	<u>2018</u> <u>R</u>
CASH FLOW (UTILIZED IN) / FROM OPERATING ACTIVITIES		(1,341,511)	(576,780)
Cash received from members and sundries	20	20,163,226	17,860,335
Cash paid to suppliers and employees	21	(21,325,272)	(18,102,522)
Net cash utilized in operating activities (Note A1)		(1,162,045)	(242,187)
Income tax paid	22	(179,466)	(334,593)
CASH FLOW FROM INVESTING ACTIVITIES		1,091,084	1,085,199
Interest received		1,091,084	1,085,199
CASH FLOW FROM FINANCING ACTIVITIES		29,989	(617,086)
Finance lease advance		29,989	(617,086)
Net (decrease) / increase in cash and cash equivalents		(220,439)	(108,667)
Cash and cash equivalents at beginning of the year		18,860,885	18,969,552
Cash and cash equivalents at end of the year		18,640,446	18,860,885
Consisting of :			
Cash on current account and on hand		2,939,683	1,903,037
Term deposits at bank		15,700,763	16,957,848
		18,640,446	18,860,885
A1 RECONCILIATION OF CASH UTILIZED IN OPERATING ACTIVITIES			
Operating deficit		528,505	(1,084,257)
Interest income		(598,420)	(700,695)
Cash received for Reserve Fund		3,059,071	4,030,759
Net amount expended from Reserve Fund (after sale of assets)		4,324,144	2,060,784
Net shortfall before changes in working capital		7,313,300	4,306,592
Changes in working capital		172,943	(443,947)
(Increase) / decrease in amounts receivable		(945,925)	(320,449)
Increase / (decrease) in amounts payable and amounts received in advance		1,118,868	(123,498)
Net cash utilized in operating activities		7,486,243	3,862,645

DURBAN SPA BODY CORPORATE

ACCOUNTING POLICIES FOR THE YEAR ENDED 4 JANUARY 2019

1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the accounting policies as set out below and in terms of the Sectional Titles Scheme Management Act of South Africa. The annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying accounting policies

The Trustees did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

Key sources of estimation uncertainty

The annual financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year as a result of the key estimation assumptions.

1.2 INVESTMENT PROPERTY

Investment property is held to earn rental income or for capital appreciation or both, and not for the use in production processes or supply of goods and services or for administrative purposes or the sale in the normal trade of the body corporate. Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Fair Value

Subsequent to initial measurement, investment property is measured at fair value. A surplus or decrease arising from a change in fair value is included in the Non-Distributable Reserves for that period. The trustees have valued the investment property on a fair rate of return of 16.25% per annum as at 4 January 2019.

1.3 FINANCIAL INSTRUMENTS

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include amounts receivable and amounts payable. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

1.4 NON-DISTRIBUTABLE RESERVE

The revaluation surpluses or shortages that arise with the fair value adjustments are transferred to the non-distributable reserves.

DURBAN SPA BODY CORPORATE

ACCOUNTING POLICIES FOR THE YEAR ENDED 4 JANUARY 2019 (CONTINUED)

1.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include deposits held on call with banks. These are reflected in the statement of financial position and the statement of cash flow at cost.

1.6 TAX

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Tax expenses

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.

The body corporate is taxed in terms of Section 10 (1) (e) of the Income Tax Act.

1.7 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Finance leases - lessor

Finance lease receivables are measured at an amount equal to the net investment in the lease. Finance income is recognised using the effective interest method.

Operating leases - lessor

Operating lease income is recognised as and when it falls due within the lease term.

1.8 EMPLOYEE BENEFITS

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.9 REVENUE RECOGNITION

Revenue is stated exclusive of value-added tax. Levies are measured at the fair value of the consideration received or receivable when the right to occupation arises. Interest is recognised, in the statement of comprehensive income, using the effective interest rate method.

DURBAN SPA BODY CORPORATE

ACCOUNTING POLICIES FOR THE YEAR ENDED 4 JANUARY 2019 (CONTINUED)

1.10 PROVISIONS

Provisions are recognised when the body corporate has an obligation at the reporting date as a result of a past event; it is probable that the body corporate will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

1.11 FINANCIAL RISK MANAGEMENT

Capital risk management

The body corporate's objectives when managing capital is to safeguard the body corporate's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the body corporate consists of cash and cash equivalents disclosed in note 17 and reserves as disclosed in the statement of financial position. All costs associated with the maintenance of the Resort, including the refurbishment of the property, replacements of movable property, plant and equipment, are financed out of annual levies from members.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash resources. The body corporate's risk relating to liquidity is a result of the funds available to cover future commitments. The body corporate manages liquidity risk through an on-going review of future commitments. Cash flow forecasts are prepared and cash resources are monitored. In terms of the use agreement entered into between the members and the body corporate, the members are obliged to contribute levies sufficient to cover the costs of the maintenance, upkeep and management of the Resort.

In order to manage the liquidity requirements of the body corporate, a rolling 10 year maintenance, repair and replacement plan is maintained and reviewed regularly by the Trustees. This plan provides for the planned refurbishment, maintenance, repair and replacement of the Resort property and for the transfer of annual levies to establish adequate reserves to be available when such

Interest rate risk

As the body corporate has significant interest-bearing assets, the body corporate's income and operating cash flow are substantially dependent on changes in market interest rates. The body corporate analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated and based on these scenarios, the body corporate calculates the impact on the income of a defined interest rate shift.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The body corporate only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. The body corporate's income and cash flow exposure is dependent on members with significant holdings in timeshare weeks and the stability of the tenants of section 76.

DURBAN SPA BODY CORPORATE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 4 JANUARY 2019 DETAILS OF EXPENDITURE

	<u>2018 / 2019</u> <u>R</u> <u>Actual</u>	<u>2018 / 2019</u> <u>R</u> <u>Budget</u>	<u>2017/ 2018</u> <u>R</u> <u>Actual</u>	<u>2017/ 2018</u> <u>R</u> <u>Budget</u>
2 INCOME FROM LEVIES	<u>19,850,610</u>	<u>19,851,407</u>	<u>17,606,195</u>	<u>17,605,998</u>
Income from levies:				
Amount to Administrative Fund levy income statement	16,791,539	16,792,336	13,575,436	13,575,239
Amount earmarked for Reserve Fund	<u>3,059,071</u>	<u>3,059,071</u>	<u>4,030,759</u>	<u>4,030,759</u>
	<u>19,850,610</u>	<u>19,851,407</u>	<u>17,606,195</u>	<u>17,605,998</u>
3 NET RENTAL - SECTION 76				
Rent received	580,200	792,710	646,575	1,694,191
Less: Expenses	<u>128,125</u>	<u>152,365</u>	<u>166,593</u>	<u>138,739</u>
Levy	19,852	19,852	17,606	17,606
Insurance	29,690	34,242	27,858	26,550
Assessment rates	788	2,443	875	2,114
Security	77,795	95,827	80,701	92,469
Irrecoverable rental	<u>0</u>	<u>0</u>	<u>39,553</u>	<u>0</u>
	<u>452,075</u>	<u>640,345</u>	<u>479,982</u>	<u>1,555,452</u>
4 ADMINISTRATION EXPENSES	<u>3,112,794</u>	<u>2,487,765</u>	<u>2,394,128</u>	<u>2,133,450</u>
Accounting fees	226,920	0	0	0
Bank charges and credit card commission	258,918	256,608	260,574	232,383
Printing and stationery	116,268	101,975	122,144	122,463
Subscriptions	52,140	70,736	29,873	36,244
Office levy	19,852	39,704	17,606	35,212
Auditor's remuneration (Note 13)	145,596	145,600	170,988	170,990
Bad debts	1,069,290	500,000	651,112	500,000
Postage	71,513	52,710	59,423	59,535
Utility expenses - Staff	50,801	62,466	54,670	59,042
Telephone	162,019	160,028	148,489	151,481
TV licenses and M-Net	363,647	373,947	352,576	341,224
Promotions	230,721	285,035	144,124	177,631
Computer processing and photocopying costs	190,769	228,481	183,961	94,573
Legal and professional fees	103,461	155,355	147,708	152,672
CSOS levies	<u>50,880</u>	<u>55,120</u>	<u>50,880</u>	<u>-</u>
5 RATES, TAXES, REFUSE REMOVAL AND SEWER	<u>252,807</u>	<u>316,745</u>	<u>265,089</u>	<u>316,804</u>
Rates and taxes	4,910	15,212	5,446	14,217
Refuse removal	54,086	82,815	71,644	79,553
Sewer	<u>193,811</u>	<u>218,718</u>	<u>187,999</u>	<u>223,034</u>
6 ELECTRICITY	<u>2,589,220</u>	<u>2,973,751</u>	<u>2,419,411</u>	<u>2,822,598</u>
Common property	2,066,886	2,241,100	1,794,809	2,073,628
Heating : Spa pool	186,100	229,055	178,757	286,733
Apartments	<u>336,233</u>	<u>503,596</u>	<u>445,845</u>	<u>462,237</u>

DURBAN SPA BODY CORPORATE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 4 JANUARY 2019 DETAILS OF EXPENDITURE (CONTINUED)

	<u>2018 / 2019</u>	<u>2018 / 2019</u>	<u>2017/ 2018</u>	<u>2017/ 2018</u>
	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
7 MAINTENANCE AND REPAIRS	<u>958,664</u>	<u>1,245,622</u>	<u>978,455</u>	<u>1,111,279</u>
Common property	231,721	302,013	245,028	287,346
Lifts - service contract and general	72,036	77,845	74,534	73,880
Air-conditioning - service contract	36,602	44,810	29,934	41,231
Plants and decorations	23,208	23,096	21,839	22,801
Radio and TV	5,419	148,546	19,303	27,946
Spa area	53,755	58,758	34,555	58,967
Apartments	474,270	525,094	493,511	538,539
Pest control	61,654	65,460	59,751	60,569
8 REMUNERATION	<u>5,425,172</u>	<u>5,732,765</u>	<u>5,234,451</u>	<u>5,501,492</u>
Trustee Remuneration	160,000	198,514	176,059	176,060
Salaries	4,780,769	4,899,993	4,555,895	4,722,473
Recruiting expenses	0	12,000	0	11,900
Security guards	484,403	622,258	502,497	591,059
9 TRAVEL AND ACCOMMODATION	<u>72,293</u>	<u>90,623</u>	<u>70,641</u>	<u>102,680</u>
Guest entertainment	18,259	19,726	13,088	18,645
Travelling expenses and allowances	41,431	50,686	33,207	47,907
Accommodation expenses	4,874	10,000	12,257	19,653
Transport	7,729	10,211	12,089	16,475
10 CLEANING SERVICES	<u>2,602,086</u>	<u>2,827,406</u>	<u>2,410,531</u>	<u>2,529,103</u>
Cleaning materials	19,368	21,179	18,588	19,946
Laundry	91,246	157,535	93,140	90,688
Guest supplies	175,561	172,571	166,282	167,450
Cleaning services	2,315,911	2,476,121	2,132,521	2,251,019
11 INTEREST RECEIVED	<u>1,091,084</u>	<u>1,227,659</u>	<u>1,085,199</u>	<u>1,129,033</u>
On short-term investments	954,769	1,002,333	1,007,612	949,000
Interest on arrears from members	119,679	225,326	75,005	180,033
Other interest income	16,636	0	2,582	0
Attributable to :				
Administrative Fund	598,420	677,659	700,695	744,529
Reserve Fund	492,664	550,000	384,504	384,504
	<u>1,091,084</u>	<u>1,227,659</u>	<u>1,085,199</u>	<u>1,129,033</u>

DURBAN SPA BODY CORPORATE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 4 JANUARY 2019 (CONTINUED)

	<u>2019</u>	<u>2018</u>
	<u>R</u>	<u>R</u>
12 TAXATION		
Current tax	<u>234,099</u>	<u>426,622</u>
Attributable to :		
Administrative Fund	141,745	333,174
Reserve Fund	<u>92,354</u>	<u>93,448</u>
	<u>234,099</u>	<u>426,622</u>
<p>Provision is made for Income tax at 28% on the non-levy income. No tax is payable on levy income from the members in terms of Section 10(1)e of the Income Tax Act.</p> <p>A reconciliation of the taxation charge is not considered appropriate as body corporate's are liable for taxation only on their net non-levy income.</p>		
13 AUDITOR'S REMUNERATION AND EXPENSES	<u>145,596</u>	<u>170,988</u>
Fees for audit	109,000	90,705
Fees for other approved services	36,596	65,441
Expenses for the year	<u>14,842</u>	<u>14,842</u>
14 INVESTMENT PROPERTY	<u>2,100,000</u>	<u>2,100,000</u>
Section 1 - at cost	100	100
Costs capitalized to 3 January 2003	1,345	1,345
Balance as at 4 January 2019	<u>1,445</u>	<u>1,445</u>
Section 76 - at cost	5,000	5,000
Costs capitalized to 3 January 2003	1,535	1,535
Revaluation - previous years	2,092,020	2,092,020
Balance as at 4 January 2019	<u>2,098,555</u>	<u>2,098,555</u>
15 FINANCE LEASE RECEIVABLE		
Balance owing	587,097	617,086
Repayable within 12 months	126,696	105,588
Repayable more than 12 months	460,401	511,498

Repayable in monthly instalments of R10 000 per month for the first 12 months, R12 500 per month for the second 12 months and then R15 000 per month thereafter inclusive of interest up to 30 November 2022

DURBAN SPA BODY CORPORATE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 4 JANUARY 2019 (CONTINUED)

	<u>2019</u> <u>R</u>	<u>2018</u> <u>R</u>
16 AMOUNTS RECEIVABLE AND PREPAYMENTS		
Levies from members - due at year-end	2,085,499	1,204,649
Pre-payments	<u>637,809</u>	<u>572,734</u>
	<u>2,723,308</u>	<u>1,777,383</u>
Summary by ageing of levies due by members :		
Current (0 - 30 days)	25,942	21,433
31 - 60 days	24,778	29,424
61 - 90 days	8,346	27,596
Other : 90 - 365 days	4,846	120,602
Panda Rose : 90-365 days	280,308	0
Sizzling Steaks : 90 -365 days	30,467	0
+ 365 days	<u>1,710,812</u>	<u>1,005,594</u>
	<u>2,085,499</u>	<u>1,204,649</u>

The above amount due by members of R2 085 499 represents 444 owners holding 584 weeks (previous year 369 owners holding 504 weeks)

17 CASH AND CASH EQUIVALENTS

Bank	2,916,913	1,880,267
Deposits - Short-term	11,500,763	15,957,848
Deposits - Long-term	4,200,000	1,000,000
Cash on hand	<u>22,770</u>	<u>22,771</u>
	<u>18,640,446</u>	<u>18,860,886</u>

A guarantee of R274 999 has been issued by Absa Bank in favour of the Ethekwini Municipality for municipal services to be rendered, secured by the investments at the bank.

18 RESERVE FUND

Balance as at 1 January 2018	6,248,340	3,970,573
Amounts levied on members	3,059,071	4,030,759
Net interest received (capitalised)	400,309	291,056
Sale of furniture	<u>104,749</u>	<u>8,368</u>
	9,812,469	8,300,756
Less: Amounts utilized for Maintenance, Repair and Replacements	4,428,894	2,052,416
Apartments: replacement of soft furnishings	227,740	174,110
Apartments: replacement / refurbishment of hard furnishings	1,331,814	217,090
Architecture: replacing sliding doors and windows	536,782	0
Architectural: plaza level, gym and braais	134,358	267,674
External paintwork	742,511	0
Airconditioning: chillers and pumps	378,203	666,709
Structural: Replacement of rusted/damaged louvres	446,600	0
Wet Services: water storage tanks refurbished	135,253	203,814
Heat pump swimming pool	110,075	0
Sundries	385,559	282,183
Civils: parking levels and spalling	0	240,840
Balance as per statement of financial position	<u>5,383,576</u>	<u>6,248,340</u>

The trustees have reviewed the maintenance, repair and replacement plan ("Plan") that was prepared as required by management rule 22, adopted in terms of the Sectional Titles Schemes Management Regulations 2016. In accordance with the Plan the trustees have approved maintenance, repair, replacement and refurbishment expenditure of R3 134 680 for 2020 (2019: R3 684 114)

After accounting for the amounts of levy income earmarked to be transferred to the Reserve Fund during 2020, the balance of the Reserve Fund is anticipated to increase by R852 724 (2019 : R1 227 956)

DURBAN SPA BODY CORPORATE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 4 JANUARY 2019 (CONTINUED)

		<u>2019</u> <u>R</u>		<u>2018</u> <u>R</u>
18 RESERVE FUND (CONTINUED)				
RESERVE FUND - MAJOR CAPITAL ITEMS				
	<u>% of accrued</u> <u>estimated cost</u>	<u>2019</u>	<u>% of accrued</u> <u>estimated cost</u>	<u>2018</u>
APARTMENTS - SOFTS	62%	1,366,988	57%	1,168,290
APARTMENTS - HARDS	35%	3,181,661	43%	3,616,774
EQUIPMENT	54%	809,897	54%	759,432
ARCHITECTURAL	-131%	(3,590,552)	-109%	(2,444,260)
AIR-CONDITIONING	33%	2,263,252	24%	1,549,267
SWIMMING POOL, HEAT PUMPS AND GEYSERS	16%	190,487	24%	276,950
LIFTS	27%	1,617,765	28%	1,573,575
CIVILS : PARKING LEVELS AND SPALLING	-11%	(132,847)	-16%	(155,050)
ELECTRICAL	-9%	(35,234)	-30%	(114,323)
FIRE	3%	43,328	3%	39,239
STRUCTURAL / PYLON / LOUVRES	-48%	(336,861)	21%	65,264
WET SERVICES / WATER STORAGE TANKS	15%	246,875	-6%	(95,158)
SUNDRIES	27%	134,717	28%	130,268
GENERATOR	-3%	(17,243)	9%	43,608
PROFESSIONAL FEES	-55%	(358,658)	-75%	(456,596)
INTEREST CAPITALIZED LESS INCOME TAX	N/A	0	N/A	291,060
		<u>5,383,576</u>		<u>6,248,340</u>

Reserve fund balance as a % of Administrative Fund levy income for the year #

32.06%

46.03%

Minimum balance set by Law is 25%

Based on the assumptions, forecasts and projections of the Plan, the balance of the Reserve Fund will be adequate to cover the cost when the above capital items become due for replacement or repair.

19 AMOUNTS PAYABLE

Amounts payable - suppliers	3,647,830	2,801,227
CSOS levies	0	12,880
Ethekwini Municipality - electricity	236,601	194,248
Accrued expenses - managing agent fees and telephone	89,900	327,140
Leave pay provision	216,279	363,465
Other provisions	9,900	0
Deposit's held - guests	360,944	423,124
	<u>4,561,454</u>	<u>4,122,084</u>

All of the above debt's are payable within 30 days except for the provisions and guest deposit's held

DURBAN SPA BODY CORPORATE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 4 JANUARY 2019 (CONTINUED)

	<u>2019</u>	<u>2018</u>
	<u>R</u>	<u>R</u>
20 CASH RECEIVED FROM MEMBERS AND SUNDRIES		
Income from Administrative Fund levy income statement	17,370,583	14,253,227
Levies received for Reserve Fund	3,059,071	4,030,759
Amounts receivable and amounts received in advance at beginning of the year	(8,476,848)	(8,900,499)
Amounts receivable and amounts received in advance at the end of the year	8,210,421	8,476,848
	<u>20,163,226</u>	<u>17,860,335</u>
21 CASH PAID TO SUPPLIERS AND EMPLOYEES		
Expenses from Administrative Fund levy income statement	17,440,498	16,038,179
Amounts payable at the beginning of the year	4,122,084	4,142,380
Amounts payable at the end of the year	(4,561,454)	(4,122,084)
Net amount expended from Reserve Fund (after sale of assets)	4,324,144	2,044,047
	<u>21,325,272</u>	<u>18,102,522</u>
22 INCOME TAX PAID		
Balance at the beginning of the year	(3,035)	(95,064)
Tax charge for the year	234,099	426,622
Balance at the end of the year - (payable) / receivable	(51,598)	3,035
Amount paid during the year	<u>179,466</u>	<u>334,593</u>
23 MANAGING AGENT'S - TOTAL REMUNERATION	<u>2,502,343</u>	<u>2,243,605</u>
Charged to Administrative Fund levy income statement	1,525,390	1,447,338
Charged to Reserve Fund	261,502	101,980
	1,786,892	1,549,319
Charge on rental income	715,451	694,287

DURBAN SPA BODY CORPORATE

REPLACEMENT VALUE TO 31 DECEMBER 2019 FOR INSURANCE PURPOSES IN TERMS OF MANAGEMENT RULE 23 (3)

FLAT No	SECTION	AREA Sq M	QUOTA	VALUE	FLAT No	SECTION	AREA Sq M	QUOTA	VALUE
OFFICE	1	18	0.0034	609,984	901	60	45	0.0085	1,524,959
101	2	39	0.0073	1,321,631	902	61	39	0.0073	1,321,631
102	3	70	0.0132	2,372,158	903	62	78	0.0147	2,643,262
103	4	70	0.0132	2,372,158	904	63	78	0.0147	2,643,262
104	5	70	0.0132	2,372,158	905	64	39	0.0073	1,321,631
105	6	70	0.0132	2,372,158	906	65	45	0.0085	1,524,959
106	7	39	0.0073	1,321,631	907	66	31	0.0058	1,050,527
201	8	39	0.0073	1,321,631	908	67	31	0.0058	1,050,527
202	9	70	0.0132	2,372,158	1001	68	45	0.0085	1,524,959
203	10	70	0.0132	2,372,158	1002	69	39	0.0073	1,321,631
204	11	70	0.0132	2,372,158	1003	70	78	0.0147	2,643,262
205	12	70	0.0132	2,372,158	1004	71	78	0.0147	2,643,262
206	13	39	0.0073	1,321,631	1005	72	39	0.0073	1,321,631
301	14	39	0.0073	1,321,631	1006	73	45	0.0085	1,524,959
302	15	70	0.0132	2,372,158	1007	74	31	0.0058	1,050,527
303	16	70	0.0132	2,372,158	1008	75	31	0.0058	1,050,527
304	17	70	0.0132	2,372,158	OFFICE	76	12	0.0023	406,656
305	18	70	0.0132	2,372,158	1101	77	45	0.0085	1,524,959
306	19	39	0.0073	1,321,631	1102	78	39	0.0073	1,321,631
401	20	39	0.0073	1,321,631	1103	79	78	0.0147	2,643,262
402	21	70	0.0132	2,372,158	1104	80	78	0.0147	2,643,262
403	22	70	0.0132	2,372,158	1105	81	39	0.0073	1,321,631
404	23	70	0.0132	2,372,158	1106	82	45	0.0085	1,524,959
405	24	70	0.0132	2,372,158	1107	83	31	0.0058	1,050,527
406	25	39	0.0073	1,321,631	1108	84	31	0.0058	1,050,527
501	26	45	0.0085	1,524,959	1201	85	45	0.0085	1,524,959
502	27	39	0.0073	1,321,631	1202	86	39	0.0073	1,321,631
503	28	39	0.0073	1,321,631	1203	87	78	0.0147	2,643,262
503	29	39	0.0073	1,321,631	1204	88	78	0.0147	2,643,262
505	30	39	0.0073	1,321,631	1205	89	39	0.0073	1,321,631
505	31	39	0.0073	1,321,631	1206	90	45	0.0085	1,524,959
507	32	39	0.0073	1,321,631	1207	91	31	0.0058	1,050,527
508	33	45	0.0085	1,524,959	1208	92	31	0.0058	1,050,527
509	34	31	0.0058	1,050,527	1301	93	45	0.0085	1,524,959
510	35	31	0.0058	1,050,527	1302	94	39	0.0073	1,321,631
601	36	45	0.0085	1,524,959	1303	95	78	0.0147	2,643,262
602	37	39	0.0073	1,321,631	1304	96	78	0.0147	2,643,262
603	38	78	0.0147	2,643,262	1305	97	39	0.0073	1,321,631
604	39	78	0.0147	2,643,262	1306	98	45	0.0085	1,524,959
605	40	39	0.0073	1,321,631	1307	99	31	0.0058	1,050,527
606	41	45	0.0085	1,524,959	1308	100	31	0.0058	1,050,527
607	42	31	0.0058	1,050,527	1401	101	45	0.0085	1,524,959
608	43	31	0.0058	1,050,527	1402	102	39	0.0073	1,321,631
701	44	45	0.0085	1,524,959	1403	103	78	0.0147	2,643,262
702	45	39	0.0073	1,321,631	1404	104	78	0.0147	2,643,262
703	46	78	0.0147	2,643,262	1405	105	39	0.0073	1,321,631
704	47	78	0.0147	2,643,262	1406	106	45	0.0085	1,524,959
705	48	39	0.0073	1,321,631	1407	107	31	0.0058	1,050,527
706	49	45	0.0085	1,524,959	1408	108	31	0.0058	1,050,527
707	50	31	0.0058	1,050,527	TOTAL		5,322	1	R 180,351,796
708	51	31	0.0058	1,050,527					
801	52	45	0.0085	1,524,959					
802	53	39	0.0073	1,321,631	TOTAL INSURED VALUE				R 180,351,800
803	54	78	0.0147	2,643,262					
804	55	78	0.0147	2,643,262					
805	56	39	0.0073	1,321,631					
806	57	45	0.0085	1,524,959					
807	58	31	0.0058	1,050,527					
808	59	31	0.0058	1,050,527					

PREVIOUS YEAR	R 180,351,800
NO INCREASE	
CURRENT YEAR	<u>R 180,351,800</u>

DURBAN SPA - Insurance Breakdown

Occupation Property Owners: Timeshare Apartments , Parking Garages, Restaurant, Conference & Sales Office
Risk Situation 57 Oliver Tambo Parade, Durban, 4001
Insurer Santam Tourism
Policy Number 55121437241
Inception Date 06/01/2015
Expiry Date 05-01-20

<u>Section</u>	<u>Cover</u>	<u>Sum Insured</u>
Fire	Plant & Machinery / Fixtures & Fittings	R620,000.00
Buildings Combined	Buildings Inflation Escalation - 10% Entire Contents Geysers & Heat Pumps Additional Claims Preparation Costs Leakage Extension - Included	R 180,000,000.00 R 5,940,000.00 R 1,000,000.00 R 50,000.00
Office Contents	Entire Office Contents Theft Forcible Violent Entry - Included	R 190,000.00 R 40,000.00
Business Interruption	Gross Revenue Additional Increase in cost of working Prevention of Access & Public Utilities - Extended Cover	R 132,000,000.00 R 4,723,004.00
Money	Major Limit Holidays Personal Accident (Assault) Extension	R 15,000.00 R 30,000.00 R 10,000.00
Glass	Accidental Damage to Internal & External Plate Glass incl Mirrors	R 100,000.00
Business All Risk	Monitor 3x Cellphones & Huawei T2 Media Pad Guest Personal Effects Various Television Sets & Accessories	R 3,000.00 R 44,800.00 R 20,000.00 R 450,000.00
Accidental Damage	Basic Accidental Damage	R 250,000.00
Public Liability	General & Tenants Liability (Claims Made) Products Liability Trustees Indemnity Wrongful Arrest Defamation / Legal Defence Costs	R 5,000,000.00 R 5,000,000.00 R 10,000,000.00 R 250,000.00 R 250,000.00
Group Personal Accident	Insured Persons - Mrs N Brennan & Mr N Panday Death & Permanent Disablement Temporary Disablement Medical Expenses	R 500,000.00 R 10,000.00 R 20,000.00
Electronic Equipment	Various Electronic Equipment Increased costs of working - 3 months - 24 hours Reinstatement of Data Olivetti Photocopier Samsung CLX9201 Photocopier TV's CCTV System and Accessories All Computers, Printers and Accessories	R 133,014.00 R 10,000.00 R 40,000.00 R 140,000.00 R 12,000.00 R 35,000.00 R 25,000.00 R 25,000.00
SASRIA/Riot Section	As per underlying Buildings Combined, Office Contents, Glass, Business All Risk, Money & Electronic Equipment	

**DURBAN SPA BODY CORPORATE
BUDGET FOR 2020/2021**

	2020 / 2021	2019 / 2020	2018 / 2019	2018 / 2019
Notes	Budget	Revised Budget	Revised Budget	Audited
	R	R	R	R
ADMINISTRATIVE FUND				
INCOME	20 469 156	18 741 378	17 487 646	17 370 585
Levies	19 785 707	18 134 837	16 792 336	16 791 540
Net Rental - section 76	631 057	554 384	640 345	452 075
Net rental - ROU			0	13 928
Laundromat	23 364	24 538	28 485	23 364
Sundry income	29 028	27 619	26 480	89 677
LESS : EXPENSES	20 809 760	19 394 680	18 197 252	17 440 497
Administration expenses	3 498 254	3 093 862	2 487 765	3 112 793
Insurances	221 119	230 033	213 214	184 868
Management fee	1 775 794	1 679 366	1 611 375	1 525 390
Rates, taxes, refuse removal and sewer	332 293	350 735	316 745	252 806
Electricity	3 020 065	2 828 006	2 973 751	2 589 219
Maintenance and repairs	1 205 771	1 180 688	1 245 622	958 666
Remuneration	6 782 193	6 255 842	5 732 765	5 425 173
Travel and accommodation	79 247	89 215	90 623	72 293
Cleaning services	3 027 206	2 819 523	2 827 406	2 602 085
Water usage	867 818	867 410	697 986	717 205
DEFICIT	(340 605)	(653 302)	(709 606)	(69 913)
Interest received	635 609	718 674	677 659	598 419
OPERATING SURPLUS / (DEFICIT)	295 004	65 372	(31 947)	528 506
Income tax for the year	295 004	417 922	439 852	143 930
SURPLUS / (DEFICIT) AFTER TAX	(0)	(352 550)	(471 799)	384 576
RESERVE FUND				
INCOME	3 816 720	3 987 404	3 059 070	3 163 819
Levies	3 816 720	3 987 404	3 059 070	3 059 070
Sale of furniture	0	0	0	104 749
LESS : EXPENSES	1 983 113	3 134 680	3 684 114	4 428 893
Replacement and refurbishment costs	1 802 830	2 821 212	3 315 703	4 167 391
Managing agents remuneration on capital expenditure	180 283	313 468	368 411	261 502
SURPLUS	1 833 607	852 724	(625 044)	(1 265 074)
Interest received	514 600	516 667	550 000	492 664
OPERATING SURPLUS	2 348 207	1 369 391	(75 044)	(772 410)
Income tax for the year	144 088	144 667	154 000	137 946
SURPLUS CONTRIBUTION FOR THE YEAR	2 204 119	1 224 724	(229 044)	(910 356)

**DURBAN SPA BODY CORPORATE
BUDGET FOR 2020/2021 (NOTES)**

	2020 / 2021 Budget R	2019 / 2020 Revised Budget R	2018 / 2019 Revised Budget R	2018 / 2019 Audited R
1 INCOME FROM LEVIES	23 602 427	22 122 241	19 851 406	19 850 607
Income from levies:				
Amount to Administrative Fund	19 785 707	18 134 837	16 792 336	16 791 540
Amount to Reserve Fund	3 816 720	3 987 404	3 059 070	3 059 070
	<u>23 602 427</u>	<u>22 122 241</u>	<u>19 851 406</u>	<u>19 850 607</u>
2 NET RENTAL - SECTION 76				
Rent received	792 500	723 006	792 710	580 200
Less: Expenses	161 443	168 622	152 365	128 125
Levy	23 827	22 317	19 852	19 852
Insurance	35 512	36 943	34 242	29 689
Assessment rates	2 283	2 283	2 443	789
Security	99 821	107 079	95 827	77 795
	<u>631 057</u>	<u>554 384</u>	<u>640 345</u>	<u>452 075</u>
3 ADMINISTRATION EXPENSES	3 498 254	3 093 862	2 487 765	3 112 793
Bank charges and credit card commission	283 822	289 471	256 608	258 916
Printing and stationery	127 452	134 785	101 975	116 268
Subscriptions	57 156	32 964	70 736	52 140
Office levy	47 619	44 633	39 704	19 852
Auditor's remuneration	159 606	151 861	145 600	145 596
Accounting fees	80 000	70 000		226 920
Bad debts	1 150 000	750 000	500 000	1 069 290
Postage	78 391	65 573	52 710	71 512
Utility expenses - Staff	59 843	60 328	62 466	50 802
Telephone	177 723	163 925	160 028	162 019
Expenses	178 957	164 549	161 248	163 253
Less: Recovered	1 234	624	1 220	1 234
TV licenses and M-Net	436 956	423 732	373 947	363 647
Promotions	138 171	166 556	185 035	120 564
Wifi - Guests	193 942	200 000	100 000	110 157
Information technology costs	394 160	377 999	228 481	190 769
Legal and professional fees	113 413	162 035	155 355	103 461
CSOS Levies	0	0	55 120	50 880
4 RATES, TAXES, REFUSE REMOVAL AND SEWER	332 293	350 735	316 745	252 806
Rates and taxes	14 217	14 217	15 212	4 909
Refuse removal	83 565	83 565	82 815	54 086
Sewer	234 511	252 953	218 718	193 811
5 ELECTRICITY	3 020 065	2 828 006	2 973 751	2 589 219
Common property	2 410 816	2 093 465	2 241 100	2 066 886
Heating : Spa pool	217 067	214 507	229 055	186 100
Apartments	392 182	520 034	503 596	336 233
6 MAINTENANCE AND REPAIRS	1 205 771	1 180 688	1 245 622	958 666
Common property	287 346	287 346	302 013	231 722
Lifts - Service contract and general	88 470	86 936	77 845	72 036
Air-conditioning - Service contract	41 906	34 915	44 810	36 602
Plants and decorations	26 077	24 492	23 096	23 208
Radio and TV	5 940	21 300	148 546	5 419
Spa area	58 926	38 131	58 758	53 755
Apartments	557 247	547 874	525 094	474 270
Pest control	139 859	139 694	65 460	61 654

**DURBAN SPA BODY CORPORATE
BUDGET FOR 2020/2021**

	2020 / 2021 Budget R	2019 / 2020 Revised Budget R	2018 / 2019 Revised Budget R	2018 / 2019 Audited R
7 REMUNERATION	6 782 193	6 255 842	5 732 765	5 425 173
Trustee Remuneration	236 024	221 222	198 514	160 000
Salaries	5 883 822	5 329 482	4 899 993	4 780 769
Recruiting expenses	12 000	12 000	12 000	0
Security guards	650 347	693 138	622 258	484 404
8 TRAVEL AND ACCOMMODATION	79 247	89 215	90 623	72 293
Guest entertainment	20 015	14 443	19 726	18 259
Travelling expenses and allowances	45 416	47 906	50 686	41 431
Accommodation expenses	5 343	13 526	10 000	4 874
Transport	8 472	13 340	10 211	7 729
9 CLEANING SERVICES	3 027 206	2 819 523	2 827 406	2 602 085
Cleaning materials	21 231	20 512	21 179	19 368
Laundry	107 436	126 304	157 535	91 245
Guest supplies	197 260	183 491	172 571	175 561
Cleaning services	2 701 279	2 489 216	2 476 121	2 315 911
10 INTEREST RECEIVED	1 150 209	1 219 045	1 227 659	1 091 083
On short-term investments	986 600	985 000	1 002 333	954 769
Interest on arrears from members	139 164	234 045	225 326	119 679
Other interest income	24 444	-	-	16 635
Attributable to :				
Administrative Fund	635 609	702 378	677 659	598 419
Reserve Fund	514 600	516 667	550 000	492 664
	<u>1 150 209</u>	<u>1 219 045</u>	<u>1 227 659</u>	<u>1 091 083</u>
11 REPLACEMENT AND REFURBISHMENT COSTS				
Apartments: replacement of soft furnishings	0	777 554	640 766	227 740
Apartments: replacement / refurbishment of hard furnishings	1 000 000	900 000	700 000	1 331 812
Equipment: computers replaced and upgraded	549 459			34 182
Architecture: replacing sliding doors and windows	400 000	0	550 000	536 784
Architectural: ground floor and mezzanine level	0	150 000	150 000	16 587
Architectural: plaza level, gym and braais		0	125 000	134 358
External paintwork	0		630 000	742 511
Air-conditioning: chillers and pumps	0	1 035 731	414 422	378 203
Repairs to cooling tower and heat pumps				62 591
Geysers	13 654	12 761	11 926	0
Civils: parking levels and spalling		0	62 000	62 500
Structural / pylons / louvres	0	0	400 000	446 600
Wet Services: water storage tanks refurbished				135 253
Door lock replacements	20 000			58 803
Sundries		258 634		260 970
	<u>1 983 113</u>	<u>3 134 680</u>	<u>3 684 114</u>	<u>4 428 894</u>

**DURBAN SPA BODY CORPORATE
BUDGET FOR 2020/2021**

	2020 / 2021 Budget R	2019 / 2020 Revised Budget R	2018 / 2019 Revised Budget R
BODY CORPORATE LEVIES PER UNIT			
ADMINISTRATIVE FUND LEVY			
4 BED UNIT	3 064	2 813	2 578
6 BED UNIT	6 126	5 626	5 154
2 BED TOWER	2 626	2 411	2 209
4 BED TOWER	3 064	2 813	2 578
6 BED TOWER	3 500	3 215	2 945
8 BED TOWER	6 563	6 027	5 522
8 BED TOWER FIFTH FLOOR	6 126	5 626	5 154
RESERVE FUND LEVY			
4 BED UNIT	591	612	469
6 BED UNIT	1 182	1 224	939
2 BED TOWER	506	524	402
4 BED TOWER	591	612	469
6 BED TOWER	675	699	537
8 BED TOWER	1 266	1 311	1 006
8 BED TOWER FIFTH FLOOR	1 182	1 224	939
THE BODY CORPORATE LEVIES ARE INCLUSIVE OF VAT			
PROPERTY RATES DIRECTLY RECOVERED FROM MEMBERS			
4 BED UNIT	211	197	182
6 BED UNIT	363	339	314
2 BED TOWER	193	180	167
4 BED TOWER	211	197	182
6 BED TOWER	293	274	254
8 BED TOWER	495	463	429
8 BED TOWER FIFTH FLOOR	363	339	314
CSOS LEVIES DIRECTLY RECOVERED FROM MEMBERS			
4 BED UNIT	11	10	
6 BED UNIT	11	10	
2 BED TOWER	11	10	
4 BED TOWER	11	10	
6 BED TOWER	11	10	
8 BED TOWER	11	10	
8 BED TOWER FIFTH FLOOR	11	10	
TOTAL DUE			
4 BED UNIT	3 876	3 632	3 228
6 BED UNIT	7 681	7 199	6 407
2 BED TOWER	3 336	3 126	2 777
4 BED TOWER	3 876	3 632	3 228
6 BED TOWER	4 480	4 198	3 736
8 BED TOWER	8 336	7 811	6 957
8 BED TOWER FIFTH FLOOR	7 681	7 199	6 407

2020 /2021 BODY CORPORATE LEVY, PROPERTY RATES AND CSOS LEVY ARE DUE AND PAYABLE BY 3 JANUARY 2020



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