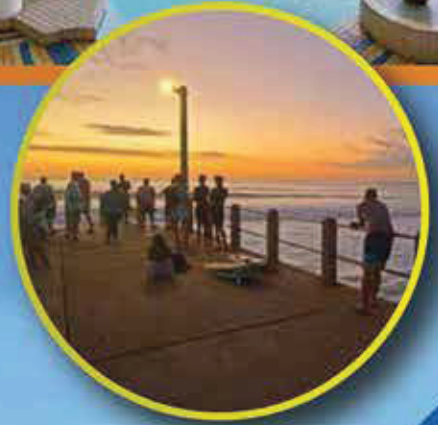




# DURBAN SPA



**ANNUAL  
REPORT**

Year Ended 1 January 2021

# DURBAN SPA BODY CORPORATE

## ANNUAL REPORT FOR THE YEAR ENDED 1 JANUARY 2021

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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 virtually on Microsoft Teams on **Thursday 16 September 2021 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 – 16 SEPTEMBER 2021 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.  
**Ordinary Resolution One**
6. Approval of the minutes of the previous Annual General Meeting.  
**Ordinary Resolution Two**
7. Matters arising from previous Annual General Meeting, if any.
8. 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) Consideration of the annual financial statements for the year ended 1 January 2021.  
**Ordinary Resolution Three**
  - (iii) Approval of the replacement valuation of all buildings and improvements as obtained in accordance with Rule 23(3) of the Act.  
**Ordinary Resolution Four**
  - (iv) 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.  
**Ordinary Resolution Five**
  - (v) Approval of the budgets for the Administrative Fund and the Reserve Fund for the year ending 6 January 2023 and the budget for the year ending 7 January 2022.  
**Ordinary Resolution Six**
  - (vi) Appointment of an auditor to audit the annual financial statements for the year ending 7 January 2022, and approve the remuneration for the past year.  
**Ordinary Resolution Seven**

**Resolve to re-appoint PKF Durban, chartered accountants as the auditors of Durban Spa Body Corporate for the year ending 7 January 2022, and approve the remuneration for the past year.**

- (vii) Determination of the number of trustees to be elected to serve during the next financial year.  
**Ordinary Resolution Eight**
  - (viii) Election of trustees.  
**Ordinary Resolution Nine**
9. Report on the lodgement of any amendments to the scheme's rules adopted by the Body Corporate.
- Note: There have been no amendments to the scheme's rules, and none have been lodged during the current financial year, as adopted by the body corporate under Section 10 of the Act.*
10. New or further business.
- (i) Trustees' remuneration.  
**Special Resolution One**  
  
**Resolved that the trustees are hereby authorised to pay trustee remuneration in accordance with the budget for the year ended 1 January 2021**
  - (ii) Property rates and taxes.  
**Ordinary Resolution Ten**  
  
**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.**
11. Dissolution of the meeting.

## NOTES TO THE AGENDA

- (a) Prescribed Management Rule 19(2)(b) of the 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 Act states that a proxy may not act as a proxy for more than two members. 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.
- (b) Prescribed Management Rule 7(6) states that an elected or replacement trustee holds office until the end of the next AGM and is eligible for re-election, if properly nominated.
- (c) 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 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.

# **DURBAN SPA BODY CORPORATE**

## **VIRTUAL ANNUAL GENERAL MEETING (vAGM)**

**MINUTES OF THE ANNUAL GENERAL MEETING OF THE DURBAN SPA BODY CORPORATE HELD VIRTUALLY ON FRIDAY 25 SEPTEMBER 2020 AT 11H00 AT CDH'S OFFICES IN SANDTON. THESE MINUTES WILL BE CONSIDERED FOR ADOPTION AT THE ANNUAL GENERAL MEETING IN 2021**

### **AGENDA ITEM 1**

#### **WELCOME AND PERSONALIA**

The Chairperson, Prof Andre Nel, welcomed all the members present especially those attending for the first time. As this meeting was a virtual meeting taking place on the Teams platform, the Chairperson especially welcomed those owners that attended this AGM for the first time. He indicated to all concerned that the AGM was delayed in the first place on legal advice, due to COVID-19 challenges to members to attend, and then turned into a vAGM. The Chairperson also expressed his regret that Mr Nardus Conradie - Architect, due to his retirement after 38 years from inception, had decided not to stand as a Trustee. The Chairperson expressed his appreciation on behalf of the members for his dedicated devotion to Durban Spa over the years. Prof Nel – Mechanical & Electrical Engineer at University of Johannesburg, at this meeting also made it clear that he was not making himself available for re-election. Mr Johann v/d Linde was not able to attend the AGM and tendered his apologies, due to a funeral he had to attend.

### **AGENDA ITEM 2**

#### **ATTENDANCE REGISTER, CONFIRMATION OF PROXIES, NOMINATIONS AND PERSONS REPRESENTING MEMBERS**

The attendance register, confirmation of proxies, nominations and persons representing them were determined for the meeting with reference to the Microsoft Teams Participation Register. The determination by the Durban Spa Management of valid proxies and the nominations of Trustees, are available on request, for inspection. The Chairperson mentioned that it can take time to finalize the count and the results would be made available to all members and attendees as an attachment. The Managing Agent would communicate the names of elected Trustees, as soon as possible after the meeting to arrange the first meeting of the new Trustees, at a date and venue to be forwarded within 7 days of the vAGM, to the elected Trustees.

### **AGENDA ITEM 3**

#### **DETERMINATION OF QUORUM**

The total participation quota of the members present, in person and by proxy, was determined as 20,8816 of the total participation quota of 51.7600, representing a value of 40,34% of the members.

The Sectional Titles Schemes Management Act ("Act") sets the quorum for an Annual General Meeting at 33,33% in value and as this was more than required, the Chairperson subsequently declared the meeting properly constituted.

### **AGENDA ITEM 4**

#### **PRESENTATION TO THE MEETING OF PROOF OF NOTICE OF THE MEETING OR WAIVER OF NOTICE**

The Managing Agent confirmed to the meeting that the notice of meeting was sent to all members on 23 July 2020, i.e. at least 30 days prior to the meeting as required by the Act. The meeting accepted the confirmation and the Chairperson was authorized to sign the proof of notice.

### **AGENDA ITEM 5**

#### **APPROVAL OF AGENDA**

The Chairperson advised that no request was received for new or further business to be discussed in terms of Item 13. The meeting approved the Agenda as set out in an amended Agenda which was mailed to all members on 16 September 2020. Mr Peter Snyman proposed the approval of the agenda and he was seconded by Mr Koos Kruger.

### **AGENDA ITEM 6**

#### **APPROVAL OF THE MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING**

The Chairperson presented to the meeting the draft minutes of the 2019 Annual General Meeting that was distributed to all members, within 7 days of the meeting, as required by the Act. Copies of these Minutes were made available by the Chairperson for inspection online during the meeting. Mr Peter Snyman proposed that the Minutes be approved without any amendments and without the necessity of reading the Minutes, as it was previously in July 2019 forwarded to all members.

The meeting UNANIMOUSLY approved and adopted the proposal. The Chairperson subsequently signed these Minutes which would be inserted into the official Minutes book of the Durban Spa Body Corporate.

## AGENDA ITEM 7

### CONSIDERATION OF ANY UNFINISHED BUSINESS

The Chairperson gave a comprehensive understanding of the events surrounding and the consequences of the COVID-19 pandemic, as encapsulated in Item 3 of the Corporate Management Report of the Board of Trustees, forwarded to members, for the year ended 3 January 2020. The Chairperson reminded the meeting that the events surrounding the declaration of the State of Emergency meant that in essence the Trustees legally became agents of the government in dealing with matters relating to COVID-19. The Chairperson raised 3 concerns which he felt could be addressed by the new Trustees:

- 1) DSBC as a “going concern”
- 2) The deteriorating debtors’ situation and the aging of these debtors and the ownership base.
- 3) The Panda Rose, tenant of the RJ’s restaurant, matter.

## AGENDA ITEM 8

### CONSIDERATION AND APPROVAL OF SPECIAL RESOLUTION NUMBER 1

It was UNANIMOUSLY RESOLVED that the following resolution be approved and adopted as a Special Resolution:

***“To ratify the decision taken by the Trustees on 24 August 2020, to delay the Annual General Meeting to 25 September 2020, to be held virtually.”***

## AGENDA ITEM 9

### CONSIDERATION AND APPROVAL OF ORDINARY RESOLUTION NUMBER 3

It was UNANIMOUSLY RESOLVED that the following resolution be approved and adopted as an Ordinary Resolution:

***“Resolved that the Trustees are hereby authorized 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.”***

## AGENDA ITEM 10

### CONSIDERATION AND APPROVAL OF SPECIAL RESOLUTION NUMBER 2

It was UNANIMOUSLY RESOLVED that the following resolution be approved and adopted as a Special Resolution:



***“Resolved that the Trustees are hereby authorized to pay Trustee remuneration in accordance with the revised budget for the year ended 3 January 2020.”***

## **AGENDA ITEM 11**

As the meeting was an Annual General Meeting the Chairperson dealt with the following items:

- (i) Report on the activities and decisions of the Trustees since the previous Annual General Meeting and the appointment by Trustees of Kondotel Lifestyles (Pty) Ltd as the Managing Agency, in terms of the Sectional Title Act and which is retrospective with effect from 3 January 2020, being the end of the Durban Spa Body Corporate Financial Year.

The Chairperson decided, at this point, to deal with certain matters in the Corporate Management Report and a discussion of these matters ensued.

The Chairperson also referred to the impact on owners of not being able to make use of their weeks due to the State of Disaster announced by the President of South Africa regarding the COVID-19 Corona Virus Pandemic, a possible claim by the DSBC to the insurers for “loss of income”, as well as the impact on the Annual Financial Statements which could only be fully understood when reported on in April 2021.

The Chairperson also dealt with certain items in the Annual Report, specifically the Annual Financial Statements as at 3 January 2020.

The matter of the appointment of the Managing Agent was discussed and the meeting was in agreement with the decision taken by the Trustees to appoint Kondotel Lifestyles (Pty) Ltd as the Managing Agency with effect from 3 January 2020 for a period of 3 years ending in December 2022.

- (ii) Approval of the replacement valuation of all buildings and improvements as obtained in accordance with Rule 23(3) of the Act.

This matter was discussed. The Chairperson showed the documentation to the meeting on the Teams screen. Some debate took place and it was agreed that the new Trustees would revisit the valuation when the new committees were constituted.

- (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.

This matter was discussed and it was agreed that the insurance cover for the DSBC was sufficient.

- (iv) Consideration of the annual financial statements for the year ended 3 January 2020.

It was UNANIMOUSLY RESOLVED that the above annual financial statements be approved and adopted.

- (v) Approval of the budgets for the Administrative Fund and the Reserve Fund for the next year ending 7 January 2022 and the revised budget for the year ending 8 January 2021.

It was UNANIMOUSLY RESOLVED that the budgets above be approved and adopted.

- (vi) Appointment of an auditor to audit the Annual Financial Statements for the year ending 8 January 2021.

It was UNANIMOUSLY RESOLVED that the following resolution be approved and adopted as **Ordinary Resolution 4**:

***“To re-appoint PKF Durban, chartered accountants as the auditors of Durban Spa Body Corporate for the year ending 8 January 2021.”***

- (vii) It was UNANIMOUSLY RESOLVED that 6 Trustees be elected to serve during the next financial year.

- (viii) It was UNANIMOUSLY RESOLVED that the two (2) remaining Trustees, Mr Piet Joubert and Mr Johann v/d Linde, and the four (4) new Trustees, Prof Thinus de Wet, Ms Rosalind dos Santos, Mr Paul Lishman and Mr Deon Viljoen, be elected.

#### **AGENDA ITEM 12**

#### **REPORT ON THE LODGEMENT OF ANY AMENDMENTS TO THE SCHEME'S RULES ADOPTED BY THE BODY CORPORATE**

The Chairperson advised the meeting that no amendments were made to the Scheme's Rules.

#### **AGENDA ITEM 13**

#### **NEW AND FURTHER BUSINESS**

- 1) Mr Paul Lishman raised the matter of Managing Agents' remuneration on capital expenditure. This was cleared up by the Chairperson and the matter was resolved.
- 2) Mr Peter Snyman raised a matter on Note 18 – Administrative Funds in the AFS. This was cleared up by the Chairperson and the matter was resolved.
- 3) Prof Thinus de Wet raised a matter on the monitoring of statements from the local authority with regard to their accuracy. The MA cleared this up and the matter was resolved.

**AGENDA ITEM 14**

**DISSOLUTION OF THE MEETING**

As there were no further matters to be discussed, the Chairperson closed the meeting at 13:15.

DULY SIGNED at ..... on this day ..... of  
September 2020

\_\_\_\_\_  
**CHAIRPERSON**

\_\_\_\_\_  
**MANAGING AGENT**

**NOTE:**

**PLEASE NOTE THAT THESE MINUTES WILL BE PRESENTED TO THE 2021 ANNUAL GENERAL MEETING FOR CONSIDERATION AND APPROVAL. THE FINAL MINUTES, AS APPROVED BY THE 2020 VIRTUAL ANNUAL GENERAL MEETING, WILL THEN BE SIGNED BY THE NEWLY APPOINTED CHAIRPERSON.**

# DURBAN SPA BODY CORPORATE

## TRUSTEES REPORT TO MEMBERS FOR THE YEAR ENDED 1 JANUARY 2021

Dear Durban Spa Owners

I have had the privilege of being the Durban Spa Body Corporate Chairman for the past year and I am pleased to present the Trustees Report. My fellow trustees and I acknowledge that, you, the owners, have placed your trust in the hands of the Board, and we give you our assurance that we do not take that responsibility lightly. We have been faced with some of the most challenging times that the tourism industry has ever seen and we have had to adapt, adjust and make many necessary changes to safeguard the future of Durban Spa.

### MANAGING AGENT

With effect from 1 April 2021, Frontline Leisure Management took over the managing agents' responsibilities from Kondotel Lifestyles. Frontline Leisure Management is a well-known and recognised timeshare management company on the KZN Coast and since having joined the team, have been instrumental in providing guidance both financially and operationally to assist the Board and management in executing their duties. Their inputs have been invaluable and the Board has no doubt that Durban Spa is in capable hands.

### COVID-19

Due to the COVID-19 pandemic, a National State of Disaster was announced by our president on the 15th March 2020, imposing some immediate travel restriction. Soon after, on the 27th March 2020, our entire country went into a hard lockdown. Only specific essential services were permitted to operate, and the economy suffered a massive blow as it came to a grinding halt. Over the following months, although restrictions were eased gradually, leisure travel remained prohibited, or limited, till the 18th August 2020, when inter-provincial travel and travel for leisure purposes was re-introduced.

As a result of the lockdown many owners were unable to occupy their timeshare weeks. After much deliberation and investigation, the management team put together various options for owners who were unable to use their weeks, to select from to ensure no one lost out. These options were designed to give the owner back their right of use, or exchange capabilities, as if their week had been unaffected by the lockdown. These replacement weeks have been well received by the affected owners and we thank you for your patience while these decisions were being made. We know the wait was long.

### 2020/21 FINANCIAL REVIEW

The audited financial statements for the year ended 1 January 2021 set out in detail the financial results of Durban Spa Body Corporate.

### Administrative Fund

The following is a summary of the results reflected in the Administrative Fund levy income statement:

	Actual (R)	Budgeted (R)	Prior Year (R)
Operating shortfall before interest	(2 087 032)	(722 758)	(1 342 893)
Interest on investments and debtors	703 728	635 609	627 775
(Deficit) / Surplus	(1 383 304)	(87 149)	(715 118)
Income tax expense	128 360	295 005	129 256
(Deficit) / Surplus after income tax	(1 511 664)	(382 154)	(844 374)

When compared to the prior year:

- Levy income, allocated to the Administrative Fund increased by 9.1%.
- Rental income from section 76 decreased by 47.62%. The commercial tenants were given a rental holiday from 27<sup>th</sup> of March till the 20<sup>th</sup> of August while the resort was in lockdown as they were unable to operate.
- Interest earned on investments increased by 12.09%. This is due to a more accurate allocation of interest income between the Administrative Fund and the Reserve Fund as required by the STSM Act.
- Overall expenses increased by 10.85%.  
Included in expenses is the shortfall on the weeks rented by the Body Corporate amounting to R1,432,590. Per the lease, these weeks are used for the purposes of undertaking routine maintenance, to accommodate flexi-week owner requests and lastly can be rented out for the benefit of the Body Corporate. As a result of the lockdown, minimal rentals were made to offset this liability resulting in this significant figure. This shortfall is expected to occur again in 2021 as a result of the ongoing effects of COVID-19 combined with the civil unrest experienced in KZN recently.

The provision for irrecoverable levy debtors was re-assessed during the audit. It was found that a significant portion of debtors had not been provided for in prior years and as a result, an additional provision had to be raised creating a bad debt expense of R4,656,145 for the year under review. This amount exceeded the budgeted by 304,88%.

The Administrative Levy Fund income statement ended with an overall deficit of R1,511,664.

After the transfer of the deficit for the year to the Administrative Reserve Fund, the Fund now stands at R1,327,564 in deficit. Having a deficit reserve is irregular and is unsustainable in the long term. The Board has made it a priority to address this deficit through various projects and interventions over the next few years. These have been summarised later in this report.

### Reserve Fund

The following is a summary of the results in the Reserve Fund income statement:

	Actual (R)	Prior Year (R)
Opening balance at beginning of year	7 386 390	5 383 576
Levies allocated	3 816 720	3 987 404
Interest received	609 353	663 629
Sale of furniture	15 130	20 826
	12 277 593	10 055 435
Less: amounts utilized for maintenance, repair, replacements and refurbishment	(2 507 269)	(2 093 688)
Less: Income tax for the year	(121 810)	(125 357)
Closing balance at year end	9 648 514	7 386 390
Reserve Fund balance as a % of the Administrative Fund		
Levy income for the year # <i>Min set by the STSM Act is 25%</i>	48.76%	43.21%

### Rates and taxes

On 1 January 2021 the trust account reflected a surplus of R2,983,513. This surplus arose from a discount of 65% that was awarded by the Municipality. A formal application must be lodged annually for such discount and is at the discretion of the municipality. For the year ending 7 January 2022 a portion of the surplus was allocated in order to give owners a rates holiday for the 2021/22 financial year equating to R897,658. The residual of the surplus amounting to R2,085,855 was credited to the members levy account to be offset against future levies.

## **OPERATIONAL REVIEW**

### **Occupancies**

Occupancies for 2020/21 were skewed by the lockdown, however, I am pleased to note that while the resort was operational, owners occupied 70% of their available weeks.

### **Maintenance, repairs and replacement plan**

The following projects were completed during the course of the year under review:

- Replaced the Chiller Phase 1 during lockdown, which serves 24 units
- Replaced fan motor and silencer for cooling tower
- 126 Electrical compliance certificates received after the necessary remedial work
- Routine maintenance completed during lock down from floors 1 – 14
- Repairs to sprinkler system for ASIB
- Replaced water supply pumps to roof water tanks
- Replaced mains water supply pipes in basement
- Replaced curtains on floors 5 – 9
- Replaced couches for beds projects completed
- Additional points installed to improve WIFI coverage
- 

### **Staffing**

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 reduced from 29 to 26 members, of whom 13 are male and 13 are female. Durban Spa adheres to the principles of the Employment Equity Act with an Employment Equity Plan. 42.30% of the staff come from the African population group, 34.61% are Indian, 19.23% are White and 3.84% Coloured. Senior management of the Durban Spa Body Corporate consist of 66.66% from designated population groups. In addition to the 26 staff members, we have a compliment of contract cleaning and security staff and supervisors. Subcontractors are also used for the maintenance of lifts, air-conditioning, CCTV security cameras and IT.

Our General Manager was appointed as the Chairman for the Urban Improvement Precinct - South Beach. This position helps keep the Managing Agent and Board of Trustees fully informed about safety, security and cleaning services, which are provided by the designated service providers.

## **PROJECTS TO ADDRESS ADMINISTRATIVE FUND DECIFIT**

As mentioned above, the Board has made it a priority to address the deficit through various projects and interventions, below is the summary of these:

### **Budget 2022/23**

The Board delayed the finalisation of the 2022/23 budget in order to make a more accurate assessment of the impact of the ongoing COVID pandemic on the resort finances. The delay meant that there was more actual data on which to forecast 2022/23 figures giving a more realistic end result. In addition to this, the budget was 're-built' with a level of detail required to easily identify where savings could be made. Cognisance was given to the economic environment of our owners while weighing up the requirements to ensure the ongoing sustainability of Durban Spa. The Board made every effort to keep the levy increase as low as possible, with the final administrative fund increase being 13%. It is important to note that this is just a small step towards resolving the accumulated deficit in the reserve fund and not a resolution.

### **Trustees' meetings**

To ensure that all Board members are appraised of all aspects relating to Durban Spa and by aligning with industry norms, it was agreed that separate meetings for Site and Building Committees and Finance and Risk Committees would no longer be held. All agenda items for both these meetings would be handled by the full board at the quarterly Trustees meetings. The additional benefit is that the reduced number of meetings has assisted in savings in the 2022/23 budget.

### **Collection of arrear debtors**

The Board, management and the new managing agents have spent many hours analysing and assessing the arrear debtors and have formulated a Debtors Project plan with these main goals:

- Recover as much of the arrears as possible
- Get the owner into good standing
- Transfer to a new owner/family member

Procol Collection Agency has been mandated to assist with this project and we look forward to seeing the results over the next few years. Although we would all love this to happen quickly, it is important that as the debts are resolved, that a new owner for the week is found simultaneously in order to ensure that Durban Spa moves into a better position.

### **Beekman Holidays Rental**

In conjunction with the Debtors Project plan, Durban Spa has entered into an agreement with Beekman Holidays to oversee the rental programme, on behalf of Durban Spa. Beekman Holidays has been in the business for over 14 years, comes with a highly trained and dedicated team and can reach thousands of potential renters through their well-developed marketing strategies and channels. This will result in improved rental dividends for owners utilising the rental pool and help with recovery of arrear levies.

### **Panda Rose trading as RJs**

As detailed in last years report, trading conditions for RJs continued to deteriorate during 2020 and further into 2021 resulting in them failing even further behind on their obligations to Durban Spa. The Board has proceeded with the legal channels available to them to try and recover the arrears and will be proceeding with an eviction order in the near future.

### **IN CLOSING**

We understand that every one of us has been affected by this pandemic, whether it be health, financially, emotionally, or a combination of all three and so a very big thank you to all our owners who continued to pay their levies. Your support is appreciated and vital to the ongoing success of Durban Spa. Thank you, thank you and thank you again.

Travel safe and keep well.

Kind regards

Deon Viljoen



# DURBAN SPA BODY CORPORATE

## Annual Financial Statements as at 1 January 2021

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

## **Middel & Partners**

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**Gabriel Francois van Lingen Froneman**  
**Middel & Partners**  
**Chartered Accountants (SA)**  
**Registered Auditors**



## DURBAN SPA BODY CORPORATE

### Trustees' responsibilities and approval of the financial statements for the year ended 1 January 2021

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 1 January 2022 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.

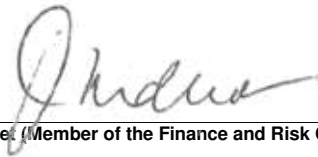
Although the trustees are primarily responsible for the financial affairs of the body corporate, they are supported by the body corporate's external auditors.

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 16 and 17.

The annual financial statements set out on pages 18 to 31, which have been prepared on the going concern basis, were approved by the board of trustees on 14 June 2021 and were signed on its behalf by:



D P Viljoen (Chairman of the Board of Trustees)



Prof. JM de Wet (Member of the Finance and Risk Committee)

## Independent Auditor's Report

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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 1 January 2021, 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 1 January 2021 are prepared, in all material respects, in accordance with the basis of accounting as set out in Note 1 to the annual 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 (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.

#### 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 information included in the document titled "Durban Spa Body Corporate Annual Financial Statements for the year ended 1 January 2021" which includes 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.

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.

**PKF Durban**  
(formerly David Strachan & Tayler)  
Chartered Accountants (SA) Registered Auditors  
Telephone (+27) 031 573 5000  
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GJ Morgan AA Motala G-J Nijhuis H Paruk M Schroeder BD Van Dyk  
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right people. right size. right solutions.

## 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 Title 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.



**PKF Durban**  
**Partner: KJ Dall**  
**Registered Auditor**  
**Durban**

**Date:** 14 June 2021

# DURBAN SPA BODY CORPORATE

## ADMINISTRATIVE FUND LEVY INCOME STATEMENT FOR THE YEAR ENDED 1 JANUARY 2021

	<u>2020 / 2021</u>	<u>2020 / 2021</u>	<u>2019 / 2020</u>	<u>2019 / 2020</u>
<u>Notes</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>
<b>INCOME</b>	20 040 938	20 397 156	18 618 685	18 741 378
Levies	2 19 786 719	19 785 707	18 136 159	18 134 837
Net Rental - section 76	3 234 223	559 057	447 229	554 384
Laundromat	13 285	23 364	22 779	24 538
Sundry income	6 711	29 028	12 518	27 619
<b>LESS : EXPENSES</b>	22 127 970	21 119 914	19 961 578	19 394 682
Administration expenses	4 3 807 707	2 546 880	3 182 928	2 343 861
Bad debts	4 656 145	1 150 000	1 103 828	750 000
Insurances	167 665	221 119	189 314	230 033
Management fee	1 379 180	1 803 989	1 661 095	1 679 366
Rates, taxes, refuse removal and sewer	5 293 643	332 293	309 064	350 735
Electricity	6 2 226 495	3 103 398	2 648 075	2 828 006
Maintenance and repairs	7 847 579	1 205 771	1 073 750	1 180 688
Remuneration	8 5 857 884	6 782 193	6 113 627	6 255 845
Travel and accommodation	9 56 741	79 247	72 214	89 215
Cleaning services	10 2 085 326	3 027 206	2 722 806	2 819 523
Water usage	749 605	867 818	884 877	867 410
<b>DEFICIT</b>	(2 087 032)	(722 758)	(1 342 893)	(653 304)
Interest received	11 703 728	635 609	627 775	718 674
<b>OPERATING (DEFICIT) SURPLUS</b>	(1 383 304)	(87 149)	(715 118)	65 370
Income tax for the year	12 128 360	295 005	129 256	417 922
<b>DEFICIT AFTER TAX</b>	(1 511 664)	(382 154)	(844 374)	(352 552)

## DURBAN SPA BODY CORPORATE

### RESERVE FUND INCOME STATEMENT FOR THE YEAR ENDED 1 JANUARY 2021

	<u>Notes</u>	<u>2020 / 2021</u>	<u>2020 / 2021</u>	<u>2019/ 2020</u>	<u>2019/ 2020</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>
<b>INCOME</b>		3 831 850	3 816 720	4 008 230	3 987 404
Levy contribution	2	3 816 720	3 816 720	3 987 404	3 987 404
Sale of furniture		15 130	0	20 826	0
<b>LESS : EXPENSES</b>	18	2 507 269	2 750 514	2 093 688	3 134 680
Replacement and refurbishment costs		2 367 323	2 500 468	1 941 301	2 821 212
Managing agents remuneration on capital expenditure		139 946	250 046	152 387	313 468
<b>SURPLUS</b>		1 324 581	1 066 206	1 914 542	852 724
Interest received	11	609 353	514 600	663 629	516 667
<b>OPERATING SURPLUS</b>		1 933 934	1 580 806	2 578 171	1 369 391
Income tax for the year	12	121 810	144 088	125 357	144 667
<b>SURPLUS CONTRIBUTION FOR THE YEAR</b>		1 812 124	1 436 718	2 452 814	1 224 724

# DURBAN SPA BODY CORPORATE

## STATEMENT OF FINANCIAL POSITION AS AT 1 JANUARY 2021

<b>ASSETS</b>	<u>Notes</u>	<u>2021</u> <b>R</b>	<u>2020</u> <b>R</b>
<b>NON- CURRENT ASSETS</b>		590 000	2 074 815
Investment property	14	590 000	1 970 000
Finance lease receivable	15	0	104 815
<b>CURRENT ASSETS</b>		23 296 303	28 458 022
Finance lease receivable	15	57 750	39 361
Amounts receivable and prepayments	16	3 101 622	3 320 525
Income tax - refundable	24	0	143 223
Cash and cash equivalents	17	20 136 931	24 954 913
		23 886 303	30 532 837
<b>RESERVES AND LIABILITIES</b>			
<b>RESERVE FUND</b>	18	9 648 514	7 836 390
<b>ADMINISTRATIVE FUND</b>		(745 544)	2 146 120
<b>NON-DISTRIBUTABLE RESERVE</b>		582 020	1 962 020
<b>RETAINED (DEFICIT) / SURPLUS - ADMINISTRATIVE FUND</b>		(1 327 564)	184 100
<b>TOTAL RESERVES</b>		8 902 970	9 982 510
<b>CURRENT LIABILITIES</b>		14 983 334	20 550 327
Amounts payable	19	3 208 301	6 147 304
Income tax - payable	24	152 911	0
Amounts received in advance		11 622 122	14 403 023
		23 886 303	30 532 837

## DURBAN SPA BODY CORPORATE

### STATEMENT OF CHANGES TO RESERVES FOR THE YEAR ENDED 1 JANUARY 2021

	<u>RESERVE FUND</u>	<u>NON- DISTRIBUTABLE RESERVE</u>	<u>RETAINED SURPLUS - ADMINISTRATIVE FUND</u>	<u>ADMINISTRATIVE FUND</u>	<u>TOTAL RESERVES</u>
	<u>R</u>	<u>R</u>	<u>R</u>		<u>R</u>
<b>Balance as at 4 January 2019</b>	5 383 576	2 092 020	1 028 474	3 120 494	8 504 070
Surplus contribution for the year	2 452 814	0	0	0	2 452 814
Revaluation adjustment	0	(130 000)	0	(130 000)	(130 000)
Deficit after tax	0	0	(844 374)	(844 374)	(844 374)
<b>Balance as at 3 January 2020</b>	7 836 390	1 962 020	184 100	2 146 120	9 982 510
Surplus contribution for the year	1 812 124	0	0	0	1 812 124
Revaluation adjustment	0	(1 380 000)	0	(1 380 000)	(1 380 000)
Deficit after tax	0	0	(1 511 664)	(1 511 664)	(1 511 664)
<b>Balance as at 1 January 2021</b>	9 648 514	582 020	(1 327 564)	(745 544)	8 902 970

# DURBAN SPA BODY CORPORATE

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED 1 JANUARY 2021

	<u>Notes</u>	<u>2021</u> <u>R</u>	<u>2020</u> <u>R</u>
<b>CASH FLOW (UTILIZED IN) / FROM OPERATING ACTIVITIES</b>		(6 065 502)	3 110 231
Cash received from members and sundries	20	21 213 172	25 083 610
Cash paid to suppliers and employees	21	(27 324 638)	(21 523 945)
Net cash (utilized in) / generated from operating activities (Note A1)		(6 111 466)	3 559 665
Income tax received / (paid)	24	45 964	(449 434)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		1 275 658	1 257 246
Interest received	22	1 275 658	1 257 246
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		(28 138)	(23 344)
Finance lease advance	23	(28 138)	(23 344)
Net (decrease) / increase in cash and cash equivalents		(4 817 982)	4 344 133
Cash and cash equivalents at beginning of the year		24 954 913	20 610 780
Cash and cash equivalents at end of the year		20 136 931	24 954 913
Consisting of :			
Cash on current account and on hand		3 315 079	6 580 729
Term deposits at bank		16 821 852	18 374 184
		20 136 931	24 954 913
<b>A1 RECONCILIATION OF CASH UTILIZED IN OPERATING ACTIVITIES</b>			
Operating deficit		(1 383 304)	(715 118)
Interest income		(703 728)	(627 775)
Cash received for Reserve Fund		3 816 720	3 987 404
Net amount expended from Reserve Fund (after sale of assets)		(2 492 139)	(2 072 862)
Non-cash items Provision for Doubtful Debts		234 473	894 979
Net (shortfall) / surplus before changes in working capital		(527 978)	1 466 628
Changes in working capital		(5 583 488)	2 093 037
Decrease / (Increase) in amounts receivable		136 416	(991 774)
(Decrease) / Increase in amounts payable and amounts received in advance		(5 719 904)	3 084 811
Net cash (utilized in) / generated from operating activities		(6 111 466)	3 559 665



# DURBAN SPA BODY CORPORATE

## ACCOUNTING POLICIES FOR THE YEAR ENDED 1 JANUARY 2021

### 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 15.25% per annum as at 4 January 2021.

#### 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 1 JANUARY 2021 (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 1 JANUARY 2021 (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 work must be undertaken.

#### 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 1 JANUARY 2021 DETAILS OF EXPENDITURE

	<u>2020 / 2021</u>	<u>2020 / 2021</u>	<u>2019/ 2020</u>	<u>2019/ 2020</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>
<b>2 INCOME FROM LEVIES</b>	<u>23 603 439</u>	<u>23 602 427</u>	<u>22 123 563</u>	<u>22 122 241</u>
Income from levies:				
Amount to Administrative Fund levy income statement	19 786 719	19 785 707	18 136 159	18 134 837
Amount earmarked for Reserve Fund	<u>3 816 720</u>	<u>3 816 720</u>	<u>3 987 404</u>	<u>3 987 404</u>
	<u>23 603 439</u>	<u>23 602 427</u>	<u>22 123 563</u>	<u>22 122 241</u>
<b>3 NET RENTAL - SECTION 76</b>				
Rent received	363 482	720 500	583 131	723 006
Less: Expenses	<u>129 259</u>	<u>161 443</u>	<u>135 902</u>	<u>168 622</u>
Levy	23 810	23 827	22 317	22 317
Insurance	26 927	35 512	30 404	36 943
Assessment rates	1 521	2 283	791	2 283
Security	<u>77 001</u>	<u>99 821</u>	<u>82 390</u>	<u>107 079</u>
	<u>234 223</u>	<u>559 057</u>	<u>447 229</u>	<u>554 384</u>
<b>4 ADMINISTRATION EXPENSES</b>	<u>3 807 707</u>	<u>2 546 880</u>	<u>3 182 928</u>	<u>2 343 861</u>
Accounting fees	80 000	80 000	92 480	70 000
Bank charges and credit card commission	187 347	283 822	283 638	289 471
Printing and stationery	122 934	127 453	104 259	134 785
Subscriptions	0	57 156	29 313	32 964
Office levy	23 810	47 619	22 317	44 633
Auditor's remuneration (Note 13)	159 604	159 606	151 860	151 861
Provision for bad debts on rental income	82 487	0	334 182	0
Provision for bad debts on finance lease	151 986	0	560 798	0
Postage	70 656	78 391	61 240	65 573
Utility expenses - Staff	46 838	59 843	58 126	60 328
Telephone	168 544	177 722	165 510	163 925
Expenses	168 785	178 956	166 253	164 544
Less: Recovered	<u>242</u>	<u>1 234</u>	<u>743</u>	<u>1 651</u>
TV licenses and M-Net	242 906	436 956	389 166	423 732
Promotions	125 457	138 171	123 356	166 556
Information technology costs	452 490	394 160	314 104	377 999
Legal and professional fees	46 900	113 413	135 757	162 034
Wifi - Guests	413 159	392 568	307 805	200 000
Levy shortfall - Body corporate weeks	<u>1 432 590</u>	<u>0</u>	<u>49 017</u>	<u>0</u>
<b>5 RATES, TAXES, REFUSE REMOVAL AND SEWER</b>	<u>293 643</u>	<u>332 293</u>	<u>309 064</u>	<u>350 735</u>
Rates and taxes	9 471	14 217	4 923	14 217
Refuse removal	79 949	83 565	62 009	83 565
Sewer	<u>204 223</u>	<u>234 511</u>	<u>242 132</u>	<u>252 953</u>
<b>6 ELECTRICITY</b>	<u>2 226 495</u>	<u>3 103 398</u>	<u>2 648 075</u>	<u>2 828 006</u>
Common property	1 785 837	2 410 816	2 002 574	2 093 465
Heating : Spa pool	219 250	300 400	232 568	214 507
Apartments	<u>221 408</u>	<u>392 182</u>	<u>412 933</u>	<u>520 034</u>

## DURBAN SPA BODY CORPORATE

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 1 JANUARY 2021 DETAILS OF EXPENDITURE (CONTINUED)

	<u>2020 / 2021</u>	<u>2020 / 2021</u>	<u>2019 / 2020</u>	<u>2019 / 2020</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>
<b>7 MAINTENANCE AND REPAIRS</b>	<u>847 579</u>	<u>1 205 771</u>	<u>1 073 750</u>	<u>1 180 688</u>
Common property	168 173	287 346	278 444	287 346
Lifts - service contract and general	84 712	88 469	75 450	86 936
Air-conditioning - service contract	39 370	41 906	48 092	34 915
Plants and decorations	20 048	26 077	22 945	24 492
Radio and TV	4 400	5 941	2 550	21 300
Spa area	22 846	58 926	37 461	38 131
Apartments	389 675	557 247	511 154	547 874
Pest control	118 353	139 859	97 654	139 694
<b>8 REMUNERATION</b>	<u>5 857 884</u>	<u>6 782 193</u>	<u>6 113 627</u>	<u>6 255 845</u>
Trustee Remuneration	177 017	236 024	221 223	221 222
Salaries	5 201 410	5 883 822	5 379 388	5 329 483
Recruiting expenses	0	12 000	0	12 000
Security guards	479 457	650 347	513 016	693 140
<b>9 TRAVEL AND ACCOMMODATION</b>	<u>56 741</u>	<u>79 247</u>	<u>72 215</u>	<u>89 215</u>
Guest entertainment	14 940	20 015	13 283	14 443
Travelling expenses and allowances	27 905	45 416	37 849	47 906
Accommodation expenses	8 302	5 343	11 970	13 526
Transport	5 594	8 473	9 112	13 340
<b>10 CLEANING SERVICES</b>	<u>2 085 326</u>	<u>3 027 206</u>	<u>2 722 806</u>	<u>2 819 523</u>
Cleaning materials	8 623	21 231	15 140	20 512
Laundry	62 175	107 436	99 606	126 304
Guest supplies	137 498	197 260	187 045	183 491
Cleaning services	1 877 030	2 701 279	2 421 015	2 489 216
<b>11 INTEREST RECEIVED</b>	<u>1 313 081</u>	<u>1 150 206</u>	<u>1 291 404</u>	<u>1 219 045</u>
On short-term investments	991 583	986 600	1 104 982	985 000
Interest on arrears from members	288 570	139 164	167 315	234 045
Other interest income	32 928	24 442	19 107	0
Attributable to :				
Administrative Fund	703 728	635 606	627 775	702 378
Reserve Fund	609 353	514 600	663 629	516 667
	<u>1 313 081</u>	<u>1 150 206</u>	<u>1 291 404</u>	<u>1 219 045</u>

## DURBAN SPA BODY CORPORATE

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 1 JANUARY 2021 (CONTINUED)

	<u>2021</u>	<u>2020</u>
	<u>R</u>	<u>R</u>
<b>12 TAXATION</b>		
Current tax	<u>250 170</u>	<u>254 613</u>
Attributable to :		
Administrative Fund	128 360	129 256
Reserve Fund	<u>121 810</u>	<u>125 357</u>
	<u>250 170</u>	<u>254 613</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>		
<b>13 AUDITOR'S REMUNERATION AND EXPENSES</b>	<u>159 604</u>	<u>151 860</u>
Fees for audit	159 604	151 860
<b>14 INVESTMENT PROPERTY</b>	<u>590 000</u>	<u>1 970 000</u>
Section 1 - at cost	100	100
Costs capitalized to 3 January 2003	<u>1 345</u>	<u>1 345</u>
Balance as at 1 January 2021	<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	1 962 020	2 092 020
Revaluation - adjustment 2021	<u>(1 380 000)</u>	<u>(130 000)</u>
Balance as at 1 January 2021	<u>588 555</u>	<u>1 968 555</u>
<b>15 FINANCE LEASE RECEIVABLE</b>		
Balance owing	770 534	704 974
Less: Provision for doubtful debts	<u>(712 784)</u>	<u>(560 798)</u>
Balance due	<u>57 750</u>	<u>144 176</u>
Apportion as follows:		
Non-Current assets	-	104 815
Current assets	<u>57 750</u>	<u>39 361</u>
	<u>57 750</u>	<u>144 176</u>

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

As at 1 January 2021 the debtor was in arrears to the amount of R 479 168,93 including vat. Based on the debtors current and future expected debt servicing record, a provision for doubtful debts in excess of the amount in arrears at the year-end has been raised.

# DURBAN SPA BODY CORPORATE

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 1 JANUARY 2021 (CONTINUED)

	<u>2021</u>	<u>2020</u>
	<u>R</u>	<u>R</u>
<b>16 AMOUNTS RECEIVABLE AND PREPAYMENTS</b>		
Levies from members & Rental - due at year-end	11 099 085	6 891 455
Less : Provision for non recovery on levies	(8 299 242)	(3 883 387)
Less : Provision for bad debts for rental income	(416 669)	(334 182)
Pre-payments & Other receivables	<u>718 448</u>	<u>646 639</u>
	<u>3 101 622</u>	<u>3 320 525</u>
 Summary by ageing of levies due by members :		
Current (0 - 30 days)	11 869	5 992
31 - 60 days	5 390	6 152
61 - 90 days	19 968	7 415
Other : 90 - 365 days	23 667	4 686
Panda Rose : 90-365 days	479 169	377 799
Sizzling Steaks : 90 -365 days	33 841	0
+ 365 days	<u>10 525 181</u>	<u>6 489 411</u>
	<u>11 099 085</u>	<u>6 891 455</u>

The above amount due by members of R 10 586 075 represents 726 owners holding 565 weeks (previous year 419 owners holding 484 weeks)

### 17 CASH AND CASH EQUIVALENTS

Bank ( <b>Refer note 26</b> )	3 292 309	6 557 959
Deposits - Short-term	13 621 852	15 174 184
Deposits - Long-term	3 200 000	3 200 000
Cash on hand	<u>22 770</u>	<u>22 770</u>
	<u>20 136 931</u>	<u>24 954 913</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 3 January 2020	7 836 390	5 383 576
Amounts levied on members	3 816 720	3 987 404
Net interest received (capitalised)	487 543	538 272
Sale of furniture	<u>15 130</u>	<u>20 826</u>
	12 155 783	9 930 078
Less: Amounts utilized for Maintenance, Repair and Replacements	2 507 269	2 093 688
Apartments: replacement of soft furnishings	18 656	708 963
Apartments: replacement / refurbishment of hard furnishings	321 557	496 962
Architecture: replacing sliding doors and windows	0	263 590
Electrical	593 917	0
External paintwork	0	25 059
Airconditioning: chillers and pumps	1 162 328	103 678
Wet Services: water storage tanks refurbished	136 946	19 190
Heat pump swimming pool	5 022	42 904
Sundries	<u>268 843</u>	<u>433 342</u>
Balance as per statement of financial position	<u>9 648 514</u>	<u>7 836 390</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 R2 750 514 for 2021 (2020: R3 134 680)

After accounting for the amounts of levy income earmarked to be transferred to the Reserve Fund during 2022, the balance of the Reserve Fund is anticipated to (decrease) / increase by (R709 050) (2021 : R1 444 989)

# DURBAN SPA BODY CORPORATE

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 1 JANUARY 2021 (CONTINUED)

		<u>2021</u>		<u>2020</u>
		<u>R</u>		<u>R</u>
<b>18 RESERVE FUND (CONTINUED)</b>				
<b>RESERVE FUND - MAJOR CAPITAL ITEMS</b>				
	<u>% of accrued estimated cost</u>	<u>2021</u>	<u>% of accrued estimated cost</u>	<u>2020</u>
APARTMENTS - SOFTS	58%	1 457 193	52%	1 222 294
APARTMENTS - HARDS	32%	3 272 328	36%	3 479 083
EQUIPMENT	29%	503 879	23%	374 770
ARCHITECTURAL	18%	1 059 077	4%	245 155
AIR-CONDITIONING	9%	683 513	17%	1 289 151
SWIMMING POOL, HEAT PUMPS AND GEYSERS	25%	344 222	19%	244 628
LIFTS	13%	890 877	6%	359 035
CIVILS : PARKING LEVELS AND SPALLING	5%	60 261	1%	10 209
ELECTRICAL	3%	13 203	2%	7 186
FIRE	3%	48 554	3%	44 300
STRUCTURAL / PYLON / LOUVRES	53%	421 514	3%	22 580
WET SERVICES / WATER STORAGE TANKS	14%	268 848	19%	338 563
SUNDRIES	35%	194 914	34%	178 132
GENERATOR	8%	45 574	2%	11 126
PROFESSIONAL FEES	52%	384 557	1%	10 178
		<u>9 648 514</u>		<u>7 836 390</u>
<b>Reserve fund balance as a % of Administrative Fund levy income for the year #</b>		<b>48.76%</b>		<b>43.21%</b>

# 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	1 292 453	2 999 727
Rates recoveries in advance (Refer note 26)	897 658	1 970 334
CSOS levies	24 528	4 200
Ethekwini Municipality - electricity	203 266	226 641
Accrued expenses - managing agent fees and telephone	120 472	335 023
Leave pay provision	234 515	255 437
Other provisions	5 900	5 900
Deposit's held - guests	429 509	350 042
	<u>3 208 301</u>	<u>6 147 304</u>

All of the above debt's are payable within 30 days except for the provisions and guest deposit's held and rate recoveries in advance.

### 20 CASH RECEIVED FROM MEMBERS AND SUNDRIES

Income from Administrative Fund levy income statement	20 040 938	18 618 685
Levies received for Reserve Fund	3 816 720	3 987 404
Amounts receivable and amounts received in advance at beginning of the year	(11 082 499)	(8 210 421)
Amounts receivable and amounts received in advance at the end of the year	8 520 500	11 082 499
Adjusted for:		
Provision for doubtful debts	(82 487)	(334 182)
Reallocation to finance lease	-	(60 375)
	<u>21 213 172</u>	<u>25 083 610</u>



# DURBAN SPA BODY CORPORATE

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 1 JANUARY 2021 (CONTINUED)

	<u>2021</u>	<u>2020</u>
	<u>R</u>	<u>R</u>
<b>21 CASH PAID TO SUPPLIERS AND EMPLOYEES</b>		
Expenses from Administrative Fund levy income statement	22 127 970	19 961 578
Adjusted for: Provision for doubtful debts	(234 473)	(894 979)
Amounts payable at the beginning of the year	6 147 304	4 561 454
Amounts payable at the end of the year	(3 208 301)	(4 176 970)
Net amount expended from Reserve Fund (after sale of assets)	<u>2 492 139</u>	<u>2 072 862</u>
	<u>27 324 638</u>	<u>21 523 945</u>
<b>22 INTEREST RECEIVED</b>		
Interest received	1 313 081	1 291 404
Adjusted for : Unpaid interest	<u>(37 423)</u>	<u>(34 158)</u>
Amount received during the year	<u>1 275 658</u>	<u>1 257 246</u>
<b>23 FINANCE LEASE DEBTOR</b>		
Balance at the beginning of the year	144 176	587 097
Balance at the end of the year	(57 750)	(144 176)
Adjusted for:		
Provision for doubtful debts	(151 987)	(560 798)
Unpaid interest	37 423	34 158
Re-allocation from trade and other receivables	<u>-</u>	<u>60 375</u>
	<u>(28 138)</u>	<u>(23 344)</u>
<b>24 INCOME TAX PAID</b>		
Balance at the beginning of the year	(143 223)	51 598
Tax charge for the year	250 170	254 613
Balance at the end of the year - (payable) / receivable	<u>(152 911)</u>	<u>143 223</u>
Amount (received) / paid during the year	<u>(45 964)</u>	<u>449 434</u>
<b>25 MANAGING AGENT'S - TOTAL REMUNERATION</b>	<u>1 674 463</u>	<u>2 435 777</u>
Charged to Administrative Fund levy income statement	1 379 180	1 661 095
Charged to Reserve Fund	<u>139 946</u>	<u>152 387</u>
	1 519 126	1 813 482
Charge on rental income	<u>155 337</u>	<u>622 295</u>

### 26 PRIOR PERIOD ADJUSTMENTS

The 2020 statement of financial position has been adjusted to account for rates recoveries received in advance from the members. Previously these recoveries were reported to the members by way of the Corporate management report which in 2020 detailed advance recoveries of R 1970 333.

The adjustments as follows:

	<u>Before adjustments</u>	<u>After adjustments</u>
	<u>2021</u>	<u>2020</u>
<b>Statement of Financial Position</b>		
Cash and cash equivalents	22 984 579	24 954 913
Amounts payable	<u>4 176 970</u>	<u>6 147 304</u>

### 27 EVENTS AFTER THE REPORTING PERIOD

The annual financial statements were authorised for issue on the 14 June 2021 by the board of trustees of Durban Spa Body Corporate. Please refer to the Trustee's report where the COVID 19 pandemic's effect on the body corporate is recorded.

## DURBAN SPA BODY CORPORATE

### REPLACEMENT VALUE TO 31 DECEMBER 2021 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	693 348	901	60	45	0,0085	1 733 371
101	2	39	0,0073	1 502 255	902	61	39	0,0073	1 502 255
102	3	70	0,0132	2 696 355	903	62	78	0,0147	3 004 510
103	4	70	0,0132	2 696 355	904	63	78	0,0147	3 004 510
104	5	70	0,0132	2 696 355	905	64	39	0,0073	1 502 255
105	6	70	0,0132	2 696 355	906	65	45	0,0085	1 733 371
106	7	39	0,0073	1 502 255	907	66	31	0,0058	1 194 100
201	8	39	0,0073	1 502 255	908	67	31	0,0058	1 194 100
202	9	70	0,0132	2 696 355	1001	68	45	0,0085	1 733 371
203	10	70	0,0132	2 696 355	1002	69	39	0,0073	1 502 255
204	11	70	0,0132	2 696 355	1003	70	78	0,0147	3 004 510
205	12	70	0,0132	2 696 355	1004	71	78	0,0147	3 004 510
206	13	39	0,0073	1 502 255	1005	72	39	0,0073	1 502 255
301	14	39	0,0073	1 502 255	1006	73	45	0,0085	1 733 371
302	15	70	0,0132	2 696 355	1007	74	31	0,0058	1 194 100
303	16	70	0,0132	2 696 355	1008	75	31	0,0058	1 194 100
304	17	70	0,0132	2 696 355	OFFICE	76	12	0,0023	462 232
305	18	70	0,0132	2 696 355	1101	77	45	0,0085	1 733 371
306	19	39	0,0073	1 502 255	1102	78	39	0,0073	1 502 255
401	20	39	0,0073	1 502 255	1103	79	78	0,0147	3 004 510
402	21	70	0,0132	2 696 355	1104	80	78	0,0147	3 004 510
403	22	70	0,0132	2 696 355	1105	81	39	0,0073	1 502 255
404	23	70	0,0132	2 696 355	1106	82	45	0,0085	1 733 371
405	24	70	0,0132	2 696 355	1107	83	31	0,0058	1 194 100
406	25	39	0,0073	1 502 255	1108	84	31	0,0058	1 194 100
501	26	45	0,0085	1 733 371	1201	85	45	0,0085	1 733 371
502	27	39	0,0073	1 502 255	1202	86	39	0,0073	1 502 255
503	28	39	0,0073	1 502 255	1203	87	78	0,0147	3 004 510
503	29	39	0,0073	1 502 255	1204	88	78	0,0147	3 004 510
505	30	39	0,0073	1 502 255	1205	89	39	0,0073	1 502 255
505	31	39	0,0073	1 502 255	1206	90	45	0,0085	1 733 371
507	32	39	0,0073	1 502 255	1207	91	31	0,0058	1 194 100
508	33	45	0,0085	1 733 371	1208	92	31	0,0058	1 194 100
509	34	31	0,0058	1 194 100	1301	93	45	0,0085	1 733 371
510	35	31	0,0058	1 194 100	1302	94	39	0,0073	1 502 255
601	36	45	0,0085	1 733 371	1303	95	78	0,0147	3 004 510
602	37	39	0,0073	1 502 255	1304	96	78	0,0147	3 004 510
603	38	78	0,0147	3 004 510	1305	97	39	0,0073	1 502 255
604	39	78	0,0147	3 004 510	1306	98	45	0,0085	1 733 371
605	40	39	0,0073	1 502 255	1307	99	31	0,0058	1 194 100
606	41	45	0,0085	1 733 371	1308	100	31	0,0058	1 194 100
607	42	31	0,0058	1 194 100	1401	101	45	0,0085	1 733 371
608	43	31	0,0058	1 194 100	1402	102	39	0,0073	1 502 255
701	44	45	0,0085	1 733 371	1403	103	78	0,0147	3 004 510
702	45	39	0,0073	1 502 255	1404	104	78	0,0147	3 004 510
703	46	78	0,0147	3 004 510	1405	105	39	0,0073	1 502 255
704	47	78	0,0147	3 004 510	1406	106	45	0,0085	1 733 371
705	48	39	0,0073	1 502 255	1407	107	31	0,0058	1 194 100
706	49	45	0,0085	1 733 371	1408	108	31	0,0058	1 194 100
707	50	31	0,0058	1 194 100	<b>TOTAL</b>		<b>5 322</b>	<b>1</b>	<b>R 205 000 020</b>
708	51	31	0,0058	1 194 100					
801	52	45	0,0085	1 733 371					
802	53	39	0,0073	1 502 255	<b>TOTAL INSURED VALUE</b>				<b>R 205 000 000</b>
803	54	78	0,0147	3 004 510					
804	55	78	0,0147	3 004 510					
805	56	39	0,0073	1 502 255					
806	57	45	0,0085	1 733 371					
807	58	31	0,0058	1 194 100					
808	59	31	0,0058	1 194 100					

PREVIOUS YEAR	R 205 000 000
INCREASE	
CURRENT YEAR	<u>R 205 000 000</u>

**SANTAM POLICY NUMBER – 55121437241**

**POLICY NAME: DURBAN SPA - 57 OLIVER TAMBO PARADE, DURBAN**

<b><u>FIRE</u></b>	<b>SUM INSURED</b>
Fixtures & Fittings, Plant & Machinery	R682 000
<b><u>BUILDINGS COMBINED</u></b>	
Resort	R205 000 000
Buildings & Facilities	R6 534 000
Buildings & Facilities	R1 100 000
<b><u>OFFICE CONTENTS</u></b>	R200 000
<b><u>BUSINESS INTERRUPTION</u></b>	
Gross Revenue	R30 925 028
Extensions	R30 925 028
Additional Increase in Cost of Working	R5 195 304
<b><u>MONEY</u></b>	R20 000
<b><u>GLASS</u></b>	R110 000
<b><u>BUSINESS ALL RISKS</u></b>	
Monitor Intercom System	R3 000
Guest's Personal Effects	R20 000
Various Television Sets & Accessories	R475 000
4 x Cellphone Devices	R39 646
<b><u>ACCIDENTAL DAMAGE</u></b>	
Holiday Resort – Buildings & Facilities	R250 000
<b><u>PUBLIC LIABILITY</u></b>	
General & Tenants	R5 000 000
Products Liability	R5 000 000
Trustees Indemnity	R10 000 000
Wrongful Arrest	R250 000
Defamation / Legal Defence Costs	R250 000
<b><u>GROUP PERSONAL ACCIDENT</u></b>	
N Brennan & N Panday	R500 000
<b><u>ELECTRONIC EQUIPMENT</u></b>	
All Electronic Equipment	R300 000
Reinstatement of Data	R40 000
Increased Cost of Working	R10 000
CCTV Systems and Cameras	R40 000
D-Copia 4001MF Copier	R89 000
M2540 Copier	R12 000
HP Probook 450	R8 886
Intel i5 Laptop	R13 857-50
<b><u>FIDELITY (ADDITION)</u></b>	R100 000

**DURBAN SPA BODY CORPORATE**  
**BUDGET FOR 2022/2023**

2022/2023 Budget	2021/2022 Budget	2021/2022 Forecast	2020/2021 Audited
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**ADMINISTRATIVE FUND**

**INCOME** **25 367 503    22 766 039    22 695 584    20 270 292**

Levies	24 767 541	21 918 178	21 918 178	19 786 717
Net rental - Secion 76	332 212	437 348	379 720	363 482
Sundry income	267 750	68 455	356 429	42 706
Commission income - 5%	-	342 058	41 257	77 388

**LESS : EXPENSES** **25 767 449    23 034 542    23 902 900    22 357 327**

**ADMINISTRATION EXPENSES** **7 240 152    3 899 331    6 941 938    8 698 868**

Accounting fees	45 000	100 112	80 000	80 000
Advertising and promotions	56 741	149 135	50 581	81 707
Auditors remuneration	171 954	159 606	160 705	159 604
Bad debts	2 055 800	1 040 000	2 156 497	4 656 145
Bad debts : Provision for bad debts for finance lease	-	-	152 000	151 986
Bad debts : Provision for bad debts for rental income	65 000	-	60 000	82 487
Bank charges and credit card commission	291 500	307 047	265 000	187 348
Information technology costs	431 270	380 799	479 357	452 490
Insurance	260 500	202 376	229 453	194 592
Legal and professional fees	100 000	113 413	130 000	46 900
Levy shortfall on rented weeks	2 311 717	-	1 777 449	1 432 590
Office levy	55 335	49 818	49 818	47 620
Postage	17 500	66 294	19 500	70 656
Printing and stationery	105 100	112 863	94 200	166 684
Subscriptions	26 255	31 732	11 934	-
Telephone	204 370	188 049	182 573	168 785
Transport	10 000	9 864	8 000	5 594
TV licences and DSTV	476 380	516 960	474 983	242 906
Utility expenses - staff	70 000	78 695	77 743	57 615
Wifi - guests	485 730	392 568	482 146	413 159

**MANAGEMENT FEES** **1 939 539    1 925 528    1 796 087    1 379 181**

Management fees	1 939 539	1 925 528	1 796 087	1 379 181
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**RATES, TAXES, REFUSE REMOVAL, SEWER AND WATER** **1 555 399    1 427 898    1 312 838    1 044 770**

Rates and taxes	11 400	6 530	10 433	10 992
Refuse removal	109 000	70 861	92 500	79 949
Sewer	290 000	279 805	262 898	204 223
Water	1 145 000	1 070 702	947 006	749 605

**ELECTRICITY** **3 724 000    3 358 985    3 159 071    2 226 495**

Common property	2 852 000	2 489 500	2 432 715	1 785 837
Heating : Spa pool	280 000	276 149	248 370	210 048
Apartments	570 000	513 336	457 986	221 408
Diesel	22 000	80 000	20 000	9 202

**DURBAN SPA BODY CORPORATE**  
**BUDGET FOR 2022/2023**

2022/2023 Budget	2021/2022 Budget	2021/2022 Forecast	2020/2021 Audited
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**ADMINISTRATIVE FUND (CONTINUED)**

<b>MAINTENANCE AND REPAIRS</b>	<b>1 118 221</b>	<b>1 284 078</b>	<b>1 069 414</b>	<b>881 616</b>
Air-conditioning - Service contract	52 000	50 545	51 577	39 370
Apartments	470 000	605 767	435 000	407 186
Common property	265 000	301 424	280 000	168 173
Laundry repairs	30 000	28 107	28 000	16 526
Lifts - service contract and general	97 400	90 107	86 580	84 712
Plants and decorations	25 860	24 839	22 266	20 048
Pest control	130 960	121 437	124 490	118 353
TV	20 000	21 300	19 000	4 400
Spa area	27 000	40 552	22 500	22 846
<b>REMUNERATION</b>	<b>7 003 768</b>	<b>7 438 251</b>	<b>6 647 749</b>	<b>6 006 452</b>
Salaries	6 077 790	6 558 217	5 864 774	5 272 977
Security guards	649 300	633 111	597 783	556 458
Trustees remuneration	276 677	246 923	185 192	177 017
<b>TRUSTEES TRAVEL AND ACCOMODATION</b>	<b>43 500</b>	<b>70 298</b>	<b>53 517</b>	<b>51 146</b>
Accomodation expenses	-	12 958	-	8 302
Entertainment	14 500	14 378	12 500	14 939
Travelling expenses and allowances	29 000	42 962	41 017	27 905
<b>CLEANING SERVICES</b>	<b>3 142 870</b>	<b>3 630 173</b>	<b>2 922 287</b>	<b>2 068 800</b>
Cleaning materials	90 000	257 012	80 000	8 623
Cleaning services	2 762 080	3 080 252	2 576 789	1 877 030
Guest supplies	206 790	210 164	193 498	137 498
Laundry	84 000	82 745	72 000	45 649
<b>SURPLUS/(DEFICIT) BEFORE INTEREST AND TAXATION</b>	<b>(399 946)</b>	<b>(268 503)</b>	<b>(1 207 316)</b>	<b>(2 087 035)</b>
Interest received	588 040	452 786	667 404	703 728
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>188 094</b>	<b>184 283</b>	<b>(539 912)</b>	<b>(1 383 308)</b>
Income tax for the year	188 094	184 283	216 629	128 360
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>-</b>	<b>-</b>	<b>(756 541)</b>	<b>(1 511 667)</b>

**DURBAN SPA BODY CORPORATE**  
**BUDGET FOR 2022/2023**

	2022/2023 Budget	2021/2022 Budget	2021/2022 Forecast	2020/2021 Audited
<b>RESERVE FUND</b>				
<b>INCOME</b>	<b>2 900 146</b>	<b>2 774 148</b>	<b>2 774 931</b>	<b>3 831 852</b>
Levies	2 900 146	2 774 148	2 774 148	3 816 722
Sale of furniture	-	-	783	15 130
<b>LESS : EXPENSES</b>	<b>2 903 733</b>	<b>3 830 438</b>	<b>3 830 438</b>	<b>2 507 268</b>
Replacements and refurbishment costs	2 639 758	3 482 217	3 482 217	2 279 335
Managing agents remuneration on capital expenditure	263 976	348 222	348 222	227 933
<b>SURPLUS/(DEFICIT) BEFORE INTEREST AND TAXATION</b>	<b>(3 587)</b>	<b>(1 056 290)</b>	<b>(1 055 508)</b>	<b>1 324 584</b>
Interest received	414 900	482 100	414 900	609 353
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>411 313</b>	<b>(574 190)</b>	<b>(640 608)</b>	<b>1 933 937</b>
Income tax for the year	116 172	134 988	116 172	121 810
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>295 141</b>	<b>(709 178)</b>	<b>(756 780)</b>	<b>1 812 127</b>

	2022/2023 Budget	2021/2022 Budget	2021/2022 Forecast	2020/2021 Audited
<b>RESERVES</b>				
<b>ADMINISTRATIVE FUND</b>				
Opening balance	(2 084 108)	(1 327 567)	(1 327 567)	184 100
Surplus/(deficit) for the year	-	-	(756 541)	(1 511 667)
Closing balance	<b>(2 084 108)</b>	<b>(1 327 567)</b>	<b>(2 084 108)</b>	<b>(1 327 567)</b>
<b>NON-DISTRIBUTABLE RESERVE</b>				
Opening balance	582 020	582 020	582 020	1 962 020
Revaluation adjustment	-	-	-	(1 380 000)
Closing balance	<b>582 020</b>	<b>582 020</b>	<b>582 020</b>	<b>582 020</b>
<b>RESERVE FUND</b>				
Opening balance	8 891 742	9 648 522	9 648 522	7 836 395
Surplus/(deficit) for the year	295 141	(709 178)	(756 780)	1 812 127
Closing balance	<b>9 186 882</b>	<b>8 939 343</b>	<b>8 891 742</b>	<b>9 648 522</b>
	37%	41%	41%	49%
<b>TOTAL RESERVES</b>				
Opening balance	7 389 654	8 902 975	8 902 975	9 982 515
Surplus/(deficit) for the year	295 141	(709 178)	(1 513 321)	300 460
Revaluation adjustment	-	-	-	(1 380 000)
Closing balance	<b>7 684 794</b>	<b>8 193 796</b>	<b>7 389 654</b>	<b>8 902 975</b>

# DURBAN SPA BODY CORPORATE

## BUDGET FOR 2022/2023

	2022 / 2023 Budget R	2021 / 2022 Revised Budget R	2020 / 2021 Revised Budget R
<b>BODY CORPORATE LEVIES PER UNIT</b>			
<b>ADMINISTRATIVE FUND LEVY</b>			
4 BED UNIT	3 834	3 394	3 064
6 BED UNIT	7 668	6 786	6 126
2 BED TOWER	3 286	2 909	2 626
4 BED TOWER	3 834	3 394	3 064
6 BED TOWER	4 382	3 878	3 500
8 BED TOWER	8 216	7 270	6 563
8 BED TOWER FIFTH FLOOR	6 668	6 786	6 126
<b>RESERVE FUND LEVY</b>			
4 BED UNIT	449	429	591
6 BED UNIT	898	859	1 182
2 BED TOWER	385	368	506
4 BED TOWER	449	429	591
6 BED TOWER	513	491	675
8 BED TOWER	962	920	1 266
8 BED TOWER FIFTH FLOOR	898	859	1 182
<b>THE BODY CORPORATE LEVIES ARE INCLUSIVE OF VAT</b>			
<b>PROPERTY RATES DIRECTLY RECOVERED FROM MEMBERS</b>			
4 BED UNIT	221	0	211
6 BED UNIT	408	0	363
2 BED TOWER	174	0	193
4 BED TOWER	221	0	211
6 BED TOWER	261	0	293
8 BED TOWER	455	0	495
8 BED TOWER FIFTH FLOOR	522	0	363
<b>CSOS LEVIES DIRECTLY RECOVERED FROM MEMBERS</b>			
4 BED UNIT	12	12	11
6 BED UNIT	12	12	11
2 BED TOWER	12	12	11
4 BED TOWER	12	12	11
6 BED TOWER	12	12	11
8 BED TOWER	12	12	11
8 BED TOWER FIFTH FLOOR	12	12	11
<b>TOTAL DUE</b>			
4 BED UNIT	4 516	3 835	3 876
6 BED UNIT	8 987	7 658	7 681
2 BED TOWER	3 857	3 288	3 336
4 BED TOWER	4 516	3 835	3 876
6 BED TOWER	5 168	4 380	4 480
8 BED TOWER	9 646	8 202	8 336
8 BED TOWER FIFTH FLOOR	8 100	7 658	7 681

**2022 /2023 BODY CORPORATE LEVY, PROPERTY RATES AND CSOS LEVY ARE DUE AND PAYABLE BY 7 JANUARY 2022**

# HOLIDAY WEEKS TABLE 2022

Here's your holiday weeks timetable listing; Peak, In and Semi-Season plus all Flexi-weeks. A week starts and ends on a Friday (F) and a letter indicates the day of the week, Eg: S = Saturday. It shows the public school holidays in the Gauteng; Northern Province; Mpumalanga, North West; West and Northern Cape and F.S.; Kwazulu-Natal and Eastern Cape, as well as the Peak, Red, White and Blue RCI periods. Keep the table handy to assist in the planning of your holidays during the current year.

Durban Spa Seasonal Time Slots					2022 Inland Cluster: GAUT; N PROV; MPUMALANGA; NORTH-WEST; FS							2022 Coastal Cluster: EAST; WEST & NORTH CAPE; KWAZULU NATAL							RCI Time Slots
					F	S	S	M	T	W	T	F	S	S	M	T	W	T	
A01	Semi-S/Perm	07	Jan	-	14	Jan'22	X	X	X	X	X	X	X	X	X	X	X	Peak 3	
A02	Semi-S/Perm	14	Jan	-	21	Jan						X	X	X	X	X			
A03	Semi-S/Flexi	21	Jan	-	28	Jan													
A04	Semi-S/Flexi	28	Jan	-	04	Jan													
A05	Semi-S/Flexi	04	Jan	-	11	Feb													
A06	Semi-S/Flexi	11	Feb	-	18	Feb													
A07	Semi-S/Flexi	18	Feb	-	25	Feb													
A08	Semi-S/Flexi	25	Feb	-	04	Feb													
A09	Semi-S/Flexi	04	Feb	-	11	Mar													
A10	Semi-S/Perm	11	Mar	-	18	Mar													
C01	Peak/Spits	18	Mar	-	25	Mar	X	X	X	X	X	X	X	X	X	X	X	Peak 3	
C02	Peak/Spits	25	Mar	-	01	Apr	X	X	X	X	X	X	X	X	X	X	X	Peak 3	
A11	Semi-S/Perm	01	Apr	-	08	Apr	X	X	X	X		X	X	X	X				
A12	Semi-S/Perm	08	Apr	-	15	Apr													
A13	Semi-S/Perm	15	Apr	-	22	Apr													
A14	Semi-S/Perm	22	Apr	-	29	Apr													
A15	Semi-S/Perm	29	Apr	-	06	May													
A16	Semi-S/Flexi	06	May	-	13	May													
A17	Semi-S/Flexi	13	May	-	20	May													
A18	Semi-S/Flexi	20	May	-	27	May													
A19	Semi-S/Flexi	27	May	-	03	Jun													
A20	Semi-S/Flexi	03	Jun	-	10	Jun													
A21	Semi-S/Perm	10	Jun	-	17	Jun													
A22	Semi-S/Perm	17	Jun	-	24	Jun													
B01	InSeas/Binne	24	Jun	-	01	Jul	X	X	X	X	X	X	X	X	X	X	X	Peak 2	
B02	InSeas/Binne	01	Jul	-	08	Jul	X	X	X	X	X	X	X	X	X	X	X	Peak 2	
B03	InSeas/Binne	08	Jul	-	15	Jul	X	X	X	X	X	X	X	X	X	X	X	Peak 2	
A23	Semi-S/Perm	15	Jul	-	22	Jul	X	X	X	X		X	X	X	X				
A24	Semi-S/Flexi	22	Jul	-	29	Jul													
A25	Semi-S/Flexi	29	Jul	-	05	Aug													
A26	Semi-S/Flexi	05	Aug	-	12	Aug													
A27	Semi-S/Flexi	12	Aug	-	19	Aug													
A28	Semi-S/Flexi	19	Aug	-	26	Aug													
A29	Semi-S/Flexi	26	Aug	-	02	Sept													
A30	Semi-S/Flexi	02	Sept	-	09	Sept													
A31	Semi-S/Flexi	09	Sept	-	16	Sept													
A32	Semi-S/Flexi	16	Sept	-	23	Sept													
A33	Semi-S/Perm	23	Sept	-	30	Sept													
B04	InSeas/Binne	30	Sept	-	07	Oct	X	X	X	X	X	X	X	X	X	X	X	Peak 3	
A34	Semi-S/Perm	07	Oct	-	14	Oct	X	X	X	X		X	X	X	X				
A35	Semi-S/Flexi	14	Oct	-	21	Oct													
A36	Semi-S/Flexi	21	Oct	-	28	Oct													
A37	Semi-S/Flexi	28	Oct	-	04	Nov													
A38	Semi-S/Flexi	04	Nov	-	11	Nov													
A39	Semi-S/Flexi	11	Nov	-	18	Nov													
A40	Semi-S/Flexi	18	Nov	-	25	Nov													
A41	Semi-S/Flexi	25	Nov	-	02	Dec													
A42	Semi-S/Perm	02	Dec	-	09	Dec													
B05	InSeas/Binne	09	Dec	-	16	Dec											X		
C03	Peak/Spits	16	Dec	-	23	Dec	X	X	X	X	X	X	X	X	X	X	X	Peak 3	
C04	Peak/Spits	23	Dec	-	30	Dec	X	X	X	X	X	X	X	X	X	X	X	Peak 4	
C05	Peak/Spits	30	Dec	-	06	Jan'23	X	X	X	X	X	X	X	X	X	X	X	Peak 4	