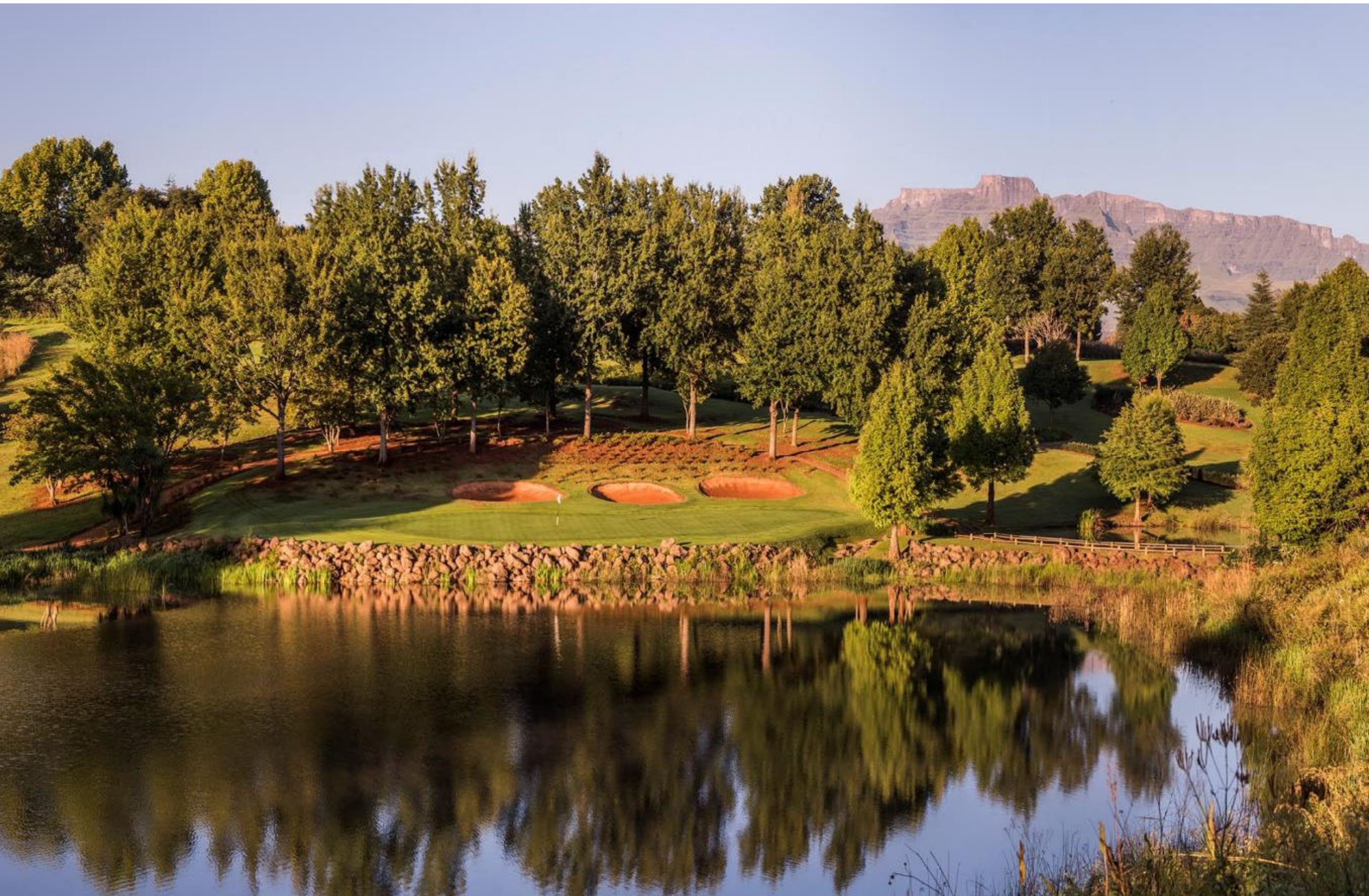
CHAMPAGNE SHARE BLOCK LTD

ANNUAL GENERAL MEETING 2019



CHAMPAGNE SHARE BLOCK LIMITED

REG. NO. 1956/003056/06

FORM OF PROXY

I/ WE ……….

(NAME IN BLOCK CAPITALS)

OF SHARE BLOCK NO ……………………………………...……………………… BEING A MEMBER / MEMBERS

OF CHAMPAGNE SHARE BLOCK LIMITED AND ENTITLED TO ………………. VOTES, HEREBY APPOINT

……….

OF ………..

OR FAILING HIM / HER, ………

OF ………..

OR FAILING HIM THE CHAIRMAN OF THE MEETING AS MY/OUR PROXY TO ATTEND AND VOTE ON MY/OUR BEHALF AT THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON 29th SEPTEMBER 2020, OR AT ANY ADJOURNMENT THEREOF, AS FOLLOWS:

SIGNED THIS ……………………. DAY OF …………………….……… 2020

………………………………………………………..	……………………………………………………………………..
SIGNATURE:	ASSISTED BY ME (WHERE APPLICABLE)

NOTE:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Company.
2. Proxies must be deposited at (delivered or faxed or e-mailed to) the offices of the Managing Agent not less than 48 (forty-eight) hours before the appointed time of the meeting.

CHAMPAGNE SHARE BLOCK LIMITED
NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF THE MEMBERS OF CHAMPAGNE SHARE BLOCK LIMITED IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 WILL BE HELD ONLINE ON ZOOM AT 11AM ON THE 29TH SEPTEMBER 2020.

Zoom Meeting ID: 879 1754 2352

Passcode: 649856

Link to Meeting: https://us02web.zoom.us/j/87917542352?pwd=WGx3cU5xaFFTRklnNEdwR2JCY2JzQT09

AGENDA

1. Welcome
2. Notice Covering the Meeting
3. Apologies and Proxies
4. Confirmation of the Minutes of the previous Annual General Meeting held at Champagne Sports Resort at 11am on the 1st June 2019.
5. Chairman's Report
6. Levy and Finance
    6.1. Financial Report 2019
    6.2. 2020 Levy Approval
    6.3. Insurance Values
    6.4. Reserve Allocations and Expenditures
7. To receive, consider and adopt the Annual Financial Statements in respect of the year ended 31 December 2019 together with the reports of the Directors and Auditors thereon circulated herewith
8. Approval of the Auditors remuneration as reflected in the financial statements
9. Appointment of the Auditors
10. Appointment of Secretary
11. Election of Directors
12. Association Meetings
    12.1. Section 21 – Champagne Sports & Raquet Association
    12.2. The Club - Champagne Sports & Racket Club
13. General

Any member of the company entitled to attend and vote at a General Meeting may appoint another person as his proxy to attend and speak and upon a poll, vote in his stead. A proxy form duly completed should be returned to reach the registered office, being Champagne Share Block Ltd at 12-16 Old Main Road, Block C, Lillies Quarter, Hillcrest, 3610 or P O Box 763, HILLCREST 3650, FORTY EIGHT HOURS before the time of the meeting. This may also be faxed to: 031 765 5195 or emailed to: shareblock@champagnesportsresort.com

BY ORDER OF THE BOARD ....
S.J Macquet (Director)

CHAMPAGNE SHARE BLOCK LIMITED
MINUTES OF THE ANNUAL GENERAL MEETING 2018

MINUTES OF THE ANNUAL GENERAL MEETING OF THE MEMBERS OF CHAMPAGNE SHARE BLOCK LIMITED IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 HELD AT CHAMPAGNE SPORTS RESORT AT 11AM ON THE 1ST JUNE 2019.

1. WELCOME
   The shareholders were welcomed.

2. NOTICE COVERING THE MEETING
   The meeting was properly convened, and the notice of the meeting was taken as read, with the required quorum. It was noted that the notice of the meeting was sent electronically. All attendees noted their receipt of the notice.

3. APOLOGIES & PROXIES
   The proxies and apologies were noted.

4. MINUTES OF THE PREVIOUS AGM (2017)

4.1 The minutes of the Annual General Meeting of the 05th of May 2018 were taken as read and approved.

5. CHAIRMAN'S REPORT

The Chairman noted that his report had been fully circulated. He would dwell on specific matters and comment on the highlights.

The structure and inter-company arrangements had always been highlighted as it could be seen as a complex structure and it was essential that this be clearly understood and transparent, even if it was repeated annually, in particular with the new MOI being in process.

The Chairman noted that the AGM called for the approval of the MOI. This would be postponed as, HPF, a major timeshare holder, was a public company and they had formal processes to follow, which were incomplete. In addition, A share owners wished for their positions to be more clearly included. The Chairman noted that so called A share levies had been, intrinsic, a fact of life, from inception as the hotel and commercial elements, had originally been held in the share block company and had to bear their own costs, so the timeshare owners were not prejudiced. However, in time, the hotel was subdivided out as they were separable. However, commercial A shares, for example the golf course, and Residential A Share levies, mainly the original farmhouses, could not be subdivided out as they were within the due to the Town Planning Scheme. This was specified in the original use and occupancy agreements. Such, so called levies, were better called cost contributions as certain costs were by their nature, for example rates, carried within our share block company. It was specifically designed so that the share block company did not bear other's costs. The company would see to any amendments to the published documentation to ensure there was clarity.

The Financial position had been covered in detail in the report. The surplus was a planned outcome which was then allocated to planned silos, or reserves. This methodology is central to our planning and is now contained also in the accounts, so as to be highlighted and under pin our financial planning.

An unusual financial event was the massive increase in premiums due to the separation of our policy from that of HPF, with the concomitant loss of scale and a nearly R1m cost increase. However, this position has been able to be recovered and the savings in the budget, had produced a windfall in the large reduction of the cost of approximately R1m, due our company being able to be included in Tsogo Sun's policy.

A further unusual event was the fires from lightning strikes. These double-storey 3 Bed roomed chalets would be replaced from the insurance proceeds, but the board had decided to do so in the single-storey form. Any shortfall could be allocated to the building refurbishment project if necessary, as well as a contribution to a planned upgrade/extension of the remaining double-storey unit. This unit was negatively affecting the whole resort's rating and it was in the resort's interest to bring it up to standard.

The Chairman noted that the resort is no longer in the RCI top grouping, as we had specific areas that let us down - the old 3 bed units, now being attended to, and the aging of the first phase and the backlog in building refurbishment as a whole. This project had been recognised in our previous reports but was now an urgent need. There is no getting away with the levy effects next year. The two mock-up units had been completed and costed giving us a base. The whole project may be done over 7 or so years, in phases and in groups, to lessen the intrusion and cost. It had been noted that the cost could be R35m at current costs. This would now proceed and the financial effects would be calculated starting next year.

The project may be commenced prior to the next AGM. Spend for 2019 would be sourced from current funds, which would be replenished. This is probably the biggest project undertaken by the company. It should be seen as partly an upgrade, partly a normalised process, and partly as a catch-up. The board cannot ignore the calls from certain major shareholders and the RCI grading.

This project does not take away from other projects, such as the IT project at some R4m, the need for mounted fans at R1m, the security fence upgrade and road works and the like. These are tough decisions as our levy has been efficiently managed so we have had minimal special levies. Your board would work through the priorities and make the tough decisions in the company's interest. The softs refurbishment project is already funded in the levy. It should be noted that interest income will also fall as the funds are spent, which will also have a levy effect.

The Chairman pointed to the often mentioned difficulties in managing flexi resorts compared to fixed resorts, as well as the booking dynamics and bulk banking, and the imbalance of the occupation of units that can occur. The role our managers and the hotel play in the balancing of the outcomes is important. Our special arrangements such as the pool, bulk banking finance, and even warehousing for delinquent owners are critical to our sustainability.

The combined projects being considered are some R45m. The board have carried out inspections of the various areas. This will need careful attention as to prioritising, timing and funding. With many balls in the air, your board will have a full few years of work. A time of tough decisions. We will carefully weigh up the situation step by step.

The Chairman noted that, whilst the share values were not the primary purpose of our board, the gap between replacement value and market values was never anticipated, expressed as a ratio of capital to operating cost, let alone replacement value to selling prices. This was of concern as the company relies on selling values for levy recoverability. The Chairman noted that the managers would be firmer on arrear levies. Whilst the warehouse method of recovery was practical, any possible shortfall needed to be resolved.

The Chairman noted that the levies would need approval, firstly the B share levy, secondly the fractional A share levy and thirdly the cost contribution of the basic A share levy.

6. RESOLUTIONS

It was agreed that this matter would be postponed, as a major shareholder was a public company who required further deliberation, and certain A Share matters required further clarity.

7. LEVY AND FINANCE

7.1 Financial Report 2018

RB noted the strong financial position of the company. The company's philosophy was to provide as much information as needed. The Chairman's report had covered the financial status thoroughly, including the major project costs going forward and the funding challenges thereof. He noted the surplus was planned and not due to budgetary errors.

There were, however, risks. It had been noted that selling values had broken down and it was difficult even to sell. It had not been anticipated that the gap between replacement value and selling values would be so wide, caused by a most difficult economy, and a combination of many factors out of our control. This inter-linked risk factor and others were covered in the Risk Section of the audited accounts. He stated that the shareholders could be satisfied with the state of the company's financial position.

He noted that the additional levies expected mainly for the building refurbishment, could also be interpreted as an upgrade to keep up with the market.

7.2 2019 Levy approval - The levies were approved for the B share levy, the A share fractional levy and the basic A share levy.

7.3 Insurance - having noted current exact replacement values it was agreed that the values of the chalets would increase by 10%. The insurance values were approved.

7.4 Reserve Allocations and expenditures - The Reserve allocations were now stated in the Audited accounts as supplementary information as well as in the management accounts for ease of reference. The surplus has all been transferred to reserves in accordance with the budgets.

8. THE ANNUAL FINANCIAL STATEMENTS in respect of the year ended 31 December 2018

The AFS together with the reports of the directors and the auditors were approved.

9. APPROVAL OF THE AUDITORS REMUNERATION as reflected in the financial statements.

The remuneration was accepted.

10. APPOINTMENT OF THE AUDITORS

The appointment for 2019 – Wildner & Company were appointed.

11. APPOINTMENT of SECRETARY

Mrs P Balakisten was reappointed, with thanks.

12. ELECTION OF DIRECTORS

12.1 The chairman noted that Mr Keith Randall from HPF Properties had resigned and will be replaced by Mr Riaan Erasmus. Ms Marissa Costa had also rendered her resignation, due to her relocation overseas.

12.2 Mrs Noelene Feldon was re-elected.

12.3 The existing directors, being Roger Macquet, Stephen Macquet, Jeremy Ridl, Rob Bowden, Syd Frederic, Mara de Lima, Carlos Costa, Innocent Ncube, were unanimously re-elected.

12.4 The board now totalled 10 directors.

13. ASSOCIATION MEETINGS - These associations require formalities of approval for the record.

13.1 Section 21 – Champagne Sports & Raquet Association – This is a town planning requirement to have oversight of the combined resort. The main matters being architectural conformity, shared services and common interest matters. It was noted that the minutes for the above Association require separate approval. In terms of activity, developments were taking place and have been approved. Certain servitude matters are still in progress. The minutes were approved. The directors were re-elected.

13.2 The Club - Champagne Sports & Racket Club – this Club is a relic of the original structure that needs annual approval as it constitutes part of our suites of documents. It was noted that all statutory requirements were complied with within this meeting and were adopted for the purpose of the Clubs Annual General Meeting. It was noted that the Club has no financial activities and thus no accounts.

14. GENERAL

14.1 Land claim - once again this matter had raised its head. The company would gather intelligence. At the worst, if it became a claim, the most likely outcome would be compensation to the community.

14.2 A question arose as to the sustainability of timeshare and our resort. RJM agreed that with disruptive developments sustainability could easily become an issue. However, he noted that it was correct that positive interventions had been necessary by the board to manage trends that threatened the ongoing status of the resort in order to avoid a negative spiral. These included, the cost sharing methodology (CSM) and the capital cost contribution with the hotel, special arrangements such as the RCI bulk bank and the funding of it, the hotel pool, rental arrangements and the warehouse methodology. These had been largely included in the risks section of the accounts. The Chairman had even included a climate change note.

An example is that our overseas owner base has dropped, who all previously spacebanked, and this helped offset the bulk bank. Another is the aging ownership base, with the younger generation trending to Airbnb type bookings and shorter holidays and shorter lead times.

Cecil raised the possibility of an App to manage entertainment times with guests instead of printing.

14.3 It was raised that showers should be larger – 1m instead of 900mm. SJ noted this had been done in the mock-up units.

14.4 SF noted that it should be considered to change from Friday to Friday to a Saturday calendar.

14.5 RB noted that it could be argued that Directors could no longer be deemed to be independent. However, he noted that in his view independence was maintained. Conflicts are managed and are declared. JR noted that other than an interest in a timeshare week, the majority of Directors were non-executive and had no financial interest in the hotel or other commercial operation. Decisions have been almost all by consensus or at least agreement, taking into account the hotel and property owner's interests. They are recused if necessary.

14.6 A special vote of thanks was given to the staff of Champagne Sports Resort by the directors and the owners. A special vote of thanks was given to the directors from the floor.

The meeting ended.

CHAMPAGNE SPORTS & RAQUET ASSOCIATION
MINUTES OF THE ANNUAL GENERAL MEETING 2018

MINUTES OF THE ANNUAL GENERAL MEETING OF THE MEMBERS OF CHAMPAGNE SPORTS & RAQUET ASSOCIATION IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 HELD AT CHAMPAGNE SPORTS RESORT AT 11AM ON THE 1ST JUNE 2019.

CHAIRMAN: J Ridl

PRESENT: RJ Macquet, SJ Macquet, R Bowden, P Balakisten, S Frederic, M De Lima, C Da Costa

1 WELCOME

Shareholders were welcomed. The chairman confirmed a quorum was present.

2 NOTICE COVERING THE MEETING

The meeting was properly convened and notice of the meeting was taken as read.

3 APOLOGIES & PROXIES

None

4 MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING

The minutes of the AGM were taken as read and approved.

5 CHAIRMANS REPORT

It was noted that the section 21 company arose due to the requirement of the town planning scheme. The section 21 company in effect acts as our own local authority. The representatives are 4 members of the board of CSB and 4 members representing HPF Properties (Pty) Ltd.

The main duties of CSRA are to maintain the servitudes, to see to architectural conformities of any developments, to see to common infra-structure and any other matters pertaining to the shared use of properties belonging to its members.

In terms of activity, it was noted that developments were taking place and had been approved, that the infra-structure was in good order, that the servitudes over the area of the water plant and the sewage plant were still to be registered. The servitude through the main gate was agreed and would be registered.

There were no further matters to report.

6 ELECTION OF MEMBERS

The members were re-elected.

7 ANNUAL FINANCIAL STATEMENTS

It was noted that there were no transactions. The annual financial statements were a formality, which is approved.

8 APPOINTMENT OF AUDITORS

Wildner & Co were appointed as auditors.

9. APPOINTMENT OF COMPANY SECRETARY

Mrs Priya Balakisten was reappointed.

The meeting ended.

CHAMPAGNE SHARE BLOCK LIMITED
CHAIRMAN’S REPORT FOR THE YEAR ENDING DECEMBER 2019

INTRODUCTION

I have pleasure in submitting this report in respect of the company’s activities for the financial year ended 31 December 2019. I have always begun this report with an outline of our structures, firstly as they have stood us in such good stead and secondly in order that our owners are always clear as to the various arrangements in place. With all the information now on digital format, this year I refer you to last year’s AGM booklet, easily accessible online as it contains a clear summary of these structures.

A WORLD OF CHANGE

On the other hand, our structures have catered to many developments over the years, especially the changes arising from the Berg becoming a World Heritage Site and our valley becoming an approach area to this site.

In the macro space, many changes took place at national and provincial level - in the town planning space, tax systems have changed, municipal systems have totally evolved, and we have a very different political landscape to the one in which our company structure was set up. Despite these changes, our original documentation has stood this test of time. Importantly, they have provided us with both the flexibility and controls that have enabled an excellent relationship between your Board and the managers of the resort.

The vision for the resort as it was initially envisaged could not be achieved as these changes took place, and this had a major bearing on the time taken for the developers to achieve the current state of the resort, and probably, the final version.

In the micro space, we have had to make internal changes over the years, and this has required compliance with the various statutory regulations and formalities that apply to us. We were able to deal with these changes with relatively small, but necessary, ordinary and special resolutions over time.

Even at an “industry level” the very face of timeshare has changed, as has our owner profile and their behaviour, and we have had to evolve with it. An example is the formation of the clubs with their associated exchange mechanisms and organisations. The habits of our owners have also changed, with people taking shorter holidays and requiring greater flexibility. The digital revolution has also had to be acknowledged and accommodated. In the early days, many owners questioned why we needed TV sets in our chalets when this was a “sports resort”, and everyone would be outdoors playing sport. Along came the myriad of sports channels on TV that are now an integral part of a “sports resort”. Full wi-fi coverage over the whole resort will soon be an inescapable demand, because all sports now have (or will have) sophisticated gadgetry attached to them to monitor your golf swing, or how to adjust your backhand on the tennis court.

“Adapt or die”. This will become a common theme, especially as we contemplate a post-pandemic life.

In all of this, our central mission has been sustainability. The mountains are here to stay, and we would like to be around as long as they are. I am reminded of a chirp by a student in a first-year archaeology class in response to an essay topic “Are fossils living?”. His response - “yes, alive and well and lecturing in the department of archaeology at this university!” I have heard similar comments being made about our Board in the corridors of the hotel!

At last year's AGM a question was asked as to the sustainability of timeshare in this changing environment, and that was before Covid-19. We replied that many of the changes did present threats, but they have been dealt with in innovative ways that are important to our financial sustainability. We have used the term "virtuous circle" to describe it. Taken altogether, our resort has prospered. As part of our evolving plan to be sustainable, we have also built in "resilience". Can we survive a disaster?

What we had in mind was a catastrophic natural event, exacerbated by climate change, like fire as electric storms increase and lightning strikes are inevitable, or the very real threat of a water shortage. We also foresaw difficult economic times, which are generally cyclical in nature. We could never have predicted Covid-19 or government's response to it.

The question we face is – do we have the resilience to survive? Fortunately, our history has given our resort the strength of character to cope with the most extreme of challenges to face us yet.

COVID-19

Although this report is for 2019, the driving forces at work behind this report have to be, unfortunately, the effects of the Covid-19 pandemic of 2020. There are knock on effects, and with the financial fallout of lost revenues, they have long term implications that will need to be dealt with. The interests of the company and of our owner group, together with the absolute need for fairness to all, made our response a very difficult exercise. It also impacts on our way forward, again requiring some sensitivity to the many individual owners adversely impacted in their own lives. The national state of disaster was certainly a catastrophe in the making for our company. Our managers kept the Board up to date with their situation, facing an uncertain future. Our future is inextricably linked with theirs. With the hotel in a dire position because of its forced closure, their focus was to do all things necessary to allow for continuity should they not survive. Having dealt with our managers over many years, we expected nothing less. However, we do not take this for granted and we owe them a debt of gratitude. Their conduct, and the support over this difficult period of HPF (our biggest single shareholder), together with Tsogo Sun, HPF's controlling shareholder, has ensured our survival.

The key decision we made was the cancelation policy we adopted and which we communicated to our shareholder body.

THE CANCELLATION POLICY

Our members will know from the newsletters, that your Board needed to be careful in its decisions and the financial impacts, while also taking a social solidarity approach. It initially looked at providing a single free move forward for the owners who lost their occupancy. The company would obviously have had to bear the loss of levy revenue while it focused on minimising its costs. The primary intention was to be fair to all owners. This was ubuntu in action, "CSB style". A key was that the cancellation policy had to be achievable and if you like, plain do-able.

Your Board could only scenario-plan for the possible outcomes as the duration of the lockdown was unknown. One plan was to manage a total closure to the end of the year if absolutely necessary. This allowed us to adopt a very flexible approach, using different predicted reopening dates. The final policy was to allow a credit on their levy account for all owners who lost a booking during the lockdown, or were unable to secure a booking before the end of the year, while all owners that used a week or were able to book a week this year would pay their normal levy. The shortfall in levy revenue would be deducted from the reserves, so the cost of the lost weeks during the lockdown is shared equally among the owners in proportion to their levies. However, we could do nothing about the availability of weeks to owners for the rest of the year. Fortunately, the hotel, Champagne Sports Resort (Pty) Ltd (CSR), had a number of weeks with occupation dates in the later part of the year, which they made available to our company. This assisted in accommodating owners who had lost their weeks. Obviously, CSR would be credited with these levies.

Although the opening date has arrived, we do not know how members will respond. With all the safety protocols that must be followed and the fact that the risk of contracting the virus is as great as it ever was, or even more so with the increased movement of people, owner response is still uncertain.

A flexi calendar for a resort adds to these uncertainties. All we can undertake is to do our best with whatever is thrown at us.

So much for the present and the future. The purpose of this report is to deal with the past, our performance up to 31st December 2019. Boy, that seems like a lifetime ago!

FINANCIAL REPORT 2019

At least our history makes for a positive report. Thank goodness, as it allowed us to cope financially with the disaster that was to befall us.

The financial year 2019 produced a sound result. This is transparently reported in the various management accounts produced with this AGM report with a number of measurables and comparatives. Newsletter 70 shared the Board's deliberations and positions adopted for the 2019 levy.

The levy was increased by more than we would have liked at the time. This was due mostly to insurance and other administration costs. The group insurance policy we had been on, became unavailable to us. As a result, the insurance cost went up substantially and this contributed 2.6% to the levy increase of 8.4%. Fortunately, during the year, we were able to reinstate the original insurance policy through the Tsogo group and ended the year at R950K below the insurance cost budget.

On the project front, long term maintenance cost increased with a R1m spend on fans, resulting in a R1.051m overspend. This was timed with a R2.4m planned underspend on Softs. Overall, we ended with a surplus of R2.6m. This might sound like financial gymnastics – it is! But it was carefully choreographed by your Board.

This surplus feeds through to our reserve, causing it to rise by some R2.6m to R13.4m. This is allocated to our reserve silos in line with the planned program of resort renewal. You will find this schedule under the supplementary notes to the financial statements. These so-called reserves are there to be spent against a carefully constructed plan with the balance carried in a floating reserve called the operational reserve. Altogether a very satisfactory result.

A new line to be added to the above silos, is that for building refurbishment, which is our biggest project yet, some R36m over 5 - 7 years commencing in 2020, and is the highlight of the 2020 and following years' financial plan. After our careful husbanding of the finances, our satisfaction with the 2019 result, and with clearly laid plans for the future, it is hard to accept that it is now yesterday's news. What we can say is that this careful planning, placed us in a position to cope with and survive the Covid-19 crisis.

The 2020 LEVY APPROVAL

The levy process for 2020 Levy was based on an inflation level of 5%. The main positive element was the substantial insurance saving, achieved by HPF/Tsogo Sun allowing us to "piggy-back" on their group policy. The process also took into account an increased interest income. These interventions arrived at a levy budget increase of below 3%.

However, as discussed at the previous AGMs, the Board had been reconsidering its priorities and its longer-term resort building refurbishment plans outside of that encapsulated in the reserve silos. We signalled this plan by opening up a silo account in the reserves in the 2018 accounts but with a nil value. Although the Share Blocks Control Act does not oblige us to maintain a reserve for future maintenance and repair (as is the case in Sectional Titles Schemes), we have always considered it prudent to do so.

Newsletter 71 covered the phased introduction of this, the largest project the company had undertaken. Having regard to the financial stresses for many of our owners, it was phased in over two years requiring a levy increase of just under 10%. This resulted in the levy increasing by 9.9%, which would be applied again to 2021, whereafter it reverts to normal levels. Timing of project spends would be catered for within the total reserves. The Board has an overarching plan to operate within the normal levy fund without having a special levy.

Members will be called upon to consider and approve the levies for 2020 at this AGM, although by this time, it will have been implemented for more than three quarters of the year.

FINANCIAL EFFECTS OF THE COVID-19 PANDEMIC

As described in Newsletter 72, the Board had to choose between a detailed fixed cost/variable cost split, where every owner would be required to pay in at least the fixed cost portion even if they did not get occupation or a cancellation policy where those not achieving occupation would get their levy credited (subject to some conditions). At such times, the directors representing the hotel, also being our managers, are recused from such decisions for obvious corporate governance reasons. These scenarios were financially modelled. Many conversations went on in the industry as to how to deal with these complex and usually contentious issues. In our case, we chose a totally fair, clear and simple route, which was essentially to pass a credit to owners' levy accounts if space was not available to them. Those occupying would pay their levy as usual.

Once the date was announced for the opening, being week 32, we could calculate the revenue loss and the occupancy availability. It is obvious that there will be more owners to book than space available, but over 60% became available. The revenue loss would then be 19 weeks or 37% minimum, subject to occupancy, with a drop in interest income as well. This was exacerbated by interest rates dropping by 40%.

Although the hotel is a completely separate and private company, our managers have kept us appraised of the difficulties they have faced. The closure of the whole hospitality industry has had a devastating impact on the hotel. We are fortunate that Tsogo Sun, as the controlling shareholder of HPF the hotel property owner, has a substantial interest in the survival of the hotel and will naturally protect their property.

Potentially, some of our existing arrangements with CSR may need to be revisited, such as the taking over of ownership of the bulk bank, which is managed for us by CSR. We also face the prospect of taking on the risks of distressed weeks and dealing with bad debts, something from which we have been shielded by CSR up until now.

POINTERS FOR 2021

The project spending for 2020 has been halted to preserve cash flow and the retained income. There have also been substantial operational cost savings while we imposed "austerity measures" during lockdown. Unfortunately, with the cut-back, a few of the old units were not able to be completed and our owners will need to live with this different standard for the time being, and until the funds are made available again. The consequences of the pandemic are not fair. While we have done our best to share the impacts equitably, there will be disparities. We appeal to our owners and visiting club members or exchange guests to bear with us if their full expectations are not met as the cause was beyond our control.

Your new Board, which takes charge after this meeting, will face the challenge of restructuring the financial plan, timing the various projects going forward to get back to a more suitable level of reserves, and resuming our resort renewal plan. Watch this space – it is especially important to the company. In the words of the legendary Yogi Berra (famous as much for his contribution to language as a professional baseball catcher and coach) – "the future ain't what it used to be".

MEMORANDUM OF INCORPORATION

The adoption of a new Memorandum of Incorporation (MOI) remains on our agenda. This is the replacement of the Memorandum and Articles of Association (MAA), as required by the Companies Act. We had hoped to present the MOI at this AGM for approval and adoption, but it was not to be. This document is intended to maintain our status quo and much of our MAA is retained. It has a new modernised format. We are in some ways loath to change the document which has stood us in such good stead for 30 years or so, but it is a legal requirement.

This process, however, required a meeting which should have been held earlier this year, where we would have waded through documentation. The Covid rules did not allow for such meetings, so it has been postponed to next year. In the meanwhile, we continue to operate under our founding MAA that has served us well.

OUTSTANDING LEVIES

The economic environment obviously impacts your company and the value of owners' weeks has weakened. The Covid-19 effects have worsened this already difficult position. It points to a need to recognise these realities and to be particularly careful on outstanding levies. Our managers have had to take back some 17 weeks into the Warehouse this year.

GENERAL

TV Channels and Quality

This project has awaited technological readiness. In a rural area like ours and with a resort spread out over more than 200 hectares, it became an expensive exercise. Developments in the field have allowed us to achieve a substantial improvement in quality and program availability for some R250K with a payback of reduced maintenance.

Water rights

At present, we use water as an existing water use right. This may need to be converted to a water use licence at some stage and this may impose limitations on the volumes we use. We need to be water wise in our resort because it is the right thing to do, and because we might be forced to do so by law, or by climate change.

Land claim

There have been no further developments.

Board meetings

For the time being we have had Zoom meetings. Certain detailed matters, such as reviews, the MOI, on-site inspections, etc. have taken a back seat during the Covid period.

The Flexi Resort Problem

As described previously, the low occupancy in January continues and together with other empty space, the resultant bulk-banking remains at a high level. If it becomes unmanageable, we may need to take further action as to bearing more risk rather than having our managers take on the risk.

RCI Matters

We maintained the gold crown status and in fact this year improved to nearly the top of the pile. The building refurb program will be needed to maintain our status level.

IN CONCLUSION

We always thank our managers and the staff because it is so richly deserved. This year has been a very different year requiring a lot of adjustments and a lot of trust in our management, in securing our site, keeping us safe and dealing with a tremendous level of unknowns. To say that it has been difficult, is an understatement. I take this opportunity to express our sincere thanks to them for going beyond the call of duty.

I would also like to thank the Board for their, as usual, unstinting efforts, not always for pleasure, and never for pay.

Perhaps this year, it is also appropriate to thank our loyal shareholders, for bearing with us and for their support. I hope we can count on it for the future. We are going to need it!

JEREMY RIDL

Chairman

CHAMPAGNE SHAREBLOCK LIMITED

(Registration number 1956/003056/06)

Annual Financial Statements
for the year ended 31 December 2019

Wildner Incorporated
Chartered Accountants (SA)
Registered Auditors

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Issued 02 September 2020

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Shareblock company
Directors	W.R.H. Bowden C.F. Da Costa M. De Lima A.P.S. Frederic R. J. Macquet S. J. Macquet R. Erasmus J.A. Ridl N.M Feldon I.C. Ncube
Registered office	12-16 Old Main Road Block C Lillies Quarter Hillcrest 3610
Postal address	PO Box 855 Hillcrest KZN 3650
Auditors	Wildner Incorporated Chartered Accountants (S.A.) Registered Auditors
Tax reference number	9117/306/84/6
Preparer	The annual financial statements were internally compiled by: S.J. Macquet

Contents

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

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

Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, 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 company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2020 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 5 to 6.

The annual financial statements set out on page 7, which have been prepared on the going concern basis, were approved by the board of directors on 02 September 2020 and were signed on its behalf by:

Director

Director

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Champagne Shareblock Limited for the year ended 31 December 2019.

1. Nature of business

Champagne Shareblock Limited was incorporated in South Africa.

The company operates as a shareblock company, on a timesharing basis, which affords the members the right to occupy a unit in accordance with occupancy agreements, which are related to the specific owners shareholding. The company's expenditure is defrayed from levies collected from members.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Directors

The directors in office at the date of this report are as follows:

Directors
W.R.H. Bowden
C.F. Da Costa
M. De Lima
A.P.S. Frederic
R. J. Macquet
S. J. Macquet
R. Erasmus
J.A. Ridl
N.M. Feldon
I.C. Ncube

4. Events after the reporting period

Subsequent to year-end, as a result of a local and global coronavirus COVID-19 infectious disease pandemic, a national state of disaster was declared in South Africa on 15 March 2020. As a preventive measure, except for certain essential services, a strictly regulated 5 week nationwide stay-at-home total lockdown was implemented from 26 March to 30 April 2020.

As part of a gradual and phased recovery of economic activity and an easing of the lockdown restrictions, a 5 coronavirus alert level approach was adopted by the government on 1 May 2020, where level 5 means only essential services can operate and level 1 means that most normal activities can resume. The alert level is determined by the government and is based on its assessment of the infection rate and the capacity of the country's health system. As at the date of this report, the country is at alert level 2 and at this level the company is permitted to and has commenced operating.

The lockdown and the phased recovery of economic activity, has had a negative impact on the company's business and cash flow. The company is well positioned to manage the impact caused by the COVID-19 pandemic.

Apart from the above, the directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

Directors' Report

5. Going concern

The directors have assessed the impact of the lockdown and the known phased recovery of economic activity plans and believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient capital reserves to meet its foreseeable cash requirements. The directors are not aware of any other material changes that may adversely impact the company, apart from the unknown future impact of COVID-19 and related government actions as mentioned above. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

6. Auditors

Wildner Incorporated continued in office as auditors for the company for 2019.

Independent Auditor's Report

To the shareholders of Champagne Shareblock Limited

Opinion

We have audited the annual financial statements of Champagne Shareblock Limited set out on pages 8 to 18, which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Champagne Shareblock Limited as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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 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 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.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report. 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 directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors 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 directors are responsible for assessing the company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

PO Box 10546, Ashwood, 3605 | No. 7 Bishops Court, Cnr Delamore & Warrior Roads, Hillcrest, 3610
www.wildner.co.za | T: +27 (0) 31 765 3111 | F: +27 (0) 31 765 1844 | E: clayton@wildnerandcompany.co.za
Directors: Michael Wildner Bcompt (Hons) CA (SA) | Clayton Scott Bcom (Acc) (Hons) CA (SA) | Practice No.: 957704

WILDNER INC.

REGISTERED ACCOUNTANTS & AUDITORS

Independent Auditor's Report

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 International Standards on Auditing 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 International Standards on Auditing, 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

02 September 2020

Wildner Incorporated
C.R. Scott
Partner
Chartered Accountants (SA)
Registered Auditors

PO Box 10546, Ashwood, 3605 | No. 7 Bishops Court, Cnr Delamore & Warrior Roads, Hillcrest, 3610
www.wildner.co.za | T: +27 (0) 31 765 3111 | F: +27 (0) 31 765 1844 | E: clayton@wildnerandcompany.co.za
Directors: Michael Wildner Bcompt (Hons) CA (SA) | Clayton Scott Bcom (Acc) (Hons) CA (SA) | Practice No.: 957704

CA (SA)

Statement of Financial Position as at 31 December 2019

Figures in Rand	Notes	2019	2018
Assets			
Current Assets			
Inventories	2	4 992 470	439 555
Trade and other receivables	3	1 647 549	1 760 965
Other financial assets	4	397	-
Cash and cash equivalents	5	16 469 555	16 874 314
		23 109 971	**19 074 834**
Total Assets		**23 109 971**	**19 074 834**
Equity and Liabilities			
Equity			
Share capital	6	250 000	250 000
Retained income		13 416 158	10 839 437
		13 666 158	**11 089 437**
Liabilities			
Current Liabilities			
Trade and other payables	7	6 921 073	6 967 966
Other financial liabilities	8	2 491 162	1 005 025
Current tax payable		31 578	12 406
		9 443 813	**7 985 397**
Total Equity and Liabilities		**23 109 971**	**19 074 834**

Statement of Comprehensive Income

Figures in Rand	Notes	2019	2018
Revenue	9	**36 164 420**	**33 679 136**
Cost of sales		-	-
Other income			
Interest received	10	1 826 625	1 387 150
Operating expenses			
A Share expenses		(954 220)	(780 170)
Administration and management fees		(5 000)	(3 000)
Assessment rates & municipal charges		(454 694)	(484 462)
Auditors remuneration	11	(50 626)	(47 851)
Bank charges		(116 044)	(86 098)
CSOS levy		(26 085)	(18 471)
Cleaning		(113 267)	(107 058)
Common facilities		(18 013 792)	(17 018 595)
Diesel		(226 135)	(220 113)
Discount allowed		(1 988 748)	(1 916 374)
Fines and penalties		-	(507)
Food and consumables		(292 740)	(276 693)
Insurance		(373 531)	(854 678)
Laundry and guest supplies		(418 154)	(395 231)
MNET subscriptions		(345 284)	(326 661)
Management fee		(1 145 948)	(1 083 127)
Municipal expenses		(1 555 937)	(1 418 518)
Pest control		(99 735)	(115 952)
Repairs and maintenance		(8 737 888)	(6 326 952)
TV licenses		(15 324)	(15 831)
		(34 933 152)	**(31 496 342)**
Profit before taxation		**3 057 893**	**3 569 944**
Taxation	12	(481 172)	(361 737)
Profit for the year		**2 576 721**	**3 208 207**

Statement of Changes in Equity

Figures in Rand	Share capital	Retained income	Total equity
Balance at 01 January 2018	**250 000**	**7 631 230**	**7 881 230**
Profit for the year	**-**	**3 208 207**	**3 208 207**
Balance at 01 January 2019	**250 000**	**10 839 437**	**11 089 437**
Profit for the year	**-**	**2 576 721**	**2 576 721**
Balance at 31 December 2019	**250 000**	**13 416 158**	**13 666 158**
Notes	6		

Statement of Cash Flows

Figures in Rand	Notes	2019	2018
Cash flows from operating activities			
Cash (used in) generated from operations	13	(3 255 124)	4 372 266
Interest income		1 826 625	1 387 150
Tax paid	14	(462 000)	(272 670)
Net cash from operating activities		**(1 890 499)**	**5 486 746**
Cash flows from investing activities			
Sale of financial assets		(397)	18 858
Net cash from investing activities		**(397)**	**18 858**
Cash flows from financing activities			
Repayment of other financial liabilities		1 486 137	175 268
Net cash from financing activities		**1 486 137**	**175 268**
Total cash movement for the year		**(404 759)**	**5 680 872**
Cash at the beginning of the year		16 874 314	11 193 442
Total cash at end of the year	5	**16 469 555**	**16 874 314**

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. 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

Management 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 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 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) 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 loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. 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.

1.3 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.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

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.

1.4 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.

Accounting Policies

1.5 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the first-in, first-out (FIFO) basis.

1.6 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.7 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

2. Inventories

Refurbishment stock and work in progress	4 764 293	211 378
Operational stock	228 177	228 177
	4 992 470	**439 555**

Refurbishment stock and work in progress consists of inventory acquired for an insurance claim and as is anticipated to be utilised in major refurbishment forecast in the near future.

3. Trade and other receivables

Trade receivables	1 315 492	1 382 071
Prepayments	155 821	245 057
VAT	170 825	133 837
A Share debtor	5 411	-
	1 647 549	**1 760 965**

The carrying amount of trade and other receivables approximates their fair value due to the short-term nature of the instruments.

4. Other financial assets

At amortised cost		
Network Finance (Pty) Ltd	397	-
Current assets		
At amortised cost	397	-

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	16 469 555	16 874 314

6. Share capital

Authorised		
125 000 A and B Class Ordinary shares of R2 each	250 000	250 000
Issued		
Ordinary Type A	108 832	108 832
Ordinary Type B	141 168	141 168
	250 000	**250 000**

The share capital has been issued in the following manner:
54 416 (2016: 54 416) A class ordinary shares of R2 each
70 584 (2016: 70 584) B class ordinary shares of R2 each

The rights of the A class shares are either business facilities such as golf facility, staff housing or are exclusive owned units. The A shares bear their own costs.

The rights of the B class shares are restricted in the memorandum and articles and relate mainly to the right of use and occupation of the timeshare units.

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

7. Trade and other payables

Amounts received in advance	6 862 102	6 559 842
Creditor: A Shares	(10 599)	(10 599)
Accrued audit fees	50 626	45 723
Other payables	18 944	373 000
	6 921 073	**6 967 966**

8. Other financial liabilities

At amortised cost		
Payable - Champagne Sports Resort (Pty) Ltd	2 491 162	988 260
Payable - Network Finance (Pty) Ltd	-	16 765
	2 491 162	**1 005 025**

Current liabilities		
At amortised cost	2 491 162	1 005 025

9. Revenue

Levy income	36 164 420	33 679 136

Income breakdown		
Levies - A shares	1 192 614	1 114 055
Levies - B shares	34 971 806	32 565 081
	36 164 420	**33 679 136**

10. Investment revenue

Interest revenue		
Bank	1 141 527	983 245
Interest charged on trade and other receivables	685 098	403 905
	1 826 625	**1 387 150**

11. Auditor's remuneration

Fees	50 626	47 851

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
12. Taxation		
Major components of the tax expense		
Current taxation		
South African normal tax - year	481 172	361 737
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	3 057 893	3 569 944
Tax at the applicable tax rate of 28% (2018: 28%)	856 210	999 584
Tax effect of adjustments on taxable income		
Exempt income		
Exempt income-levies	(10 126 037)	(9 430 158)
	(10 126 037)	**(9 430 158)**
Non-deductible expenses		
Non-deductible expenses	322 399	307 632
	322 399	**307 632**
Other		
S10(1)(e) exemption	(14 000)	(14 000)
Expenditure attributable to exempt income	9 442 600	8 498 679
	9 428 600	**8 484 679**
	481 172	**361 737**

13. Cash (used in) generated from operations

Figures in Rand	2019	2018
Profit before taxation	3 057 893	3 569 944
Adjustments for:		
Interest received	(1 826 625)	(1 387 150)
Changes in working capital:		
Inventories	(4 552 915)	(50 919)
Trade and other receivables	113 416	761 973
Trade and other payables	(46 893)	1 478 418
	(3 255 124)	**4 372 266**

14. Tax paid

Figures in Rand	2019	2018
Balance at beginning of the year	(12 406)	76 661
Current tax for the year recognised in profit or loss	(481 172)	(361 737)
Balance at end of the year	31 578	12 406
	(462 000)	**(272 670)**

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

15. Related parties

Relationships	
Common members of key management	Network Finance (Pty) Ltd Hospitality Properties (Pty) Ltd Champagne Sports Resort (Pty) Ltd

Related party balances and transactions with entities with control, joint control or significant influence over the company

Related party balances

	2019	2018
Loan accounts - Owing (to) by related parties		
Network Finance (Pty) Ltd	397	(16 765)
Champagne Sports Resort (Pty) Ltd	(2 069 181)	(988 260)

16. Directors' remuneration

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

17. Going concern

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

18. Main Business and Operations

The company continues to operate a timeshare scheme on a share block basis. The structure of the shareholding and their linked rights remain the same. There are two categories of shares that have been created by the founding Memorandum and Articles of Association:

-"A" shares which are developer shares and give the developer certain exclusive rights, including the right to occupy certain buildings for the whole year; and
- "B" shares which are held by ordinary members of the company and confer the right of use and occupation of the chalet on a timeshare basis.

19. Management

In terms of the agreement of sale and use and occupancy, HPF Properties (Pty) Ltd attends to the management and cost sharing agreements of the company's activities. Such agreements are ceded to Champagne Sports Resort (Pty) Ltd, as the tenant for the time being.

20. Operating Expenses

In terms of a cession, the expenses incurred by Champagne Sports Resort (Pty) Ltd which are common to the hotel and timeshare operations are apportioned to the latter on the basis of the agreed cost sharing methodology and of the levy budget which was tabled and accepted at the Annual General Meeting held on 09 April 2016. Expenses incurred on behalf of the timeshare operations, which are specific to these operations, are charged to the shareblock on an actual basis.

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

21. Risk Management

Spacebanking & bulkbanking
It is recorded that Champagne Sports Resort (Pty) Ltd manages the RCI points bank on behalf of Champagne Shareblock Limited by allowing Champagne Shareblock Limited to use its RCI points bank. Champagne Sports Resort (Pty) Ltd are allowed extended payment terms at the discounted rate, in order to compensate for the cost and provision of the finance required. For this crucial service, there is no cost to Champagne Shareblock Limited other than the opportunity value of interest lost. There is no current financial risk to Champagne Shareblock Limited. However should this service not be available, or should Champagne Sports Resort (Pty) Ltd cease to offer the service, this would have a material effect on the booking process and potentially develop into a need for financing banked space with RCI.

Capital equipment
Champagne Sports Resort (Pty) Ltd provides Champagne Shareblock Limited with the supply of all the moveable assets and fixed equipment Champagne Shareblock Limited requires for its operations. The agreed cost is disclosed as the capital contribution and is disclosed in the annual financial statements. Should this arrangement cease, then Champagne Shareblock Limited would need to raise funds to purchase its own assets.

Land claim
A land claim over a vast area of land comprising over 60 properties (including the properties owned by Champagne Share Block Limited) has been made by a claimant on behalf of the “Amangwane Claimant Community”. The claim has not progressed beyond the investigation phase. The factual basis of the claim is supported by oral evidence of the land claimants. The facts alleged in the supporting report are inconsistent with the true history of the area and the claim is viewed as unlikely to succeed as a community claim. Former labour tenants may have claims against individual farmers, but these do not involve the Company. Nevertheless, the directors treat the land claim as a potential risk and are taking steps to gather evidence supporting the true history of the area to enable the Company to contest the claim should the need arise.

Legislation that reopened the window for new claims (after the cut-off date of 31 December 1998) was set aside by the Constitutional Court. New legislation that will allow new land claims and/or legislation that will allow the expropriation of land without compensation is likely to be debated in Parliament in the near future. The directors will monitor its progress and any risk it may present to the Company.

Arrear levies
The directors note the weak state of the resale market for timeshare brought about by many external factors. While the replacement costs of units escalate, timeshare prices have fallen .This makes it difficult for shareholders to sell their timeshare as they can no longer afford to pay their levies, or for other reasons, and because their timeshare represents the Company’s security for the payment of levies by shareholders, this places the Company at risk of not being able to collect arrear levies.

At this stage, the Company has an arrangement with its managers to hold distressed timeshare in a “warehouse”, where they pay levies against the use of the timeshare rather than have it accumulate levies while attempts are made to recover arrears.

Although the Company may claim forfeiture of timeshare where levies are unpaid, the current practice is to hold the timeshare for at least three years before it is sold to cover arrear levies if the owner remains in default.

While this arrangement with its managers is in place, the risk to the Company is minimised. If this arrangement were to terminate for any reason, the company would be placed at risk and would have to put measures in place to attend to its own debt collection and management.

Declaration of directors' interests
Champagne Shareblock Limited operates in a mixed resort comprising time sharing and hotel businesses that are separately owned, directors serving on both Champagne Share Block Limited and Champagne Sports Resort (Pty) have a potential conflict of interests, this is exacerbated by the fact that the latter company is the manager of the former. These potential conflicts are recognised by the boards of both companies and are managed by appropriate declarations of interests at directors’ meetings. Decisions at board meetings are generally by consensus, but where a conflict may arise, directors representing the manager do not participate in the decision. In any event, these directors represent a minority on the board.

Similarly, Champagne Sports and Racket Association (Non-Profit Company) serves as the “club” to which all shareholders of Champagne Share Block Limited must belong and as a “private municipality” regulating the resort, established as a requirement of the local municipality for the management of resorts falling within the buffer zone of the Okhahlamba Drakensberg Park World Heritage Site. Time share and hotel interests are represented equally in this entity, which is managed in the common interest of the resort generally. To date, no conflicts have arisen, but the potential exists, and the directors are

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

21. Risk Management (continued)
appropriately vigilant.

Climate change
While the unfortunate loss of two chalets by lightning strikes (outside the period under review) are not indicative of climate change, they serve as stark reminder of the impact of the weather on us. Climate change may result in more severe weather conditions and the greater likelihood of lightning strikes, but the greater threat it presents to the existence of the resort is the availability of water resources. The board is mindful of this and continues to implement water-saving measures where possible, including providing constant reminders to all visitors to the resort to use water sparingly.

Subsequent events, going concern and Covid-19

Covid-19
The Covid-19 pandemic ("Covid-19") and subsequent lockdown of the economy on 27 March 2020, and particularly, the hospitality sector, has had a profound impact on the Company as it operates in the leisure space through a timeshare scheme. The measures taken by government to limit the spread of Covid-19 and the resultant inability for travellers to travel internationally and inter-provincially will limit the demand for timeshare accommodation, which will impact the Company's revenue stream significantly for the 2020 financial year. The general impact on the economy may affect the personal circumstances of shareholders and their ability to pay levies, leading to increased bad or doubtful debts.

Operations are therefore expected to remain under pressure until the outlook on the South African economy improves. Although the impact of Covid-19 is expected to have a longer-term impact on the hospitality industry and the Company, management is not able to quantify the full impact at the date of this report. It is expected that the recovery of the industry will be slow due to the uncertainties around the health of travellers, and the negative economic impact on government, corporates and individuals to spend on leisure accommodation and conferences.

Going concern
In order to partially reduce the impact of Covid-19 on the Group, the following steps have been implemented to preserve cash and to ensure that the Company can continue to operate as a going concern:
- capital expenditure programme suspended, with only emergency capital expenditure to be considered;
- the decrease of operating costs, such as salaries and wages through furlough;
- extended payment terms from major creditors; and
- supporting of owners to ensure their sustainability in terms of their timeshare ownership through the provision of levy credits for the period that their timeshare weeks could not be utilised.

At year end, cash amounted to R16,4 million, which will provide sufficient liquidity to the company over the next 12 months. Management is of the view that the company will continue to operate as a going concern in a responsible and sustainable manner.

Champagne Shareblock Limited
(Taxpayer reference number 9117/306/84/6)
(Registration number: 1956/003056/06)
Annual Financial Statements for the year ended 31 December 2019

Tax Computation

Figures in Rand	2019
Net profit per income statement	3 057 893
Permanent differences (Non-deductible/Non taxable items)	
Expenses attributable to exempt income - Local - Direct	33 723 572
Expenses attributable to exempt income - Local - Indirect	1 151 425
Levy exemption in terms of s10(1)(e)(i) (refer to guide) - Direct	(36 164 420)
Levy exemption in terms of s10(1)(e)(i) (refer to guide) - Indirect	(50 000)
	(1 339 423)
Imputed net income from CFC	-
Assessed loss brought forward	-
Taxable income for 2019	**1 718 470**
Tax thereon @ 28% in the Rand	**481 172**
Reconciliation of tax balance	
Amount owing/(prepaid) at the beginning of year	12 406
Prior year adjustment	-
Amount refunded/(paid) in respect of prior year	-
Tax owing/(prepaid) for the current year:	
Normal tax	
Per calculation	481 172
1st provisional payment	(184 800)
2nd provisional payment	(277 200)
Other payments	-
	19 172
Amount owing/(prepaid) at the end of year	**31 578**

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

Supplementary Information

1. Allocation of reserves

Allocation of reserves	Balance at 31/12/2019	Transfer to reserve	Balance at 31/12/2018
Refurbishment reserve	7 984 168	2 257 099	5 727 069
Long term maintenance reserve	1 387 489	(1 122 954)	2 510 443
A share reserve	747 236	239 549	507 687
Operational reserve	3 297 265	1 203 026	2 094 239
	13 416 158	**2 576 720**	**10 839 438**

NOTES

CHAMPAGNE SHARE BLOCK LIMITED
INSURANCE VALUATIONS 2020

				2019			2020		TOTAL
B Shares - Chalets									
1 BEDROOM									
NO OF UNITS			R	2		R	2		
EXCL VAT			R	709 998		R	777 764		
INCL VAT			R	809 397		R	894 429		
TOTAL INCL VAT		THATCH	**R**	**1 618 795**	11%	**R**	**1 788 857**		
2 BEDROOM									
NO OF UNITS			R	28		R	28		
EXCL VAT			R	1 064 996		R	1 166 646		
INCL VAT			R	1 214 096		R	1 341 643		
TOTAL INCL VAT		THATCH	**R**	**33 994 687**	11%	**R**	**37 565 998**		
3 BEDROOM									
NO OF UNITS			R	61		R	61		
EXCL VAT			R	1 519 839		R	1 664 901		
INCL VAT			R	1 732 616		R	1 914 636		
TOTAL INCL VAT		THATCH	**R**	**105 689 582**	11%	**R**	**116 792 799**		
TOTAL CHALETS INCL VAT			**R**	**141 303 063**	11%	**R**	**156 147 653**	**R**	**156 147 653**
Infrastructure									
ROADWAYS		STD	R	1 447 875	5%	R	1 520 269		
ROADWAYS		STD	R	1 447 875	5%	R	1 520 269		
INTERNAL ROADS		STD	R	1 034 196	5%	R	1 085 906		
BRIDGE		STD	R	2 895 750	5%	R	3 040 538		
BRIDGE		STD	R	1 034 196	5%	R	1 085 906		
BRIDGE		STD	R	620 518	5%	R	651 544		
ELECTRIC INFRA		STD	R	1 447 875	5%	R	1 520 269		
WATER		STD	R	248 207	5%	R	260 618		
FIRE RETICULATION		STD	R	413 679	5%	R	434 363		
TELEPHONE		STD	R	165 471	5%	R	173 745		
TV		STD	R	206 839	5%	R	217 181		
TOTAL INFRASTRUCTURE INCL VAT			**R**	**10 962 483**	5%	**R**	**11 510 607**	**R**	**11 510 607**
A Shares									
POOL BOMA 1 - BOTTOM POOL		THATCH	R	654 483	5%	R	687 207		
POOL BOMA 2 - TOP POOL		THATCH	R	768 306	5%	R	806 721		
CSB A SHARES INCL VAT			**R**	**1 422 788**	5%	**R**	**1 493 928**	**R**	**1 493 928**
CLUBHOUSE BUILDING		THATCH	R	6 551 553	5%	R	6 879 130		
STAFF BUILDING A SHARE UNIT	TW	THATCH	R	4 500 000	5%	R	4 725 000		
STAFF BUILDING A SHARE UNIT	TW SI	THATCH	R	369 408	5%	R	387 878		
STAFF BUILDING A SHARE UNIT	WIID	THATCH	R	876 438	5%	R	920 260		
STAFF BUILDING A SHARE UNIT	SUB 6	THATCH	R	792 413	5%	R	832 034		
STAFF BUILDING A SHARE UNIT	GFJ	STD	R	443 134	5%	R	465 291		
2 STAFF UNITS	PB	STD	R	2 461 424	5%	R	2 584 495		
GOLF STORES		STD	R	1 365 877	5%	R	1 434 171		
CHALET 97	MSTRM	THATCH	R	8 511 115	5%	R	8 936 670		
CHALET 98		THATCH	R	5 061 818	5%	R	5 314 909		
CHALET 99		THATCH	R	5 061 818	5%	R	5 314 909		
EXTERNAL A SHARES INCL VAT			**R**	**35 994 997**	5%	**R**	**37 794 747**	**R**	**37 794 747**
TOTAL A SHARES INCL VAT			**R**	**37 417 785**	5%	**R**	**39 288 675**	**R**	**39 288 675**
TOTAL INSURED BUILDINGS			**R**	**189 683 331**	9%	**R**	**206 946 935**	**R**	**206 946 935**

CONTENTS	THATCH	**R**	**16 324 441**	5%	R	17 140 663
	STD	**R**	**6 996 189**	5%	R	7 345 998
	A SHARES	**R**	**1 474 478**	5%	R	1 548 202
	SUB-TOTAL	**R**	**24 795 107**	5%	**R**	**26 034 862**
BUILDINGS	THATCH	**R**	**174 450 414**		**R**	**190 952 371**
	STD	**R**	**15 232 918**		**R**	**15 994 563**
	SUB-TOTAL	**R**	**189 683 331**	9%	**R**	**206 946 935**
	TOTAL	**R**	**214 478 438**	9%	**R**	**232 981 797**

CHAMPAGNE SHARE BLOCK LIMITED
MANAGEMENT ACCOUNTS - 12 MONTHS ENDING 31 DECEMBER 2019

	Actual	Budget	Previous Year	Variance vs Budget		Variance vs Prev Year	
INCOME							
LEVY INCOME-B SHARE	34 971 805	34 971 842	32 565 081	(36)	-0%	2 406 724	7%
LEVY INCOME-A SHARE	1 192 614	1 175 990	1 114 055	16 624	1%	78 560	7%
LEVY INCOME	**36 164 420**	**36 147 832**	**33 679 136**	**16 588**	**0%**	**2 485 284**	**7%**
DIRECT COSTS							
ADMINISTRATION FEES	(5 000)	(4 486)	(3 000)	(514)	11%	(2 000)	67%
AUDIT FEES	(50 626)	(50 626)	(47 851)	-	-	(2 775)	6%
CSOS LEVY	(26 085)	(18 664)	(18 471)	(7 421)	40%	(7 614)	41%
BANK CHARGES	(8 007)	(7 471)	(9 453)	(536)	7%	1 446	-15%
CREDIT CARD CHARGES	(108 037)	(94 000)	(76 645)	(14 037)	15%	(31 392)	41%
INSURANCE	(373 531)	(1 326 166)	(854 678)	952 635	-72%	481 147	-56%
POSTAGE/PRINTING & STATIONERY	-	(800)	-	800	-100%	-	-
RATES	(454 694)	(453 148)	(484 462)	(1 546)	0%	29 768	-6%
TV LICENCES	(15 324)	(18 376)	(15 831)	3 052	-17%	507	-3%
ELECTRICITY DIRECT	(1 555 937)	(1 588 191)	(1 418 518)	32 254	-2%	(137 419)	10%
GENERATOR: MAINT & DIESEL	(226 135)	(190 000)	(220 113)	(36 135)	19%	(6 022)	3%
PEST CONTROL	(99 735)	(100 288)	(115 952)	553	-1%	16 217	-14%
FIRE PROTECTION	(46 250)	(34 995)	(12 429)	(11 255)	32%	(33 821)	272%
MNET	(345 284)	(374 602)	(326 661)	29 318	-8%	(18 623)	6%
LEGAL FEES	-	-	-	-	-	-	-
	(3 314 646)	**(4 261 813)**	**(3 604 064)**	**947 167**	**-22%**	**289 417**	**-8%**
DIRECT STORES ALLOCATION							
CLEANING MATERIALS	(113 267)	(113 267)	(107 058)	0	-0%	(6 209)	6%
GUEST SUPPLIES	(418 154)	(418 154)	(395 231)	0	-0%	(22 923)	6%
STARTER PACKS	(169 901)	(169 901)	(160 587)	(0)	0%	(9 314)	6%
TEAS	(122 839)	(122 840)	(116 106)	1	-0%	(6 733)	6%
	(824 161)	**(824 163)**	**(778 982)**	**1**	**-0%**	**(45 180)**	**6%**
MANAGEMENT FEES							
MANAGEMENT FEES	(1 145 948)	(1 145 948)	(1 083 127)	(0)	0%	(62 821)	6%
DIRECT OPERATING COSTS	**(5 284 756)**	**(6 231 924)**	**(5 466 172)**	**947 168**	**-15%**	**181 416**	**-3%**
CAPITAL CONTRIBUTION							
SHARE OF CENTRAL UNIT CAPITAL	**(1 328 365)**	**(1 328 365)**	**(1 255 544)**	**0**	**-0%**	**(72 822)**	**6%**
SHARE OF COMMON COSTS							
SHARED COMMON COSTS	(18 116 024)	(18 116 024)	(17 115 236)	0	-0%	(1 000 789)	6%
A SHARE CONTRIBUTION TO COMMON COSTS	102 233	102 233	96 641	(0)	-0%	5 592	6%
	(18 013 792)	**(18 013 792)**	**(17 018 595)**	**0**	**-0%**	**(995 197)**	**6%**
GENERAL OPERATING COSTS	**(24 626 913)**	**(25 574 081)**	**(23 740 310)**	**947 168**	**-4%**	**(886 603)**	**4%**
MAINTENANCE							
CSM SHARE OF MAINTENANCE COST	(1 683 181)	(1 469 508)	(1 295 766)	(213 673)	15%	(387 416)	30%
A SHARE EXPENSES	(954 220)	(889 083)	(780 170)	(65 138)	7%	(174 051)	22%
REPAIR & MAINTENANCE	(1 016 006)	(1 216 291)	(1 084 239)	200 284	-16%	68 233	-6%
REPLACEMENTS OPERATING EQUIP	(346 313)	(222 954)	(289 216)	(123 360)	55%	(57 097)	20%
LONG TERM MAINTENANCE	(3 878 218)	(2 826 589)	(2 338 458)	(1 051 628)	37%	(1 539 759)	66%
	(7 877 939)	**(6 624 424)**	**(5 787 849)**	**(1 253 514)**	**19%**	**(2 090 090)**	**36%**
SPEND REQUIREMENT	**(32 504 852)**	**(32 198 505)**	**(29 528 159)**	**(306 346)**	**1%**	**(2 976 692)**	**10%**
TAXATION	(481 172)	(405 529)	(361 737)	(75 643)	19%	(119 435)	33%
SPEND REQUIREMENT AFTER TAX	**(32 986 024)**	**(32 604 034)**	**(29 889 896)**	**(381 990)**	**1%**	**(3 096 127)**	**10%**
INTEREST RECEIVED	1 826 625	1 498 317	1 386 644	328 308	22%	439 981	32%
SPEND REQUIREMENT AFTER TAX & INTEREST	**(31 159 399)**	**(31 105 717)**	**(28 503 253)**	**(53 682)**	**0%**	**(2 656 146)**	**9%**
INCENTIVE DISCOUNTS	(1 988 748)	(2 177 241)	(1 916 374)	188 492	-9%	(72 374)	4%
INCOME REQUIREMENT	**(33 148 147)**	**(33 282 958)**	**(30 419 627)**	**134 811**	**-0%**	**(2 728 520)**	**9%**
LEVY SURPLUS / (DEFICIT) PRE REFURBISHMENT	**3 016 272**	**2 864 874**	**3 259 509**	**151 398**	**5%**	**(243 236)**	**-7%**
REFURBISHMENT-SOFTS	(439 554)	(2 864 874)	(51 300)	2 425 320	-85%	(388 254)	757%
REFURBISHMENT-BUILDINGS	-	-	-	-	-	-	-
LEVY SURPLUS / (DEFICIT)	**2 576 718**	**(0)**	**3 208 209**	**2 576 718**	**100%**	**(631 490)**	**-20%**
TRANSFER (TO) / FROM RESERVES							
TRANSFER (TO) / FROM SOFTS REFURB RESERVE	(2 257 098)	-	(2 497 521)	(2 257 098)		240 423	
TRANSFER (TO) / FROM BUILDING REFURB RESERVE	-	-	-	-		-	
TRANSFER (TO) / FROM LTM RESERVE	1 122 954	-	(265 760)	1 122 954		1 388 714	
TRANSFER (TO) / FROM A SHARE RESERVE	(239 548)	-	(257 307)	(239 548)		17 759	
TRANSFER (TO) / FROM OPERATIONAL RESERVE	(1 203 026)	-	(187 621)	(1 203 026)		(1 015 406)	
ADJUSTED LEVY SURPLUS / (DEFICIT)	**-**	**-**	**-**	**-**		**-**	

CHAMPAGNE SHARE BLOCK LIMITED
B SHARE LEVY BUDGET 2020

	2019	INCREASE		2019	INCREASE		2020
	BUDGET	BUDGET 2020 vs BUDGET 2019		ACTUAL	BUDGET 2020 vs ACTUAL 2019		BUDGET
	Excl VAT	%	Excl VAT	Excl VAT	%	Excl VAT	Excl VAT
DIRECT COSTS							
ADMINISTRATION FEES	4 486	5.0%	224	5 000	-5.8%	(290)	4 710
AUDIT FEES	50 626	5.0%	2 531	50 626	5.0%	2 531	53 158
CSOS LEVY	18 664	5.0%	933	26 085	-24.9%	(6 488)	19 597
BANK CHARGES	7 471	5.0%	374	8 007	-2.0%	(163)	7 845
CREDIT CARD CHARGES	94 000	16.0%	15 000	108 037	0.9%	963	109 000
INSURANCE	1 326 166	-61.8%	(820 066)	373 531	35.5%	132 569	506 100
POSTAGE/PRINTING & STATIONERY	800	0.0%	-	-	100.0%	800	800
RATES	453 148	5.4%	24 281	454 694	5.0%	22 735	477 429
TV LICENCES	18 376	5.0%	919	15 324	25.9%	3 971	19 294
ELECTRICITY DIRECT	1 588 191	8.7%	137 839	1 555 937	10.9%	170 093	1 726 031
GENERATOR DIESEL	190 000	11.1%	21 050	226 135	-6.7%	(15 085)	211 050
PEST CONTROL	100 288	9.7%	9 712	99 735	10.3%	10 265	110 000
FIRE PROTECTION	34 995	5.0%	1 750	46 250	-20.6%	(9 505)	36 745
MNET	374 602	0.1%	398	345 284	8.6%	29 716	375 000
LEGAL FEES	-	0.0%	-	-	0.0%	-	-
DIRECT STAFFING COST	3 178 230	7.2%	229 553	3 178 230	7.2%	229 553	3 407 783
	7 440 043	**-5.0%**	**(375 502)**	**6 492 876**	**8.8%**	**571 665**	**7 064 541**
DIRECT STORES ALLOCATION							
CLEANING MATERIALS	113 267	5.0%	5 663	113 267	5.0%	5 663	118 931
GUEST SUPPLIES	418 154	5.0%	20 908	418 154	5.0%	20 908	439 062
STARTER PACKS	169 901	5.0%	8 495	169 901	5.0%	8 495	178 396
TEAS	122 840	5.0%	6 142	122 839	5.0%	6 143	128 982
	824 163	**5.0%**	**41 208**	**824 161**	**5.0%**	**41 209**	**865 371**
MANAGEMENT FEES							
MANAGEMENT FEES	1 145 948	5.0%	57 297	1 145 948	5.0%	57 297	1 203 246
	1 145 948	**5.0%**	**57 297**	**1 145 948**	**5.0%**	**57 297**	**1 203 246**
CAPITAL CONTRIBUTION							
SHARE OF CENTRAL UNIT CAPITAL	**1 328 365**	**5.0%**	**66 418**	**1 328 365**	**5.0%**	**66 418**	**1 394 783**
	1 328 365	**5.0%**	**66 418**	**1 328 365**	**5.0%**	**66 418**	**1 394 783**
SUB-TOTAL	**10 738 519**	**-2.0%**	**(210 579)**	**9 791 351**	**7.5%**	**736 590**	**10 527 940**
SHARE OF COMMON COSTS							
ADMIN & GENERAL	2 210 825	11.3%	250 229	2 210 825	11.3%	250 229	2 461 054
SHARED STAFFING COST	6 873 679	5.7%	393 100	6 873 679	5.7%	393 100	7 266 779
UTILITIES & WASTE	2 095 138	0.5%	11 095	2 095 138	0.5%	11 095	2 106 233
SECURITY	1 037 127	10.7%	110 495	1 037 127	10.7%	110 495	1 147 621
OTHER SHARED COSTS	2 721 026	1.0%	27 143	2 721 026	**1.0%**	27 143	2 748 168
A SHARE CONTRIBUTION TO COMMON COSTS	(102 233)	5.0%	(5 069)	(102 233)	5.0%	(5 069)	(107 302)
	14 835 562	**5.3%**	**786 993**	**14 835 562**	**5.3%**	**786 993**	**15 622 555**
GENERAL OPERATING COSTS	**25 574 081**	**2.3%**	**576 414**	**24 626 913**	**6.2%**	**1 523 582**	**26 150 495**
MAINTENANCE							
CSM SHARE OF MAINTENANCE COST	1 469 508	4.7%	69 676	1 683 181	-8.6%	(143 997)	1 539 185
A SHARE EXPENSES	-	0.0%	-	954 220	-100.0%	(954 220)	-
MAINTENANCE	1 216 291	5.0%	60 815	1 016 006	25.7%	261 099	1 277 105
REPLACEMENTS - OPERATING EQUIPMENT	222 954	21.1%	47 046	346 313	-22.0%	(76 313)	270 000
LONG TERM MAINTENANCE	2 755 263	5.0%	137 763	3 878 218	-25.4%	(985 191)	2 893 026
	5 664 016	**5.6%**	**315 300**	**7 877 939**	**-24.1%**	**(1 898 623)**	**5 979 316**
SUB-TOTAL	**31 238 097**	**2.9%**	**891 714**	**32 504 852**	**-1.2%**	**(375 041)**	**32 129 811**
REFURBISHMENT-SOFTS	2 696 652	5.0%	134 833	439 554	544.2%	2 391 931	2 831 485
REFURBISHMENT-BUILDINGS	-	100.0%	2 459 205	-	100.0%	2 459 205	2 459 205
SPEND REQUIREMENT	**33 934 749**	**10.3%**	**3 485 752**	**32 944 406**	**13.6%**	**4 476 095**	**37 420 501**
TAXATION	396 507	22.4%	89 013	481 172	0.9%	4 348	485 520
SPEND REQUIREMENT AFTER TAX	**34 331 255**	**10.4%**	**3 574 765**	**33 425 578**	**13.4%**	**4 480 443**	**37 906 021**
INTEREST INCOME CSB	(1 466 095)	21.7%	(317 905)	(1 826 625)	-2.3%	42 625	(1 784 000)
SPEND REQUIREMENT AFTER TAX & INT	**32 865 160**	**9.9%**	**3 256 860**	**31 598 953**	**14.3%**	**4 523 068**	**36 122 021**
INCENTIVE DISCOUNTS	2 106 681	10.0%	209 790	1 988 748	16.5%	327 723	2 316 472
INCOME REQUIREMENT	**34 971 842**	**9.9%**	**3 466 651**	**33 587 701**	**14.4%**	**4 850 791**	**38 438 492**

Levy Before Discount	INCL VAT						INCL VAT
1 B/R Units	R 7 092	**9.9%**	703				R 7 796
2 BR Units	R 7 919	**9.9%**	785				R 8 704
2 BR Split Units	R 4 532	**9.9%**	449				R 4 981
3 B/R Units	R 9 017	**9.9%**	894				R 9 910
3 B/R Split Units	R 5 089	**9.9%**	504				R 5 593
Levy After 7.5% Discount	**7.5%**						**7.5%**
1 B/R Units	R 6 561	**9.9%**	650				R 7 211
2 BR Units	R 7 325	**9.9%**	726				R 8 052
2 BR Split Units	R 4 192	**9.9%**	416				R 4 608
3 B/R Units	R 8 340	**9.9%**	827				R 9 167
3 B/R Split Units	R 4 707	**9.9%**	467				R 5 174

CHAMPAGNE SHARE BLOCK LIMITED
A SHARE LEVY BUDGET 2020

	2019 A SHARE BUDGET Excl VAT	INCREASE A SHARE BUDGET 2020 vs 2019 %	Excl VAT	2020 A SHARE BUDGET Excl VAT	CSM PORTION Excl VAT
DIRECT COSTS					
ADMINISTRATION FEES	-	0.0%	-	-	-
AUDIT FEES	-	0.0%	-	-	-
CSOS LEVY	409	5.0%	20	430	-
BANK CHARGES	164	5.0%	8	172	-
CREDIT CARD CHARGES	2 066	16.0%	330	2 396	-
INSURANCE	62 462	5.0%	3 123	65 585	-
POSTAGE/PRINTING & STATIONERY	-	0.0%	-	-	-
RATES	29 850	5.4%	1 621	31 471	-
TV LICENCES	404	5.0%	20	424	-
ELECTRICITY DIRECT	193 262	0.7%	1 388	194 650	-
GENERATOR DIESEL	8 352	11.1%	925	9 277	-
PEST CONTROL	2 204	9.7%	213	2 418	-
FIRE PROTECTION	769	5.0%	38	808	-
MNET	21 655	5.0%	1 083	22 737	-
LEGAL FEES	-	0.0%	-	-	-
DIRECT STAFFING COST	137 037	5.0%	6 852	143 889	-
	458 634	**3.4%**	**15 623**	**474 257**	**-**
DIRECT STORES ALLOCATION					
CLEANING MATERIALS	2 489	5.0%	124	2 614	-
GUEST SUPPLIES	9 190	5.0%	460	9 650	-
STARTER PACKS	11 078	1.7%	187	11 265	-
TEAS	2 700	5.0%	135	2 835	-
	25 457	**3.6%**	**906**	**26 363**	**-**
MANAGEMENT FEES					
MANAGEMENT FEES	53 716	5.0%	2 686	56 402	-
	53 716	**5.0%**	**2 686**	**56 402**	**-**
CAPITAL CONTRIBUTION					
SHARE OF CENTRAL UNIT CAPITAL	29 195	5.0%	1 460	30 655	15 664
	29 195	**5.0%**	**1 460**	**30 655**	**15 664**
SUB-TOTAL	**567 002**	**3.6%**	**20 674**	**587 676**	**15 664**
SHARE OF COMMON COSTS					
ADMIN & GENERAL	-	0.0%	-	-	-
SHARED STAFFING COST	8 116	5.0%	406	8 521	4 354
UTILITIES & WASTE	-	0.0%	-	-	-
SECURITY	-	0.0%	-	-	-
OTHER SHARED COSTS	130 457	5.0%	6 523	136 980	69 997
	138 572	**5.0%**	**6 929**	**145 501**	**74 351**
GENERAL OPERATING COSTS	**705 574**	**3.9%**	**27 603**	**733 177**	**90 015**
MAINTENANCE					
CSM SHARE OF MAINTENANCE COST	32 297	4.7%	1 531	33 828	17 286
MAINTENANCE	136 946	5.0%	6 847	143 793	-
REPLACEMENTS - OPERATING EQUIPMENT	14 265	5.0%	713	14 978	-
LONG TERM MAINTENANCE	71 326	5.0%	3 566	74 892	-
	254 834	**5.0%**	**12 658**	**267 493**	**17 286**
SUB-TOTAL	**960 409**	**4.2%**	**40 261**	**1 000 670**	**107 302**
REFURBISHMENT-SOFTS	168 222	5.0%	8 411	176 633	-
REFURBISHMENT-BUILDINGS	-	0.0%	-	-	-
SPEND REQUIREMENT	**1 128 631**	**4.3%**	**48 672**	**1 177 303**	**107 302**
TAXATION	9 022	21.7%	1 956	10 978	-
SPEND REQUIREMENT AFTER TAX	**1 137 653**	**4.5%**	**50 628**	**1 188 281**	**107 302**
INTEREST INCOME CSB	(32 222)	21.7%	(6 987)	(39 209)	-
SPEND REQUIREMENT AFTER TAX & INT	**1 105 431**	**3.9%**	**43 641**	**1 149 072**	**107 302**
INCENTIVE DISCOUNTS	70 559	20.7%	14 603	85 162	-
INCOME REQUIREMENT	**1 175 990**	**5.0%**	**58 244**	**1 234 235**	**107 302**

Levy Before Discount	INCL VAT			INCL VAT	
4 B/R A Share Units	**R 13 259**	**5.0%**	R 657	**R 13 915**	
	7.5%			**7.5%**	
Levy After 7.5% Discount					
4 B/R A Share Units	R 12 264	**5.0%**	R 607	R 12 872	

NOTES

NOTES

CHAMPAGNE SHARE BLOCK LIMITED (REG 1956/003056/06)

DIRECTORS : MR J. RIDL (CHAIRMAN), MRS N. FELDON, MR R. BOWDEN, MR C. DA COSTA,

MR S. FREDERIC, MR R. ERASMUS, MR I. NCUBE, MRS M DE LIMA, MR S. MACQUET & MR R. MACQUET

HEAD OFFICE : P.O. BOX 763, HILLCREST, 3650   TEL NO : 031-765 7100 FAX: 031-7655195

RESORT TEL NO : 036-4688000 FAX: 036-4681169 EMAIL : shareblock@champagnesportsresort.com