

Cabana Beach Share Block Limited

Registration No. 1965/004874/06



for the year ended 31 December 2016

Cabana Beach Share Block Limited

Annual Financial Statements

for the year ended 31 December 2016

COMPANY INFORMATION

Registration number: 1965/004874/06
Registered address: Palazzo Towers East
Montecasino Boulevard
Fourways
2055
Postal address: Private Bag X200
Bryanston
2021

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

- Detailed Levy Fund Operating Statement 22 - 24

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The annual financial statements have been audited as required by section 30(2)(b)(1) of the Companies Act of South Africa. Warren Whiteboy CA(SA), in his capacity as Financial Manager of Cabana Beach Share Block Limited, supervised the preparation of the annual financial statements.

Cabana Beach Share Block Limited

Chairman's Annual Review for the Year Ended 31 December 2016

Once again I am most pleased to report to you, my fellow shareholders, on the management, operation, planning, projects and improvements as well as on the financial wellbeing of the Cabana Beach Resort.

Rating

The E-Guest result at Cabana Beach Resort over the year has consistently remained in the upper 80% finally reaching 89.2% - an excellent result indeed. The Trip Advisor results reveal a constant competition with similar establishments in the area for first place which is enervating and motivational to the Cabana Beach Resort team. Our ORMS audit (Organisational Resilience Management System) achieved 90% which means the staff are ably trained and equipped to manage unusual and critically threatening situations. The Resort was awarded the Trip Advisor certificate of Excellence in Tourism and Service. Furthermore, Cabana Beach Resort was voted one of the top 25 Resorts in South Africa. The Resort is rated as Select Status by Interval International while at the same time maintaining Gold Crown Status with RCI.

Occupancy

Occupancy for 2016 has proven to have been a phenomenal year with the year-to-date occupancy of 94.5%. With the lowest occupancy in the second quarter of 92.6% and the highest in the last quarter of 95.5% it is quite an incredible feat to manage the ongoing successful operation of such a fully occupied Resort on a continued basis.

Financial Results for the Year Ended 31 December 2016

I refer Shareholders to the statement of comprehensive income set out on page 12 which reflects the income and expenditure of the Company in a summarised format. The traditional detailed levy fund operating statement is set out on pages 22 to 24 and is presented as supplementary information to Shareholders. I will however refer to the detailed levy fund operating statement when commenting on the financial results for the year.

The statement of comprehensive income for the year ended 31 December 2016 reflects total income, including net finance income of R65.403m (2015: R59.809m) and total expenditure of R45.438m (2015: R42.660m). The levy surplus for the year after taxation was R18.587m (2015: R16.054m) and was transferred to the reserve for property, plant and equipment which now stands at R24.421m (2015: R13.732m). A more detailed review of the income and expenditure variances follows:

Income

Total other income for the year included the sale of capital assets, the unclaimed surplus on the sale of repossessed units as well as rental revenue. Rental Pool and short term income increased year-on-year due to the increase in availability and demand. Interest income increased by 41% on prior year due to additional funds being invested at better rates. This was achievable due to the delay in capital purchases.

Expenditure

Total expenditure for the year increased by 7% and was well within the budgeted expenditure.

Rooms Expenditure

Rooms' expenditure increased by 10% with increases in Rooms Operating Expenses, Printing and Stationery and Outside Services. The increase in Rooms Operating Expenses was due to the purchase of branded pool towels. Printing and Stationery costs increased by 36% year-on-year due to the purchase of new branded stationery. An increase in occupancy as well as above inflationary increase from the supplier has contributed to the increase in Outside Services.

Administration and General

Administration and general expenditure increased by 5%. Marketing, Legal Fees and Audit Fees reflected a decrease in expenses year-on-year. Grant Thornton were awarded the auditing contract at an annual fee of R145k, which was R87k lower than the previous year.

Electricity, Water and Refuse

Electricity, Water and Refuse expenses recorded a 6% increase year-on-year. Various energy savings initiatives resulted in a 1% increase in electricity year-on-year, however Water reflected a 20% year-on-year increase. A major leak was detected during the year and following repairs the savings are evident.

Repairs and Maintenance

Repairs and maintenance decreased by 5% year-on-year. Buildings decreased by R129k and Room Care by R155k. Major Repairs recorded a 10% increase due to the servicing of the Air conditioners and fire detection system.

Corporate charges

Corporate charges reflected a 13% increase year-on-year. Company costs were up on last year due to the inclusion of savings in 2014/2015 on the printing and postage of the annual financial statements.

Management Fee

The Management fee increased in terms of the Management Agreement.

Statement of the Financial Position

The statement of financial position which is detailed on page 13, together with the related notes thereto, reflects the financial position of Cabana Beach Share Block Limited. The reserve for property, plant and equipment has increased to R24.421m (2015: R13.732m), while cash and cash equivalents increased to R47.561m (2015: R37.281m). Levies receivable decreased to R212k (2015: R388k), whilst levies received in advance increased to R18.623m (2015: R17.857m). Once again I must thank all Timesharers who pay their levy obligations timeously. These funds are invested at favourable rates, benefitting all Shareholders.

Capital Expenditure

Capital expenditure during 2016 decreased to R7.898m from that of R8.935m in 2015.

The following major capital expenditure was incurred during the year:

	R
Rooms	
Curtain Make up	338 969
Fridges	375 554
Safes	115 232
Public Areas	
Coffee Lounge Aircon	115 638
Fire Escape Windows	145 213
Plant and Machinery	
Heat Pumps	628 000
Cooling Towers	220 061
Gardens and Grounds	
Pool Loungers	94 198
Building	
Driveway Project	2 900 000
Waterproofing	628 000

Cabana Beach Share Block Limited

Chairman's Annual Review for the Year Ended 31 December 2016

2018 Levy Budget

The 2018 annual levy budget increase will be approved by the Directors at the August 2017 Board meeting which takes place after the Notice of the Annual General Meeting of the Shareholders and Annual Report have been delivered. This being the case, notification of the 2018 levy amounts will be advised under separate notice. The Directors are extremely aware of the current economic climate and during the budgeting process, due diligence is exercised in aiming to meet the fiscal obligations of the Resort whilst at the same time ensuring the stable growth in the Reserve fund for future improvements. This Reserve the financial stability as well as the continuity and future of the Resort.

Resort Update

One of the main projects concluded for the year at Cabana Beach was the Resort's impressive new entrance. With a servitude in place Cabana Beach Resort retained the right of use of the old entrance, for use by service vehicles. The new entrance was completed together with financial input from the Pearls Developers. The new entrance is a conversion of the old exit road into both on entry and exit driveway. The new entrance is in line with current trends and is a welcome improvement with stacking availability for cars. The decision to convert the old exit has proved successful especially with all the congestion in Lagoon Drive due to the current property developments of The Pearls and Oceans. The proposed plan of the Municipality is to re-route the traffic entrance to uMhlanga, to the left past SMG Mini down to a traffic circle in Lagoon Drive where one would then turn right to proceed to enter Cabana Beach. A possible pedestrian only walkway is anticipated for part of Lagoon Drive encouraging a vibrant extension to the core village restaurant area.

The Board is and continues to be extremely aware as most of us are in South Africa, of the water crisis experienced in KwaZulu Natal and is intent on pursuing alternative options such as borehole water use as a contingency. Presently, grey water is being used for garden irrigation and to refill the swimming pool. Management saw fit to negotiate with a new manager for the Spa, which has proved to be profitable and successful.

The waterproofing above the Beachfront Cabanas being a huge undertaking was completed. The entire area was excavated, re-sealed and the area re-grassed. This essential undertaking now affords an amount of surety against any further leaks.

After research into the idea, a portion of the front of the lounge area was converted into a smoking room in order to accommodate smokers without it being at the expense of non-smokers.

New tenants were sought for the Dive Shop which the Board felt was an asset to have as an available entertainment option for timeshare owners and guests.

Management anticipate to start the installation of glass topped stoves in the latter part of 2017 with a completion date in 2018.

In July 2016 various areas of KwaZulu Natal experienced flash flooding due to a phenomenal amount of rain in a short period. Both Cabana Beach and Umhlanga Sands foyers had been flooded and some staff members were affected in their home areas.

SunSwop

In 2016, 1,975 Cabana Beach owners deposited their weeks with SunSwop. This was slightly down on the 1,997 weeks which were deposited in 2015. This equates to 18% of owners choosing to deposit their weeks rather than to occupy the week that they own.

The exchange trends of SunSwop members remain similar to those of 2015, with 78.5% of exchanges being done into Southern Sun Resorts, 14.3% into external local resorts, and 7.2% into international resorts.

Companies Act Requirements

The Cabana Beach Memorandum of Incorporation (MOI) after having being submitted to the Companies and Intellectual Properties Commission (CIPC), has been returned with a query which Management is confident will be resolved. Should approval not be received timeously before the AGM, the AGM will be held subject to the Companies Act regulations. This means that should a quorum of 25% of all shareholders not be present, the AGM may be held on an informal basis and ratified the following week at the same time and venue.

As per legislation last year, Cabana Beach Share Block Limited is registered with Consumer Services Ombuds Scheme.

Vacation Ownership Association of South Africa (VOASA)

As stated in their new website, the Vacation Ownership Association of South Africa is now a self-regulatory Trade Association with the interest of consumer education as well as servicing the industry. Information regarding the different types of shared accommodation, the purchase and ownership aspects are all part of their service. A separate promotions company has been appointed to engage with the media. Cabana Beach Share Block is a member of VOASA.

Social and Ethics Committee

With the publication of the Draff King IV report it was noted that the focus and attention on Social and Ethics came to the fore with a recommendation that this become a separate standing committee with all the entailing components of electing directors to serve, creating an agenda, record taking and reporting to the Board on matters of significance and within the scope of this sub-committee. A Charter was approved which encapsulated the scope, function and responsibility. This helped to define the role and scope of the Social and Ethics Committee. Not confined to the social and community upliftment aspects, the area of focus also included good Corporate Citizenship, Environmental Awareness, Public Health and Safety, Consumer relations, Labour, Employment and Training, and strategy matters. These topics have over the years been part of the Board's Agenda and as such projects have always been carried out both in the Resort itself, in the community and in the public domain. However, with the formalisation of this sub-committee the Board will have that extra assurance that these functions can now be reported in more depth, with targets and achievable goals. With targets set in specific areas, the committee envisions reporting as such, more fully in the Annual Report next year.

Cabana Beach Share Block Limited

Chairman's Annual Review for the Year Ended 31 December 2016

The primary investment project for the Social and Ethics Committee was the Waterloo Primary School with donation of time, skills and items. This project draws good co-operation and of volunteering of time by the staff. The Resort also supported the Feral Cat Rescue Trust, Entokozweni Old Age Home, KZN Children's Hospital, Ramakrishna Centre, Sahara Children's Home and St Jude's Retirement Home.

Public commemorations are celebrated every year by owners, staff and guests at Cabana Beach. We recall national events and remembrances such as Mandela Day where staff visited a shelter for abused women and children where previously the building and gardens had been improved. Earth Day focused on the need for energy savings.

Staff movement saw the deputy General Manager, Farana Moosa transferred to Elangeni and Maharani Complex as deputy. Louise Otto replaced Farana and we wish both very well in their new positions.

Ron Klambt, our General Manager has continued to chair the uMhlanga Urban Precinct (UIP). The benefit for the Share Block is that with close affiliation and co-operation with the UIP, the village, promenade and beach receives the focus and attention required to maintain high standards.

Cabana Beach Resort is rated a B-BBEE Level 2 contributor by Empowerdex.

Conclusion

Those who have visited the Resort will have had to contend with noise, road diversions, disarray and dust caused by The Pearls and Oceans developments currently underway in Lagoon Drive. I would like to take this opportunity to congratulate and thank Ron Klambt and his team for managing to maintain their high standard of service and warm welcome, amidst all the mayhem. We thank you, our timeshare owners and guests, for your patience and understanding. The results once completed will be of huge benefit offering new shops, restaurants, flats, offices as well as community services centres. Construction for The Pearls is expected to be completed in April 2018 with at least another three years for the Oceans Development.

I extend to you, a warm invitation to attend the AGM which is to be held on Wednesday, 13 September 2017 at 11h00. If you are unable to attend we kindly ask that you make use of the proxy form enclosed in the Annual Report.

Our Director Mike McKenzie, finding himself with a new challenging work opportunity which required considerable travel and focus, decided not to stand for re-election at the AGM. Mike has served on the Board for 17 years, from October 1999 until August 2016 and has contributed in his capacity on the Audit Committee as well as on the Board. On behalf of the Board we wish to thank Mike, wholeheartedly, for his enormous contribution and honest dedication to making Cabana Beach Resort what it is today. We wish Mike and his family well for the future.

Lastly, I wish to express my sincere gratitude to my fellow Directors who have given graciously of their time in attending meetings, providing valuable insights and guidance and carefully deliberating when most necessary. The Directors combined qualified knowledge and insight when discussing plans and projects for the Resort has been exemplary.

We as your Board endeavour to bring about new innovations to excite your return visit whilst ensuring that the familiar sense of homecoming to your "home from home" remains constant.



A handwritten signature in black ink that reads "Billy Liebenberg". The signature is stylized and written over a horizontal line.

Billy Liebenberg
CHAIRMAN

Cabana Beach Share Block Limited
Registration Number: 1965/004874/06
("the Company")

Registered Office
Palazzo Towers East
Montecasino Boulevard
Fourways, 2055

Private Bag X200
Bryanston, 2021
Telephone: (031) 561 2204
Facsimile: (031) 561 7334
Email: Resorts.companysecretarialservices@fsogosun.com

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of the Company will be held at on **Wednesday, 13 September 2017 at 11h00 at Cabana Beach Resort, 10 Lagoon Drive, uMhlanga**, for the following purposes:

Note: Should the Meeting not achieve the adequate quorum the Annual General Meeting will be postponed and held one week later, on Wednesday, 20 September 2017 at 11h00 at the same venue.

Agenda

1. **Welcome, Constitution of the Meeting, and Apologies.**
2. **Establishment of quorum.**
3. **3.1 To adopt the Minutes of the Annual General Meeting held on 12 September 2016.**
3.2 To note the Minutes of the Informal 25th Annual General Meeting held on 12 September 2016 in order.
3.3 To adopt the Minutes of the Postponed Annual General Meeting held on 19 September 2016.
4. **Matters Arising from the Minutes of the previous Annual General Meeting.**
5. **Resolution 1:** To receive, consider and adopt the report of the Directors, the report of the Audit Committee and the Annual Financial Statements for the year ended 31 December 2016.
6. **Resolution 2:** To re-appoint Grant Thornton as the auditors to the Company.
7. **Resolution 3:** To elect Directors (representing the Timesharers) to the Board for the ensuing year. The following Directors retire at the Annual General Meeting, but being eligible, are available for re-election.
 - **William Liebenberg**
 - **Roy Fritz**
 - **Ajith Ramsarup**
 - **Anthony Ridl**
 - **Weston Dickson**
 - **Robert More**
 - **Deon Viljoen**

The Board is limited by the Articles of Association to seven Directors in number. It would facilitate secretarial procedures if nominations for the appointment of Directors could be received no later than 11h00 on Friday, 8 September 2017 at the registered office of the Company. Nominations must be in writing with the name of the proposer and seconder, the acceptance of such nomination by the nominee, and should be accompanied by the curriculum vitae of such nominee.

8. **Resolution 4:** To appoint three Directors as members of the Audit Committee. The current members are Ajith Ramsarup, Weston Dickson and Anthony Ridl.
9. **Resolution 5:** To appoint three Directors as members of the Social & Ethics Committee.
10. **To table, for discussion, the insured value of the Property.**
11. **Report of the Social & Ethics Committee.**
12. **General Managers Report.**
13. **General.**

To transact any other business which ought to be transacted at an Annual General Meeting. Items for discussion under any agenda item should be advised to the Secretaries at the Company's registered office or email address, for the attention of the Company Secretary no later than 11h00 on Friday, 8 September 2017. Please note that such notification must be in writing.

The quorum required for an Annual General Meeting to take place is at least three shareholders present holding at least 25% of all the voting rights, personally or by proxy, that are entitled to be exercised at the meeting. For a resolution to be passed, 50% of the voting rights present at the meeting must be in favour of such resolution. For a special resolution to be passed 75% of the voting rights present at the meeting must be in favour of such resolution.

In the event of a quorum not being present within one hour of the appointed time for the meeting to begin, the meeting is automatically postponed for one week to the same time and venue as this meeting. At the postponed meeting, shareholders present in person or by proxy will be deemed to constitute the required quorum.

The record date for determining shareholder's rights is 29 August 2017.

Any member entitled to attend and vote is entitled to appoint a proxy to attend, vote and speak in his/her stead, and such Proxy need not also be a member of the Company. **Proxy forms should be forwarded to reach the registered office of the Company by no later than 11h00 on Friday, 8 September 2017.** A proxy form is enclosed for this purpose.

By order of the Board
Southern Sun Secretarial Services Proprietary Limited
7 August 2017

Cabana Beach Share Block Limited
 Registration Number: 1965/004874/06
 ("the Company")

Registered Office
 Palazzo Towers East
 Montecasino Boulevard
 Fourways, 2055

Private Bag X200
 Bryanston, 2021
 Telephone: (031) 561 2204
 Facsimile: (031) 561 7334
 Email: Resorts.companysecretarialservices@sogosun.com

Form of Proxy for use by Shareholders at the Annual General Meeting of the Company to be held on **Wednesday, 13 September 2017 at 11h00 at Cabana Beach Resort, 10 Lagoon Drive, uMhlanga**, the proxy given will also stand should the Meeting be postponed to 20 September 2017.

Form of Proxy

I/We, being the holder/s of ordinary shares in the Company, with right of use of

Unit, week, appoint

1., or failing him/her,
2., or failing him/her,
3. The Chairman of the Annual General Meeting.

As my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held on the above-mentioned date and at any adjournment thereof as follows:-

	In Favour Of	Against	Abstain
Resolution 1: Approve Annual Financials			
Resolution 2: Re-elect Auditors			
Resolution 3: Elect Directors			
• W Liebenberg			
• W Dickson			
• R Fritz			
• R More			
• A Ramsarup			
• A Ridl			
• D Viljoen			
Resolution 4: Elect Audit committee			
• A Ramsarup			
• W Dickson			
• T Ridl			
Resolution 5: Elect Social & Ethics com.			

Signed at this day of 2017.

Signature assisted by (where applicable).

Unless otherwise instructed, specifically as above, the proxy will vote, as he/she thinks fit on all matters.

- Any alteration or correction made to this form of proxy (excluding the deletion of alternatives, and excluding the deletion of singular/plural alternatives) must be initialled by the signatory/ies. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (**e.g. on behalf of a Company, Close Corporation, Body Corporate or Trust**) must be attached to this form, failing which the proxy will be invalid.

The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat, to the exclusion of any proxy appointed in terms thereof, should such shareholder wish to do so.

Any member entitled to attend and vote is entitled to appoint a proxy to attend, vote and speak in his/ her stead and such proxy need not also be a member of the Company. **Proxy forms should be forwarded to reach the registered office of the Company, for the attention of the Company Secretary, by no later than 11h00 on Friday, 8 September 2017.**

Cabana Beach Share Block Limited

Statement of Directors' Responsibility for the Year Ended 31 December 2016

The Directors and Management are responsible for the preparation, integrity and fair presentation of the financial statements of Cabana Beach Share Block Limited. The financial statements presented on pages 12 to 21 have been prepared in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities and in the manner required by the Companies Act of South Africa.

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

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

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

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

The Company's external auditors, Grant Thornton Durban, audited the financial statements and their report is presented on pages 10 and 11.

Approval of Financial Statements

The financial statements set out on pages 12 to 21 were approved by the Board of Directors on 11 May 2017 and are signed by:



WH Liebenberg
Chairman



A Ramsarup
Director (Chairman - Audit Committee)

Declaration by the Company Secretary

I hereby confirm, in my capacity as Company Secretary of Cabana Beach Share Block Limited that for the year ended 31 December 2016, the Company has filed all required returns and notices in terms of the Companies Act, 2008 and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.



G Stevenson
For Southern Sun Secretarial Services Proprietary Limited

Cabana Beach Share Block Limited

Report of the Audit Committee for the Year Ended 31 December 2016

The audit committee has pleasure in submitting this report, as required by section 94 of the Companies Act, 2008. The audit committee is an independent statutory committee appointed by the shareholders.

1. Duties of the audit committee

The audit committee has discharged its duties as follows:

- 1.1 Reviewed the year-end financial statements, culminating in a recommendation to the board. In the course of its review the committee:
 - took appropriate steps to ensure that the financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, as suitably modified for South African share block companies;
 - considered and, when appropriate, made recommendations on internal financial controls;
 - dealt with concerns or complaints relating to the following:
 - accounting policies;
 - the auditing or content of annual financial statements; and
 - internal financial controls.
- 1.2 Reviewed the external audit reports on the annual financial statements;
- 1.3 Reviewed the risk management reports, and, where relevant, made recommendations to the board;
- 1.4 Considered and discussed the effectiveness of risk management, controls and the governance processes;
- 1.5 Verified the independence of the external auditors and of any nominee for appointment as the designated auditor;
- 1.6 Approved the audit fees and engagement terms of the external auditors; and
- 1.7 Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditors.

2. Members of the audit committee

- 2.1 The members of the audit committee comprise three independent non-executive directors being Ajith Ramsarup (Chairman), Weston Dickson and Anthony Ridl.
- 2.2 The audit committee has at all times acted in an independent manner.

3. Frequency of meetings

The audit committee met twice during the financial year under review. Provision is made for additional meetings to be held, when and if necessary.

4. Attendance

The external auditors, in their capacity as auditors to the company, attended and reported to the meetings of the audit committee. Relevant senior managers attended the meeting on invitation.

5. Confidential meetings

Audit committee agendas provide for confidential meetings between the committee members and the external auditors.

6. Independence of external auditors

The audit committee has satisfied itself that the external auditor is independent of the company, as set out in S94 (8) of the Companies Act, 2008. Requisite assurance was provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.



Ajith Ramsarup

Chairman

11 May 2017

Cabana Beach Share Block Limited

Report of the Directors for the Year ended 31 December 2016

The Directors present their annual report of the Company for the year ended 31 December 2016.

1 Business Activity

The Company owns the land and buildings known as Cabana Beach Resort which are utilised by the members on a timeshare basis with respective members' time interest being apportioned through the issue of shares according to share block regulations. These regulations provide for the following:

1. Shares are issued in predefined blocks which are linked by a use agreement relating to specific units during specific weeks of the year.
2. Linked to the respective share blocks are obligations on the share block owners to make loans to the Company.
3. Obligations on share block owners to contribute levies to enable the Company to defray its expenditure.

2 Financial results

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

In accordance with the provisions of the Share Blocks Control Act, and in common with other timeshare operations in South Africa, your Company has, since its inception as a Share Block Company, raised an annual levy making a provision for the maintenance and upkeep of the property. Asset replacement costs and major repairs to property, plant and equipment have been charged against this amount annually. Before providing for property, plant and equipment additions and replacements, a surplus of R18,587,438 (2015: R16,053,868) was transferred to the reserve for property, plant and equipment.

No dividends have been declared during the year and none is recommended (2015: R Nil).

3 Share capital

The authorised and issued share capital has remained unchanged.

4 Insurance

The Resort buildings and their contents are insured at current replacement values under a Multi-Risk Policy. In addition, Sasria (Riot) cover has been arranged for the sum insured. The Company does not insure personal belongings of the individual timesharers.

The Company does not guarantee the provision of alternative accommodation in the event of a disaster and does not take out insurance for this.

5 Directors and Secretary

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

WH Liebenberg	Chairman
RW Dickson *	
RP Fritz ^	Appointed 19 September 2016
MI McKenzie *	Resigned 5 August 2016
RA More ^	
AB Ramsarup *	
AN Ridl *	
DP Viljoen ^	

* Audit Committee Members

^ Social & Ethics Committee Members

Cabana Beach Share Block Limited

Report of the Directors for the Year Ended 31 December 2016

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

Business:

Palazzo Towers East
Montecasino Boulevard
Fourways
2055

Postal:

Private Bag X200
Bryanston
2021

6 Management

The operations of the Company are managed by Southern Sun Hotel Interests Proprietary Limited.

7 Material events after year end

The Directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in this report or in the annual financial statements, that would affect the financial position of the Company or the results of its operations significantly.

Cabana Beach Share Block Limited

Report of the Independent Auditors

To the Shareholders of Cabana Beach Share Block Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Cabana Beach Share Block Limited set out on pages 12 to 21, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cabana Beach Share Block Limited as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the 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 of South Africa and the supplementary information set out on pages 22 to 24. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Cabana Beach Share Block Limited

Report of the Independent Auditors

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

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

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette 39475 dated 04 December 2015, we report that Grant Thornton Durban has been the auditor of Cabana Beach Share Block Limited for 1 year.



GRANT THORNTON

Registered Auditors

Practice Number: 905690

Per H D Paruk

Partner

Registered Auditor

Chartered Accountant (SA)

11 May 2017

2nd Floor

4 Pencarrow Crescent

Pencarrow Park

La Lucia Ridge Office Estate

4019

Cabana Beach Share Block Limited

Statement of Comprehensive Income for the Year Ended 31 December 2016

	Note	2016 R	2015 R
Income		61 986 451	57 385 316
Levy income - normal		56 840 890	52 639 925
Other income		5 145 561	4 745 391
Expenses		(45 437 925)	(42 659 635)
Levy surplus before interest and taxation	3	16 548 526	14 725 681
Net finance income	4	3 416 224	2 423 190
Levy surplus before taxation		19 964 750	17 148 871
Income tax expense	5	(1 377 312)	(1 095 003)
Levy surplus for the year		18 587 438	16 053 868

Cabana Beach Share Block Limited

Statement of Financial Position as at 31 December 2016

	Note	2016 R	2015 R
ASSETS			
Current assets			
Trade and other receivables	6	4 681 101	3 609 897
Levies receivable - normal	10	212 239	388 497
Levies receivable - special		-	6 530
Cash and cash equivalents		47 560 863	37 280 994
Total current assets		52 454 203	41 285 918
Total assets		52 454 203	41 285 918
EQUITY			
Capital and reserves			
Share capital	9	400 000	400 000
Reserve for property, plant and equipment	7	24 421 368	13 731 934
Total equity		24 821 368	14 131 934
LIABILITIES			
Non-current liabilities			
Exchange fee rebate		530 514	1 020 219
Total non-current liabilities		530 514	1 020 219
Current liabilities			
Trade and other payables	8	7 102 359	7 181 687
Levies received in advance		18 622 651	17 857 077
Current tax liabilities		1 377 311	1 095 001
Total current liabilities		27 102 321	26 133 765
Total liabilities		27 632 835	27 153 984
Total equity and liabilities		52 454 203	41 285 918

Statement of Changes in Equity for the Year Ended 31 December 2016

	Note	2016 R	2015 R
Share capital			
Ordinary shares at beginning and end of year	9	400 000	400 000
Reserve for property, plant and equipment			
At beginning of year		13 731 934	6 612 609
Levy surplus for the year		18 587 438	16 053 868
Property, plant and equipment additions and replacements during the year	7	(7 898 004)	(8 934 543)
At end of year		24 421 368	13 731 934

Cabana Beach Share Block Limited

Statement of Cash Flows for the Year Ended 31 December 2016

	2016 R	2015 R
Cash flow from operating activities		
Levy surplus before taxation	19 964 750	17 148 871
Adjustments for:		
Interest received	(3 416 224)	(2 423 190)
Non cash items		
- Movement in exchange fee rebate	(489 705)	(489 705)
Net surplus before working capital changes	16 058 821	14 235 976
Changes in working capital		
- Movement in levies receivable - normal	176 258	857 932
- Movement in levies receivable - special	6 530	215 045
- Movement in trade and other receivables	(1 071 204)	(525 998)
- Movement in levies received in advance	765 574	1 983 310
- Movement in trade and other payables	(79 328)	(2 094 493)
Cash flows from operating activities	15 856 651	14 671 772
Interest received	3 416 224	2 423 190
Tax paid	(1 095 002)	(902 690)
Net cash inflow from operating activities	18 177 873	16 192 272
Cash flow from investing activities		
Property, plant and equipment additions and replacements	(7 898 004)	(8 934 543)
Net cash outflow from investing activities	(7 898 004)	(8 934 543)
Net movement in cash and cash equivalents	10 279 869	7 257 729
Cash and cash equivalents at beginning of year	37 280 994	30 023 265
Cash and cash equivalents at end of year	47 560 863	37 280 994

Cabana Beach Share Block Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

1 Accounting policies

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

1.1 Basis of preparation

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

The accounting policies are consistent with previous periods.

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

1.2 Reserve for property, plant and equipment

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

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

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

1.3 Leases

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

1.4 Financial instruments

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Such provision is established when there is evidence that the Company will not be able to collect the full amount owing. The provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers. Bad debts are written off in the year during which they are identified.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

Gains and losses on subsequent measurement of financial instruments are reflected in the statement of comprehensive income.

1.5 Cash and cash equivalents

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

Cabana Beach Share Block Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

1.6 Revenue recognition

Revenue is stated exclusive of value-added tax.

Levy revenue is recognised when the right to occupation arises.

Special levy revenue is recognised when raised.

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

Rental income from tenants are disclosed net of the related management fee.

Other sundry revenue is recognised when it is earned.

1.7 Provisions

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

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

1.8 Equity

Ordinary shares are classified as equity.

1.9 Current taxes

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

1.10 Retirement benefits

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

Cabana Beach Share Block Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

2 Financial risk management

Capital Management

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

Financial Risk Factors

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

Liquidity Risk

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

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

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

Credit risk

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

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

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

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

Interest Rate Risk

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

Cabana Beach Share Block Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

	2016 R	2015 R
3 Levy surplus before interest and taxation		
The levy surplus before interest and taxation is stated after taking into account the following:		
Employee costs		
- salaries, wages and benefits	10 384 174	9 526 383
- contributions to retirement funds	835 099	786 260
Management fees	2 984 400	2 834 189
Audit fees	156 738	224 564
Professional fees	31 995	49 269
Other operating expenses	31 045 519	29 238 970
	45 437 925	42 659 635
4 Net finance income		
Interest income:		
Interest earned on fixed deposits, call deposits and current account	3 416 224	2 423 190
Net finance income	3 416 224	2 423 190
5 Income tax expense		
Provision is made for Company taxation on the net non-levy income of the levy fund.		
No tax is payable on levy income from the owners in terms of S10(1)(e) of the Income Tax act.		
Current year	1 377 312	1 095 003
	1 377 312	1 095 003
A reconciliation of the taxation charge is not considered appropriate as share block companies are liable for taxation only on their net non-levy income.		
6 Trade and other receivables		
Trade receivables (Refer Note 12)	553 424	443 589
Other receivables (Refer Note 12)	460 656	389 725
Interest receivable	1 768 097	1 267 062
Prepayments (Refer Note 12)	1 898 924	1 509 521
	4 681 101	3 609 897

Cabana Beach Share Block Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

	2016 R	2015 R
7 Reserve for property, plant and equipment		
At beginning of year	13 731 934	6 612 609
Levy surplus for the year	18 587 438	16 053 868
	32 319 372	22 666 477
Property, plant and equipment additions and replacements during the year	(7 898 004)	(8 934 543)
At end of year	24 421 368	13 731 934
<p>The Directors have reviewed a forward estimate, prepared by Management, of the costs of property, plant and equipment additions and replacements over the next ten years.</p> <p>The Directors have approved capital expenditure of R13,831,578 for 2017 (2015: budgeted capital expenditure of R14,329,820 for 2016) which it is anticipated will increase the budgeted reserve fund by R1,330,777 (2015: decrease the budgeted reserve fund by R634,320 for 2016). There were no capital commitments made at year end (2015: R nil).</p>		
8 Trade and other payables		
Trade payables (Refer Note 12)	2 607 560	1 530 515
Other payables		
Accruals (Refer Note 12)	2 868 994	3 371 732
Provision for auditors remuneration	145 000	220 162
Receiver of Revenue - Vat	135 220	135 783
Sundry payables (Refer Note 12)	855 880	1 433 790
Exchange fee rebate	489 705	489 705
	7 102 359	7 181 687
9 Share capital		
Authorised and issued		
40,000,000 Class "A" ordinary shares of 1 cent each	400 000	400 000
10 Levies receivable - normal		
Levy debtors	86 197	149 448
Repossessed debtors	154 183	308 674
Provision for repossessed debtors	(28 141)	(69 625)
- Opening balance	(69 625)	(97 705)
- Movement	41 484	28 080
	212 239	388 497

Cabana Beach Share Block Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

	2016	2015
	R	R

11 Property, plant and equipment

The Company complies with the SAICA Guide on Financial Reporting for Share Block Companies with respect to the treatment of property, plant and equipment. In terms of the SAICA Guide the right of use of property, vested with the shareholders, has been offset against the loan from shareholders with the balance transferred to the reserve for property plant and equipment.

Land and buildings comprise the following property:

Lots 623, 637 and 643, Umhlanga Rocks Township, Kwa-Zulu Natal with buildings thereon, known as Cabana Beach Resort. The Company has granted to the eThekweni Municipality, a beach amenity servitude over the property.

Land and buildings were originally purchased for R7,623,913 and are not recognised. Although the Company has legal title to the property, it effectively only owns the bare dominium over the property which is considered to be of no value. The property is currently valued by the Municipality at R250,000,000 for rates purposes. There are no bonds on the property.

12 Related party transactions

The operations of the Company are managed by Southern Sun Hotel Interests Proprietary Limited ("SSH"). The Company is charged the following fees in terms of the management agreement:

Short term rental fee	271 070	200 130
Management fee	2 984 400	2 834 189
Levy administration and collection fee	2 421 144	2 299 282

SSH provides management services in respect of leases of the commercial areas to third party tenants. The fee for this service is a fixed percentage of gross rentals received by the Company.

Gross rentals received from tenants	1 964 653	1 773 769
Rental retained	(589 395)	(532 130)
Contractual share paid to SSH	1 375 257	1 241 639

During the financial year the Company paid membership fees to Sunswop (a division of SSH), which is affiliated to Interval International.

Sunswop exchange services	1 729 008	1 621 996
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During the financial year the Company paid the following SSH internal charges:

- Information technology administration charge	52 405	48 084
- Training related charges	60 984	58 450
- Sunrands related charges	5 666	700

Certain costs are incurred by SSH in terms of contracts negotiated on behalf of members of the Southern Sun group, including the Company. These costs, which include insurance, certain maintenance and operating lease contracts are recovered from the Company via a loan account. The balance of the loan account is as follows:

SSH and its subsidiaries included		
- included in Receivables (Refer Note 6)	149 400	175 236
- included in Payables (Refer Note 8)	439 427	(823 354)
	588 827	(648 118)

Cabana Beach Share Block Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

	2016	2015
	R	R

12 Related party transactions (continued)

In addition, Southern Sun Timesharing Resales Proprietary Limited ("SSTR") provides a rental service and recovers levies from the sale and rental of timeshare weeks on behalf of the Company.

Balance owing by SSTR:

- included in Payables (Refer Note 8)

-	-
-	-

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

	Number of units	Levies paid R	Levies received in advance R
2016 - shareholding			
AB Ramsarup - The Leisure Holiday Club	219	1 126 180	394 240
DP Viljoen - Sunswop (a division of SSHI) - retired from SSHI on 31 August 2016	108	527 000	47 670
AN Ridl - Club Leisure Group	763	3 597 090	1 175 605
RW Dickson - Dream Vacation Club	567	3 098 690	752 850
2015 - shareholding			
AB Ramsarup - The Leisure Holiday Club	219	1 067 470	368 760
DP Viljoen - Sunswop (a division of SSHI)	108	499 540	44 580
AN Ridl - Club Leisure Group	676	3 356 670	1 202 660
RW Dickson - Dream Vacation Club	557	2 757 500	682 420

13 Directors emoluments

The Directors do not receive any remuneration for their services to the Company. Directors are reimbursed for costs incurred on the Company's business, except for Mr Viljoen whose costs were borne by Southern Sun until his retirement from Southern Sun on 31 August 2016. Further, the Directors are insured for medical costs and personal accident. The Directors are also covered by insurance taken out by the Company as indemnification against all liability of any Director towards the Company in respect of any negligence, default, breach of duty or breach of trust.

Cabana Beach Share Block Limited

Unaudited Supplementary Schedules to the Financial Statements
Detailed Levy Fund Operating Statement for the Year Ended 31 December 2016

	2016 R	2015 R
INCOME		
Levies - normal	56 840 890	52 639 925
Rental pool and short term rental	1 352 953	1 156 364
Sale of capital assets	11 974	30 408
Net non-levy income		
- parking, telephone, rentals and penalties etc	3 780 634	3 558 619
	61 986 451	57 385 316
EXPENDITURE		
Rooms Expenses		
Guest entertainment	1 311 406	1 244 306
Guest supplies	788 105	764 571
Laundry	2 181 508	2 060 494
M-Net	602 015	556 662
Personnel costs		
- outside services	4 850 737	4 285 746
- salaries, wages and benefits	6 083 410	5 599 457
Pest control	27 544	27 937
Plants and decorations	18 200	18 200
Printing and stationery, including reception	251 889	185 544
Replacement of cutlery, crockery, linen, towels, uniforms, etc	1 172 612	940 479
Security services	1 722 030	1 627 336
	19 009 456	17 310 732
Administration and General		
Audit fees		
- current year	145 000	220 102
- prior year underprovision	11 738	-
- disbursements	-	4 462
Bank charges	37 806	37 030
Central accounting and levy administration fees	2 421 144	2 299 282
Corporate social initiatives	43 507	-
Credit card commission	260 021	236 909
Information technology costs	727 127	597 994
Balance carried forward	3 646 343	3 395 779

Cabana Beach Share Block Limited

Unaudited Supplementary Schedules to the Financial Statements
Detailed Levy Fund Operating Statement for the Year Ended 31 December 2016

	2016 R	2015 R
Balance brought forward	3 646 343	3 395 779
Insurance		
- premium	235 645	238 937
- excess	8 232	-
Legal fees	31 995	49 269
Licences and permits	71 023	68 135
Loss on repossessed debtors	55 152	177 245
Marketing	39 590	71 808
Postage	4 123	1 547
Personnel costs		
- salaries, wages and benefits	2 659 717	2 389 526
Provision for repossessed debtors	(41 484)	(28 080)
Railage, cartage and hire transport	3 977	10 869
Security		
- banking services	21 971	18 522
Subscriptions	48 855	50 019
Sunswop exchange service	1 729 008	1 621 996
Telephone	249 428	286 837
Travel		
- management and directors	47 430	62 437
Vehicles		
- fuel and oil	18 510	15 752
	8 829 515	8 430 598
Electricity, Water and Refuse		
Electric bulbs	44 108	81 250
Electricity	3 228 855	3 189 642
Generator fuel	27 992	36 945
Refuse	159 013	200 901
Water	2 267 169	1 886 772
	5 727 137	5 395 510
Repairs and Maintenance		
Airconditioning	60 252	69 599
Buildings	265 572	394 074
Electrical and mechanical	158 509	174 440
Elevators	282 545	268 388
Engineers tools	9 720	32 546
Furniture and fixtures	137 876	228 135
Gardens and grounds	503 056	479 077
Major repairs and maintenance	309 139	280 185
Balance carried forward	1 726 669	1 926 444

Cabana Beach Share Block Limited

Unaudited Supplementary Schedules to the Financial Statements

Detailed Levy Fund Operating Statement for the Year Ended 31 December 2016

	2016 R	2015 R
Balance brought forward	1 726 669	1 926 444
Office machines		
- maintenance contracts	32 827	30 693
Painting and redecorating	82 580	119 826
Personnel costs		
- salaries, wages and benefits	2 476 146	2 323 660
Plumbing and heating	89 581	100 499
Radio and TV	9 598	5 580
Room care	304 789	459 887
Swimming pool cleaning and repairs	56 279	43 648
Switchboard	50 546	60 849
Vehicles	14 531	-
Vincard	5 336	46 823
	4 848 882	5 117 909
Capital Charges		
Annual report and statutory costs	95 541	(53 747)
Municipal rates and sewerage	3 942 994	3 624 444
	4 038 535	3 570 697
Management Fee	2 984 400	2 834 189
Total Expenditure	45 437 925	42 659 635
Excess of income over expenditure before finance cost and taxation	16 548 526	14 725 681
Net finance income		
Interest income	3 416 224	2 423 190
Excess of income over expenditure before taxation	19 964 750	17 148 871
Taxation		
- current	1 377 312	1 095 003
Excess of income over expenditure after taxation for the year transferred to reserve for property, plant and equipment	18 587 438	16 053 868

Cabana Beach Share Block Limited

DRAFT Minutes of the Annual General Meeting of Shareholders for the Year Ended 31 December 2015 held on Monday, 12 September 2016, at 11h00, in The Lounge at Cabana Beach Resort, uMhlanga

1. CONSTITUTION OF THE MEETING, WELCOME AND APOLOGIES

The Chairman, William Liebenberg, welcomed all to the Annual General Meeting (AGM) of the Company. He requested that all Shareholders present please sign the attendance register to record their attendance.

The Chairman advised that although the Notice of Meeting had been properly given, the necessary quorum in terms of the Companies Act was not present and he was unable to declare the Meeting duly constituted. There were sufficient Shareholders present but not the minimum shareholding voting requirement of 25% of all voting rights entitled to be exercised at this Meeting.

Consequently, this Meeting was automatically postponed for one week from today to Monday, 19 September 2016 to take place in the same venue and at the same time, when shareholders attending that Meeting, shall be deemed to constitute the required quorum. For the benefit of those present, the Chairman proposed that the Meeting continue on an informal basis and that Minutes of today's discussions, be confirmed at the Meeting to take place the following week.

No objections were recorded and the Meeting was postponed to 19 September 2016, to the same time and place.

2. CLOSURE

The Chairman thanked all for their attendance and declared at 11h02 the Meeting duly postponed for one week.

Read and confirmed this _____ day of _____ 2017.

CHAIRMAN

Cabana Beach Share Block Limited

DRAFT Minutes of the Informal Meeting of Shareholders held on Monday, 12 September 2016 at 11h03, in The Lounge, at Cabana Beach Resort, uMhlanga, following the postponement of the Annual General Meeting for the Year Ended 31 December 2015

CONSTITUTION OF THE MEETING, WELCOME AND APOLOGIES

The Chairman, William Liebenberg, proposed and it was agreed that this Meeting would continue and follow the Annual General Meeting (AGM) Agenda on an informal basis. It was agreed that Shareholders present at the postponed AGM, a week from today, on 19 September 2016, ratify all decisions taken at this Meeting. No objection was recorded.

Directors and Members of the Management Team present included:

Deon Viljoen	-	Director
Ajith Ramsarup	-	Director
Anthony Ridl	-	Director
Robert More	-	Director
Weston Dickson	-	Director
Ron Klámbt	-	General Manager of Cabana Beach Resort
Warren Whiteboy	-	Financial Manager of Southern Sun Resorts
Peter Pienaar	-	General Manager of SunSwop
Marina De Paiva	-	Financial Controller - Levies Southern Sun Resorts
Georgina Stevenson	-	Company Secretary of Southern Sun Resorts
Lisa Sutton	-	Secretary to the Company Secretary

Apologies were recorded from Director Michael McKenzie and Adam Fuller, Operations Director for Southern Sun Resorts.

1. MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING

The first item on the Agenda was the adoption of the Minutes of the previous AGM for the year ended 31 December 2014. The Minutes of the previous AGM held on 15 September 2015, as well as the postponed AGM held on 22 September 2015, were tabled for adoption. No comment or objection was raised. It was resolved that the Shareholders present at the postponed AGM on 19 September 2016, would ratify the contents and confirm the adoption of the Minutes.

2. ANNUAL FINANCIAL STATEMENTS

Item two on the Agenda was Resolution one, being to receive, consider and adopt the Annual Financial Statements and Reports of the Directors and Auditors, for the year ended 31 December 2015. The Chairman stated that the Annual Report comprehensively covered the activities of the Company for the period under review and enquired whether there were any comments or objections from the floor. None were recorded. It was resolved that the Annual Financial Statements for the year ended 31 December 2015 be proposed and adopted at the postponed AGM.

3. RE-APPOINTMENT OF AUDITORS

The next item on the Agenda was Resolution two, being to re-appoint PricewaterhouseCoopers Incorporated (PWC) as Auditors of the Company. Mr Whiteboy advised that Beacon Island Share Block had undergone a tender process for the audit procedure and market related quotations were obtained. Due to a major cost reduction, Beacon Island Share Block Limited had replaced PWC with Grant Thornton. Grant Thornton had been in a position to greatly reduce their audit fees due to the timing of the audit process and by negotiating fees to enter the Tsogo Sun Group market. The same tender process had been followed for Cabana Beach Share Block and once again, Grant Thornton had proposed audit fees R45k cheaper than the audit fee proposed by PWC for 2017. Grant Thornton had agreed to fix their annual audit fee increase to CPI, for a period of 3-years. This was by no means a reflection on the work performance of PWC's staff or their audit process. In the best interest of Shareholders, the Chairman recommended that Grant Thornton be appointed Auditors in place of PWC. No comment or objection was recorded. It was resolved that the appointment of Grant Thornton as Auditors for the ensuing year would be ratified at the postponed AGM to be held the following week.

4. ELECTION OF DIRECTORS

The next item on the Agenda was Resolution three, being to elect Directors to the Board for the ensuing year. All Directors retired at this AGM. Messrs Liebenberg, Dickson, Ramsarup, Viljoen, More and Ridl had indicated that they were eligible and available for re-election, while Michael McKenzie had advised that he was unable to stand for the ensuing year. With this vacancy, two nominations had been received. The Chairman gave a brief background description of Shareholder Roy Fritz and Gonaseela Pillay, representing Off Beat Holiday Club, a subsidiary of Flexi Holiday Club. No nomination was received from the floor. Since voting may not be exercised at this Meeting due to no quorum being present, the Chairman proposed that separate appointment motions for each Director be deferred until the postponed Meeting, to be held the following week. He requested that any Shareholder here present unable to attend the postponed AGM, that they complete a ballot form for the voting process. No objection was recorded.

The Chairman thanked Mr McKenzie for his years of service on the Cabana Beach Board. Mr McKenzie was a Chartered Accountant, busy with his own business and with a new venture presenting itself, Mr McKenzie was no longer able to give of his time as a Director. Mr Viljoen stated that it had been great working with Mr McKenzie and noted that his presence on the Board would be sorely missed.

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5. APPOINTMENT OF AUDIT COMMITTEE

The next item on the Agenda was Resolution four, being to appoint three Directors as Members of the Audit Committee. The current Audit Committee consisted of Weston Dickson, Ajith Ramsarup and Michael McKenzie. Anthony Ridl had been nominated to replace Mr McKenzie on the Committee. It was resolved that the Audit Committee Members would be appointed the following week at the postponed AGM, once Shareholders had appointed Directors to the Board.

6. SPECIAL AND ORDINARY RESOLUTIONS

Item nine on the Agenda was to present and approve the recommended Resolutions.

- 6.1 Special Resolution 1: To convert the Company from a Public Company to a Private Company. The recommendation would be put to the Shareholders present at the postponed AGM, the following week.
- 6.2 Special Resolution 2: To change the name of the Company to reflect the change of designation to a Private Company. The recommendation would be put to the Shareholders present at the postponed AGM, the following week.
- 6.3 Special Resolution 3: To replace the existing Memorandum and Articles of Association in its entirety with a Memorandum of Incorporation (MOI) so as to comply with the provisions of the Companies Act, in this regard. The recommendation would be put to the Shareholders present at the postponed AGM, the following week.
- 6.4 Ordinary Resolution 1: To authorise the Directors and / or Company Secretary to complete all and any documentation required for the filing and registration of the Special and Ordinary Resolutions, listed here today, together with the Memorandum of Incorporation (MOI) and annexure thereto with the Companies and Intellectual Property Commission (CIPC). The recommendation would be put to the Shareholders present at the postponed AGM, the following week.

7. INSURED VALUE OF PROPERTY

The next item on the Agenda was to discuss the insured value of the Property, which had been approved by the Directors in terms of the Use Agreement. The replacement value of the building and contents, by independent Quantity Surveyors, Brian Heineberg & Associates was R538,346,310. Mr Viljoen stated that Director, Mr More, was a Quantity Surveyor who had also reviewed the recommended insured values provided and was satisfied. No comment or query was recorded. It was resolved that the approval of the insured value for 2016/2017 would be deferred to the postponed AGM.

8. REPORT OF THE SOCIAL AND ETHICS COMMITTEE

Mr Klämbt welcomed Shareholders present. The function of the Social and Ethics Committee was to monitor the Company's activities in respect of social and economic development, environmental, health and public safety, good corporate citizenship, consumer relationships as well as labour and employment relationships.

Cabana Beach continued to support Waterloo High School and Waterloo Primary School. A library had been built, the gardens improved and a kitchen built to improve their feeding scheme to feed over 1,000 pupils each day. Resort Staff volunteered their time to take part in the Waterloo reading scheme, with one-on-one reading assistance for the pupils who did not speak English as a home language and were struggling to bridge the language gap. This reading programme had proven very successful and Mr Klämbt particularly thanked Megan Viljoen who had driven the volunteer programme. Another ongoing project was the uMhlanga Urban Improvement Precinct (UIP) of which Mr Klämbt was the Chairman. The UIP assisted to bridge the gap where the Municipality was unable to provide a service, such as cleaning and greening in the area. The UIP also assisted with security. Property values had increased and investment was good.

The Resort supported a feral cat feeding scheme and in particular for six cats on the property. The cats were spayed, well looked after, groomed and fed each day.

The Resort took part in Mandela Day with staff visiting and painting a safe house for abused women. The most time and effort over 2015 related to environmental organisations as well as health and welfare organisations. No levy funds were used for corporate social responsibility projects, as time, effort, donations and old equipment was given to organisations.

Cabana Beach Resort was associated with Green Planet, an organisation that promoted environmental best practice. The Resort tried to involve guests, especially children, where possible. The Resort had achieved 99% for the internal Organisational Resilience Management Standards (ORMS) programme which was an extensive audit process, reviewing various processes and procedures in place. Green Planet had calculated that through waste reduction and recycling initiatives, the Resort had saved the equivalent of 278 trees, 427,079 litres of water, 51,945m³ of CO₂, 361,951KW hours of energy and 975m³ of waste was diverted from a landfill.

The eGuest survey, sent to Guests who had stayed at the Resort, had achieved 89.6% satisfaction for the year. Guests commenting on Tripadvisor had rated the Resort the 3rd best family Hotel in uMhlanga. Of the 687 reviews, 498 had rated the Resort as excellent, 148 as very good and 24 as average. Cabana Beach Resort had again achieved Level Two B-BBEE Empowerdex rating certification through the Tsogo Sun Group.

Mr Klämbt advised that the overall annual levy for 2017 had increased by 6.91% over the 2016 levy.

Various projects had commenced in 2015. The newly installed multi-purpose sports court and braai area had proven very popular with Guests, as adults were able to relax and enjoy themselves while children played close by. The old staff quarters had been demolished to make space for the new trailer park. Waterproofing above the Beachfront Cabana units would be completed by year-end. New recycled plastic, wooden-look poles and benches had been placed around the property. The driveway gatehouse was almost completed and looked very good. The new driveway gatehouse was for Guests to enter and exit the property, while the current entrance and servitude would be used by staff and delivery vehicles. Mr Klämbt showed visual progress of the Oceans uMhlanga development as well as The Pearls' Development. The look and feel of uMhlanga would soon be completely different and include a new traffic plan for Lagoon Drive.

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Mr Klämbt thanked his previous Deputy General Manager, Farana Moosa, for all her efforts. She had recently transferred to the Southern Sun Maharani and Elangeni Hotel Complex. Ms Moosa had been replaced by Louise Otto who had this month transferred from Marine Parade Hotel. He thanked his management team for taking good care of the Resort's Guests. He thanked the entertainment team, the accounts department, levy department, the sales team and the Company Secretarial department for everything they did. Mr Klämbt thanked Mr McKenzie for his many years on the Board and he extended thanks to Deon Viljoen who had retired from Southern Sun Resorts / Tsogo Sun on 31 August 2016. He was still available for election as a Director and Mr Klämbt was pleased Mr Viljoen would still be available for his expertise and reliability. He thanked all Directors and looked forward to the year ahead.

The Chairman thanked Mr Klämbt and his team for the excellent job very well done.

8. GENERAL

The final item on the Agenda was General Matters for Discussion.

8.1 Shareholders' Correspondence

Mr Boswell had requested that 2 very large monkey puzzle trees be cut down as they affected the sea view from his unit. The Chairman stated that, in this instance, some owners would be happy while others unhappy, whether the trees were removed or not. It would cost a large sum of money to hire a crane and removal equipment to remove the trees. The Board had discussed the matter and agreed that until the trees presented a safety issue, the trees would remain.

Professor Greyling and Mr Hart did not support the charge for undercover parking and stated that this should be complimentary. Mr Klämbt advised that insufficient undercover parking had been an issue at the property with only 60% of units having a parking bay. R1m was generally recouped each year through the parking charge and for this, each owner benefited with the income reducing the levy amount to cover other costs. The parking rate was market related and not always increased each year. The Board had agreed prior to this Meeting, to continue the parking charge.

Mrs Fyfe had highlighted that external parties were eating at the Wimpy restaurant and then using the facilities. Mr Klämbt advised that this behaviour was unacceptable and while security was on the property to stop this misuse and protect Guests, Wimpy was a paying tenant and must be in a position to operate and afford the rental. Use by visitors would be monitored and security would assist in stopping visitors from using the Resort facilities.

Mr van Wyk had found it frustrating to wait a year for the AGM Minutes. The Secretary advised that the Minutes from today's Meeting as well as from the postponed AGM to be held the following week, would be placed on the timeshare website once approved by the Board. Each owner would receive feedback for their correspondence.

9. CLOSURE

The Chairman thanked all for their attendance and invited everyone to join the Board and management for refreshments.

There being no further business, the Chairman declared the Meeting closed at 11h57.

Read and confirmed this _____ day of _____ 2017.

CHAIRMAN

Cabana Beach Share Block Limited

DRAFT Minutes of the Postponed Annual General Meeting of Shareholders for the Year Ended 31 December 2015 held on Monday, 19 September 2016 at 11h00, in The Lounge at Cabana Beach Resort, uMhlanga

CONSTITUTION OF THE MEETING, WELCOME AND APOLOGIES

Director Deon Viljoen had, prior to the Annual General Meeting, been authorised by the Board to act as Chairman in the absence of the Chairman, William Liebenberg. With notice of the Meeting properly given, the Acting Chairman was pleased to confirm that those present today constituted the quorum.

The Acting Chairman welcomed all present today and confirmed that apologies had been received from Directors William Liebenberg, Weston Dickson, Mike McKenzie, Robert More and Ajith Ramsarup.

A draft copy of the Summary AGM Minutes as well as of the informal AGM Minutes, from the previous week, had been made available to those present.

The Acting Chairman proposed that the following Resolutions now be ratified:

Item 1:

To adopt the Minutes of the last Annual General Meeting held on 15 September 2015 and the Minutes of the Postponed AGM held on 22 September 2015, read with informal Meeting Minutes. No objections were raised. The recommendation for approval, made at the previous week's AGM, was ratified.

Item 2 Resolution 1:

The Annual Financial Statements for the Financial Year ended 31 December 2015, read with Chairman's Review, fully covered the activities of the Company for the period under review. As recommended at the previous week's AGM, the motion to receive, consider and adopt the Annual Financial Statements for the Year Ended 31 December 2015, including the Reports of the Directors and Auditors, was proposed, seconded and carried.

Item 3 Resolution 2:

As recommended at the previous week's AGM, the motion to replace PricewaterhouseCoopers Incorporated (PWC) with the appointment of Grant Thornton as Auditors for the ensuing year, was proposed, seconded and carried.

Item 4 Resolution 3:

As recommended at the previous week's AGM, the eligible and available Directors William Liebenberg, Weston Dickson, Ajith Ramsarup, Deon Viljoen, Robert More and Anthony Ridl be nominated individually. With the vacancy of Michael McKenzie stepping down as Director, two nominations were received. Gonaseela Pillay had retracted his nomination while Roy Fritz remained available. The motion to nominate the Directors en bloc was not objected to and Messrs Liebenberg, Dickson, Ramsarup, Viljoen, More, Ridl and Fritz were appointed Directors for the ensuing year.

Item 5 Resolution 4:

As recommended at the previous week's AGM and with Weston Dickson, Ajith Ramsarup and Anthony Ridl having been re-elected as Directors for the ensuing year, the motion to appoint Weston Dickson, Ajith Ramsarup and Anthony Ridl as Members of the Audit Committee, was ratified.

Item 6

6.1 Special Resolution 1

As recommended at the previous week's AGM, the motion to convert the Company from a Public Company to a Private Company, was ratified.

6.2 Special Resolution 2

As recommended at the previous week's AGM, the motion to change the name of the Company to reflect the change of designation to a Private Company, was ratified.

6.3 Special Resolution 3

As recommended at the previous week's AGM, the motion to replace the existing Memorandum and Articles of Association in its entirety with a Memorandum of Incorporation (MOI) so as to comply with the provisions of the Companies Act, was ratified.

6.4 Ordinary Resolution

As recommended at the previous week's AGM, the motion to authorise the Directors and / or Company Secretary, Georgina Elizabeth Stevenson, to complete all and any documentation required for the filing and registration of the Special and Ordinary Resolutions, listed here today, together with the Memorandum of Incorporation (MOI) and annexure thereto with the Companies and Intellectual Property Commission (CIPC), was ratified.

Item 7

As recommended at the previous week's AGM, the motion to approve the 2016 / 2017 property insured value of R538,346,310 was seconded and carried.

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Item 8

The Chairman noted that the Minutes of the informal Meeting fully covered the Social and Ethics Committee presentation made by General Manager, Ron Klämbt. Read together with the Chairman's Review, the Meeting was satisfied this had been adequately reported.

General Matters

The Meeting agreed that the Minutes of the informal Meeting correctly reflected the responses to queries and comments made by the Shareholders prior to the Meeting and at the Meeting. No further queries were raised. The Acting Chairman thanked the Shareholders who corresponded, for their comments and for taking the time to contact the team.

Closure

The Acting Chairman thanked all for their attendance and as there was no further business, the Meeting was declared closed at 11h13.

Read and confirmed this _____ day of _____ 2017.

CHAIRMAN

