

# Umhlanga Sands Share Block Proprietary Limited

Registration No. 1972/003573/07



## Annual Report

for the year ended 31 December 2016

# Umhlanga Sands Share Block Proprietary Limited

## Annual Financial Statements

for the year ended 31 December 2016

### COMPANY INFORMATION

Registration number: 1972/003573/07  
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

**Minutes of the Previous Annual General Meeting** 25 - 31

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 Umhlanga Sands Share Block Proprietary Limited, supervised the preparation of the annual financial statements.

# Umhlanga Sands Share Block Proprietary Limited

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

I am pleased to be able to take this opportunity to report to you on the overall management, activities, financial position and projects undertaken during this past year also incorporating a view of possible future projects.

## Resort Update

During 2016 we were extremely excited to see the completion of the new Kiddies entertainment area project. The old Joyland, games room and storage area underwent a complete transformation. The exterior wall was replaced with glass which transformed the space into a bright airy space with easy access to the family pool deck. Different rooms were created and filled with different age appropriate entertainment equipment for play and exercise. The centre of the space opened up as a multi-purpose area with a sunken floor space free to hold functions, dance lessons, gym games or family nights or used to merely relax and enjoy down time on the comfy bean bags. Tsogo Sun added their Xscape project vision and materials to trial especially since the Sands' unique identity is, "Kid is King". The programmes offered are not only enjoyable and entertaining but educational as well. With the new Entertainment leader and team appointed and re-organised, they now have an exciting new space in which to create a refreshed entertainment programme. Each child is registered and entry is managed to ensure safety of the children as well as monitoring the use. Parents are able to sit and watch or participate with their children having fun. There are organised events such as bake-offs, pizza baking, or simply teaming up for video games or watching special TV programmes. To complete the new look to the entire family indoor and outdoor experience, the family pool deck had new artificial grass laid which has made a great difference to pool deck area.

In addition to the indoor entertainment area, the exterior aqua play water entertainment feature was built complete with water slides, enclosed splash pool and seating area where parents are able to sit and watch their children. The water slides are monitored and attended by an entertainment team member. This new aqua play water feature will be completed in 2017 when the final parts, delayed by shipping, arrive. This has proved to be a really fun spot and appreciated by the children and parents.

With activity increased in the entertainment area the Sunstations tenant was relocated from the mezzanine to the ground floor level at the entrance to the Entertainment area. Plans are to be made to re-arrange the tenanted spaces on the Mezzanine level with a view to further development in the future.

In order to alleviate complaints and stop smokers from using the entrance to the Resort, a separate dedicated smoker's room was created by enclosing a portion of the area to the left of the reception at the Spur restaurant complete with a proper smoke extraction system.

Although part of the 2017 activities, the Resort building is currently in the process of the spalling project with methodical testing and supervision by the Engineer. This is a costly project and will be completed later in 2018. The windows and frames are being replaced and new tinted clear glass installed for better lighting in the corridors.

One of the future projects discussed in 2016 was the softs refurbishments of the rooms with two rooms being refurbished as mock-up rooms. A new green and blue sea theme of colours was chosen with a white distressed oak wood finish. The same new distressed look would be used on the TV panel and new graphics

will be introduced. A new bed structure with a padded headboard would be installed and new cupboards introduced. The armchairs and chairs would be re-upholstered and a new couch installed. The countertops would be replaced with Caesar stone to match the bathroom vanities. The fridge would be enclosed with additional cupboard space above. New curtains would stack to the one side of the sliding door with a patterned voile hanging on a separate rail, so one could have privacy without complete darkness. The mock-up rooms have been extensively used and have worn well. The Board will deliberate on comments received and suggestions made in order to do another mock-up room before finalising the details of the refresh in 2018-2019.

## Awards and Ratings

The Resort has a very active presence on Facebook as well as Trip Advisor. The overall EGuest result for the year was 88%. Umhlanga Sands remains rated by Interval International as a Select Status Resort and receives Gold Crown Status with RCI. The garden audit result over the year maintained above the 90% mark.

## Occupancy

With the year to date occupancy last year at 88.4% we thought we had reached a milestone. However, in the first quarter of 2016, our Occupancy peaked for the first time to 94.6% (2015: 88.2%) and in the fourth quarter to 93.2% (2015: 92.1%). Management is to be congratulated in maintaining their high standards whilst experiencing this level of occupancy year round. Year to date occupancy was 91.5%. To a certain extent this has meant a reduction of rooms available for short term rental earning sundry revenue.

## Financial Results for the year ended 31 December 2016

The Statement of Comprehensive Income as set out on page 12 of the Annual Financial Statements reflects the Income and Expenditure of the Company in a summarised format. As was the case last year, the detailed Levy Fund Operating Statement which is not audited and is presented as supplementary information, appears on pages 22 to 24 and will be referred to when I comment 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 R75.8m (2015: R68.7m), expenses of R48.1m (2015: R45.0m) and a levy surplus after taxation, of R26.0m (2015: R22.4m) which was transferred to the Reserve for Property, Plant, and Equipment. Below is a more detailed review of the variances in income and expenditure.

## Income

The detailed Levy Fund Operating Statement reflects that rental pool and short term rental income increased by 42.1%. Interest received increased by 41.5% due to higher interest rates and re-investment of matured funds. Non-levy income included a surplus from the sale of repossessed units, income from the sale of assets, rental from commercial tenants and parking income. Owners wishing to place their weeks in the Rental Pool must do so in writing at least 90 days prior to the commencement of the week, which will be confirmed provided that the annual levy has also been paid.

# Umhlanga Sands Share Block Proprietary Limited

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

## Expenditure

Total Expenditure for the year amounted to R48.10m (2015: R45.0m), an increase well within budgeted expenditure for the year.

## Rooms Expenses

Room costs increased by 5.8% year-on-year. The replacement of cutlery, crockery and towels reflected a 20% decrease when compared to 2015. Total salaries and wages for the Resort increased by 11.8%, due to the inclusion of the full entertainment team in the current year.

## Administration and General

Administration and General expenditure increased by 5.2% year-on-year with savings recorded in legal fees due to anticipated costs not materialising. Savings of R99K were noted in audit fees due to the change in auditors to Grant Thornton.

## Electricity, Water, and Refuse

2016 experienced a 4.4% increase compared to 2015, with an 8.4% increase in electricity which was in line with Eskom tariff increases.

## Repairs and Maintenance

Expenditure increased by 7.6% year-on-year due to ongoing maintenance and touch ups needed in the rooms and on the property.

## Corporate Charges

There was an increase in Corporate charges of 9.2% in the year mainly due to the re-classification of the property from residential to furnished accommodation in 2014. The municipal rate value remained the same at R225m. The board is in the process of objecting to the re-classification. This has also affected the contribution to the Urban Improvement Program which is a percentage of the municipal rates paid.

## Management Fee

The Management fee increased year-on-year due to the turnover thresholds of both restaurants not being met.

## Statement of Financial Position

The statement of financial position on page 13 together with the notes related thereto reflects the financial position of the Company. The reserve for property, plant and equipment increased to R35.5m, and cash and cash equivalents increased to R63.4m as against R49.2m in 2015. Levies receivable increased to R1.3m (2015: R1.2m) while levies received in advance amounted to R21.6m (2015: R19.6m). This together with the increase in levies received in advance is commendable and shows the commitment of all owners to meet their levy obligations timeously, allowing these funds to be utilised or invested for the benefit of the Share Block.

## Capital Expenditure

Capital expenditure of R10.5m was incurred in 2016 as against R34.2m in 2015. The following major items of expenditure were incurred:

	R
<b>Rooms</b>	
Painting of walls refurbishment	376,847
Mock up rooms refurbishment	235,124
Replacing room cupboards	199,503
Curtains, carpets and re-upholstery of couches	178,580
<b>Public Areas</b>	
Joyland refurbishment	7,803,952
<b>Plant and Machinery</b>	
Heat pumps	219,629
<b>Building</b>	
Fire protection upgrade	180,740

## 2018 Levy Budget

The 2018 annual levy budget increase will be discussed and approved by the Directors on your behalf, at the August 2017 Board meeting which will take place after the Notice of the Annual General Meeting of the Shareholders and the Annual Reports have been delivered. This being the case, notification of the 2018 levy amounts will be advised under separate notice. Although increases in operational costs are to be expected, the Directors will exercise diligence and caution in deliberating future expenditure so as to balance growth and improvements whilst at the same time maintaining a healthy Reserve Fund, which is vital for the future financial security of the Resort.

## Sunswop

In 2016, 2,301 Umhlanga Sands owners deposited their weeks with Sunswop. This was slightly down on the 2,309 weeks which were deposited in 2015. This equates to 19% 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. The average E-Guest score of the last 6 months for Sunswop was 91.3% - a very pleasing result.

## Vacation Ownership Association 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 in engaging with the media. Umhlanga Sands Share Block Proprietary Limited is a member of VOASA.

## Corporate Governance

The Umhlanga Sands Memorandum of Incorporation (MOI) was officially registered with Companies and Intellectual Properties Commission (CIPC), on 6 March 2017 and the Share Block is now registered as a private Company with the name change to Umhlanga Sands Share Block Proprietary Limited. The MOI mostly reflects the old Articles of Association of the Company with one of the changes being that of the quorum for the General Meeting being the three members with 5% shareholding being present, which is far more attainable and should eliminate having to hold a postponed AGM.

# Umhlanga Sands Share Block Proprietary Limited

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

In line with legislation, Umhlanga Sands Share Block Proprietary Limited was registered with the Community Scheme Ombuds Service Scheme.

The Company, as part of the Tsogo Sun Group, remains classified as a BBBEE Level 2 contributor.

## Social and Ethics Committee

With the publication of the King IV Report, the role of the Social and Ethics Committee was recommended to function as a separate proper standing sub-committee. Two meetings a year have been proposed, following an agenda, maintaining the meeting records and reporting back to the Board. Umhlanga Sands embraced this development and although the Social and Ethics functions have already been on the Board's Agenda for many years, in the latter of half of the year, the Umhlanga Sands Board proceeded to elect a Social and Ethics Committee.

A Social and Ethics Charter was approved which helped to define the role and scope of the Social and Ethics Committee. Not confined to the social and community upliftment aspects, also included is good Corporate Citizenship, Environmental awareness, Public Health and Safety, Consumer relations, Labour and employment, Training and Strategy matters. These topics have over the years been part of the main Board's Agenda and as such projects have always been carried out both in the Resort itself among the staff, 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. We envision reporting as such in the Annual Report next year.

What has been a focus of the committee is the Board's continued involvement in the local Waterloo school providing a fulfilled Sports Day together with new sports equipment. The water tank, to alleviate the lack of sufficient water supplies used during the students break time, was replaced and carried out by staff volunteering their time and effort. The Resort team with the support of the Social and Ethics Committee, continue in their support of community and social upliftment programmes. Reach for a Dream Foundation is supported by providing accommodation and the "royal treatment" to very needy patients and their families; amongst other Slipper Day and Earth Hour were celebrated encouraging owners and guests to also participate. On Mandela Day, a team beach clean-up was undertaken together with education about the value of caring for our coast for future generations to enjoy.

## Environmental Programme

Umhlanga Sands Resort has over the years been particularly successful in isolating areas where savings can be made in energy and water thus managing and protecting these valuable resources. Having made ground breaking installations such as water recycling, improved air conditioners, waste recycling, monitoring the electricity peak periods and carefully using off-peak hours for heating, it has now become the task of management to sustain these savings. Waste recycling percentages during the year reached nearly half of the waste which we hope in future will increase.

## Staff Training and Development

One of the key successes at Umhlanga Sands Resort is the active co-operation with the Durban University of Technology as well as the Tourism authorities where during the year, several trainees are accepted and exposed to on the job training in the Hospitality field. A few of these trainees continue with their training and request to be considered for employment at the Resort, having found they really benefitted from the training and enjoyed the team spirit. It was agreed by the Board and the Management Company, being Tsogo Sun, that Derek McKillop would be contracted for another year following his retirement from Tsogo Sun in December 2016. This ensured continuity in the management of the various projects.

## Conclusion

I wish to extend my sincere thanks and appreciation to our General Manager, Derek McKillop and his very friendly and remarkably able team for a good job well done. It isn't easy maintaining standards during major refurbishments which affected both swimming pools. The enthusiasm of the Entertainment Team is infectious and they are really successful in managing the needs and expectations of the younger generation. The results speak for themselves.

I wish to thank Tsogo Sun and in particular the Southern Sun Resorts team for their professional and efficient management of Umhlanga Sands.

We would like to invite you to attend the Annual General Meeting to be held on Tuesday, 5 September 2017 at 14h00 in Coco's. If you are unable to attend we kindly ask that you avail yourself of the enclosed Proxy form.

Lastly, my thanks go to my fellow Directors who unstintingly gave of their time to attend the Board meetings, and who have exercised their duty diligently and with dedication. I know that going forward, the Umhlanga Sands Resort will continue to entertain and energise our owners and guests for years to come.



**Deon Viljoen**  
Chairman

Umhlanga Sands Share Block Proprietary Limited

**Umhlanga Sands Share Block Proprietary Limited**  
Registration Number: 1972/003573/07  
("the Company")

Registered Office  
Palazzo Towers East  
Montecasino Boulevard  
Fourways, 2055

Private Bag X200, Bryanston, 2021  
Telephone (031) 561-2204  
Facsimile (031) 561-7334  
E-mail: Resorts.companysecretarialservices@fsgosun.com

## Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of the Company will be held on **Tuesday, 5 September 2017 at 14h00 at Umhlanga Sands Resort, uMhlanga Rocks**, for the following purposes:

## Agenda

1. **Welcome, Constitution of the Meeting, and Apologies.**
2. **To confirm that a Quorum is present for the passing of Ordinary and Special Resolutions.**
3. **3.1 To adopt the Minutes of the Annual General Meeting held on 6 September 2016.**  
**3.2 To adopt the Minutes of the Informal Meeting held on 6 September 2016.**  
**3.3 To adopt the Minutes of the Postponed Annual General Meeting held on 13 September 2016.**
4. **Resolution 1:** To receive, consider and adopt the Annual Financial Statements for the year ended 31 December 2016, including the reports of the Directors and Auditors.
5. **Resolution 2:** To re-appoint Grant Thornton as the auditors to the Company.
6. **Resolution 3:** To elect Directors to the Board for the ensuing year. The following Directors retire at the Annual General Meeting, but being eligible, are available for re-election.

- |                           |                          |
|---------------------------|--------------------------|
| • <b>Deon Viljoen</b>     | • <b>Pierre Coetzee</b>  |
| • <b>Nicholas Dickson</b> | • <b>Lynette Douglas</b> |
| • <b>Gustavus Kruger</b>  | • <b>Anthony Ridl</b>    |
| • <b>Ajith Ramsarup</b>   |                          |

The Board is limited by the Memorandum of Incorporation to seven Directors in number. It would facilitate secretarial procedures if **nominations for the appointment of Directors could be received no later than 14h00 on Wednesday, 30 August 2017** at the registered office of the Company. Additional 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.

7. **Resolution 4:** To appoint Directors as members of the Audit Committee. The current members are Nicholas Dickson, Pierre Coetzee and Ajith Ramsarup.
8. **Resolution 5:** To appoint three Directors as members of the Social and Ethics Committee. The current members are Deon Viljoen, Lynette Douglas and Gustavus Kruger.
9. **To table, for discussion, the insured value of the Property.**
10. **Report of the Social and Ethics Committee.**
11. **General Manager's Report.**
12. **General.**

The record date for determining shareholder's rights is 21 August 2017.

Items for discussion under any agenda item should be advised to the Secretaries at the Company's registered office, for the attention of the Company Secretary, by no later than 14h00 on Wednesday, 30 August 2017. Please note that such notification must be in writing. The quorum at any General Meeting shall be no less than three (3) members holding at least five (5) percent of the share capital, who are entitled to vote and who are present in person or by proxy at the commencement of and throughout the meeting.

For an ordinary resolution to be adopted by members at any meeting, it must be supported by more than fifty percent (50%) of the voting rights exercised on the resolution. For a special resolution to be adopted by members at any meeting, it must be supported by more than sixty percent (60%) of the voting rights present at the meeting who 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 day to the next business day at 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.

Any Shareholder 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 Shareholder of the Company. **All Proxy forms should be forwarded to reach the registered office of the Company, for the attention of the Company Secretary, by no later than 14h00 on Wednesday, 30 August 2017.** A proxy form is enclosed for this purpose.

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

**Umhlanga Sands Share Block Proprietary Limited**  
 Registration Number: 1972/003573/07  
 ("the Company")

Registered Office  
 Palazzo Towers East  
 Montecasino Boulevard  
 Fourways, 2055

Private Bag X200, Bryanston, 2021  
 Telephone (031) 561-2204  
 Facsimile (031) 561-7334  
 E-mail: Resorts.companysecretarialservices@tsogosun.com

Form of Proxy for use by Shareholders at the Annual General Meeting of the Company to be held on **Tuesday, 5 September 2017 at 14h00 at Umhlanga Sands Resort, 44 Lagoon Drive, uMhlanga**. The proxy given will also stand should the Meeting be postponed to 6 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
<b>Resolution 1:</b> Approve Annual Financials			
Resolution 2: Re-elect Auditors			
<b>Resolution 3:</b> Elect Directors			
• D Viljoen			
• P Coetzee			
• N Dickson			
• L Douglas			
• G Kruger			
• A Ramsarup			
• A Ridl			
<b>Resolution 4:</b> Elect Audit committee			
• N Dickson			
• P Coetzee			
• A Ramsarup			
<b>Resolution 5:</b> Elect Social & Ethics committee			
• D Viljoen			
• L Douglas			
• G Kruger			

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 14h00 on Wednesday, 30 August 2017.**

# Umhlanga Sands Share Block Proprietary 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 Umhlanga Sands Share Block Proprietary 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 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 4 May 2017 and are signed by:



**D Viljoen**  
Chairman



**N Dickson**  
Director (Chairman - Audit Committee)

## Declaration by the Company Secretary

I hereby confirm, in my capacity as Company Secretary of Umhlanga Sands Share Block Proprietary 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

# Umhlanga Sands Share Block Proprietary 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 Nicholas Dickson (Chairman), Pierre Coetzee and Ajith Ramsarup.
- 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. The requisite assurance was provided by the auditor, that internal governance processes within the audit firm, support and demonstrate its claim to independence.



**Nicholas Dickson**

Chairman

04 May 2017

# Umhlanga Sands Share Block Proprietary 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 Umhlanga Sands 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 additions 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 R26,023,429 (2015: R22,434,601) was transferred to the reserve for property, plant and equipment.

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

## 3 Share Capital

The authorised and issued share capital has remained unchanged during the year.

## 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:

D Viljoen ^ Chairman

P Coetzee \*

N Dickson \*

L Douglas ^

G Kruger ^

A Ramsarup \*

A Ridl

\* Audit Committee Members

^ Social & Ethics Committee Members

# Umhlanga Sands Share Block Proprietary 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.

# Umhlanga Sands Share Block Proprietary Limited

Report of the Independent Auditors

## To the Shareholders of Umhlanga Sands Share Block Proprietary Limited

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Umhlanga Sands Share Block Proprietary 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 Umhlanga Sands Share Block Proprietary 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.

# Umhlanga Sands Share Block Proprietary Limited

Report of the Independent Auditors

## Auditor's responsibilities for the audit of the financial statements

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

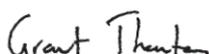
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

## 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 uMhlanga Sands Share Block Proprietary Limited for 1 year.



### GRANT THORNTON

Registered Auditors

Practice Number: 905690

Per H D Paruk

Partner

Registered Auditor

Chartered Accountant (SA)

4 May 2017

2nd Floor

4 Pencarrow Crescent

Pencarrow Park

La Lucia Ridge Office Estate

4019

# Umhlanga Sands Share Block Proprietary Limited

Statement of Comprehensive Income for the Year Ended 31 December 2016

	Note	2016 R	2015 R
<b>Income</b>		<b>71 553 689</b>	65 732 391
Levy Income		<b>65 990 319</b>	61 042 039
Other Income		<b>5 563 370</b>	4 690 352
<b>Expenses</b>		<b>(48 101 724)</b>	(45 011 076)
Levy surplus before interest and taxation	3	<b>23 451 965</b>	20 721 315
Net finance income	4	<b>4 270 159</b>	3 017 568
Levy surplus before taxation		<b>27 722 124</b>	23 738 883
Income tax expense	5	<b>(1 698 695)</b>	(1 304 282)
<b>Levy surplus for the year</b>		<b>26 023 429</b>	22 434 601

# Umhlanga Sands Share Block Proprietary Limited

Statement of Financial Position as at 31 December 2016

	Note	2016 R	2015 R
<b>ASSETS</b>			
<b>Current assets</b>			
Inventories		63 505	82 155
Trade and other receivables	6	4 917 726	4 618 602
Levies receivable	7	1 308 470	1 164 473
Cash and cash equivalents		63 363 787	49 222 328
<b>Total current assets</b>		<b>69 653 488</b>	<b>55 087 558</b>
<b>Total assets</b>		<b>69 653 488</b>	<b>55 087 558</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	10	3 537 184	3 537 184
Reserve for property, plant and equipment	8	35 470 606	19 939 139
<b>Total equity</b>		<b>39 007 790</b>	<b>23 476 323</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Exchange fee rebate		556 401	1 070 003
<b>Total non-current liabilities</b>		<b>556 401</b>	<b>1 070 003</b>
<b>Current liabilities</b>			
Trade and other payables	9	6 793 644	9 541 791
Levies received in advance		21 596 958	19 631 124
Current tax liabilities		1 698 695	1 368 317
<b>Total current liabilities</b>		<b>30 089 297</b>	<b>30 541 232</b>
<b>Total liabilities</b>		<b>30 645 698</b>	<b>31 611 235</b>
<b>Total equity and liabilities</b>		<b>69 653 488</b>	<b>55 087 558</b>

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

	Note	2016 R	2015 R
<b>Share capital</b>			
Ordinary shares at beginning and end of year	10	3 537 184	3 537 184
<b>Reserve for property, plant and equipment</b>			
At beginning of year		19 939 139	31 680 419
Levy surplus for the year		26 023 429	22 434 601
Property, plant and equipment additions and replacements during the year	8	(10 491 962)	(34 175 881)
At end of year		35 470 606	19 939 139

# Umhlanga Sands Share Block Proprietary Limited

Statement of Cash Flows for the Year Ended 31 December 2016

	2016 R	2015 R
<b>Cash flow from operating activities</b>		
Levy surplus before taxation	27 722 124	23 738 883
Adjustments for:		
Interest received	(4 270 159)	(3 017 568)
Non cash items		
- Movement in exchange fee rebate	(513 602)	(513 601)
Net surplus before working capital changes	22 938 363	20 207 714
Changes in working capital		
- Movement in inventories	18 650	968
- Movement in levies receivable	(143 997)	250 677
- Movement in trade and other receivables	(299 124)	9 356 619
- Movement in levies received in advance	1 965 834	4 984 963
- Movement in trade and other payables	(2 748 147)	2 565 234
Cash flows from operating activities	21 731 579	37 366 175
Interest received	4 270 159	3 017 568
Tax paid	(1 368 317)	(1 422 921)
Net cash inflow from operating activities	24 633 421	38 960 822
<b>Cash flow from investing activities</b>		
Property, plant and equipment additions and replacements	(10 491 962)	(34 175 881)
Net cash outflow from investing activities	(10 491 962)	(34 175 881)
<b>Net movement in cash and cash equivalents</b>	14 141 459	4 784 941
Cash and cash equivalents at beginning of year	49 222 328	44 437 387
<b>Cash and cash equivalents at end of year</b>	63 363 787	49 222 328

# Umhlanga Sands Share Block Proprietary 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. 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 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the first-in, first-out (FIFO) method. Net realisable value is the estimate of the selling price in the ordinary course of business.

### 1.4 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.

# Umhlanga Sands Share Block Proprietary Limited

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

## 1.5 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.

## 1.6 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 flow at cost.

## 1.7 Revenue recognition

Revenue is stated exclusive of value-added tax.

Levy revenue is recognised when the right to occupation arises.

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

Sundry revenue is recognised when it is earned.

## 1.8 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.

## 1.9 Equity

Ordinary shares are classified as equity.

## 1.10 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.

# Umhlanga Sands Share Block Proprietary Limited

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

## 1.11 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.

## 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.

# Umhlanga Sands Share Block Proprietary Limited

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

	2016	2015
	R	R
<b>3 Levy surplus before interest and taxation</b>		
The levy surplus before interest and taxation is stated after taking into account the following:		
Employee costs		
- salaries, wages and benefits	16 319 661	14 596 267
- contributions to retirement funds	1 057 934	905 203
Management fees	1 401 672	1 039 181
Audit fees	157 703	231 481
Lease expenses	9 150	13 420
Professional fees	127 946	50 849
Other operating expenses	29 027 658	28 174 675
	<b>48 101 724</b>	<b>45 011 076</b>
<b>4 Net finance income</b>		
Interest income:		
Interest earned on fixed deposits, call deposits and current account	4 292 789	3 017 568
Interest expense	(22 629)	-
Net finance income	<b>4 270 160</b>	<b>3 017 568</b>
<b>5 Income tax expense</b>		
Provision is made for Company taxation on the non-levy income.		
No tax is payable on levy income from the owners in terms of Sec 10(1)e of the Income Tax Act.		
Current	1 698 695	1 304 282
	<b>1 698 695</b>	<b>1 304 282</b>
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.		
<b>6 Trade and other receivables</b>		
Trade receivables (Refer Note 12)	502 459	364 805
Prepayments (Refer Note 12)	2 145 764	2 134 713
Interest receivable	1 733 244	1 268 850
Sundry receivables (Refer Note 12)	536 259	850 234
	<b>4 917 726</b>	<b>4 618 602</b>

# Umhlanga Sands Share Block Proprietary Limited

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

	2016 R	2015 R
<b>7 Levies receivable</b>		
Levy debtors	444 899	554 409
Repossessed debtors	955 787	920 150
Provision for repossessed debtors	(92 216)	(310 086)
- Opening balance	(310 086)	(152 355)
- Movement	217 870	(157 731)
	<b>1 308 470</b>	<b>1 164 473</b>
<b>8 Reserve for property, plant and equipment</b>		
At beginning of year	19 939 139	31 680 419
Levy surplus for the year	26 023 429	22 434 601
	<b>45 962 568</b>	<b>54 115 020</b>
Property, plant and equipment additions and replacements	(10 491 962)	(34 175 881)
At end of year	<b>35 470 606</b>	<b>19 939 139</b>
<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 R26,750,881 for 2017 (2015: approved capital expenditure of R26,739,839 for 2016) which it is anticipated will decrease the budgeted reserve fund by R3,713,949 (2015: decrease the budgeted reserve fund by R5,235,674 for 2016). There were no capital commitments made at year end (2015: R nil).</p>		
<b>9 Trade and other payables</b>		
Trade payables (Refer Note 12)	2 005 805	2 446 038
Other payables		
Accruals (Refer Note 12)	2 145 213	3 436 238
Provision for auditor's remuneration	105 000	228 112
Receiver of Revenue - VAT	696 234	242 164
Sundry payables (Refer Note 12)	1 327 791	2 675 638
Exchange fee rebate	513 601	513 601
	<b>4 787 839</b>	<b>7 095 753</b>
	<b>6 793 644</b>	<b>9 541 791</b>
<b>10 Share capital</b>		
<b>Authorised and issued</b>		
35,371,840 Class "A" ordinary shares of 10 cents each	<b>3 537 184</b>	<b>3 537 184</b>

# Umhlanga Sands Share Block Proprietary 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:

Lot 1076, Umhlanga Rocks Township, Kwa-Zulu Natal with buildings thereon, known as uMhlanga Sands Resort.

Land and buildings were originally purchased for R13,882,239 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 R224,130,000 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 ("SSHI"). The Company is charged the following fees in terms of the management agreement:

Short term rental fee	484 430	332 974
Management fee	1 401 672	1 039 181
Levy administration and collection fee	3 298 140	3 132 136

The Company receives rental income from SSHI for the letting of office space:

Rental income	(686 195)	(652 276)
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During the financial year the Company paid membership fees to Sunswop (a division of SSHI), which is affiliated to Interval International.

Sunswop exchange services	1 906 247	1 796 037
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During the financial year the Company paid the following SSHI internal charges:

- Information technology administration charge	60 108	55 155
- Training related charges	66 165	73 595
- Sunrands related charges	27 197	15 888

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

Due (to)/by SSHI and its subsidiaries:		
- included in Payables (Refer Note 9)	(377 568)	(2 154 213)
- included in Receivables (Refer Note 6)	172 710	168 961
	(204 858)	(1 985 252)

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 Receivables (Refer Note 6)	-	5 330
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# Umhlanga Sands Share Block Proprietary Limited

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

## 12 Related party transactions (continued)

During the year, the Company concluded bulk deals with various related parties and third parties, selling repossessed units, in order to reduce the level of repossessed units and to secure future levy collection.

The following clubs, related through common directorship, purchased repossessed units from the Company as follows:

	Number of units	Price paid R
N Dickson - Dream Vacation Club	22	189 640
AN Ridl - Club Leisure Group	22	189 640

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
<b>2016 - shareholding</b>			
AB Ramsarup - The Leisure Holiday Club	697	4 202 300	1 389 860
DP Viljoen - Sunswop (a division of SSHI) - retired from SSHI on 31 August 2016	68	382 840	109 260
AN Ridl - Club Leisure Group	1 130	6 755 040	2 157 590
N Dickson - Dream Vacation Club	582	3 442 370	1 312 270

### 2015 - shareholding

AB Ramsarup - The Leisure Holiday Club	697	3 963 420	1 289 100
DP Viljoen - Sunswop (a division of SSHI)	68	361 080	101 340
AN Ridl - Club Leisure Group	1 100	6 333 190	2 330 380
N Dickson - Dream Vacation Club	556	3 099 390	1 027 370

## 13 Directors emoluments

Directors have been reimbursed an agreed upon fee per meeting attended in lieu of costs incurred whilst on the Company's business. Costs incurred on the Company's business by Mr Viljoen were borne by SSHI until his retirement from SSHI 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.

	2016 R	2015 R
Agreed upon reimbursements paid for the year:		
A Ridl	14 900	35 449
P Coetzee	53 790	48 636
N Dickson	37 500	35 449
L Douglas	37 500	35 449
G Kruger	30 300	6 969
A Ramsarup	37 500	35 449
D Viljoen	15 400	-
	<b>226 890</b>	<b>197 401</b>

# Umhlanga Sands Share Block Proprietary Limited

Unaudited Supplementary Schedules to the Financial Statements

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

	2016 R	2015 R
<b>INCOME</b>		
Levies	65 990 319	61 042 039
Rental pool and short term rental	2 526 249	1 778 273
Sale of capital assets	10 946	98 752
Net non-levy income		
- telephone, rentals and penalties etc	3 026 175	2 813 327
	<b>71 553 689</b>	<b>65 732 391</b>
<b>EXPENDITURE</b>		
<b>Room Expenses</b>		
Cleaning supplies	293 453	247 477
Guest entertainment	1 145 537	1 643 839
Guest supplies	692 633	641 549
Laundry	2 317 758	2 189 044
M-Net	762 130	704 888
Pest control	35 227	33 775
Personnel costs		
- outside services	4 935 740	4 415 510
- salaries, wages and benefits	7 214 451	6 133 504
Plants and decorations	19 651	16 591
Printing and stationery, including reception	215 298	196 926
Replacement of cutlery, crockery, linen, towels, uniforms, etc	1 065 471	1 331 233
Security services	1 585 399	1 615 624
	<b>20 282 748</b>	<b>19 169 960</b>
<b>Administration and General</b>		
Audit fees		
- current year	145 000	228 152
- prior year under/(over) provision	12 703	(20)
- expenses	-	3 349
Bank charges	53 058	47 137
Central accounting and levy collection fees	3 298 140	3 132 136
Corporate social initiatives	72 748	-
Credit card commission	313 150	273 316
Data processing	734 855	627 632
Insurance		
- premium	253 745	256 077
Internal audit fees	109 559	-
<b>Balance carried forward</b>	<b>4 992 958</b>	<b>4 567 779</b>

# Umhlanga Sands Share Block Proprietary Limited

Unaudited Supplementary Schedules to the Financial Statements

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

	2016	2015
	R	R
<b>Balance brought forward</b>	<b>4 992 958</b>	4 567 779
Legal fees	18 387	50 849
Licences and permits	145 087	116 149
Loss on repossessed debtors	24 633	23 859
Marketing	34 792	22 070
Penalties	52 831	-
Personnel costs		
- salaries, wages and benefits	2 916 619	2 668 414
Postage	509	397
Provision for repossessed debtors	(217 870)	157 731
Railage, cartage and hire transport	10 009	13 984
Security		
- banking services	22 850	21 982
Subscriptions	66 658	67 159
Sunswop exchange service	1 906 247	1 796 037
Telephone	241 233	226 487
Travel		
- management and directors	248 388	214 619
Vehicles		
- fuel and oil	14 882	8 512
	<b>10 478 213</b>	<b>9 956 028</b>
<b>Electricity, Water and Refuse</b>		
Electric bulbs	31 398	17 800
Electricity	3 178 372	2 931 387
Generator fuel	-	62 428
Refuse	269 908	254 345
Water	1 071 470	1 093 236
	<b>4 551 148</b>	<b>4 359 196</b>
<b>Repairs and Maintenance</b>		
Air-conditioning	187 461	137 323
Buildings	198 905	201 467
Electrical and mechanical	138 905	124 685
Elevators	207 155	200 922
Engineers tools	1 613	810
Flooring and carpeting	183 997	172 302
Furniture and fixtures	146 442	150 901
Gardens and grounds	266 493	247 268
Laundry machines	16 978	8 370
Office machines		
- maintenance contracts	23 727	22 556
Painting and redecorating	134 332	107 649
<b>Balance carried forward</b>	<b>1 506 008</b>	<b>1 374 253</b>

# Umhlanga Sands Share Block Proprietary Limited

Unaudited Supplementary Schedules to the Financial Statements

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

	2016 R	2015 R
<b>Balance carried forward</b>	<b>1 506 008</b>	1 374 253
Personnel costs		
- salaries, wages and benefits	<b>1 938 691</b>	1 941 621
- outside services swimming pool	<b>372 094</b>	342 421
Plumbing and heating	<b>75 191</b>	64 519
Radio and TV	<b>17 573</b>	22 838
Refrigerators/ice machines	<b>2 988</b>	-
Room access card	<b>75 611</b>	35 087
Room care	<b>436 064</b>	335 685
Swimming pool cleaning and repairs	<b>49 609</b>	41 270
Vehicles	<b>1 991</b>	690
	<b>4 475 820</b>	4 158 384
<b>Corporate Charges</b>		
Annual report and statutory costs	<b>98 076</b>	(62 646)
Furniture and equipment leases	<b>9 150</b>	13 420
Municipal rates and taxes	<b>6 204 508</b>	5 825 297
Urban improvement programme	<b>600 389</b>	552 256
	<b>6 912 123</b>	6 328 327
<b>Management Fee</b>	<b>1 401 672</b>	1 039 181
<b>Total Expenditure</b>	<b>48 101 724</b>	45 011 076
Excess of income over expenditure before finance cost and taxation	<b>23 451 965</b>	20 721 315
<b>Net finance income</b>		
Interest received	<b>4 270 159</b>	3 017 568
Excess of income over expenditure before taxation	<b>27 722 124</b>	23 738 883
<b>Taxation</b>		
- current	<b>1 698 695</b>	1 304 282
Excess of income over expenditure after taxation for the year transferred to reserve for property, plant and equipment	<b>26 023 429</b>	22 434 601

# Umhlanga Sands Share Block Proprietary Limited

**DRAFT Minutes of the Annual General Meeting of Shareholders for the Year Ended 31 December 2015 held at Umhlanga Sands Resort, uMhlanga on Tuesday, 6 September 2016 at 14h06**

## **1. CONSTITUTION OF THE MEETING, WELCOME AND APOLOGIES**

The Chairman, Mr Ridl, welcomed all to the Annual General Meeting of Umhlanga Sands Share Block Proprietary Limited and requested that all Shareholders sign the attendance register.

The notice of Meeting had been properly given but due to the new Memorandum of Incorporation (MOI) not yet registered, the restrictions of the Companies Act applied. This required a minimum quorum of 25% of Shareholding represented by proxy, to be present at the Annual General Meeting. Although proxies had been received and Shareholders were in attendance, the voting rights were insufficient for the Chairman to declare the Meeting duly constituted. This Meeting was automatically postponed for one week from today, at the same time and place, when attendees would then 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 the discussions, be confirmed at the Meeting to take place the following week.

No objections were recorded and the Meeting was postponed to 13 September 2016, to the same time and place.

## **2. CLOSURE**

The Chairman thanked all for their attendance and at 14h09 declared the Meeting duly postponed to 13 September 2016.

Read and Confirmed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

\_\_\_\_\_  
CHAIRMAN

# Umhlanga Sands Share Block Proprietary Limited

**DRAFT Minutes of the Informal Meeting of Shareholders held on Tuesday, 6 September 2016 at 14h10, at Umhlanga Sands 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 had proposed that the Annual General Meeting (AGM) continue on an informal basis and that discussions at this Meeting be confirmed at the postponed Annual General Meeting, scheduled to take place the following week, on 13 September 2016. No objections to this were recorded.

The Chairman, a Director of the Company, introduced the following Directors, Members of the Management Team and invitees:

Deon Viljoen	-	Director
Lynette Douglas	-	Director
Nicholas Dickson	-	Director
Pierre Coetzee	-	Director
Ajith Ramsarup	-	Director
Gustavus Kruger	-	Director
Adam Fuller	-	Operations Directors for Southern Sun Resorts
Warren Whiteboy	-	Resorts Financial Manager
Derek McKillop	-	Resort General Manager
Pranesh Sukhdeo	-	Resort Deputy General Manager
Georgina Stevenson	-	Resorts Company Secretary
Lisa Sutton	-	Secretary to Resorts Company Secretary
Peter Pienaar	-	SunSwop General Manager
Sheetal Valjee	-	Resort Financial Controller
Marina de Paiva	-	Financial Controller - Levies Southern Sun Resorts
Lerusha Chetty	-	PricewaterhouseCoopers Inc. (PWC) Representative
Ravani Naicker	-	RCI Representative

The Chairman welcomed staff from the Umhlanga Sands sales office and the SunSwop office and stated that all Umhlanga Sands staff members were part of a great team and helped to keep the Resort in great shape. The Chairman advised that Mr Viljoen had retired on 31 August 2016, as Director of Operations for Southern Sun Resorts and had been affiliated with the Umhlanga Sands Board for 11 years. He thanked Mr Viljoen for all his valuable effort over the years and for the Resort having never looked better. Mr Fuller had taken over from Mr Viljoen as Operations Director of Southern Sun Resorts and the Chairman welcomed him to the Umhlanga Sands Resort team.

## **1. MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING**

The Minutes of the previous AGM for the year ended 31 December 2014 held on 17 September 2015, as well as the postponed AGM held on 25 September 2015, were tabled. The Chairman called for any comments, queries or objections to the previous year's set of Minutes. No comments or objections were raised. It was resolved that the Shareholders present at the postponed Annual General Meeting on 13 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, seconded and adopted at the postponed Annual General Meeting.

## **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. PWC had been the Auditors for the Share Block for a number of years and had done a great job. The Beacon Island Share Block Board had last year been requested to obtain market related quotations in a tender process with four audit firms responding. As a result, Beacon Island Share Block 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. For Umhlanga Sands, Grant Thornton had proposed audit fees R100k cheaper than the actual fee charged by PWC for 2015 and the Board therefore recommended that, in the best interest of Shareholders and with the Resort undergoing great major refurbishments and spending a great deal of money, the Share Block move from PWC to Grant Thornton. This was by no means a reflection on PWC's staff or their audit process. The Board was very sad to see PWC replaced as a very good relationship had grown over the years however costs must be considered. Grant Thornton had agreed to fix their annual audit fee increase to CPI, for a period of 3-years. The Chairman recommended that Grant Thornton be appointed Auditors in place of PWC. No comments or objections were raised. It was resolved that the appointment of Grant Thornton as Auditors for the ensuing year would be proposed and confirmed at the postponed AGM to be held the following week.

# Umhlanga Sands Share Block Proprietary Limited

## 4. ELECTION OF DIRECTORS

The next item on the Agenda was Resolution three, being to elect Directors to the Board for the ensuing year. The Chairman noted that all Directors retired at this AGM and that all Directors had indicated that they were eligible and available for re-election. The Board had agreed to continue with 7 Directors. The Board had this year included himself Anthony Ridl, Pierre Coetzee, Lynette Douglas, Nicholas Dickson, Ajith Ramsarup, Gustavus Kruger and Deon Viljoen. No nominations were received. 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. No objections were received.

## 5. APPOINTMENT OF AUDIT COMMITTEE

The Chairman noted that the next item on the Agenda was Resolution four, being to appoint three Directors as members of the Audit Committee. The current Audit Committee Members consisted of Mr Dickson, Mr Ramsarup and Mr Coetzee and if all three Members were re-appointed to the Board, then the Board would recommend that they be re-appointed as Audit Committee Members for the ensuing year. The Chairman stated that the Audit Committee Members would be appointed the following week at the postponed AGM.

## 6. SPECIAL AND ORDINARY RESOLUTIONS

Item 8 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 Annual General Meeting, 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.

Mr Foster enquired why the conversion was to a Private Company. Mr Ramsarup replied that the Share Block Company had previously been a Public Company as it held more than 50 Shareholders, which was a requirement of the Companies Act. The Chairman added that the requirements of the Company had since changed and the Board of the Share Block would rather not operate as a Public Company as new legislation and onerous requirements may be imposed in the future. All other Share Block Companies in the country were converting to a Private Company status. Mr Coetzee advised that the new MOI had allowed for an amendment to the quorum necessary in order to constitute an AGM and the requirement of a 25% quorum was changed to a more obtainable 5%, which would no longer require an AGM to be postponed to a week later, as was the case again today. No objections to the proposed Resolutions were recorded.

## 7. GENERAL MANAGER'S REPORT INCLUDING REPORT OF THE SOCIAL AND ETHICS COMMITTEE

The Chairman noted that the Social and Ethics Committee was a requirement of the Companies Act. Social and ethics matters would soon involve a lot more activity than currently done in the community. The proposed King IV regulation report recorded an Audit Committee as recording the performance of the Company while the Social and Ethics Committee recorded conformance of the Company. The Social and Ethics Committee currently included Mr McKillop, Mr Sukhdeo and Mrs Douglas. Mr Viljoen offered his availability, to involve another Director on the Committee. The activities of the Resort and staff over the last year formed part of the Chairman's review and would be further presented by Mr Sukhdeo under General.

## 8. INSURED VALUE OF PROPERTY

Item 9 on the Agenda was to table, for discussion, the insured value of the property, as approved by the Directors in terms of the Use Agreement. The Chairman stated that the insured replacement value of the buildings, including all contents, had increased by 7.2% against 2015/2016, to an amount of R614,947,481. The Directors had recommended accepting the insured value while Shareholders were required to approve the insurance value. The annual assessment and valuation had once again been conducted by an independent Quantity Surveyor, Brian Heineberg and Associates. A full evaluation was done every 3-4 years. It was agreed that the approval of the insured value for 2016/2017 would be deferred to the postponed Annual General Meeting.

## 9. GENERAL

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

### 9.1 Municipal Rates Change

Mr Foster enquired whether Umhlanga Sands had been implicated in the municipality reclassifying properties from residential to commercial rating. The Chairman replied that the related court case between Breakers Resort and eThekweni Municipality had been heard the previous week however the outcome would only be finalised in approximately 4 weeks. The outcome could set precedence with many properties being affected. The outcome would dictate how Umhlanga Sands proceeded with its objection to the re-classification.

# Umhlanga Sands Share Block Proprietary Limited

## 9.2 Shareholders' Correspondence

Shareholder correspondence received from Mr Hawksworth and Mr de Lange prior to the AGM had included minor comments and each owner would be responded to by Mr McKillop.

### 9.2.1 Smokers' Lounge

A smokers' lounge would soon be made available in the old Sunations shop space, on the mezzanine level. The property was a non-smoking property however the Resort would assign a separate and contained space for smokers.

### 9.2.2 The Property Update

Spalling on the building was being addressed as a matter of urgency. Water had contaminated the reinforcing in the building structure, which corroded and expanded the reinforcing, causing the concrete to crack and break off.

The building was dirty from dust and building sand being blown from the two major developments along Lagoon Drive. Council had cautioned that if the building was washed, that major fines would be imposed for using vast volumes of water. The Board had discussed and agreed that it would be inappropriate to wash the building while experiencing times of water restrictions. As soon as possible and once permitted, the building would be washed.

A softs refurbishment programme would replace the interiors of the bedrooms. A mock up unit would be prepared for use and for comments to be received prior to 2018.

The annual levy for 2017 had been confirmed by the Directors in August 2016 however due to the timing of the Budget Meeting and having to circulate the Annual Report to Shareholders, the levy amount was not published in the Annual Report. The increase would be 7.9% which resulted in the levy for Tugela units amounting to R6,070 which was an increase of R440 and the levy for St Lucia units amounting to R9,100, which was an increase of R660. Mr de Vos mentioned that he had not received notification of the new levy. The Secretary replied that a levy invoice would soon be sent to Shareholders.

## 9.3 Comments and Queries from the Floor

Mrs Karue enquired how she was able to confirm the dividend earning against her outstanding levy amount, when placing a unit in rental pool. The Chairman noted that units placed in the rental pool for a particular week, shared the rental earned amongst that pool of units, to receive a dividend. The levy department thereafter advised how much of the levy portion was recovered. The Chairman requested that Mrs Karue remain behind after the Meeting to discuss with Marina de Paiva the reconciliation of her rental.

Mrs Karue stated that the Minutes from the AGM had been received very late and after the announcement of this Meeting. The Secretary replied that the AGM Minutes were only confirmed after holding the postponed AGM to record final decisions and would thereafter be placed on the timeshare website. The Minutes were done as quickly as possible.

Mrs Karue mentioned that the quality of maintenance work in her unit was not of the same good standard as was noted by her 3 years ago. Appliances in her unit were not working and she would have appreciated a note or someone showing her how to use some items in the new bathroom. Mrs Foster agreed with Mrs Karue noting that the bathroom was an important issue and that there should be a sign or pamphlet to explain how to use items in the unit, especially after having travelled for long hours before arriving at the Resort. Tired guests did not want to phone maintenance to find out how to operate a television, shower or plug in the bath. The Chairman would inspect the new bathroom and work with management to find a solution. Mr Sukhdeo would assist Mrs Karue after this Meeting.

## 9.4 Report of Social and Ethics Committee

Mr Sukhdeo presented the Resort's Facebook webpage which had recorded 25,000 visitors at the end of 2015. 498 Reviews had been recorded on TripAdvisor which resulted in Umhlanga Sands Resort being rated 9th out of 25 Hotels for Families in South Africa. Guest satisfaction for 2015 had averaged 87.27% with great occupancy of 85% achieved in September, 93% in October, 87% in November and 97% in December 2015. eGuest results, energy consumption and water consumption was largely affected by the level of occupancy in the Resort at the time. Waste management had shown fantastic results with 45% of waste being recycled at year end.

The corporate social responsibility (CSI) activities and man hours of staff was converted to monetary values and recorded. An equivalent of R770k was donated to various organisations during 2015. No levy income was used for any of the CSI projects.

Mr Sukhdeo presented a video highlighting some activities held at the Resort and by the Resort staff over the past year. The video included the bathroom refurbishment process, installation of new lawn and permanent umbrellas on the pool deck. Children were shown dancing and enjoying their holidays at the Resort. In celebration of Mandela Day, staff spent their 90 minutes visiting and painting at Hola House Orphanage. Teenagers had once again visited the Resort in November 2015 in celebration of Matric Rage. The video showed the teenagers checking-in and then enjoying the entertainment prepared for them over the week of their stay. Over the Christmas period, staff had visited the Mahatma Ghandi Memorial Hospital to visit and entertain the children in the hospital. The old Joyland Sands space was converted into the new children's entertainment area, called Xscape. Children were shown playing in

# Umhlanga Sands Share Block Proprietary Limited

the designated play areas and enjoying being taught and guided in cooking classes. KwaZulu Natal suffered major flash floods in July 2016 and visuals were shown of excess rain water flowing into the foyer area and staff frantically trying to direct the water through the foyer and out the building. No major damage was experienced.

Mrs Foster complimented management on the good results and great presentation of statistics which made one realise just how good a job was being done at the resort.

## 12. CLOSURE

The Chairman thanked his fellow Directors and Shareholders for attending the Meeting and extended the invitation to all Shareholders to remain and join the team in having a bite to eat and something to drink.

There being no further business, the Chairman declared the Meeting closed at 15h01.

# Umhlanga Sands Share Block Proprietary Limited

**DRAFT Minutes of the Postponed Annual General Meeting of Shareholders for the Year Ended 31 December 2015 held on Tuesday, 13 September 2016, at 14h10 at Umhlanga Sands Resort, uMhlanga**

## **CONSTITUTION OF THE MEETING, WELCOME AND APOLOGIES**

The Chairman, Anthony Ridl, welcomed all to the postponed Annual General Meeting (AGM) of Umhlanga Sands Share Block Proprietary Limited from the previous Tuesday 6 September 2016.

The Chairman welcomed Directors Gustavus Kruger and Deon Viljoen, as well as the following Members of the Management Team:

Derek McKillop	-	Resort General Manager
Warren Whiteboy	-	Resorts Financial Manager
Pranesh Sukhdeo	-	Resort Deputy General Manager
Peter Pienaar	-	SunSwop General Manager
Georgina Stevenson	-	Resorts Company Secretary

Apologies were recorded from Directors Ajith Ramsarup, Lynette Douglas, Pierre Coetzee and Nicholas Dickson who were unable to attend the Meeting.

A draft copy of the Minutes of the AGM and the informal Meeting from 6 September 2016 had been circulated to all present. The Minutes reflected that the informal Meeting had dealt with all matters on the Agenda and that the Meeting had requested attendees at this Meeting, to ratify the decisions recommended at the informal Meeting.

The Chairman proposed that the following Resolutions be ratified:

### **Item 1**

To adopt the Minutes of the last Annual General Meeting held on 17 September 2015 and the Minutes of the postponed AGM held on 25 September 2015, read with informal Meeting Minutes. 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 Auditors 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 Anthony Ridl, Pierre Coetzee, Lynette Douglas, Nicholas Dickson, Ajith Ramsarup, Gustavus Kruger and Deon Viljoen be nominated en bloc. The motion to appoint the listed Directors for the ensuing year was carried.

### **Item 5**

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

# Umhlanga Sands Share Block Proprietary Limited

## 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

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

## Item 8

As recommended at the previous week's AGM, the motion to approve the 2016 / 2017 property insured value of R614,947,481 was seconded and carried.

## General Matters

The Meeting agreed that the Minutes of the informal Meeting correctly reflected the responses to queries and comments made by Shareholders at the Meeting. There were no further queries raised.

## Closure

The Chairman thanked all present for their attendance. As there was no further business, the Meeting was declared closed at 14h22.

Read and Confirmed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

\_\_\_\_\_  
CHAIRMAN

