

Cabana Beach Share Block Proprietary Limited

Registration No. 1965/004874/07

Annual Report

for the year ended 31 December 2021



Cabana Beach Share Block Proprietary Limited
Annual Financial Statements
for the year ended 31 December 2021

COMPANY INFORMATION

Registration number: 1965/004874/07
Registered address: Palazzo Towers West
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 24 - 25

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The annual financial statements have been audited as required by Section 30(2)(b)(1) of the South African Companies Act 71, of 2008. Mr Darren Park CA(SA), in his capacity as financial manager of Cabana Beach Share Block Proprietary Limited, supervised the preparation of the annual financial statements.

Cabana Beach Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2021

My fellow shareholders, I am delighted to report on the 2021 year for our share block. Cabana Beach Resort ("Cabana Beach") remains an iconic property on the uMhlanga beachfront and continues to be highly sought-after, and this can be evidenced by the high occupancies achieved in previous years.

This year has undoubtedly been one of the hardest years for all industries, and more notably for hospitality. The timeshare industry was not left unscathed, with the Coronavirus ("Covid-19") pandemic that forced closures and various levels of lockdowns implemented throughout the country and, more so, the tourism industry being closed for almost five months of 2020. Sadly, our sector has still not fully recovered and remains greatly affected as leisure travel, both local and international, has not returned to the levels of prior years with a notable impact on occupancies. We hope to make a speedy recovery once "normality" has returned. This should be taken into consideration when reviewing the information and statistics that are being shared. In saying this, the shareholders and guests who have managed to visit the resort this year have continued to commend the resort and have thoroughly enjoyed their holiday experience. Our members of staff have a positive outlook and are committed to ensuring that all guests experience an excellent level of service.

Guests of Cabana Beach are given the choice to either unwind and relax or be entertained with many exciting activities on offer. There is always something taking place and the tailored entertainment programme is designed to not only keep children occupied but to also include an element of learning so that each child on holiday, has a memory of fun and excitement whilst having gained new knowledge. The many changes to the way we operate, and the limiting of gatherings, events, live entertainment, social distancing and mask-wearing due to Covid-19 has required an innovative twist to the entertainment programme. Our entertainment team has embraced and has taken this in their stride. Our entertainment team is run by Clive Napier Enterprises with Mr Iain Moolman as our leading man. Iain is a tremendous asset to our resort and resort family, and has a strong connection with all guests.

Although 2021 has been a challenging year, Cabana Beach is still recognised as one of Tripadvisor's Travellers' Choice Resorts and it has maintained its RCI Gold Crown status as well as its 4-Star Tourism grading. Guest surveys have recorded that guests are very happy with the resort and

its offering, and the financials show that the share block is financially very sound. Your Board and management team are always ready and willing to take on new ideas to further improve our "home-away-from-home" experience. I am extremely proud to say that all shareholders and guests have a great product to enjoy.

Occupancy

Occupancy in 2021 had increased to 80.6% compared to 51.3% in the prior year due to the closure of the resort for 4 months in 2020. The closure resulted from the Covid-19 pandemic and government-imposed lockdown.

Financial results for the year ended 31 December 2021

I refer shareholders to the statement of comprehensive income set out on page 14 that reflects the income and expenditure of the Company in a summarised format. The traditional detailed levy fund operating statement is set out on pages 24 to 25 and is presented as supplementary information. 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 2021 reflects total income, including net finance income of R79.604m (2020: R78.059m) and total expenditure of R58.151m (2020: R50.312m). The levy surplus for the year after taxation was R19.994m (2020: R26.150m) and was transferred to the reserve for property, plant and equipment that now stands at R77.321m (2020: R76.699m). A more detailed review of the income and expenditure variances follows:

Income

Total other income for the year included parking revenue, 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 Covid-19 lockdown and closure of the resort in 2020. Interest income decreased by 32.9% against prior year due to a decline in interest rates.

Cabana Beach Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2021

Expenditure

Total expenditure for the year increased by 15.6% to R58.151m (2020: R50.312m). Major variances are listed below.

- **Rooms expenditure** increased by 52.7% due to the closure of the resort for a 4-month period in 2020;
- **Administration and general** expenditure decreased by 41.5% year-on-year due to Sunswop exchange service fees that were paid for points on weeks affected by the lockdown and closure of the resort in 2020;
- **Electricity, water and refuse** recorded an overall increase of 31.9% against the prior year due to the closure of the resort in 2020. Electricity costs increased by 42.6% year-on-year due to the closure of the resort;
- **Repairs and maintenance** expenses increased by 18.8% year-on-year, again due to the closure of the resort in 2020;
- **Capital charges** reflected an increase of 5.3% year-on-year due to the closure of the resort in 2020;
- **Personnel costs** increased by 48.3% due to staff being placed on layoff and short pay during 2020;
- **Management fees** increased by 3.3% on prior year in line with the management agreement and annual increases.

Statement of the financial position

The statement of financial position which is detailed on page 15, together with the related notes thereto, reflects the financial position of Cabana Beach Share Block Proprietary Limited.

The reserve for property, plant and equipment has increased to R77.321m (2020: R76.699m), while fixed deposits held with the bank increased to R96m (2020: R89.4m). Cash and cash equivalents decreased to R3.552m (2020: R8.843m). Levies receivable decreased to R3.156m (2020: R3.404m) whilst levies received in advance increased to R24.818m (2020: R18.893m).

I take this opportunity to thank all shareholders who have been able to pay their levy obligations timeously. These funds are invested at favourable rates to benefit the share block and all shareholders and ensures a healthy and consistent cash flow.

Capital expenditure

Capital expenditure during 2021 increased to R19.372m against the expenditure of R9.932m spent in 2020. The following major capital expenditure was incurred during the year:

	R
Building painting and spalling	8,116,900
Public areas upgrade	7,768,392
Mock-up room upgrade	997,498
Generator Alternator	316,270
Tennis court waterproofing	247,500
Undercover parking upgrade	220,950

2023 Levy budget

The 2023 annual levy budget increase was approved by the Directors and averages 6.5%. As always, the Directors examined each item of expenditure on a line-by-line basis and were satisfied that management had made every effort to ensure that cost increases were the minimum possible, but without affecting the standards and facilities enjoyed by all shareholders and guests at Cabana Beach.

The 2023 levies inclusive of VAT are as follows:

	Standard	High Season
Beachfront	R5,370 (2022:R5,040)	R6,980 (2022: R6,550)
Penthouse/ Terrace	R6,980 (2022:R6,550)	R9,070 (2022: R8,520)
Tower	R8,590 (2022:R8,070)	R11,170 (2022: R10,480)
Duplex	R12,890 (2022:R12,100)	R16,750 (2022: R15,730)

Resort update

Our borehole continues to operate very well and has greatly reduced the consumption of municipal water. Exceptional savings have been created through the benefit of the borehole and having independence from the municipal line during times of drought or a break in connectivity. The yield remains excellent and since the installation of a water filtration system, the water drawn from the borehole is suitable and safe for human consumption. Grey water produced from backwashing the borehole system as part of the ongoing maintenance programme, is used around the property for irrigation purposes, washing of guest vehicles and for cleaning the refuse area.

I am proud to announce that some major projects were completed in 2021 that included the painting and spalling of the Lagoon Drive facing side of the building, the upgrade of the reception and lift lobby areas and an upgrade of the duck pond space.

Cabana Beach Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2021

Your Board has agreed to refurbish each unit and this entails a project of R150m over a two-year period. Due to the noise factor, disruption and time constraints, your Board has agreed to close the resort for a period of time to get the work completed. The first closure period has been planned for 14th January 2023 to 25th March 2023. Formal communication has been circulated to all shareholders in this regard and the second closure period will be communicated as soon as confirmed.

SunSwop and RCI affiliation

RCI remains affiliated to SunSwop and continues to successfully provide both local and international exchange options for its members.

Vacation ownership association of South Africa ("VOASA")

For new shareholders and as a reminder to all, VOASA is a self-regulatory member-based trade association for the shared vacation ownership industry in South Africa. It exists to protect consumer rights and commit to ongoing growth in the timeshare industry in a positive and organized manner. Our share block remains a member of VOASA with my fellow Director, Mr Anthony Ridl, representing our share block on the VOASA Board.

Other business

The development of Oceans uMhlanga situated opposite our resort was halted in 2018 for various reasons and although construction briefly recommenced in early 2020, it was again halted due to the national lockdown. I am pleased to note that construction has once again resumed, and we do hope and trust that it will continue at full speed through 2022 to reach its scheduled completion date in early in 2023.

Conclusion

Our iconic building stands strong and proud because of the people who look after it and keep it well maintained. For that, I thank our managing agent, Southern Sun, for their attention to detail, efficient service, passion for our resort offering, friendliness and for always striving to go the extra mile for every shareholder and guest. Their dedication and commitment is phenomenal and I thank the team very much for maintaining the high standards synonymous with Cabana Beach.

I extend my appreciation to my fellow Directors for their time, energy, professionalism and guidance this past year. We certainly have accomplished great things.

I invite you all to attend our AGM. Should you find yourself unable to attend, please complete and return the form of proxy enclosed in this annual report on page 5.



A handwritten signature in black ink, which appears to read 'Bill Liebenberg'.

William ("Bill") Liebenberg
Chairman

Notice is hereby given to the shareholders of the Company that the Annual General Meeting ("AGM") of the Company will be held on **Wednesday, 12 October 2022 at 13h30 at Cabana Beach Resort, 10 Lagoon Drive, uMhlanga** for the purposes of considering the following business to be transacted and, if deemed fit, passing with or without amendment, the ordinary and special resolutions set out hereunder, and considering any other matters raised by shareholders at the AGM.

1. Receipt and adoption of annual financial statements and reports

Ordinary resolution 1: Resolved as an ordinary resolution to receive and adopt the annual financial statements of the Company for the financial year ended 31 December 2021, together with the reports of the Directors, the independent auditors thereon, and further to receive the reports of the audit committee and the social and ethics committee contained in the annual report of the Company for the financial year ended 31 December 2021, and tabled at the meeting at which this resolution was proposed.

2. Appointment of auditors

Ordinary resolution 2: Resolved as an ordinary resolution upon the recommendation of the Board of Directors that BDO South Africa Incorporated ("BDO") be and are hereby appointed as independent auditors of the Company until the conclusion of the next AGM of the Company.

3. Election of Directors

The Board is limited by the memorandum of incorporation ("MOI") to not less than three (3) and not more than seven (7) Directors in number. It would facilitate secretarial procedures if **nominations for the appointment of those Directors representing the timesharers be received by no later than 14h30 on Monday, 10 October 2022 at the registered office of the Company or email address. Nominations must be in writing with the name of the proposer and seconder and be accompanied by the acceptance of such nomination by the nominee and their curriculum vitae ("CV").**

Ordinary resolution 3.1: Resolved as an ordinary resolution that Ms Anthea Faulds who retires in terms of the Company's MOI, and who is eligible and available for re-election, be and is hereby elected as a Director of the Company.

Ordinary resolution 3.2: Resolved as an ordinary resolution that Mr William Liebenberg who retires in terms of the Company's MOI, and who is eligible and available for re-election, be and is hereby elected as a Director of the Company.

Ordinary resolution 3.3: Resolved as an ordinary resolution that Mr Robert More who retires in terms of the Company's MOI, and who is eligible and available for re-election, be and is hereby elected as a Director of the Company.

Ordinary resolution 3.4: Resolved as an ordinary resolution that Mr Ajith Ramsarup who retires in terms of the Company's MOI, and who is eligible and available for re-election, be and is hereby elected as a Director of the Company.

Ordinary resolution 3.5: Resolved as an ordinary resolution that Mr Anthony Ridl who retires in terms of the Company's MOI, and who is eligible and available for re-election, be and is hereby elected as a Director of the Company.

Ordinary resolution 3.6: Resolved as an ordinary resolution that Mr Johannes van Rooyen who retires in terms of the Company's MOI, and who is eligible and available for re-election, be and is hereby elected as a Director of the Company.

Ordinary resolution 3.7: Resolved as an ordinary resolution that Mr Jacob Weihmann who retires in terms of the Company's MOI, and who is eligible and available for re-election, be and is hereby elected as a Director of the Company.

4. Appointment of audit committee

Ordinary resolution 4.1: Resolved as an ordinary resolution that Ms Anthea Faulds be and is hereby elected as a member of the Company's audit committee in terms of the Company's MOI.

Ordinary resolution 4.2: Resolved as an ordinary resolution that Mr Ajith Ramsarup be and is hereby elected as a member of the Company's audit committee in terms of the Company's MOI.

Ordinary resolution 4.3: Resolved as an ordinary resolution that Mr Anthony Ridl be and is hereby elected as a member of the Company's audit committee in terms of the Company's MOI.

5. Approval of insured value of property

Ordinary resolution 5: Resolved as an ordinary resolution that the recommended insured value of the property, as tabled at the meeting at which this resolution was proposed, be and is hereby approved.

6. Non-executive Directors' fees

Special resolution 1: It is noted that an amount of R8,000 for non-executive Directors' fees was approved at the previous AGM for the year until 11 October 2022. It is now resolved as a special resolution that the fee remain unchanged at R8,000 (vat payable, to the extent applicable to this remuneration) payable to the non-executive Directors of the Company for their services as Directors of the Company and as members of sub-committees, per meeting or cluster of meetings, in respect of the period from 13 October 2022 until the next AGM of the Company, and tabled at the meeting at which this resolution was proposed, be and is hereby approved.

The reason for and effect of this special resolution:

In terms of Section 66(8) of the South African Companies Act 71, of 2008, the Company may pay remuneration to its Directors for their service as Directors. Section 66(9) requires the remuneration to be paid in accordance with a special resolution approved by the shareholders within the previous two (2) years. Section 66(12) requires that any particular Director appointed to more than one (1) committee of the Company, be calculated only once. Directors will be entitled to be paid attendance fees/emoluments in respect of the above period.

Subject to the provisions of the Companies Act 71, of 2008, no business shall be transacted at any AGM unless a quorum of shareholders is present at the time when the meeting proceeds to business. The quorum at any AGM shall be no less than three (3) shareholders present, holding at least five percent (5%) of the share capital and voting rights, personally or by proxy, and who are entitled to be exercised at the meeting.

In the event of a quorum not being present within half an hour of the appointed time for the meeting to begin, the AGM will be automatically adjourned for one (1) business day to Thursday, 13 October 2022 and if at such adjourned meeting a quorum is not present within half an hour of the start time, the shareholders there present in person or by proxy shall be deemed to constitute the necessary quorum.

For an ordinary resolution to be adopted by shareholders at the AGM, it must be supported by more than fifty percent (50%) of the voting rights in favour of such a resolution. For a special resolution to be adopted by shareholders at the meeting, it must be supported by more than sixty percent (60%) of the voting rights in favour of such a resolution.

The record date for determining shareholders' voting rights is Tuesday, 4 October 2022.

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 be a shareholder of the Company. **Forms of proxy should be forwarded to reach the registered office of the Company, for the attention of the company secretary, by no later than 14h30 on Monday, 10 October 2022. A form of proxy is enclosed on page 5 for this purpose.**

Cabana Beach Share Block Proprietary Limited
 Registration Number: 1965/004874/07
 ("the Company")

Registered Office
 Palazzo Towers West
 Montecasino Boulevard
 Fourways, 2055

Private Bag X200
 Bryanston, 2021
 Telephone: (031) 337 3341
 Facsimile: (086) 765 2272
Resorts.companysecretarialservices@southern.sun.com

Form of proxy for use by shareholders at the annual general meeting ("AGM") of the Company to be held on **Wednesday, 12 October 2022 at 13h30 at Cabana Beach Resort, 10 Lagoon Drive, uMhlanga.**

Form of proxy

I/We, being the shareholder/s of ordinary shares in the Company, with right of use of unit, week, hereby appoint:

1., or failing him/her,
2., or failing him/her,
3. The chairman of the AGM,

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

	In Favour Of	Against	Abstain
Ordinary resolution 1: Receipt and adoption of annual financial statements and reports - Year ended 31 December 2021			
Ordinary resolution 2: Appointment of auditors			
Ordinary resolution 3: Election of Directors			
3.1 Anthea Faulds			
3.2 William Liebenberg			
3.3 Robert More			
3.4 Ajith Ramsarup			
3.5 Anthony Ridl			
3.6 Johannes van Rooyen			
3.7 Jacob Weihmann			
Ordinary resolution 4: Appointment of audit committee			
4.1 Anthea Faulds			
4.2 Ajith Ramsarup			
4.3 Anthony Ridl			
Ordinary resolution 5: Insured value of property			
Special resolution 1: Non-executive Directors' fees (R8,000)			

Signed at this day of 2022

Signature assisted by (where applicable)

Unless otherwise instructed specifically as above, the form of proxy will vote as the appointee deems fit.

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 an appointee/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 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 be a shareholder of the Company.

Forms of proxy should be forwarded to reach the registered office of the Company, for the attention of the company secretary, by no later than 14h30 on Monday, 10 October 2022.

Cabana Beach Share Block Proprietary Limited

Statement of Directors' Responsibility for the Year Ended 31 December 2021

The Directors and management are responsible for the preparation, integrity and fair presentation of the annual financial statements of Cabana Beach Share Block Proprietary Limited. The annual financial statements presented on pages 14 to 23 have been prepared in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities and in the manner required by the South African Companies Act 71, of 2008.

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 annual 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 annual financial statements comply with the relevant legislation. The Directors are satisfied that the information contained in the annual 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 annual 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, BDO South Africa Incorporated, audited the annual financial statements and their report is presented on pages 12 and 13.

Approval of annual financial statements

The annual financial statements set out on pages 14 to 23 were approved by the Board of Directors on 11 May 2022 and are signed by:



WH Liebenberg
Chairman



AB Ramsarup
Director (chairman - audit committee)

Declaration by the company secretary

I hereby confirm in my capacity as company secretary of Cabana Beach Share Block Proprietary Limited, that for the year ended 31 December 2021, the Company has filed all required returns and notices in terms of the South African Companies Act 71, of 2008, and that all such returns and notices are to the best of my knowledge and belief, true, correct and up to date.



MJ Mahloele
For Southern Sun Secretarial Services Proprietary Limited

Cabana Beach Share Block Proprietary Limited

Report of the Audit Committee for the Year Ended 31 December 2021

The audit committee has pleasure in submitting this report as required by Section 94 of the South African Companies Act 71, of 2008. The audit committee is an independent statutory committee appointed by the shareholders at each annual general meeting ("AGM").

1. Members of the audit committee

The members of the audit committee comprise three non-executive Directors being Ms Anthea Faulds, Mr Ajith Ramsarup (Chairman) and Mr Anthony Ridl.

2. 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.

3. 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 by invitation.

4. Duties of the audit committee

The work of the audit committee during the year focused on:

- 4.1 evaluating the independence and effectiveness of the external auditors, the fees and terms of engagement;
- 4.2 ensuring that the appointment of the audit firm complies with the provision of the South African Companies Act and any other legislation relating to the appointment of auditors;
- 4.3 approving of external audit and internal audit plans;
- 4.4 determining, subject to the provisions, the nature and extent of any non-audit services that the auditors may provide to the Company;
- 4.5 reviewing of prospective accounting standards' changes;
- 4.6 evaluating of financial reporting procedures;
- 4.7 reviewing of and recommending to the Board for approval of the annual financial statements;
- 4.8 assessing of the internal control environment, particularly in relation to the systems on internal financial controls; and
- 4.9 performing such other oversight functions as may be determined by the Board.

5. Independence of external auditors

The audit committee has satisfied itself that the external auditors are independent of the Company, as set out in Section 94(8) of the South African Companies Act 71, of 2008. Requisite assurance was provided by the auditors that internal governance processes within the audit firm support and demonstrate its claim to independence.



AB Ramsarup
Chairman
11 May 2022

Cabana Beach Share Block Proprietary Limited

Report of the Social and Ethics Committee

The social and ethics committee ("the committee") of Cabana Beach Share Block Proprietary Limited is a statutory committee that is governed by the South African Companies Act 71, of 2008, guided by King IV, and includes all other responsibilities allocated to it by the Board.

Role of the committee

The committee ensures that the resort's energy, water, and waste management programmes, as well as corporate social investment activities:

- are effective;
- ensures good corporate citizenship;
- monitors employee engagement and development; and
- ensures that health and public safety remains a priority.

Social and economic development

The committee assists its local community through various initiatives and outreach programmes. The 2021 year unfortunately came with several challenges as well as restrictions on our ability to be active and engaged in the community. The impact of the Coronavirus ("Covid-19") pandemic, the June 2021 riots in Kwa-Zulu Natal and the government-imposed beach closures resulted in many planned initiatives being impossible to carry out. The committee continues to focus on the following four pillars:

- youth;
- aged;
- abused or abandoned animals; and
- environment

The following sustainable initiatives achieved a remarkable improvement since our involvement:

Youth:

- A local school, Parkgate Primary, was identified as needing assistance with various projects and more specifically, with a reading programme to assist its scholars to improve their reading skills and achieve the level required to pass their grade. Our dedicated volunteers have been guiding and assisting the scholars every Tuesday with a reading programme. Unfortunately, the programme was disrupted due to the national covid-19 restrictions, riots in Kwa-Zulu Natal, water shortages, and resultant poor attendance of pupils. In addition to the reading programme, the committee proudly donated white school shirts manufactured from old resort bed linen, to the pupils – more detail under Aged, below;
- Donations of bottle tops were made to two local NGO's to improve literacy. Through the Bottle Top Project, the bottle tops are used to create spelling aids. Volunteers at the resort cleaned the collected tops before labelling each one with a key letter and phonic sound for spelling and reading purposes. 100 packets of bottle tops were distributed to schools within the Durban area; and
- The resort partnered with the Umhlanga Rocks Surf Lifesaving Club and the Wimpy operator at Cabana Beach

to afford the Swimanda Rox Programme an opportunity to teach local children from uMhlanga townships about water safety and the basics of swimming, and exposed them to both safety in and around a swimming pool and on the beach. Qualified lifeguards provided practical theory lessons and swimming sessions for safety knowledge and confidence around water. The programme involved lessons each Saturday morning, over a 3-month period.

Aged:

- In addition to donations and supplies given to organisations, the committee made donations through the Pro Deo Care Group that provides care and assistance to the aged. The group supplies home-based care, equipment and clinic services to individuals without financial or physical support; and
- The committee supported a local community lady named Dora to empower her to repurpose the resort's old bed linen and sew white school shirts for on selling to the community in need. The resort donated the bed linen and purchased the manufactured school shirts from Dora, for her to earn an income. The resort thereafter donated the end product to schools in need. Dora very sadly passed away during the year and the committee remembers her for her commitment and passion in uplifting not only herself but the community within which she resided.

Abused/abandoned animals:

- 3 stray cats were homed at the resort through the rehabilitation programme created by the Feral Cat Association. The 3 tabbies were adopted during 2020 and are very comfortable and acclimatised to our environment. They are interactive with our guests and they have become very popular amongst many of our long-standing guests. The committee further assists the Feral Cat Association through monthly donations; and
- 2 beautiful black swans were rescued and adopted by the resort. They live happily in the duck pond and have become a key attraction.

Environment:

- To create a visual and active difference in the resort's local community, environmental initiatives continued to be a big focus with both staff and guests being involved in weekly beach clean-up events, Arbor Week and Earth Hour to name a few.

Corporate citizenship - CSI/sustainability

The committee has a strong regard for corporate citizenship that highlights its social, cultural, environmental responsibility and sustainability. Local CSI initiatives are not only supported through donations of time and written-off operating equipment, but training and guidance to support the various initiatives and help them to better sustain themselves. A couple of these initiatives included CANSA Day, Reach For A Dream's Slipper Day and Mandela Day. These commemorated days involved full participation from staff, tenants and guests. Many donated their personal time and resources to raise funds for several initiatives.

Cabana Beach Share Block Proprietary Limited

Report of the Social and Ethics Committee

Environmental health and public safety

The committee ensures that the resort's consumption of energy and water, and waste programmes are effective and contribute towards its goal of sustainability. The resort has recorded great savings in water and electricity consumption and financial costs over the year mainly through improved management and influence on routine processes, use of equipment and constant monitoring of the live tracking system. Any deviation from the set targets were addressed immediately. Many energy-saving initiatives already in place and the sinking of the borehole has contributed immensely to the recorded savings. The waste management programme at our resort is managed and tracked by Don't Waste Services through a live online system. With waste separation and recycling being of key importance, guests and staff are continuously reminded and encouraged to follow better environmental practices and contribute positively to the recycling process.

The organisational resilience management system ("ORMS"), implemented by the Southern Sun Group throughout all its properties, is a comprehensive management system that records plans and implements systems relating to fire protection, safety, security, business continuity, environmental impact, risk analysis and the effects on the business. The resort continues to excel in this area. An Internal Crisis Call Centre is available at all properties within the Southern Sun Group for immediate assistance to any staff member or guest during an emergency.

Guest relations and correspondence

Guest feedback is of utmost importance to the resort and for this reason the electronic Guest satisfaction survey is closely monitored and responded to on a daily basis. Guest feedback is also monitored on other social media platforms such as Facebook, Google reviews and Tripadvisor. The resort was awarded Tripadvisor's Travellers' Choice award and it has again received the RCI Gold Crown award for 2021. The resort also proudly maintains a 4-star rating through the Tourism Grading Council of South Africa.

Labour, employment relations, training and BBBEE

Our resort complies with the Labour Relations Act of South Africa. Our employees are regarded as the resort's most valuable asset and there is a sustained effort in training and developing each staff member. A training programme run through the Southern Sun Training Academy not only assists staff to be more proficient in their current roles, but also aids them in growing their responsibilities to further their careers. The academy incorporates many self-driven development programmes as well as a host of on-line and remote learning opportunities. Staff members are trained and further developed where necessary.

The use of platforms like Microsoft Teams and Zoom has afforded staff an opportunity to attend an even wider array of courses at a more economical cost. This often covers topics such as computer skills and knowledge, self-help tools, policies and procedures, as well as leadership and management topics.

Cabana Beach Resort is linked to the BBBEE rating of the Southern Sun Group, which was a Level Three BBBEE contributor for the year.

Strategic plans

- The share block submitted a legal objection to the municipal category rating change, imposed by the eThekweni Municipality. A few years ago, the municipality changed Cabana Beach's property rating from residential to commercial and the legal matter has not yet been resolved;
- Major refurbishment projects completed during 2021 included the spalling repairs and painting of the Lagoon Drive facing side of the building, reception and lift lobby upgrade and the upgrade of the duck pond. The spalling and painting project will continue on the beach facing side of the building in line with the 2023 rooms refurbishment programme; and
- A major rooms refurbishment project, including a full revamp of all bedrooms, passages and repair works to the sea-facing side of the building, is planned to roll out in 2023. The almost R150m project is scheduled to take place over a 2-year period and due to the noise and construction work implications, two closure periods will be executed. The first closure is planned for 14th January 2023 to 25th March 2023 with the second closure to be communicated to all shareholders as confirmed.

Composition and functioning

The committee comprises 3 Directors; namely Mr Robert More, Mr Jaco Weihmann and Mr John van Rooyen. I am an additional member of the committee and act as chair. All Board members are welcome to attend the meetings and staff assist the committee wherever possible. The committee meets twice a year and holds comprehensive meetings, adequately discussing its various responsibilities.



Wayne Smith
Chairman

Cabana Beach Share Block Proprietary Limited

Report of the Directors for the Year ended 31 December 2021

The Directors present their annual report of the Company for the year ended 31 December 2021.

1 Business activity

The Company owns the land and buildings known as Cabana Beach Resort that is utilised by the shareholders on a timeshare basis with respective shareholders' 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 shareholders to make loans to the Company; and
3. Obligations on share block shareholders 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 annual financial statements.

In accordance with the provisions of the Share Blocks Control Act and in common with other timeshare operations in South Africa, the 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 R19,993,796 (2020: R26,149,594) was transferred to the reserve for property, plant and equipment.

No dividends have been declared during the year and none are recommended (2020: R Nil).

3 Share capital

The authorised and issued share capital has remained unchanged.

4 Insurance

The resort buildings and its contents are insured at current replacement values under an all-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:

AL Faulds *	
WH Liebenberg	Chairman
RA More ^	
AB Ramsarup *	
AN Ridl *	(Alternate MN Ridl)
JPF van Rooyen ^	
JL Weihmann ^	

* Audit committee members

^ Social and ethics committee members

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

Business:	Postal:
Palazzo Towers West	Private Bag X200
Montecasino Boulevard	Bryanston
Fourways	2021
2055	

Cabana Beach Share Block Proprietary Limited

Report of the Directors for the Year Ended 31 December 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 Proprietary Limited

Report of the Independent Auditors

Independent Auditor's Report

To the shareholders of Cabana Beach Share Block Proprietary Limited

Opinion

We have audited the financial statements of Cabana Beach Share Block Proprietary Limited (the company) set out on pages 14 to 23, which comprise the statement of financial position as at 31 December 2021, 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 Proprietary Limited as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Cabana Beach Share Block Proprietary Limited Annual Financial Statements for the year ended 31 December 2021", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. 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 Standard 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 the 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.

Cabana Beach 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.

BDO South Africa Inc

BDO South Africa Incorporated
Registered Auditors

Leanne Laxson
Director

16 September 2022

5A Rydall Vale Office Park
38 Douglas Saunders Drive
La Lucia, 4051

Cabana Beach Share Block Proprietary Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 R	2020 R
Income		75 783 053	72 360 932
Levy income		71 133 494	69 220 731
Other income		4 649 559	3 140 201
Expenses		(58 150 941)	(50 311 663)
Levy surplus before interest and taxation	3	17 632 112	22 049 269
Finance income	4	3 820 905	5 698 162
Levy surplus before taxation		21 453 017	27 747 431
Income tax expense	5	(1 459 221)	(1 597 837)
Levy surplus for the year		19 993 796	26 149 594

Cabana Beach Share Block Proprietary Limited

Statement of Financial Position as at 31 December 2021

	Note	2021 R	2020 R
ASSETS			
Current assets			
Trade and other receivables	6	13 486 687	8 791 777
Levies receivable	10	3 156 206	3 403 744
Fixed deposits held with bank	11	96 000 000	89 400 000
Cash and cash equivalents	12	3 551 984	8 843 398
Total current assets		116 194 877	110 438 919
Total assets		116 194 877	110 438 919
EQUITY			
Capital and reserves			
Share capital	9	400 000	400 000
Reserve for property, plant and equipment	7	77 320 659	76 698 638
Total equity		77 720 659	77 098 638
LIABILITIES			
Current liabilities			
Trade and other payables	8	10 599 493	12 849 236
Levies received in advance	13	24 817 669	18 893 210
Current tax liabilities		3 057 056	1 597 835
Total current liabilities		38 474 218	33 340 281
Total liabilities		38 474 218	33 340 281
Total equity and liabilities		116 194 877	110 438 919

Statement of Changes in Equity for the Year Ended 31 December 2021

	Note	2021 R	2020 R
Share capital			
Ordinary shares at the beginning of the year and at year-end	9	400 000	400 000
Reserve for property, plant and equipment			
At the beginning of the year		76 698 638	60 481 039
Levy surplus for the year		19 993 796	26 149 594
Property, plant and equipment additions and replacements during the year	7	(19 371 775)	(9 931 995)
At year-end		77 320 659	76 698 638

Cabana Beach Share Block Proprietary Limited

Statement of Cash Flows for the Year Ended 31 December 2021

	2021 R	2020 R
Cash flow from operating activities		
Levy surplus before taxation	21 453 017	27 747 431
Adjustments for:		
Interest received	(3 820 905)	(5 698 162)
Net surplus before working capital changes	17 632 112	22 049 269
Changes in working capital		
- Movement in levies receivable	247 538	(2 889 882)
- Movement in trade and other receivables	(4 694 910)	1 385 816
- Movement in levies received in advance	5 924 459	(2 364 632)
- Movement in trade and other payables	(2 249 743)	6 344 321
Cash flows from operating activities	16 859 456	24 524 892
Interest received	3 820 905	5 698 162
Tax paid	-	(1 925 794)
Net cash inflow from operating activities	20 680 361	28 297 260
Cash flow from investing activities		
Property, plant and equipment additions and replacements	(19 371 775)	(9 931 995)
Movement in fixed deposits held with bank	(6 600 000)	(14 700 000)
Net cash outflow from investing activities	(25 971 775)	(24 631 995)
Net movement in cash and cash equivalents	(5 291 414)	3 665 265
Cash and cash equivalents at the beginning of the year	8 843 398	5 178 133
Cash and cash equivalents at year-end	3 551 984	8 843 398

Cabana Beach Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2021

1 Accounting policies

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

1.1 Basis of preparation

The annual 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 South African Companies Act 71, of 2008. 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 annual 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 annual 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 annual 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 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

Fixed deposits held with bank are recognised when the Company becomes a party to the contractual provisions of the respective instrument and are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest. Fixed deposits held with bank are recognised initially at fair value and subsequently measured at amortised cost. Fixed deposits held with bank are derecognised when the right to receive cash flows from the asset has expired or has been transferred and the Company has transferred substantially all risks and rewards of ownership. Interest income from these term deposits is included in finance income using the effective interest rate method.

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 on call with the bank. These are reflected in the statement of financial position and statement of cash flows at cost.

Cabana Beach Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2021

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 is 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 participates in 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 replacement 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 cost of 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 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.

Cabana Beach Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2021

2 Financial risk management (continued)

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 Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2021

	2021 R	2020 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	12 420 856	8 162 283
- contributions to retirement funds	222 022	365 648
Management fees	3 586 609	3 472 592
Audit fees	251 249	170 500
Professional and legal fees	28 146	22 993
Other operating expenses	41 642 059	38 117 647
	58 150 941	50 311 663
4 Finance income		
Interest income:		
Interest earned on fixed deposits, call deposits and current account	3 820 905	5 698 162
	3 820 905	5 698 162
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 shareholders in terms of section 10(1)(e) of the Income Tax act.		
Current year	1 459 221	1 597 837
	1 459 221	1 597 837
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 15)	548 295	556 035
Other receivables (refer note 15)	2 027 645	604 725
Interest receivable	1 328 201	3 815 697
Receiver of Revenue - Vat	1 492 285	452 061
Prepayments	8 090 261	3 363 259
	13 486 687	8 791 777
7 Reserve for property, plant and equipment		
At the beginning of the year	76 698 638	60 481 039
Levy surplus for the year	19 993 796	26 149 594
	96 692 434	86 630 633
Property, plant and equipment additions and replacements during the year	(19 371 775)	(9 931 995)
At year-end	77 320 659	76 698 638

The Directors have reviewed a forward estimate, prepared by management, of the costs of property, plant and equipment additions and replacements over the next 10 years.

The Directors have approved capital expenditure of R43,064,375 for 2022 (2020: budgeted capital expenditure of R29,133,000 for 2021) which is anticipated to decrease the budgeted reserve fund by R17,891,247 (2020: decrease the budgeted reserve fund by R5,206,970 for 2021). There were capital commitments made for R476,892 at year-end (2020: R nil).

Cabana Beach Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2021

	2021 R	2020 R
8 Trade and other payables		
Trade payables (refer note 15)	3 180 081	3 212 697
Other payables		
Accruals (refer note 15)	4 581 344	8 816 798
Provision for auditors' remuneration	251 249	180 000
Sundry payables (refer note 15)	2 586 819	639 741
	10 599 493	12 849 236
9 Share capital		
Authorised and issued		
40,000,000 Class "A" ordinary shares of 1 cent each	400 000	400 000
10 Levies receivable		
Levy debtors	2 793 437	3 276 969
Repossessed debtors	651 719	189 170
Provision for repossessed debtors	(288 950)	(62 395)
- Opening balance	(62 395)	(17 487)
- Movement	(226 555)	(44 908)
	3 156 206	3 403 744
11 Fixed deposits held with bank		
Fixed deposits held with bank - short term	96 000 000	89 400 000
	96 000 000	89 400 000
12 Cash and cash equivalents		
Bank balances	3 535 435	8 825 259
Cash on hand	16 549	18 139
	3 551 984	8 843 398
13 Levies received in advance		
Levies received in advance	24 817 669	18 893 210

Shareholders are billed 12 months in advance and this represents levies received in advance (for the future year) that have been received at year-end.

14 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 R298,000,000 for rates purposes. There are no bonds on the property.

Cabana Beach Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2021

	2021 R	2020 R
15 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 rentals	141 275	58 590
Rental pool	108 482	83 760
Management fee	3 586 609	3 472 592
Central accounting and levy collection fees	3 051 066	2 954 074
SSHI 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.		
Tenants' management fee	2 079 711	1 478 931
Southern Sun Timesharing Proprietary Limited ("SST") is the accredited rental and resale services provider. During the financial year the Company received the following fee in terms of the management agreement:		
Commission on resale and rental of weeks - SST	(107 293)	(126 937)
Share Registry Management Services Proprietary Limited ("SRMS") provides an exclusive transfer of shares service to shareholders. During the financial year the Company (received)/paid the following fees in terms of the management agreement:		
Commission on transfer of ownership - SRMS	(66 900)	(50 495)
Secretarial fees on repossessed debtors and use agreement fees - SRMS	29 843	40 196
During the financial year the Company paid the following fees to SunSwop (a division of SSHI), which is affiliated to RCI:		
Fees for points on weeks affected by Covid-19	(31 523)	5 466 426
	(31 523)	5 466 426
During the financial year the Company paid the following SSHI internal charges:		
- Administration - Information technology, tenanting, industrial relations, training, etc	451 976	318 444
- Training related	-	20 430
- Frequent guest loyalty programme	16 500	2 993
Certain costs are incurred by SSHI 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:		
Due (to)/by SSHI and its subsidiaries:		
- included in trade receivables (refer note 6)	23 686	43 071
- included in other receivables (refer note 6)	1 310 808	31 137
- included in trade payables (refer note 8)	(1 272 221)	(225 460)
- included in accruals (refer note 8)	(968 609)	(6 193 550)
- included in sundry payables (refer note 8)	(1 521 852)	(151 336)
	(2 428 188)	(6 496 138)

Cabana Beach Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2021

	2021 R	2020 R
15 Related party transactions (continued)		
The Company received rental income from SST for the letting of office space:		
Rental income - SST	(137 515)	(69 359)

SSHI owns units in the Company as follows:

	Number of units	Levies paid R	Levies received in advance R
SunSwop (a division of SSHI) - 2021 shareholding	142	891 620	67 020
SunSwop (a division of SSHI) - 2020 shareholding	142	893 040	65 413

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
2021 - shareholding			
AL Dickson - Dream Vacation Club	591	4 027 520	822 240
AB Ramsarup - The Leisure Holiday Club	163	1 094 610	402 120
AN Ridl - Club Leisure Group	686	4 663 880	1 726 820
2020 - shareholding			
AL Dickson - Dream Vacation Club	585	4 015 560	777 180
AB Ramsarup - The Leisure Holiday Club	164	1 096 250	240 480
AN Ridl - Club Leisure Group	687	4 670 740	1 207 210

16 Directors' emoluments

Directors have been remunerated an agreed upon fee per meeting attended for their services to the Company. In addition, Directors are reimbursed for costs incurred whilst performing the Company's business. 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.

Directors' emoluments paid for the year:

AL Dickson	32 000	40 000
RP Fritz	-	32 000
WH Liebenberg	32 000	32 000
RA More	32 000	40 000
AB Ramsarup	32 000	40 000
AN Ridl	32 000	32 000
JPF van Rooyen	32 000	40 000
JL Weihmann	32 000	8 000
	224 000	264 000

17 Fraud

The Directors wish to update shareholders on the fraud matter that was discovered by management in 2018, whereby management discovered that fraudulent payments were made to fictitious suppliers. The Company had received no goods or services in return for all fraudulent payments made. A criminal case was opened with the South African Police Services Commercial Crimes Unit. The case is currently being heard at the Durban Magistrates' Court. The suspect had repaid a portion of the funds which were fraudulently misappropriated. The Company's insurer has approved the entire amount of the loss as a fidelity claim, subject to the excess deduction of R250,000.

Cabana Beach Share Block Proprietary Limited

Unaudited Supplementary Schedules to the Annual Financial Statements
Detailed Levy Fund Operating Statement for the Year Ended 31 December 2021

	2021 R	2020 R
INCOME		
Levies	71 133 494	69 220 731
Rental pool	296 257	194 771
Short term rentals	1 066 253	540 823
Proceeds on sale of capital assets	39 391	178 070
Net non-levy income		
- parking, telephone, rentals and penalties, etc	3 247 658	2 226 537
	75 783 053	72 360 932
EXPENDITURE		
Rooms expenses		
Guest entertainment and DSTV	2 455 391	1 510 384
Guest supplies	923 149	535 102
Laundry	2 979 868	1 794 236
Personnel costs - outside services	6 393 783	4 004 873
Pest control	31 273	23 790
Plants and decorations	20 105	-
Printing and stationery, including reception	312 645	227 362
Replacement of cutlery, crockery, linen, towels, uniforms, etc	1 097 664	789 050
Security and banking services	2 409 921	2 005 069
	16 623 799	10 889 866
Administration and general		
Audit fees		
- current year	251 249	170 500
Bank charges	25 036	22 951
Central accounting and levy collection fees	3 051 066	2 954 074
Corporate social initiatives	80 960	16 969
Credit card commission	211 253	236 120
Directors' emoluments	224 000	264 000
Information technology costs	1 047 271	721 191
Insurance		
- premium	785 548	896 878
- excess	40 000	160 000
- claim	-	(437 084)
Legal fees	508	2 683
Licences and permits	104 830	103 203
Loss on repossessed debtors	86 291	6 006
Marketing	48 001	54 391
Postage	2 380	-
Professional fees	27 638	20 310
Provision for repossessed debtors	226 555	44 908
Railage, cartage and hire transport	851	8 746
Security - banking services		
Subscriptions	55 984	57 207
SunSwop exchange service	(31 523)	5 466 426
Telephone	65 082	77 698
Travel - management and Directors	59 133	33 662
Vehicles - fuel and oil	17 240	21 843
	6 379 353	10 902 682

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Unaudited Supplementary Schedules to the Annual Financial Statements
Detailed Levy Fund Operating Statement for the Year Ended 31 December 2021

	2021 R	2020 R
Electricity, water and refuse		
Electric bulbs	45 798	17 200
Electricity	4 555 763	3 195 223
Generator fuel	199 946	131 342
Refuse	276 432	189 789
Water	928 444	1 021 086
	6 006 383	4 554 640
Repairs and maintenance		
Air-conditioning	48 749	59 538
Buildings and elevators	599 466	419 586
Electrical and mechanical	242 505	208 658
Tools	3 488	3 203
Furniture, fixtures and vengcard	262 620	214 056
Gardens and grounds	649 154	388 342
Major repairs and maintenance	469 499	676 196
Office machines - maintenance contracts	30 433	10 646
Painting and redecorating	20 009	2 600
Plumbing and heating	95 679	122 196
Radio and TV	22 515	43 107
Room care	283 899	161 961
Swimming pool cleaning and repairs	61 766	48 432
Switchboard	10 021	-
Vehicles	1 840	-
	2 801 643	2 358 521
Capital charges		
Annual report and statutory costs	29 033	41 890
Municipal rates and sewerage	10 081 243	9 563 541
	10 110 276	9 605 431
Personnel costs		
Rooms	6 613 556	4 430 693
Administration and general	3 668 653	2 079 021
Repairs and maintenance	2 360 669	2 018 217
	12 642 878	8 527 931
Management fee	3 586 609	3 472 592
Total expenditure	58 150 941	50 311 663
Excess of income over expenditure before finance cost and taxation	17 632 112	22 049 269
Finance income		
Interest income	3 820 905	5 698 162
Excess of income over expenditure before taxation	21 453 017	27 747 431
Taxation		
- current	1 459 221	1 597 837
Excess of income over expenditure after taxation for the year transferred to reserve for property, plant and equipment	19 993 796	26 149 594

Cabana Beach Share Block Proprietary Limited

Minutes of the Annual General Meeting of Shareholders for the Year Ended 31 December 2020, held on Wednesday 15 September 2021 at 15h12, at Cabana Beach Resort, uMhlanga

1 WELCOME AND PREAMBLE

The Chairman of the Company, Mr William Liebenberg, welcomed all shareholders present. He advised that the meeting was convened in terms of the notice of the annual general meeting ("AGM"), dated 23 July 2021. He introduced his fellow non-executive Directors: Ms Anthea Faulds (nee Dickson), Messrs. Robert More, Ajith Ramsarup, Anthony Ridl, Johannes ("John") van Rooyen, and Jacobus ("Jaco") Weihmann. Members of the senior management team and company secretariat team were also in attendance.

A number of shareholders were unable to attend the AGM and had submitted their forms of proxy in their absence.

2 QUORUM

The Chairman noted that 5,754,045 ordinary shares were represented in person or by proxy at the start of this meeting. This constituted a quorum of approximately 14% of the Company's issued share capital.

With the required quorum being present, being at least three shareholders present and holding at least 5% of the share capital, the Chairman declared the meeting duly constituted.

3 NOTICE OF MEETING

All shareholders present consenting, the notice of meeting dated 23 July 2021 was taken as read.

4 VOTING

The Chairman informed the meeting that voting on the resolutions would be taken by means of a show of hands. For the resolutions to be carried, 50% of total votes exercised must be in favour of an ordinary resolution and that 60% of total votes exercised must be in favour of a special resolution.

5 ADOPTION OF ANNUAL FINANCIAL STATEMENTS AND REPORTS

The Chairman presented the annual financial statements for the year ended 31 December 2020, together with the reports of the Directors, the independent auditors thereon, and the reports of the audit committee and the social and ethics committee, as contained in the annual report of the Company.

ORDINARY RESOLUTION 1

Ordinary resolution 1, as set out in the notice convening the meeting, relating to the receipt and adoption of the Annual Financial Statements and accompanying reports contained in the annual report of the Company for the financial year ended 31 December 2020, was taken as read. No questions or comments were recorded and it was unanimously RESOLVED that the annual financial statements for the year ended 31 December 2020 be and are hereby approved and adopted.

6 APPOINTMENT OF AUDITORS

ORDINARY RESOLUTION 2

Ordinary resolution 2, as set out in the notice convening the meeting, relating to the appointment of BDO South Africa Incorporated ("BDO") as the independent auditors of the Company until the conclusion of the next AGM of the Company was taken as read. There were no queries or comments and it unanimously RESOLVED that BDO be and was hereby appointed as the independent auditors of the Company.

7 DIRECTORS

In terms of the Company's memorandum of incorporation ("MOI"), the Board is limited to seven (7) Directors. The Chairman noted that the Directors who retire at this meeting, being eligible, were available for re-election. No additional nomination with supporting documentation was received.

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7.1 ORDINARY RESOLUTION 3.1

Ordinary resolution 3.1, as set out in the notice convening the meeting, relating to the re-election of Ms Anthea Faulds as a Director, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Ms Faulds be and is hereby re-elected as a Director of the Company.

7.2 ORDINARY RESOLUTION 3.2

Ordinary resolution 3.2, as set out in the notice convening the meeting, relating to the re-election of Mr William Liebenberg as a Director, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Mr Liebenberg be and is hereby re-elected as a Director of the Company.

7.3 ORDINARY RESOLUTION 3.3

Ordinary resolution 3.3, as set out in the notice convening the meeting, relating to the re-election of Mr Robert More as a Director, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Mr More be and is hereby re-elected as a Director of the Company.

7.4 ORDINARY RESOLUTION 3.4

Ordinary resolution 3.4, as set out in the notice convening the meeting, relating to the re-election of Mr Ajith Ramsarup as a Director, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Mr Ramsarup be and is hereby re-elected as a Director of the Company.

7.5 ORDINARY RESOLUTION 3.5

Ordinary resolution 3.5, as set out in the notice convening the meeting, relating to the re-election of Mr Anthony Ridl as a Director, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Mr Ridl be and is hereby re-elected as a Director of the Company.

7.6 ORDINARY RESOLUTION 3.6

Ordinary resolution 3.6, as set out in the notice convening the meeting, relating to the re-election of Mr John van Rooyen as a Director, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Mr van Rooyen be and is hereby re-elected as a Director of the Company.

7.7 ORDINARY RESOLUTION 3.7

Ordinary resolution 3.7, as set out in the notice convening the meeting, relating to the re-election of Mr Jaco Weihmann as a Director, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Mr Weihmann be and is hereby re-elected as a Director of the Company.

8 APPOINTMENT OF AUDIT COMMITTEE

In terms of the Company's MOI, the Company was required at each AGM to elect an audit committee, comprising at least three (3) members.

8.1 ORDINARY RESOLUTION 4.1

Ordinary resolution 4.1, as set out in the notice convening the meeting, relating to the election of Ms Anthea Faulds as a member of the Company's audit committee, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Ms Faulds be and is hereby elected as a member of the Company's audit committee.

8.2 ORDINARY RESOLUTION 4.2

Ordinary resolution 4.2, as set out in the notice convening the meeting, relating to the election of Mr Ajith Ramsarup, as a member of the Company's audit committee, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Mr Ramsarup be and is hereby elected as a member of the Company's audit committee.

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8.3 ORDINARY RESOLUTION 4.3

Ordinary resolution 4.3, as set out in the notice convening the meeting, relating to the election of Mr Anthony Ridl as a member of the Company's audit committee, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Mr Ridl be and is hereby elected as a member of the Company's audit committee.

9 INSURED VALUE OF PROPERTY

As recommended by independent quantity surveyors, Brian Heineberg and Associates and duly approved by the Board of Directors, the insured value of the property amounted to R596,529,796. Buildings were valued at R498,363,336 and furniture, fittings and equipment was valued at R98,166,460. There were no questions or comments and it was unanimously RESOLVED that the insured value of the property be and is hereby approved.

The Chairman advised that due to the recent riots and the looting that took place in Kwa-Zulu Natal, insurance companies were increasing their premiums and shareholders would see an increase in the Company's insurance costs from hereon. The Board was investigating this further and obtaining quotations to comprehensively assess and confirm the most suitable option available.

10 NON-EXECUTIVE DIRECTORS' FEES

SPECIAL RESOLUTION 1

Special resolution 1, as set out in the notice convening the meeting, relating to the approval of the fees payable to non-executive Directors for their services as a Director, was taken as read.

It was unanimously RESOLVED that in terms of the provisions of section 66(9) of the Companies Act 71, of 2008, that R8,000 (Vat payable, to the extent applicable to this remuneration), payable to the non-executive Directors of the Company for their services as Directors and/or members of the sub-committees, or cluster of meetings, in respect of the period from 16 September 2021 until the next AGM of the Company, be and is hereby approved.

11 OTHER BUSINESS

GENERAL MANAGER'S PRESENTATION AND REPORT OF THE SOCIAL AND ETHICS COMMITTEE

The Chairman invited Mr Wayne Smith to present his report to the meeting. Mr Smith greeted all shareholders present and mentioned for those who had not yet met him in person, that he had taken over as the new general manager of the resort from February 2021. He was both privileged and proud to be handed such a wonderful and well-run resort from Mr Barend Olivier.

Mr Smith continued by commenting on the adverse impact of the restrictive lockdown regulations on the Timeshare industry and on the resort. In compliance with COVID-19 pandemic protocols, the Company implemented policies and procedures for entering and checking-in to the resort. He shared that due to the government-imposed lockdown period, the resort was closed at midnight on 26 March 2020 and had remained closed for approximately 5-months.

Mr Smith presented an overview of the following achievements during the very challenging 2020 year:

- Overall occupancy of 50%;
- BBBEE status: Level One Contributor;
- Compliance in Tsogo Sun procurement practices;
- Corporate social investment goals;
- Staff training and development targets;
- Organisational resilience management system ("ORMS") audit: 97%;
- Energy and water consumption savings;
- Total recyclable waste: 41%;
- Landscape audit: 91%;
- Tripadvisor ranking;
- Guest feedback;
- Tourism grading and awards;
- Marketing initiatives;
- CSI initiatives supported by the resort, staff and guests throughout the year;
- Various upgrades and enhancements around the property; and
- Updates on environmental issues as well as developments and improvements in and around uMhlanga.

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Mr Smith proudly presented a sample white school shirt. The shirt had been produced from an old duvet cover that had been donated by the resort to a small business operator. The resort purchased the items back from the operator and donated the items to a local school in need. Mr Smith showed other items produced from donated sheets and pillow cases. Bottle caps collected by staff were used to create the alphabet letters to help junior school pupils learn how to read and write. He mentioned other exciting initiatives with the community and environment in mind, as well as support given to international and national health and awareness days.

Mr Smith continued with before-and-after photographs of the upgrade to the:

- family swimming pool and area;
- adult swimming pool and area; and
- tunnel walkway.

Projects underway for 2021 included:

- spalling works and painting of the building;
- refurbishment of the reception and public areas; and
- refurbishment of the duck pond.

A shareholder enquired about the objection process regarding the increased municipal rates charge. Mr Smith replied that the legal objection process was ongoing. To date there had been no resolution however, the Board had agreed to wait until other properties, also objecting to the change in rates classification and increased municipal charges, had completed their objection process. The outcome of their objections would allow the Board to make an informed decision of whether to continue or to surrender the legal objection.

The meeting applauded Mr Smith for his presentation.

The Chairman advised that the Board looked forward to the rooms' refurbishment programme scheduled for 2022. As many shareholders were aware, noise disturbance in and around the property was a problem and for this reason, the Board would consider a closure of the resort while the major rooms refurbishment and other public area works were underway. Should this option come to fruition, shareholders would be advised and as with the previous major refurbishment shutdown and recent government-imposed lockdown process, shareholders would not lose use of their week but would rather be able to exchange their week at another suitable time. The Chairman stated that a mock-up unit was available and he encouraged as many shareholders as possible to inspect the unit for feedback. Mr Smith would assist any shareholder wishing to view the mock-up unit or view the photographs.

12 CLOSURE

There being no further business, the Chairman thanked all for attending and declared the meeting closed at 15h45.



Chairman

4 November 2021

Date

