

# Cabana Beach Share Block Proprietary Limited

Registration No. 1965/004874/07

## Annual Report

for the year ended 31 December 2023

 **Southern Sun**  
RESORTS

**Cabana Beach Share Block Proprietary Limited**  
**Annual Financial Statements**  
for the year ended 31 December 2023

**COMPANY INFORMATION**

Registration number:	1965/004874/07
Registered address:	Nelson Mandela Square 4th Floor, South Tower Corner 5th and Maude Streets Sandton 2196
Postal address:	Private Bag X200 Bryanston 2021

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The 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 2023

My fellow shareholders, I am delighted to report on the 2023 year for our share block and it is particularly pleasing given that Cabana Beach Resort celebrated its 50th anniversary of operation during this year under review. Our resort remains an iconic home-away-from-home on the uMhlanga beachfront and it continues to be in demand as a highly sought-after holiday destination. This is substantiated by the high occupancies achieved in 2023.

While the beach along the uMhlanga coastline did experience numerous weeks of closures during 2023, alternative activities through the entertainment programme were arranged to keep guests occupied on site and a beach experience was brought to the resort as best as possible. Our members of staff are focussed on creating exceptional experiences for all who visit our Great Dame.

The tailor-made entertainment programme at Cabana Beach Resort is designed to not only keep young children occupied but keep the whole family engaged. For those who do not yet know, our resort entertainment team run by Clive Napier Enterprises, is led by the ever-so-friendly and popular Mr Iain Moolman, as the Entertainment Manager. The team as a whole is a tremendous asset to Cabana Beach Resort, and I trust that you have had, and some of you will have, the pleasure of engaging with each team member.

It has been incredible that even through many unavoidable challenges during the past year and the closure of the resort due to the major rooms refurbishment programme, Cabana Beach Resort is still recognised as: one of Tripadvisor's Travellers' Choice Resorts; one of the Best Of Durban Readers' Choice property; that it maintained its RCI Gold Crown status; and was consistent in its 4-Star Tourism Grading. Guest surveys continue to reflect how happy guests are with our staff, the property and what it has to offer. All comments or complaints are taken seriously to ensure ongoing positive interaction between staff and guests and our management team is always willing to hear constructive suggestions and fresh ideas on how to further improve every holiday experience. I remain extremely proud of the great product that we all get to enjoy at Cabana Beach Resort to date.

## Occupancy

Occupancy in 2023 increased to 90% compared to 88.3% in the prior year. These results exclude the days of closure for Phase 1 of the major rooms refurbishment project.

## Financial results for the year ended 31 December 2023

The statement of comprehensive income for the year ended 31 December 2023 on page 14 reflects total income, including net finance income, of R87.6m (2022: R86.8m) and total expenditure of R64.4m (2022: R64.7m). The levy surplus for the year after taxation was R21.8m (2022: R20.3m) and was transferred to the reserve for property, plant and equipment that now stands at R28.6m (2022: R79.7m). A more detailed review of the income and expenditure variances follows:

### Income

Total other income included parking revenue, the unclaimed surplus on the sale of repossessed weeks, and rental revenue. Interest income decreased by 10% due to the cashing out of investments to fund the rooms refurbishment project.

### Expenditure

Total expenditure decreased by 0.5% to R64.4m (2022: R64.7m) with major variances as:

- **Rooms** decreased by 7.5% due to the resort's closure and reduced expenditure;
- **Administration and general** decreased marginally by 0.5%;
- **Electricity, water, and refuse** increased by only 6.3% due to closure of the resort and contractors working on site;
- **Repairs and maintenance** decreased by 18.6% due to the resort's closure and reduced expenditure;
- **Capital charges** increased by 13.2% due to a higher than anticipated increase in municipal rates and taxes;
- **Personnel costs** decreased by 3% due to the resort's closure and staff taking annual leave; and
- **Management fees** increased by 6.9% in line with CPI and in accordance with the management agreement.

# Cabana Beach Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2023

## Statement of the financial position

The statement of financial position that 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 decreased to R28.6m (2022: R79.7m), while fixed deposits held with the bank decreased to R47m (2022: R82m). Cash and cash equivalents increased to R5.3m (2022: R1.5m). Levies receivable decreased to R1.7m (2022: R2.2m) whilst levies received in advance decreased to R24.2m (2022: R24.5m).

I 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 by ensuring a healthy and consistent cash flow.

## Capital expenditure

Capital expenditure during 2023 increased to R72.9m against the expenditure of R17.9m spent in 2022. The major capital expenditure items incurred during the year included:

	R
Rooms refurbishment	69,182,886
Wifi upgrade	836,448
Public areas upgrade	694,920
Padel and pickleball courts	408,830

## Levy budget

As always, the Board examines each item of expenditure on a line-by-line basis and have been satisfied that management has made every effort to ensure that cost increases were as minimal as possible, without affecting the standards and facilities enjoyed by all shareholders and guests at our resort. Levies for the following year will be approved in August and will be communicated to all shareholders in due course.

## Resort update

Our borehole operates well and provides a superior quality of water for the property. The borehole has greatly reduced the consumption of and reliance on municipal water, generating exceptional savings in water usage and in our municipal bills. As part of an ongoing maintenance programme, the borehole was backwashed regularly, and the grey water was stored for use around

the property for irrigation purposes, washing of guest vehicles, and for cleaning of the refuse area.

Other environmental focus has been on recycling of waste. With the assistance of and participation from guests, Cabana Beach Resort reduces, reuses and recycles as much waste as possible and both the Board and management team is very proud to record that a ratio of 50% of recycling was achieved this past year. This achievement is extremely high in our industry and it cements Cabana Beach's progress on working towards a zero waste to landfill impact.

I am truly excited to announce that our resort now offers two new activities, being Padel and Pickleball. One tennis court was converted, and the new activities have brought even more fun for both individuals and families. Next to the family braai area and multipurpose sports court, a young adult facility for table tennis and playing pool has been introduced. Apart from the new sports courts and activities, the resort's open parking area has been tarred and enclosed with Clear Vu fencing and the building has undergone extensive spalling works to the beach-facing side and received fresh coat of paint thereafter.

103 units were completed during phase 1 of the major room refurbishment programme this year and as mentioned last year, the Board resolved to close the resort for a period to conduct the necessary works that would have caused great disruption and irritation to our guests. Due to the noise factor and time constraints the resort was closed between 14 January 2023 and 25 March 2023 and the phase 2 of the project is scheduled to commence in late July 2024, with the second closure taking place between 27 July 2024 to 18 October 2024. Formal communication has been circulated to all shareholders affected by the closure periods.

## 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. Cabana Beach Share Block remains a member of VOASA.

# Cabana Beach Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2023

## Other business

The development of Oceans uMhlanga, situated opposite to Cabana Beach Resort, was halted in 2018 for various reasons and although construction briefly recommenced in early 2020, it was again halted due to the Covid-19 pandemic and national lockdown. The construction of the shopping mall and adjacent hotel has now been completed, together with the upgraded road infrastructure along Lagoon Drive, that will assist in the flow of traffic. The construction of two additional towers, above the shopping centre, is scheduled to continue in 2024.

## Conclusion

Our iconic building stands strong and proud because of the people who look after it and keep it well maintained. For that, I extend heartfelt appreciation to our managing agent Southern Sun, for its attention to detail, efficient service, passion for what Cabana Beach Resort offers, and for always going the extra mile for every shareholder and guest. Management's dedication and commitment continues to be exceptional and I thank the team greatly for maintaining the high standards synonymous with Cabana Beach Resort.

I extend personal thanks to my fellow Directors for their time, professionalism, and guidance this past year. I am so proud of what has been accomplished and what we are yet to achieve.

In closing, I invite you all to attend our AGM however, should you find yourself unable to attend, please complete the form of proxy on page 5 of this annual report and return it as soon as possible.



A handwritten signature in black ink, appearing to read 'W 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 **Thursday, 19 September 2024 at 13h00 at uMhlanga Sands Resort, 44 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 2023 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 2023, 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 is hereby re-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 and not more than seven 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 13h00 on Tuesday, 17 September 2024 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; and  
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 appointed 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 appointed 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 appointed 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: ***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 years. Section 66(12) requires that any particular Director appointed to more than one committee of the Company be calculated only once. Directors will be entitled to be paid attendance fees/emoluments in respect of the above period.

It is noted that an amount of R8,000 for non-executive Directors' fees was approved at the previous AGM for the year until 19 September 2024. 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 20 September 2024 until the next AGM of the Company, and tabled at the meeting at which this resolution was proposed, be and is hereby approved.

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 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 business day to Friday, 20 September 2024 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 Thursday, 12 September 2024.**

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 13h00 on Tuesday, 17 September 2024. A form of proxy is enclosed on page 5 for this purpose.**

By order of the Board  
Southern Sun Secretarial Services Proprietary Limited  
9 May 2024

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

Registered Office:  
Nelson Mandela Square  
4th Floor, South Tower  
Cnr 5th and Maude Streets  
Sandton 2196

Private Bag X200  
Bryanston, 2021  
Telephone: (031) 366 7061  
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 **Thursday, 19 September 2024 at 13h00 at uMhlanga Sands Resort, 44 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
<b>Ordinary resolution 1:</b> Receipt and adoption of annual financial statements and reports - Year ended 31 December 2023			
<b>Ordinary resolution 2:</b> Appointment of auditors			
<b>Ordinary resolution 3:</b> 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			
<b>Ordinary resolution 4:</b> Appointment of Audit Committee			
4.1 Anthea Faulds			
4.2 Ajith Ramsarup			
4.3 Anthony Ridl			
<b>Ordinary resolution 5:</b> Insured value of property			
<b>Special resolution 1:</b> Non-executive Directors' fees (R8,000)			

Signed at ..... this ..... day of ..... 2024

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 13h00 on Tuesday, 17 September 2024.**

# Cabana Beach Share Block Proprietary Limited

Statement of Directors' Responsibility for the Year Ended 31 December 2023

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 24 have been prepared in accordance with the IFRS for SMEs Accounting Standard 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 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 24 were approved by the Directors on 9 May 2024 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 2023, 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 2023

The Audit Committee has pleasure in submitting this report as required by Section 94 of the South African Companies Act 71, of 2008 ("Companies Act"). 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, attend and report to the meetings of the Audit Committee. Relevant senior managers attend the meeting by invitation.

## 4. Duties of the Audit Committee

The work of the Audit Committee during the year focusses 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 Companies Act and any other legislation relating to the appointment of auditors;
- 4.3 approving external 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 prospective accounting standards' changes;
- 4.6 evaluating financial reporting procedures;
- 4.7 reviewing and recommending to the Board for approval, the annual financial statements;
- 4.8 assessing 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 is satisfied that the external auditors are independent of the Company, as set out in Section 94(8) of the Companies Act and that requisite assurance is provided by the auditors that internal governance processes within the audit firm both support and demonstrate its claim to independence.



AB Ramsarup  
Chairman  
9 May 2024

# 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’s responsibilities include monitoring the Company’s activities with regards to: social and economic development; good corporate citizenship; environmental health and public safety; consumer relations; as well as labour and employment.

## Social and economic development

The Committee endeavours to assist various initiatives and outreach programmes in its local community. The 2023 year enjoyed in some exciting initiatives incorporated in the celebratory 50-days for 50-years of the resort being operational.

The Committee continues to focus on the following:

### Youth:

- The staff of Cabana Beach Resort visited the Phumula Children’s Home in Welbedacht, Chatsworth, that looks after abandoned, homeless or orphaned children. As part of the resort’s 50th birthday celebration, the children were provided a lunch and treats, and toys were donated;
- First-year hospitality students from Walter Sisulu University were hosted to experience a site visit of the resort. The students engaged with various staff members for better understanding of how the property was operated and some of the duties involved;
- “Dreamers” through the Reach For A Dream Foundation were hosted for a special 1-night stay at the resort and they were able to fulfil their dream of visiting the beach;
- In collaboration with the Wimpy tenant, the resort once again partnered with the uMhlanga Rocks Surf Lifesaving Club (“Rox”) in the Swimanda Programme. Since 2021, the programme has provided local children from townships around uMhlanga an opportunity to learn about water safety and the basics of how to swim. Every Saturday morning over a 3-month period qualified lifeguards provide practical theory lessons and swimming sessions to improve knowledge on water safety and confidence around water both in a swimming pool and at the beach. The programme has proven hugely successful.

### Aged:

- In addition to the ongoing support and supplies donated to various other organisations, the Committee this year included assistance for the St Jude Retirement Home that provides home-based care, equipment, and clinical services to the elderly with minimal to no financial or physical support.

### Abused/abandoned animals:

- The Committee continued its support of the Feral Cat Association by contributing a monthly food donation; providing a storage and rehabilitation room; as well as homing 8 stray cats at the resort through a rehabilitation programme. The onsite cats are very popular amongst many of our long-standing guests and three Tabby cats were officially adopted by the resort in 2020;
- Two Terrapin turtles were rescued and adopted by the resort towards the end of 2022 and continue to live happily in the duck pond area. They are also a popular attraction; and
- A Macaw parrot called Daisy was donated to the resort in 2022. She lives happily with the two other parrots Polly and Twiggles. As part of the resort’s 50th birthday celebration, Polly was celebrated for turning 24 years old and for being looked after at the resort since 1999.

### Environment:

- Environmental initiatives received focus with both staff members and guests taking part in weekly beach clean-up events and garden walks, as well as celebrating annual events such as Arbor Week, World Oceans Day and Earth Hour, to name but a few. Guest activities were adapted around environmental initiatives such as: borehole and municipal water tasting comparatives on World Water Day; a trip to the Mangrove Forest on World Wetlands Day and others.

### Corporate citizenship - CSI/sustainability

The Committee has strong regard for corporate citizenship that highlights its social, cultural, environmental responsibility and sustainability. Local Corporate Social Investment (“CSI”) initiatives are not only supported through donations of time and written-off operating equipment, but through training and guidance to support the various initiatives and help them to better sustain themselves. Some initiatives included the CANSA Shavathon, Reach For A Dream’s Slipper Day, Mandela Day and Flip Flop Friday in support of Childhood Cancer Foundation South Africa (“CHOC”). These commemorated days received participation from staff, tenants of the resort and guests, with many staff members donating their personal time and resources to help raise funds for initiatives close to their hearts.

### Environmental health and public safety

The Committee ensures that the resort’s consumption of energy and water, and waste programmes are effective and that they contribute towards a goal of sustainability. The resort has recorded great savings in water and electricity consumption as well as the relative financial costs over the year, mainly through improved management and more influence on routine processes, use of equipment and close monitoring of the live tracking system. Any deviation from the set targets is immediately addressed by the management team. Many energy-saving initiatives already in place and the sinking of the borehole has contributed immensely to the savings.

# Cabana Beach Share Block Proprietary Limited

## Report of the Social and Ethics Committee

The resort's waste management programme is tracked by Don't Waste Services through an online system. With initial waste separation and recycling being of key importance, guests and staff are continuously reminded and encouraged to follow better environmental practices and to positively contribute towards the recycling process whilst on the property. On behalf of the Committee, I am very proud of the achievements made in waste management, stemming from the ethos of first reduce, then reuse, and only then recycle.

The organisational resilience management system ("ORMS"), implemented by the Southern Sun Group through 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 of each on the business. The team at the resort continue to excel in these audits.

### Guest relations and correspondence

Guest feedback is of utmost importance. Guest feedback is closely monitored through various social media platforms such as Facebook, Google reviews and TripAdvisor and the electronic guest satisfaction surveys are responded to daily.

Cabana Beach Resort received the Tripadvisor's Travellers' Choice Award and the RCI Gold Crown Award for 2023 and was a finalist in the Best Of Durban Readers' Choice Award. Cabana Beach Resort proudly maintains a 4-star rating through the Tourism Grading Council of South Africa.

### Labour, employment relations, training and BBBEE

Cabana Beach Resort complies with the Labour Relations Act of South Africa. The employees are regarded as the most valued asset, and there is a sustained effort in training and developing each staff member. The training programme offered by 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 personal 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 ongoing use of platforms such as Microsoft Office Teams and Zoom have 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 and it holds a Level One BBBEE contribution certificate for the year.

### Strategic plans

- A few years ago, the Company submitted a legal objection against the eThekweni Municipality for imposing a category change on the property, thereby enforcing a much higher rates value. The municipality changed Cabana Beach's property rating from residential to commercial and the process has been ongoing;
- The much-anticipated major rooms refurbishment project rolled out phase 1 in 2023 to include the units and passages. The entire project of approximately R168m, is scheduled over a 2-year period and due to the noise, interference and construction work implications, 2 closure periods will be executed. Phase 1 of the closure was from 14 January 2023 to 25 March 2023 and phase 2 is scheduled for 27 July 2024 to 18 October 2024. This has been communicated to all shareholders affected by the closure; and
- Other major projects completed during 2023 included: completion of the painting and spalling works to the sea-facing side of the building; resurfacing of the open parking area; fencing of the parking area with clear vu fencing; and converting a tennis court to a new padel and pickleball court.

### 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 on the Committee and act as chair.

The Committee meets twice a year and holds comprehensive meetings, adequately discussing its various responsibilities. All Board members are welcome to attend the meetings and staff members greatly assist the Committee wherever possible.



**Wayne Smith**  
Chairman

# Cabana Beach Share Block Proprietary Limited

Report of the Directors for the Year ended 31 December 2023

The Directors present their annual report of the Company for the year ended 31 December 2023.

## 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 that 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 annually against this amount. Before providing for property, plant and equipment additions and replacements, a surplus of R21,772,340 (2022: R20,291,575) was transferred to the reserve for property, plant and equipment.

No dividends have been declared during the year and none are recommended (2022: 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 *	(Alternate: RN Dickson - Appointed 15 February 2024)
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:

<b>Business:</b>	<b>Postal:</b>
Nelson Mandela Square	Private Bag X200
4th Floor, South Tower	Bryanston
Corner 5th and Maude Streets	2021
Sandton	
2196	

# Cabana Beach Share Block Proprietary Limited

Report of the Directors for the Year Ended 31 December 2023

## **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 significantly affect the financial position of the Company or the results of its operations.

# Cabana Beach Share Block Proprietary Limited

Report of the Independent Auditors

**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 24, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the 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 2023, and its financial performance and cash flows for the year then ended in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board 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 Report for the yearended 31 December 2023", which includes the Declaration by the Company Secretary, Report of the Audit Committee, Report of the Social and Ethics Committee and the Directors' Report 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 the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board 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.

# Cabana Beach Share Block Proprietary Limited

Report of the Independent Auditors

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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  
Registered Auditor

21 August 2024

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 2023

	Note	2023 R	2022 R
<b>Income</b>		<b>82 940 925</b>	<b>81 593 049</b>
Levy income		78 681 148	76 509 808
Other income		4 259 777	5 083 241
<b>Expenses</b>		<b>(64 385 074)</b>	<b>(64 732 999)</b>
Levy surplus before interest and taxation	3	18 555 851	16 860 050
<b>Finance income</b>	4	<b>4 661 873</b>	<b>5 174 103</b>
Levy surplus before taxation		23 217 724	22 034 153
<b>Income tax expense</b>	5	<b>(1 445 384)</b>	<b>(1 742 578)</b>
<b>Levy surplus for the year</b>		<b>21 772 340</b>	<b>20 291 575</b>



# Cabana Beach Share Block Proprietary Limited

Statement of Financial Position as at 31 December 2023

	Note	2023 R	2022 R
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	6	17 682 967	30 690 063
Levies receivable	10	1 710 383	2 235 120
Fixed deposits held with bank	11	47 000 000	82 000 000
Cash and cash equivalents	12	5 256 882	1 470 878
<b>Total current assets</b>		<b>71 650 232</b>	<b>116 396 061</b>
<b>Total assets</b>		<b>71 650 232</b>	<b>116 396 061</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	9	400 000	400 000
Reserve for property, plant and equipment	7	28 568 588	79 687 369
<b>Total equity</b>		<b>28 968 588</b>	<b>80 087 369</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	17 057 000	10 064 573
Levies received in advance	13	24 179 260	24 519 699
Current tax liabilities		1 445 384	1 724 420
<b>Total current liabilities</b>		<b>42 681 644</b>	<b>36 308 692</b>
<b>Total liabilities</b>		<b>42 681 644</b>	<b>36 308 692</b>
<b>Total equity and liabilities</b>		<b>71 650 232</b>	<b>116 396 061</b>

## Statement of Changes in Equity for the Year Ended 31 December 2023

	Note	2023 R	2022 R
<b>Share capital</b>			
Ordinary shares at the beginning of the year and at year-end	9	400 000	400 000
<b>Reserve for property, plant and equipment</b>			
At the beginning of the year		79 687 369	77 320 659
Levy surplus for the year		21 772 340	20 291 575
Property, plant and equipment additions and replacements during the year	7	(72 891 121)	(17 924 865)
At year-end		<b>28 568 588</b>	<b>79 687 369</b>

# Cabana Beach Share Block Proprietary Limited

Statement of Cash Flows for the Year Ended 31 December 2023

	2023 R	2022 R
<b>Cash flow from operating activities</b>		
Levy surplus before taxation	23 217 724	22 034 153
Adjustments for		
Interest received	(4 661 873)	(5 174 103)
Net surplus before working capital changes	18 555 851	16 860 050
Changes in working capital		
Movement in levies receivable	524 737	921 086
Movement in trade and other receivables	13 007 096	(17 203 376)
Movement in levies received in advance	(340 439)	(297 970)
Movement in trade and other payables	6 992 427	(534 920)
Cash flows from operating activities	38 739 672	(255 130)
Interest received	4 661 873	5 174 103
Tax paid	(1 724 420)	(3 075 214)
Net cash inflow from operating activities	41 677 125	1 843 759
<b>Cash flow from investing activities</b>		
Property, plant and equipment additions and replacements	(72 891 121)	(17 924 865)
Movement in fixed deposits held with bank	35 000 000	14 000 000
Net cash outflow from investing activities	(37 891 121)	(3 924 865)
<b>Net movement in cash and cash equivalents</b>	3 786 004	(2 081 106)
Cash and cash equivalents at the beginning of the year	1 470 878	3 551 984
Cash and cash equivalents at year-end	5 256 882	1 470 878

# Cabana Beach Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2023

## 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 IFRS for SMEs Accounting Standard 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 SMEs Accounting Standard 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 assumptions 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 the 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 any 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 2023

## 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 the 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 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 2023

## 2 Financial risk management (continued)

### Credit risk

Credit risk arises from bank balances and amounts due by 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 2023

	2023 R	2022 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	13 417 121	14 095 352
Contributions to retirement funds	750 734	506 722
Management fees	4 006 980	3 750 098
Audit fees	298 019	223 186
Professional and legal fees	1 489	148 649
Other operating expenses	45 910 731	46 008 992
	<b>64 385 074</b>	<b>64 732 999</b>
<b>4 Finance income</b>		
Interest income earned on fixed deposits, call deposits and current account	4 661 873	5 174 103
<b>5 Income tax expense</b>		
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	1 445 384	1 724 422
Prior year under provision	-	18 156
	<b>1 445 384</b>	<b>1 742 578</b>
A reconciliation of the taxation charge is not considered appropriate as share block companies are only liable for taxation on the Company's net non-levy income.		
<b>6 Trade and other receivables</b>		
Trade receivables (refer note 15)	697 644	313 533
Other receivables (refer note 15)	1 187 152	1 144 535
Interest receivable	645 917	1 684 249
Prepayments (refer note 15)	15 152 254	27 547 746
	<b>17 682 967</b>	<b>30 690 063</b>
<b>7 Reserve for property, plant and equipment</b>		
At the beginning of the year	79 687 369	77 320 659
Levy surplus for the year	21 772 340	20 291 575
	<b>101 459 709</b>	<b>97 612 234</b>
Property, plant and equipment additions and replacements during the year	(72 891 121)	(17 924 865)
At year-end	<b>28 568 588</b>	<b>79 687 369</b>

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 R65,555,252 for 2024 (2022: budgeted capital expenditure of R68,154,180 for 2023) which is anticipated to decrease the budgeted reserve fund by R44,473,582 (2022: budgeted reserve fund decrease by R45,075,750 for 2023). There were capital commitments made for R95,228 at year-end (2022: R26,981,878).

# Cabana Beach Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2023

	2023 R	2022 R
<b>8 Trade and other payables</b>		
Trade payables (refer note 15)	9 187 553	1 922 280
Other payables		
Accruals (refer note 15)	2 994 952	3 446 977
Provision for auditor's remuneration	233 724	219 872
SARS - Vat	2 667 034	150 751
Sundry payables (refer note 15)	1 973 737	4 324 693
	<b>17 057 000</b>	<b>10 064 573</b>
<b>9 Share capital</b>		
<b>Authorised and issued</b>		
40,000,000 Class "A" ordinary shares of 1 cent each	<b>400 000</b>	<b>400 000</b>
<b>10 Levies receivable</b>		
Levy debtors	1 680 683	1 583 806
Repossessed debtors	33 691	875 603
Provision for repossessed debtors	(3 991)	(224 289)
Opening balance	(224 289)	(288 950)
Movement	220 298	64 661
	<b>1 710 383</b>	<b>2 235 120</b>
<b>11 Fixed deposits held with bank</b>		
Fixed deposits held with bank	<b>47 000 000</b>	<b>82 000 000</b>
<b>12 Cash and cash equivalents</b>		
Bank balances	5 248 282	1 368 567
Cash on hand	8 600	102 311
	<b>5 256 882</b>	<b>1 470 878</b>
<b>13 Levies received in advance</b>		
Levies received in advance	<b>24 179 260</b>	<b>24 519 699</b>

Shareholders are billed 12 months in advance. 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.

# Cabana Beach Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2023

	2023 R	2022 R
<b>14 Property, plant and equipment (continued)</b>		
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 that is considered to be of no value. The property is currently valued by the municipality at R372,500,000 for rates purposes. There are no bonds on the property.		
<b>15 Related party transactions</b>		
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	48 029	278 076
Rental pool	402 946	365 144
Management fee	4 006 980	3 750 098
Central accounting and levy collection fees	3 408 669	3 190 144
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	2 476 645	2 574 709
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	(84 540)	(125 863)
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	(63 238)	(45 339)
Secretarial fees on repossessed debtors - SRMS	89 478	86 661
During the financial year the Company paid the following fees to SunSwop (a division of SSHI), that is affiliated to RCI:		
Fees for points on weeks affected by the Covid-19 pandemic	-	(10 030)
During the year, the Company concluded 2 bulk deals with SunSwop, selling repossessed weeks in order to reduce the number of repossessed weeks and to secure future levy collection. Sunswop purchased 102 repossessed weeks from the Company for R875,060 and 63 repossessed weeks from the Company for R594,781 (2022: purchased 107 repossessed weeks from the Company for R1,271,580).		



# Cabana Beach Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2023

	2023 R	2022 R	
<b>15 Related party transactions (continued)</b>			
During the financial year the Company paid the following SSHI internal charges:			
Administration - Information technology, tenanting, industrial relations, training, etc	946 065	677 981	
Training related	13 276	33 160	
Frequent guest loyalty program	12 525	5 804	
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 that include insurance, certain maintenance and operating lease contracts are recovered from the Company via a loan account.			
Due (to)/by SSHI and its subsidiaries:			
Included in trade receivables (refer note 6)	-	4 550	
Included in prepayments (refer note 6)	855 137	685 634	
Included in other receivables (refer note 6)	104 920	93 978	
Included in trade payables (refer note 8)	(2 713 599)	-	
Included in sundry payables (refer note 8)	-	(2 314 716)	
	<b>(1 753 542)</b>	<b>(1 530 554)</b>	
Balances due (to)/by the following entities, related through common directorship, are as follows:			
Umhlanga Sands Share Block Proprietary Limited - included in sundry payables (refer note 8)	<b>(28 091)</b>	-	
The Company received rental income from SST for the letting of office space:			
Rental income - SST	<b>(158 598)</b>	(146 717)	
SSHI owns weeks in the Company as follows:			
	<b>Number of weeks</b>	<b>Levies paid</b>	<b>Levies received in advance</b>
		<b>R</b>	<b>R</b>
SunSwop (a division of SSHI) - 2023 shareholding	411	2 127 080	353 520
SunSwop (a division of SSHI) - 2022 shareholding	248	1 099 670	151 410
The following entities, related through common directorship, own weeks in the Company as follows:			
<b>2023 - shareholding</b>			
AL Faulds - Dream Vacation Club	596	4 602 050	922 840
AB Ramsarup - The Leisure Holiday Club	163	1 215 120	461 020
AN Ridl - Club Leisure Group	676	5 166 510	2 017 320
<b>2022 - shareholding</b>			
AL Faulds - Dream Vacation Club	597	4 434 220	575 450
AB Ramsarup - The Leisure Holiday Club	163	1 140 810	428 340
AN Ridl - Club Leisure Group	681	4 937 560	1 726 190

# Cabana Beach Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2023

	2023 R	2022 R
<b>16 Directors' emoluments</b>		
For their services to the Company, the Directors have been remunerated an agreed upon fee per meeting attended and 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 negligence, default, breach of duty or breach of trust.		
Directors' emoluments paid for the year:		
AL Faulds	32 000	32 000
WH Liebenberg	32 000	32 000
RA More	32 000	32 000
AB Ramsarup	32 000	32 000
AN Ridl	32 000	32 000
JPF van Rooyen	32 000	32 000
JL Weihmann	32 000	32 000
	<b>224 000</b>	<b>224 000</b>

# 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 2023

	2023 R	2022 R
<b>INCOME</b>		
Levies	78 681 148	76 509 808
Rental pool	688 150	519 385
Short-term rentals	382 772	1 005 402
Proceeds on sale of capital assets	299 833	197 226
Net non-levy income		
- parking, telephone, rentals and penalties, etc	2 889 022	3 361 228
	<b>82 940 925</b>	<b>81 593 049</b>
<b>EXPENDITURE</b>		
<b>Rooms expenses</b>		
Guest entertainment and DSTV	2 627 274	2 724 600
Guest supplies	1 006 791	1 171 079
Laundry	2 785 123	3 130 218
Personnel costs - outside services	6 645 978	7 379 247
Pest control	42 644	37 693
Plants and decorations	2 490	18 336
Printing and stationery, including reception	374 451	427 086
Rental expense - equipment and other - storage boxes	22 031	-
Replacement of cutlery, crockery, linen, towels, uniforms, etc	932 806	1 041 111
Security and banking services	2 779 725	2 688 882
	<b>17 219 313</b>	<b>18 618 252</b>
<b>Administration and general</b>		
Audit fees		
- current year	298 019	223 186
Bank charges	22 379	22 630
Central accounting and levy collection fees	3 408 669	3 190 144
Corporate social initiatives	38 978	44 547
Credit card commission	274 022	247 908
Directors' emoluments	224 000	224 000
Information technology costs	1 587 555	1 317 819
Insurance		
- premium	1 311 843	1 173 333
Legal fees	(27 300)	118 708
Licences and permits	240 405	85 418
Loss on repossessed debtors	169 418	403 537
Marketing	174 266	38 720
Postage	2 904	2 761
Professional fees	28 789	29 941
Provision for repossessed debtors	(220 298)	(64 661)
Railage, cartage and hire transport	8 678	7 668
Security - banking services		
Subscriptions	142 895	654 554
SunSwop exchange service	-	(10 030)
Telephone	45 189	66 830
Travel - management and Directors	49 276	54 497
Vehicles - fuel and oil	50 865	38 875
	<b>7 830 552</b>	<b>7 870 385</b>

# 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 2023

	2023 R	2022 R
<b>Electricity, water and refuse</b>		
Electric bulbs	9 394	29 081
Electricity	4 259 605	4 755 684
Generator fuel	1 056 061	244 406
Refuse	322 472	270 650
Water	675 743	649 350
	<b>6 323 275</b>	<b>5 949 171</b>
<b>Repairs and maintenance</b>		
Air-conditioning	54 726	83 805
Buildings and elevators	471 310	519 357
Electrical and mechanical	314 862	279 869
Tools	5 702	15 459
Furniture, fixtures and vingcard	166 792	227 984
Gardens and grounds	629 767	589 981
Major repairs and maintenance	406 079	664 934
Office machines - maintenance contracts	11 375	17 928
Painting and redecorating	66 992	165 945
Plumbing and heating	154 740	180 845
Radio and TV	-	6 046
Room care	75 985	109 071
Swimming pool cleaning and repairs	56 908	103 113
Switchboard	-	3 835
Vehicles	2 157	1 977
	<b>2 417 395</b>	<b>2 970 149</b>
<b>Capital charges</b>		
Municipal rates and sewerage	12 419 704	10 972 870
	<b>12 419 704</b>	<b>10 972 870</b>
<b>Personnel costs</b>		
Rooms	7 720 045	7 901 422
Administration and general	3 819 890	4 074 530
Repairs and maintenance	2 627 920	2 626 122
	<b>14 167 855</b>	<b>14 602 074</b>
<b>Management fee</b>	<b>4 006 980</b>	<b>3 750 098</b>
<b>Total expenditure</b>	<b>64 385 074</b>	<b>64 732 999</b>
Excess of income over expenditure before finance cost and taxation	<b>18 555 851</b>	<b>16 860 050</b>
<b>Finance income</b>		
Interest income	<b>4 661 873</b>	<b>5 174 103</b>
Excess of income over expenditure before taxation	<b>23 217 724</b>	<b>22 034 153</b>
<b>Taxation</b>		
Current year	<b>1 445 384</b>	<b>1 724 422</b>
Prior year under provision	-	18 156
	<b>1 445 384</b>	<b>1 742 578</b>
Excess of income over expenditure after taxation for the year transferred to reserve for property, plant and equipment	<b>21 772 340</b>	<b>20 291 575</b>

# Cabana Beach Share Block Proprietary Limited

## MINUTES OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS FOR THE YEAR ENDED 31 DECEMBER 2022 HELD ON WEDNESDAY 13 SEPTEMBER 2023 AT 13H31 AT UMHLANGA SANDS RESORT UMHLANGA

### 1 WELCOME AND PREAMBLE

The Chairman of the Company Mr William ("Bill") Liebenberg welcomed all present, in person and online through the Microsoft Office Teams platform, to the 2022 Annual General Meeting ("AGM") of Cabana Beach Share Block. He introduced his fellow Directors: Ms Anthea Faulds; Mr Robert More; Mr Ajith Ramsarup; Mr Anthony Ridl; Mr Johannes ("John") van Rooyen; and Mr Jacob ("Jaco") Weihmann. He noted that members of senior management, the company secretariat team, and an audit firm representative was also present.

### 2 QUORUM

A number of shareholders had tendered their apologies for the meeting and had submitted their forms of proxy for voting purposes. The Chairman noted that 5,182,817 ordinary shares were represented in person and by proxy at the start of this meeting and that this constituted a quorum of 12.96% of the Company's issued share capital. With the required quorum being present, being at least 3 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 consented that the notice of meeting dated 10 May 2023 be and is hereby taken as read.

### 4 VOTING

The Chairman informed the meeting that voting on the resolutions would be conducted 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 60% of total votes exercised must be in favour of a special resolution.

### 5 ADOPTION OF ANNUAL FINANCIAL STATEMENTS AND REPORTS

#### ORDINARY RESOLUTION 1

Ordinary resolution 1 as set out in the notice convening the meeting, related 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 2022. No questions or comments were recorded, and it was unanimously RESOLVED that the Annual Financial Statements for the year ended 31 December 2022 be and are hereby adopted.

### 6 APPOINTMENT OF AUDITORS - BDO SOUTH AFRICA INCORPORATED ("BDO")

#### ORDINARY RESOLUTION 2

Ordinary resolution 2 related to the appointment of BDO as the independent auditors of the Company until conclusion of the next AGM of the Company. It was unanimously RESOLVED that BDO be and is hereby appointed as the independent auditors of the Company.

### 7 DIRECTORS

In terms of the Company's Memorandum of Incorporation ("MOI") the Board was limited to no more than 7 Directors. The Directors who retired at this meeting were however, eligible and available for re-election. No additional nominations had been received to date and no nominations were taken from the floor.

The Chairman proposed that the meeting take ordinary resolution 3.1 to 3.7, as outlined in the notice of this AGM in the annual report, as read and recommended that the meeting vote for all the eligible Directors en bloc. There were no objections to the proposal or to the election of any of the Directors. It was unanimously RESOLVED that Ms Anthea Faulds; Mr William Liebenberg; Mr Robert More; Mr Ajith Ramsarup; Mr Anthony Ridl; Mr John van Rooyen; and Mr Jaco Weihmann be and are hereby elected a Director of the Company.

# Cabana Beach Share Block Proprietary Limited

## 8 APPOINTMENT OF AUDIT COMMITTEE

In terms of the Company's MOI, the Company was required at each AGM to appoint an Audit Committee comprising at least 3 members.

### 8.1 ORDINARY RESOLUTION 4.1

Ordinary resolution 4.1 related to the appointment of Ms Anthea Faulds as a member of the Company's Audit Committee. It was unanimously RESOLVED that Ms Faulds be and is hereby appointed as a member of the Company's Audit Committee.

### 8.2 ORDINARY RESOLUTION 4.2

Ordinary resolution 4.2 related to the appointment of Mr Ajith Ramsarup as a member of the Company's Audit Committee. It was unanimously RESOLVED that Mr Ramsarup be and is hereby appointed as a member of the Company's Audit Committee.

### 8.3 ORDINARY RESOLUTION 4.3

Ordinary resolution 4.3 related to the appointment of Mr Anthony Ridl as a member of the Company's Audit Committee. It was unanimously RESOLVED that Mr Ridl be and is hereby appointed 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 R863,122,336 (Buildings valued at R751,779,587 and furniture, fittings and equipment valued at R111,342,749). It was unanimously RESOLVED that the insured value of the property be and is hereby approved at R863,122,336.

## 10 NON-EXECUTIVE DIRECTORS' FEES

### SPECIAL RESOLUTION 1

Special resolution 1 related to the approval of the fees payable to non-executive Directors for their services as a Director. The Chairman advised that Directors' fees had not increased for the past 4 years and was not recommended for increase for the year ahead. 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, per meeting or cluster of meetings in respect of the period from 14 September 2023 until the next AGM of the Company, be and is hereby approved.

## 11 OTHER BUSINESS

### 11.1 SHAREHOLDERS' CORRESPONDENCE

Mr Wayne Smith, the general manager of the resort, read out shareholders' correspondence that had been received prior to the meeting. A shareholder had raised three items for discussion that included:

- potential removal of the two large trees located in front of the Beachfront Cabana units;
- the offering of the entertainment team; and
- traffic calming measures and a possible walkway to the new shopping mall.

The Board had met prior to this AGM and wished to record that the trees had been in place since the building was built and that they were iconic features to the resort. Consensus however, was that the landscaping team would be consulted to confirm that the large trees were healthy and structurally sound. If they were in a good state, they would not be cut or removed. The Board noted the comment regarding the entertainment team and mandated management to monitor the offering and service provided. In respect of the road towards the new Oceans Mall, the developer in collaboration with the traffic department would improve the road along Lagoon Drive and would include the necessary traffic calming measures, as well as creating a double lane road with an island in the middle. Mr Smith stated that a skywalk facility from the resort to the mall would not be possible as the costs would be extreme. Management would revert to the shareholder on his correspondence and suggestions.

# Cabana Beach Share Block Proprietary Limited

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

Together with photographic evidence, Mr Smith presented an overview of the following achievements and results during the 2022 year:

- Total occupancy: 86.3%;
- Phase 1 of rooms refurbishment: 103 units completed in 2023;
- Phase 2 of rooms refurbishment: 27 July 2024 to 18 October 2024;
- 2024/2025 levy increment: 7.6%;
- Electrical and water consumption results:
- Tourism Grading: Awarded 4-Stars;
- RCI: Awarded Gold Crown status;
- BBBEE status: Level One Contributor;
- Compliance in comprehensive Southern Sun procurement policies;
- Training and development of staff members;
- Organisational Resilience Management Services ("ORMS") audit: 99.1%;
- Energy and water consumption;
- Total recyclable waste: 62%;
- Landscape audit: 90%;
- Guest feedback: GuestRevu, Tripadvisor and Google; and
- Access control bands: implemented for safety and security purposes.

Corporate social investment ("CSI") included:

- Weekly beach clean-ups;
- Participation in fundraising for Childhood Cancer Foundation South Africa ("CHOC");
- Participation in Earth Hour;
- Parkgate Primary School: support in the reading programme and donation of old linen;
- Ethelbert Children's Home: Work experience on Nelson Mandela Day;
- Open Air School: Spelling and reading initiatives;
- Swimanda Rox Swimming Academy: support of water safety awareness and swimming lessons at the resort for the local community and staff;
- DEO Care Retirement Home – donation of linen;
- Feral Cat Foundation – homing of cats/birds;
- Rehabilitation of animals – black swans;
- Adoption of Animals – Macaw;
- Celebration of various National Environmental Days; and
- Environmental Initiatives: World Wetlands Day, World Oceans Day, World Water Day, Earth Hour and Plant a Flower Week.

Mr Smith shared that the resort's new deputy general manager was Ms Samashni Maduray who had been promoted from guest services manager and she in turn, had been replaced by Ms Thabile Zikalala from Golden Horse Casino Hotel. The previous deputy general manager Ms Louise Otto, had been promoted to general manager of Beacon Island Resort in Plettenberg Bay. Another internal promotion within the team was Mr Sakhiseni Buthelezi, from guest services.

New activities at the property included a garden walk-about each week. Guests would learn more about the gardens and the variety of plants growing in it; animals on the property; the bug hotel/bee hive in the top forest; about the borehole and the volume of water generated each day; as well as the recycling station and how waste was separated for recycling.

Property upgrades and improvements included:

- Re-tarring of top open parking area;
- Opening of Ripple Café at the adult swimming pool;
- Refurbishment of public areas;
- Passage connecting the Lounge space with the very popular braai area;
- Refurbishment of rooms – phase 1;
- Painting and spalling works;
- Draining of family swimming pool;

Mr Smith presented photographic slides of the newly refurbished unit types, that consisted of Beachfront Cabana units, first floor and second floor units. The units looked fantastic and feedback had been very complimentary. The final refurbishment phase would be completed between 27 July 2024 and 18 October 2024. Communication had been circulated to shareholders affected by the closure period for Week 30 to Week 41, inclusive.

# Cabana Beach Share Block Proprietary Limited

Other updates over the past year referred to:

- KZN floods - While there was nationwide devastation, the property only suffered minor damage and had recovered well;
- Oceans development - The hotel, commercial offices and mall was operating;
- Havaan Forest boardwalk – The walkway was completed with a coffee shop situated along the walk;
- uMhlanga taxi rank - a temporary taxi rank was created behind the Oceans development. Lagoon Drive would soon have two lanes in either direction for better traffic flow. The road now flowed past the resort with vehicles turning at the next circle to enter at the resort's driveway.

Mr Smith very proudly mentioned that a tennis court had recently been converted to both a pickleball and padel court which was a fantastic addition to the facilities. He added that the property was celebrating its 50th anniversary in 2023 with many activities taking place.

## 12 CLOSURE

The Chairman recorded appreciation for what the resort's management team and the managing agent of the Southern Sun Group was doing for the share block and shareholders.

There being no further business, the Chairman thanked all for attending and declared the meeting closed at 14h00.



Chairman

15 November 2023

Date





