

# Beacon Island Share Block Proprietary Limited

Registration No. 1983/005957/07

## Annual Report

for the year ended 31 December 2021



**Beacon Island Share Block Proprietary Limited**  
**Annual Financial Statements**  
for the year ended 31 December 2021

**COMPANY INFORMATION**

Registration number: 1983/005957/07  
Registered address: Palazzo Towers West  
Montecasino Boulevard  
Fourways  
2055  
Postal address: Private Bag X200  
Bryanston  
2021

**CONTENTS** **PAGES**

**Chairman's Annual Review** **2 – 3**

**Notice of Meeting** **4**

**Form of Proxy** **5**

- Statement of Directors' Responsibility 6
- Declaration by the Company Secretary 6
- Report of the Audit Committee 7
- Report of the Social and Ethics Committee 8 - 9
- Report of the Directors 10 - 11
- Report of the Independent Auditors 12 - 13
- Statement of Comprehensive Income 14
- Statement of Financial Position 15
- Statement of Changes in Equity 15
- Statement of Cash Flows 16
- Notes to the Annual Financial Statements 17 - 24

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

- Detailed Levy Fund Operating Statement 25 - 26

**Minutes of the Previous Annual General Meeting** **27 - 30**

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 Beacon Island Share Block Proprietary Limited, supervised the preparation of the annual financial statements.

# Beacon Island Share Block Proprietary Limited

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

"Life" as we knew it, slowly returned to "normal" in 2021, but lockdown level adjustments continued to make travellers wary as the various levels determined whether beaches would be opened or closed, restaurant operating times, as well as restrictions on the sale of liquor and travel. The impact of the Coronavirus ("Covid-19") pandemic saw the already battered and bruised hospitality and tourism industry continue to struggle for survival.

Local timeshare resorts in general were fortunate in that business recovered quicker than the rest of the hospitality industry, with occupancy achieved almost back to 2019 levels. The international travel ban did have a positive impact of sorts, as locals keen on travelling set out to explore our beautiful country, experiencing new and wonderful destinations.

Improvement of facilities during the year included the Cascade floor with new floor tiles and wall art, a brand-new kiddies Xscape play area and teenager lounge. We also renovated the indoor pool area including the ventilation system, upgraded the steam room, relocated the gym, upgraded the pool bar and obtained a new entertainment stage.

## Human resources

Our iconic building and world class facilities require a high standard of service. This brings me to the staff at Beacon Island resort: Travel restrictions might have prevented training facilitators from visiting the resort, but the introduction of online webinars ensured that staff members continued to learn and develop, thus still contributing to the skills base and socio-economic growth of our local community and to maintain our guests' experience at the resort.

## Occupancy

Despite travel restrictions, I am thrilled to report that the average occupancy for 2021 recorded a phenomenal 82.5%. This was slightly higher than the 80.4% achieved in the previous year and only 4.4% down on the 2019 occupancy of 86.9%.

The statement of comprehensive income for the year ended 31 December 2021 reflects total income, including net finance income of R51.277m (2020: R49.775m) and total expenditure of R39.778m (2020: R29.854m). The levy surplus after taxation was R11.016m (2020: R19.273m) and has been transferred to the reserve for property, plant, and equipment. Below is a more detailed review of variances in income and expenditure:

## Income

Income, excluding interest received, increased by 4.4% year-on-year.

## Expenditure

Total expenditure increased year-on-year by 33.2%.

- **Rooms expenditure** increased by 78.3% due to the resort being fully operational compared to 2020;
- **Administration and general** expenditure decreased by 24.9% year-on-year. This decrease is primarily due to fees paid for points on weeks owned by shareholders who were affected by the closure of the resort during weeks 13 to 34 in 2020;
- **Electricity, water and refuse** expenditure increased by 106.6% due to the resort being fully operational compared to 2020;
- **Repairs and maintenance** expenditure increased year-on-year by 75.2% mainly due to the resort being fully operational; and
- **Corporate charges** expenditure decreased by 1.1%. This was due to more shareholders opting to receive their annual financial statements in an electronic format as opposed to a printed copy via postage. The steady decrease in annual report and statutory costs is encouraging and welcomed.

# Beacon Island Share Block Proprietary Limited

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

## Statement of financial position

The statement of financial position on page 15, together with the related notes thereto, reflects the financial position of Beacon Island Share Block as of 31 December 2021. The reserve for the replacement of property, plant and equipment reflects a balance of R24.055m (2020: R31.958m) after transfer of the operating surplus for 2021 of R11.016m (2020: R19.273m) and capital expenditure costs of R18.919m (2020: R14.195m). Levies receivable decreased to R965k (2020: R1.487m). Levies received in advance increased to R20.675m (2020: R14.970m). I again thank each shareholder for continuing to meet his/her levy obligation by paying levies in advance.

Surplus funds have been invested for the benefit of all shareholders. Cash and cash equivalents decreased to R5.739m (2020: R18.678m) whilst fixed deposits increased to R41.5m (2020: R32m).

## Capital expenditure

The Company incurred capital expenditure of R18.919m (2020: R14.195m) in respect of the following major expenses:

	R
The fishbowl and cascades refurbishment	13.487m
Painting and spalling	3.23m
Purchase of a new vehicle	568k
Laundry and housekeeping upgrade	314k
Pool loungers	270k
IT refresh	198k

## Levy 2023

As is the case each year, levies for the following year will be approved in August and will be communicated to shareholders in due course. Your Board is acutely mindful of the current challenges posed by petrol price increases and load shedding. Due diligence, as always, is exercised to meet the resort's fiscal obligations while ensuring stable growth in the reserve fund for future maintenance and improvements.

## Vacation ownership association of Southern Africa ("VOASA")

Beacon Island resort continues to be a member of VOASA, the 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 organised manner. Our Director, Mr Anthony Ridl, represents the share block on the VOASA Board.

## Conclusion

I am extremely proud of and reassured by our resort's phenomenal performance in 2021. I thank my fellow Directors for their guidance, support and hard work over the past year. I am very fortunate to have such a capable Board of Directors, all of whom are dedicated to the best interests of our shareholders.

In closing, I encourage every shareholder to either attend the AGM on Monday, 19 September 2022 or to kindly complete the form of proxy enclosed in this annual report on page 5 should you be unable to attend.

I wish you all a safe and healthy year ahead.



A handwritten signature in black ink, appearing to read 'LM Hodes', written over a white background.

**LM Hodes**  
Chairman

Notice is hereby given to the shareholders of the Company that the Annual General Meeting ("AGM") of the Company will be held on **Monday, 19 September 2022 at 10h30 at Southern Sun The Cullinan, 1 Cullinan Street, Cape Town Waterfront**, 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**

In accordance with the Company's memorandum of incorporation ("MOI"), the number of Directors shall be no less than three (3) and no more than seven (7) and the longest serving Directors shall retire at an AGM. The longest serving Directors shall be those who have held office for three (3) successive AGMs excluding the meeting at which they are elected or re-elected, and including the third (3<sup>rd</sup>) meeting at which they shall automatically retire. By rotation, Mr Laurance Hodes, Ms Laurelle McDonald and Mr Anthony Ridl shall retire at this AGM. It would facilitate secretarial procedures if **nominations for the appointment of Directors be received by no later than 10h30 on Friday, 16 September 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 Mr Laurance Hodes 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 Ms Laurelle McDonald 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 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.

**4. Appointment of audit committee**

Ordinary resolution 4.1: Resolved as an ordinary resolution that Mr Gary Kaplan 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 Ms Laurelle McDonald 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. 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 18 September 2022. It is now resolved as a special resolution that the fees 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 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 South African 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 Tuesday, 20 September 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 12 September 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 10h30 on Friday, 16 September 2022. A form of proxy is enclosed on page 5 for this purpose.**

By order of the Board  
Southern Sun Secretarial Services Proprietary Limited  
16 May 2022

**Beacon Island Share Block Proprietary Limited**  
 Registration Number: 1983/005957/07  
 ("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.companyservices@southern.sun.com**

Form of proxy for use by shareholders at the annual general meeting ("AGM") of the Company to be held on **Monday, 19 September 2022 at 10h30 at Southern Sun The Cullinan, 1 Cullinan Street, Cape Town Waterfront.**

**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 abovementioned 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 2021			
<b>Ordinary Resolution 2:</b> Appointment of auditors			
<b>Ordinary Resolution 3:</b> Election of Directors			
3.1 Laurance Hodes			
3.2 Laurelle McDonald			
3.3 Anthony Ridl			
<b>Ordinary Resolution 4:</b> Appointment of audit committee			
4.1 Gary Kaplan			
4.2 Laurelle McDonald			
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 ..... 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 10h30 on Friday, 16 September 2022.**

# Beacon Island 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 Beacon Island Share Block Proprietary Limited. The annual financial statements presented on pages 14 to 24 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 controls. 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 to 13.

## Approval of annual financial statements

The annual financial statements set out on pages 14 to 24 were approved by the Board of Directors on 16 May 2022 and are signed by:



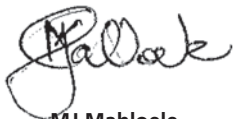
**LM Hodes**  
Chairman



**G Kaplan**  
Director (chairman - audit committee)

## Declaration by the company secretary

I hereby confirm in my capacity as company secretary of Beacon Island 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

# Beacon Island 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 Mr Gary Kaplan (Chairman), Ms Laurelle McDonald 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, 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.



G Kaplan  
Chairman  
16 May 2022



# Beacon Island Share Block Proprietary Limited

Report of the Social and Ethics Committee for the Year Ended 31 December 2021

The social and ethics committee ("the committee") of Beacon Island Share Block Proprietary Limited is a statutory committee governed by the South African Companies Act 71, of 2008, guided by King IV, and mandated to fulfil all other responsibilities assigned to it by the Board of Directors.

## Role of the committee

The committee serves to ensure that the resort complies with relevant laws and regulations, exercises corporate social responsibility and operates in line with the goals of the share block. Furthermore, the committee ensures that the resort manages its resources in a safe, legally compliant, sustainable and strategic way, and that it continues to build constructive relationships with stakeholders vital to its success: guests, employees, the community and wider society.

## Composition and functioning

The committee meets twice a year and comprises three non-executive Directors. I was appointed Chairman in 2021 and am supported by Ms Janine Pieterse and Mr John Van Rooyen. Other Directors are invited to participate in the meetings and the committee is whole-heartedly supported by the resort's staff.

## Activities of the committee

The committee provides direction, oversight and impetus to a variety of activities that worked to the good of the resort and its environmental and socio-economic framework. The energy that went into these activities, and the outstanding results achieved, demonstrate the commitment of the resort team.

## Environmental health and public safety

Environmental health and public safety are interlocked priorities in the committee's work. While focus is on energy, water and waste programmes, great focus was also on complying with the organisational resilience management system ("ORMS") that Southern Sun implements at all its properties.

The ORMS programme is a comprehensive planning, monitoring and auditing framework to ensure that the resort's core services and facilities are safe, compliant, robust and working well. It monitors numerous factors that routinely require attention in order to operate a resort, ranging from the safe working condition of the lifts and fire safety systems, to water quality, cleanliness, kitchen hygiene, security, and more. ORMS covers the bases in preventing and mitigating risks, and to ensure that back-up systems are in place when needed. Risk audits are thus essential, and I am pleased to note that the resort not only met, but surpassed its ORMS target by achieving an overall score of 95.25%. ORMS works together with environmental health in that resource efficiency is essential in both cases.

In terms of energy, an increase of 3% was recorded which is mainly attributed to increased occupancy, as well as a lower comparative year that suffered many restrictions due to the national Covid-19 lockdown. Initiatives include the switch-off-something ("SOS") programme, the use of operational timers, motion sensors, energy efficient lights and the installation of heat pumps. The resort continues to use its generator as a failsafe in the event of Eskom outages.

Water recorded an increase of 3.6% which is attributed to the same reasons as listed for energy. The reduction of water consumption remains a major priority when planning events and operating the resort. Initiatives are geared to maximise self-sufficiency and minimise impact on municipal water reserves ie harvesting and storage of rain water.

On the recycling front, I am proud to announce that the resort recycled 58% of its total waste generated by guests and the resort.

## Guest relations and correspondence

Guest relations is of paramount importance and the committee ensures that guest feedback is monitored and appropriately responded to by management on behalf of the Board.

The resort has once again been a top performer through Tripadvisor and won a 2021 Travellers' Choice Award for consistently receiving great reviews. The resort was also ranked within the top 10% of properties on Tripadvisor, in the Top Hotel category for South Africa.

## Labour, employment relations and BBBEE

Situated as it is in the rural coastland of the Garden Route, the resort is a prestigious, high-occupancy timeshare property of significance in the local economy. It is comparatively a big spending force in the Plettenberg Bay area and ranks amongst its largest employers with the majority of its labour force drawn from the surrounding communities.

Consequently, what the resort does in its labour engagements, along with its procurement practices, is take on heightened dual importance as this works to the benefit of the guest experience and the socio-economic development of the local communities. Strong emphasis is placed on buying goods and services that are local and sustainable, an approach which is BBBEE compliant and stimulates entrepreneurship in the area. Moreover, as noted in previous reports, employees are treated equally; the resort complies with the Labour Relations Act; is a BBBEE Level 3 contributor; and its management team builds positive relationships with its employees through effective communication and performance management.

# Beacon Island Share Block Proprietary Limited

Report of the Social and Ethics Committee for the Year Ended 31 December 2021

In the year under review training and development was again a key aspect of enhanced guest service and empowered labour relations, with staff being encouraged to pursue opportunities for professional development made available to them by Southern Sun through online learning platforms.

## Corporate citizenship and social investment

The committee exercises corporate citizenship and undertakes corporate social investment ("CSI") mindful of the symbiotic relationship between itself and the local community. Whereas other facets of its work relate, for instance, to the natural environment, corporate citizenship and CSI focus on enhancing the social fabric on which the prosperity of both the resort and community depends.

During the year, the committee supported the health, welfare, educational and school security needs of more than 40 different beneficiary entities, ranging from charities and underprivileged sports clubs to early-learning centres and primary schools. It assisted in various ways, whether through making staff time and expertise available to the beneficiaries, or providing them with material support in the form, for example, of resort stayovers as fundraising prizes, or donations of new or pre-used items such as linen, furniture, paint, computer equipment and school stationery.

I am thus delighted to report that, all in all, the committee also surpassed its CSI target. Its efforts were enthusiastically supported by the Board members, management team and resort staff members.

Among the year's highlights was the Shine Reading programme held at Phakamisani Primary School and the ongoing relationship with Wittedrift Primary School, where the committee donated stationery. Muddy Pooches received donations of dog food and bowls; Greenhill Educare received a burglar alarm system as well as a security gate; Child Welfare received a microwave oven, stationary, a security gate and new window panes; seeds were donated to Kranshoek Kindergarden to plant and grow their own vegetables; and Junior Golden Stars were the lucky recipients of soccer kits, donated by Kappa.

## Strategic plans

As at the end of 2021, the building has been successfully painted and the resort is looking fresh and modern. The committee reviews its Terms of Reference every year to ensure that it remains relevant and that the committee's purpose and duties are met.

## Conclusion

I extend a big thank you to my fellow committee members and to the staff of Beacon Island resort for their support which has made 2021 another phenomenal year. It is indeed a pleasure to serve on this committee which strives to make a positive difference to each employee and the larger community in which Beacon Island Resort operates.



**Robert Segal**  
Chairman

# Beacon Island 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 leases the land and buildings known as Beacon Island 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 additions to property, plant and equipment have been charged against this amount annually. Before providing for property, plant and equipment additions and replacements, a surplus of R11,016,016 (2020: R19,272,997) 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 their 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:

LM Hodes	Chairman
G Kaplan *	
L McDonald *	
J Pieterse ^	
AN Ridl *	(Alternate MN Ridl)
R Segal ^	
JPF van Rooyen ^	

\* 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>
Palazzo Towers West	Private Bag X200
Montecasino Boulevard	Bryanston
Fourways	2021
2055	

# Beacon Island 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.

# Beacon Island Share Block Proprietary Limited

Report of the Independent Auditors

**To the shareholders of Beacon Island Share Block Proprietary Limited**

## **Opinion**

We have audited the financial statements of Beacon Island Share Block Proprietary Limited (the company) set out on pages 14 to 24, 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 Beacon Island 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 "Beacon Island 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.

# Beacon Island 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

17 August 2022

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

# Beacon Island Share Block Proprietary Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 R	2020 R
<b>Income</b>		<b>49 544 477</b>	47 451 193
Levy income		47 319 565	45 723 233
Other income		2 224 912	1 727 960
<b>Expenses</b>		<b>(39 778 347)</b>	(29 853 937)
Levy surplus before interest and taxation	3	9 766 130	17 597 256
Finance income	4	1 732 721	2 323 858
Levy surplus before taxation		11 498 851	19 921 114
Income tax expense	5	(482 835)	(648 117)
<b>Levy surplus for the year</b>		<b>11 016 016</b>	19 272 997

# Beacon Island Share Block Proprietary Limited

Statement of Financial Position as at 31 December 2021

	Note	2021 R	2020 R
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	6	6 426 505	4 093 110
Levies receivable	7	964 802	1 486 817
Fixed deposits held with bank	11	41 500 000	32 000 000
Cash and cash equivalents	12	5 739 386	18 677 993
<b>Total current assets</b>		<b>54 630 693</b>	<b>56 257 920</b>
<b>Total assets</b>		<b>54 630 693</b>	<b>56 257 920</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	10	320 000	320 000
Reserve for property, plant and equipment	8	24 054 821	31 957 699
<b>Total equity</b>		<b>24 374 821</b>	<b>32 277 699</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	8 449 652	8 362 247
Levies received in advance	13	20 675 268	14 969 857
Current tax liabilities		1 130 952	648 117
<b>Total current liabilities</b>		<b>30 255 872</b>	<b>23 980 221</b>
<b>Total liabilities</b>		<b>30 255 872</b>	<b>23 980 221</b>
<b>Total equity and liabilities</b>		<b>54 630 693</b>	<b>56 257 920</b>

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

	Note	2021 R	2020 R
<b>Share Capital</b>			
Ordinary shares at the beginning of the year and at year-end	10	320 000	320 000
<b>Reserve for property, plant and equipment</b>			
At the beginning of the year		31 957 699	26 880 141
Levy surplus for the year		11 016 016	19 272 997
Property, plant and equipment additions and replacements during the year	8	(18 918 894)	(14 195 439)
At year-end		24 054 821	31 957 699



# Beacon Island Share Block Proprietary Limited

Statement of Cash Flows for the Year Ended 31 December 2021

	2021 R	2020 R
<b>Cash flow from operating activities</b>		
Levy surplus before taxation	11 498 851	19 921 114
Adjustments for:		
Interest received	(1 732 721)	(2 323 858)
Net surplus before working capital changes	9 766 130	17 597 256
Changes in working capital		
- Movement in levies receivable	522 015	(1 331 195)
- Movement in trade and other receivables	(2 333 395)	5 381 082
- Movement in levies received in advance	5 705 411	(1 929 847)
- Movement in trade and other payables	87 405	796 003
Cash flows from operating activities	13 747 566	20 513 299
Interest received	1 732 721	2 323 858
Tax paid	-	(1 089 049)
Net cash inflow from operating activities	15 480 287	21 748 108
<b>Cash flow from investing activities</b>		
Property, plant and equipment additions and replacements	(18 918 894)	(14 195 439)
Movement in fixed deposits held with bank	(9 500 000)	5 000 000
Net cash outflow from investing activities	(28 418 894)	(9 195 439)
<b>Net movement in cash and cash equivalents</b>	(12 938 607)	12 552 669
Cash and cash equivalents at the beginning of the year	18 677 993	6 125 324
<b>Cash and cash equivalents at year-end</b>	<b>5 739 386</b>	<b>18 677 993</b>

# Beacon Island 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 disposal 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 fixed deposits held with bank 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.

# Beacon Island Share Block Proprietary Limited

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

## 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.

## 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.

# Beacon Island Share Block Proprietary Limited

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

## 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 board of Directors. This plan provides for the orderly refurbishment of the property and maintenance of sufficient contingency reserves, based on increases in annual levies.

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

## Credit risk

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

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

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

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

## Interest rate risk

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

# Beacon Island Share Block Proprietary Limited

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

	2021 R	2020 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	10 106 785	7 026 640
- contributions to retirement funds	191 069	342 462
Management fees	2 319 425	2 245 691
Audit fees	219 328	149 100
Professional and legal fees	196 439	-
Other operating expenses	26 745 301	20 090 044
	<b>39 778 347</b>	<b>29 853 937</b>
<b>4 Finance income</b>		
Interest income:		
Interest earned on fixed deposits, call deposits and current account	1 732 721	2 323 858
	<b>1 732 721</b>	<b>2 323 858</b>
<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	482 835	648 117
	<b>482 835</b>	<b>648 117</b>
A reconciliation of the taxation charge is not considered appropriate as share block companies are liable for taxation only on net non-levy income.		
<b>6 Trade and other receivables</b>		
Trade receivables (refer note 15)	900 806	1 187 636
Other receivables (refer note 15)	84 813	688 998
Interest receivable	210 217	290 751
Receiver of revenue - VAT	567 067	741 578
Prepayments	4 663 602	1 184 147
	<b>6 426 505</b>	<b>4 093 110</b>
<b>7 Levies receivable</b>		
Levy debtors	853 710	1 461 571
Repossessed debtors	124 617	33 974
Less: Provision for repossessed debtors	(13 525)	(8 728)
- Opening balance	(8 728)	-
- Movement	(4 797)	(8 728)
	<b>964 802</b>	<b>1 486 817</b>

# Beacon Island Share Block Proprietary Limited

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

	2021 R	2020 R
<b>8 Reserve for property, plant and equipment</b>		
At the beginning of the year	31 957 699	26 880 141
Levy surplus for the year	11 016 016	19 272 997
	<b>42 973 715</b>	<b>46 153 138</b>
Property, plant and equipment additions and replacements during the year	<b>(18 918 894)</b>	<b>(14 195 439)</b>
At year-end	<b>24 054 821</b>	<b>31 957 699</b>
<p>The Directors have reviewed a forward estimate, prepared by management, of the costs of property, plant and equipment additions and replacements over the next 10 years.</p> <p>The Directors have recommended replacement reserve expenditure for 2022 of R19,089,346 (2020: budgeted capital expenditure of R21,300,681 for 2021) which it is anticipated will decrease the budgeted reserve fund by R7,974,568 (2020: decrease the budgeted reserve fund by R12,687,140 for 2021). There were capital commitments made for R918,526 at year-end (2020: R nil).</p>		
<b>9 Trade and other payables</b>		
Trade payables (refer note 15)	1 145 577	1 557 988
Other payables		
Accruals (refer note 15)	2 788 193	4 579 794
Provision for auditors' remuneration	218 707	153 000
Sundry payables (refer note 15)	4 297 175	2 071 465
	<b>8 449 652</b>	<b>8 362 247</b>
<b>10 Share capital</b>		
<b>Authorised and issued</b>		
32,000,000 ordinary shares of 1 cent each	320 000	320 000
<b>11 Fixed deposits held with bank</b>		
Fixed deposits held with bank	41 500 000	32 000 000
<b>12 Cash and cash equivalents</b>		
Bank balances	5 719 986	18 673 991
Cash on hand	19 400	4 002
	<b>5 739 386</b>	<b>18 677 993</b>
<b>13 Levies received in advance</b>		
Levies received in advance	20 675 268	14 969 857

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

# Beacon Island Share Block Proprietary Limited

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

	2021 R	2020 R
<b>14 Property, plant and equipment</b>		
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.		
The Company acquired the rights to a property lease which includes, Beacon Island Hotel situated on:		
Erf No 253 Plettenberg Bay, Division of Knysna, measuring 1.3365 hectares.		
Period of lease - 99 years commencing 1 July 1983.		
Rental - R240,000 per annum payable in twelve equal monthly instalments. (refer note 15)		
<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	95 532	96 649
Rental pool	241 532	125 176
Management fee	2 319 425	2 245 691
Central accounting and levy collection fees	2 756 904	2 669 264
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	497 102	318 226
Southern Sun Timesharing Proprietary Ltd ("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	(152 155)	(135 547)
Share Registry Management Services ("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	(55 565)	(42 360)
Secretarial fees on repossessed debtors and use agreement fees - SRMS	12 052	12 861
The Company also leases the property from SSHI in terms of a 99 year lease. (refer note 14)		
Lease payments	240 000	240 000
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	-	2 865 522

# Beacon Island Share Block Proprietary Limited

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

	2021 R	2020 R	
<b>15 Related party transactions (continued)</b>			
During the financial year the Company paid the following SSHI internal charges:			
- Administration - Information technology, tenancing, industrial relations, training, etc	448 332	322 231	
- Training related	4 162	13 260	
- Frequent guest loyalty programme	5 626	4 641	
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:			
Balance owing (to)/by SSHI and its subsidiaries			
- included in trade receivables (refer note 6)	19 657	556 028	
- included in other receivables (refer note 6)	23 630	48 869	
- included in trade payables (refer note 9)	-	(364 708)	
- included in sundry payables (refer note 9)	(2 932 093)	(1 608 524)	
- included in accruals (refer note 9)	(347 508)	(3 340 965)	
	<b>(3 236 314)</b>	<b>(4 709 300)</b>	
The Company receives rental income from Southern Sun Timesharing Proprietary Limited ("SST") for the letting of office space:			
Rental income	(74 123)	(33 544)	
In addition, SST provides a rental service and recovers levies from the sale and rental of timeshare weeks on behalf of the Company.			
Balance owing by SST:			
- included in other receivables (refer note 6)	21 943	18 650	
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	163	785 870	21 680
SunSwop (a division of SSHI) - 2020 shareholding	163	787 500	34 575
The following entity, related through common directorship, owns units in the Company as follows:			
AN Ridl - Club Leisure Group - 2021 shareholding	574	2 913 910	1 135 170
AN Ridl - Club Leisure Group - 2020 shareholding	574	2 910 810	808 280



# Beacon Island Share Block Proprietary Limited

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

	2021	2020
	R	R
<b>16 Directors' emoluments</b>		
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:		
LM Hodes	24 000	8 000
G Kaplan	24 000	8 000
JA Lee	-	24 000
J Pieterse	32 000	8 000
AN Ridl	32 000	32 000
R Segal	24 000	8 000
JPF van Rooyen	24 000	8 000
CP Wells	-	32 000
	<b>160 000</b>	<b>128 000</b>

# Beacon Island 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
<b>INCOME</b>		
Levies	47 319 565	45 723 233
Net rent received	306 755	169 926
Rental pool	362 299	187 763
Short term rentals	876 789	845 267
Sale of capital assets	309 625	-
Net non-levy income		
- telephone, rentals, penalties, etc.	369 444	525 004
	<b>49 544 477</b>	<b>47 451 193</b>
<b>EXPENDITURE</b>		
<b>Rooms' expenses</b>		
Cleaning supplies	132 108	312 295
Covid expenses	224 300	-
Guest entertainment, band/live music and DSTV	3 807 230	2 062 568
Guest supplies	472 943	311 424
Laundry	966 518	607 296
Personnel costs - outside services	4 046 480	2 311 724
Pest control	24 203	22 688
Plants and decorations	19 449	22 920
Printing and stationery	235 542	152 042
Replacement of linen, towels, uniforms, etc	1 228 151	347 932
Security and banking services	2 137 635	1 305 794
	<b>13 294 559</b>	<b>7 456 683</b>
<b>Administration and general</b>		
Auditors' remuneration		
- current year	219 328	149 100
Bank charges	18 473	27 162
Central accounting and levy collection fees	2 756 904	2 669 264
Corporate social initiatives	211 547	293 863
Credit card commission	203 870	112 920
Directors' emoluments	160 000	128 000
Fax and house calls	47 054	48 777
Information technology costs	1 035 341	677 447
Insurance		
- premium	543 280	592 340
- excess	-	5 460
Licences and permits	156 580	167 553
Loss on repossessed debtors	4 965	-
Marketing	166 173	49 575
Postage	18 304	18 644
Professional fees	196 439	-
Provision for repossessed debtors	4 797	8 728
Railage, cartage and hire transport	7 374	38 422
Subscriptions	69 167	55 559
SunSwop exchange service	-	2 865 522
Travel - management and directors	216 944	126 376
	<b>6 036 540</b>	<b>8 034 712</b>

# Beacon Island 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
<b>Electricity and water</b>		
Electric bulbs	52 704	21 406
Electricity	2 069 617	783 449
Generator fuel	513 273	492 753
Water	1 175 456	547 148
	<b>3 811 050</b>	<b>1 844 756</b>
<b>Repairs and maintenance</b>		
Buildings and elevators	687 641	405 426
Electrical and mechanical	184 973	130 486
Gardens and grounds	421 086	251 908
Major repairs and maintenance	677 192	432 158
Office machines - maintenance contracts	81 174	57 452
Painting and redecorating	93 729	40 458
Plumbing and heating	99 150	22 146
Room maintenance care	208 119	52 826
Swimming pool cleaning and repairs	109 835	87 080
Vehicles	71 939	24 107
	<b>2 634 838</b>	<b>1 504 047</b>
<b>Company costs</b>		
Annual report and statutory costs	21 715	61 117
Municipal rates and taxes / cost recovery	1 122 366	1 097 829
Rent paid	240 000	240 000
	<b>1 384 081</b>	<b>1 398 946</b>
<b>Personnel costs</b>		
Rooms	5 786 985	4 445 591
Administration and general	2 507 452	1 412 562
Repairs and maintenance	2 003 417	1 510 949
	<b>10 297 854</b>	<b>7 369 102</b>
<b>Management fee</b>	<b>2 319 425</b>	<b>2 245 691</b>
<b>Total expenditure</b>	<b>39 778 347</b>	<b>29 853 937</b>
Excess of income over expenditure before finance income and taxation	<b>9 766 130</b>	<b>17 597 256</b>
<b>Finance income</b>		
Interest received	1 732 721	2 323 858
Excess of income over expenditure before taxation	<b>11 498 851</b>	<b>19 921 114</b>
<b>Taxation</b>	<b>482 835</b>	<b>648 117</b>
Excess of income over expenditure after taxation for the year transferred to reserve for property, plant and equipment	<b>11 016 016</b>	<b>19 272 997</b>

# Beacon Island Share Block Proprietary Limited

Minutes of the annual general meeting of shareholders for the year ended 31 December 2020 held on Monday, 4 October 2021 at 11h33, at Southern Sun The Cullinan, 1 Cullinan Street, Cape Town

## 1 WELCOME AND PREAMBLE

The Chairman of the Company, Mr Laurance Hodes, welcomed all shareholders present. He advised that the meeting was convened in terms of the notice of the annual general meeting ("AGM"), dated 26 July 2021.

First and foremost, the Chairman thanked Mr Jacques Moolman for standing in as general manager over the busy December 2020 and January 2021 period. Mr Moolman was employed as the general manager of the very busy Southern Sun The Cullinan. However, he had been willing to step in and lend his expertise to operate Beacon Island Resort when Mr Reinhard Visser left the employ of Tsogo Sun. The Chairman was grateful for Mr Moolman's efforts, commitment and excellent knowledge of the resort to ensure that the guests experienced a wonderful holiday. The meeting applauded Mr Moolman, who was in attendance.

The Chairman welcomed Mr Barend Olivier, who had taken over as general manager for the past 8 months. He introduced his fellow Directors, Messrs. Gary Kaplan, Robert Segal, Anthony Ridl, Johannes ("John") van Rooyen as well as Mmes. Laurelle McDonald and Janine Pieterse.

Members of the senior management team and company secretariat team were in attendance. A number of shareholders had in their absence tendered their apologies for being unable to attend the AGM and had submitted their forms of proxy.

## 2 QUORUM

The Chairman noted that 4,397,800 ordinary shares were represented in person and/or by proxy at the start of this meeting. This constituted a quorum of approximately 13.74% 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 26 July 2021 was taken as read.

## 4 VOTING

The Chairman informed the meeting that voting on the resolutions 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 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 was unanimously RESOLVED that BDO be and is hereby appointed as the independent auditors of the Company.

# Beacon Island Share Block Proprietary Limited

## 7 DIRECTORS

In terms of the Company's memorandum of incorporation ("MOI"), the Board is limited to seven Directors and that the longest serving Directors shall retire at an AGM. By rotation, Mr Robert Segal retired at this AGM and had indicated that he was eligible and available for re-election. No additional nomination had been received.

As the nominee for his directorship, the Chairman requested that Mr Segal introduce himself to the meeting and provide a summary of his expertise, which he did. Mr Segal had been a Director on the Board for the past three years and had in the past year taken over the chairmanship of the social and ethics committee. Given the restrictions relating to the Coronavirus ("Covid-19") pandemic over the past year, Mr Segal recorded his pride in being a Director of this share block, as the new general manager and his team had done an excellent job at the resort and that occupancy had been better than expected. It had been an honour and privilege standing as a Director and he wished to note that the shareholders had elected excellent Board members to act on their behalf. In his opinion, the resort was the best timeshare establishment in the country. Mr Segal thanked everyone involved in running the exceptional property and looked forward to a further term on the Board should he be elected.

### 7.1 ORDINARY RESOLUTION 3.1

Ordinary resolution 3.1, as set out in the notice convening the meeting, relating to the election of Mr Robert Segal as a Director, was taken as read. There were no questions or comments and it was unanimously RESOLVED that Mr Segal 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 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 Mr Gary Kaplan 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 Kaplan 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 Ms Laurelle McDonald 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 McDonald be and is hereby elected as a member of the Company's audit committee.

### 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 R614,187,127. Buildings were valued at R523,711,127 and furniture, fittings and equipment were valued at R90,476,000. In response to various queries posed by the shareholders present, the Chairman advised that Mr Segal had undertaken in the meeting prior to this AGM, to assist the share block in investigating the most suitable and cost-effective insurance cover for the property. Tsogo Sun was obtaining additional comparative quotations as the cost of insurance had increased dramatically for the cover that the share block sought. The episodes of looting and rioting in Kwa-Zulu Natal in July 2021 had greatly impacted the insurance industry. Mr Segal mentioned that Tsogo Sun insured its properties through one of the biggest insurance brokers in the world. The brokerage went to tender for insurance cover and approached various markets to obtain the best quality and most comprehensive cover available. The Board had discussed this at length and Mr Segal was of the opinion that the share block's insurance related requirements were in very good hands through Tsogo Sun. The Chairman stated that Mr Segal, as an experienced insurance broker with extensive knowledge in the industry, had been mandated by the Board to obtain an independent quotation on behalf of the share block for comparison and further review of the policies in hand. The Board would at the same time look to re-establish the valuation of the property as the Board deemed that the valuation provided by the independent quantity surveyors to be too low. It was AGREED that a copy of the property's insurance policy would be available for inspection by shareholders at the next AGM.

# Beacon Island Share Block Proprietary Limited

It was RESOLVED that the current insured value of the property be and is hereby approved. It was further RESOLVED that the Directors be and are authorised to increase the insured valuation should an additional and more suitable insurance valuation be obtained.

## 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 5 October 2021 until the next AGM of the Company be and is hereby approved.

## 11 OTHER BUSINESS

### 11.1 REPORT OF THE SOCIAL AND ETHICS COMMITTEE AND PRESENTATION OF THE GENERAL MANAGER

The Chairman invited Mr Olivier to present his report to the meeting. Mr Olivier greeted all shareholders and stated that it was his honour and privilege to stand before them as the general manager of such a prestigious resort. Beacon Island Resort was already very special to him. Mr Olivier mentioned that the year 2020 had been an extraordinary year due to the Covid-19 pandemic, national lockdown and closure of the resort. The social and ethics committee had not been able to achieve all the initiatives planned for the year however, Mr Olivier was very proud of what had been achieved.

Mr Olivier gave an overview of the following:

- Donations and support of CSI initiatives;
- Guest satisfaction recorded through Google reviews;
- Tripadvisor: 5th Best Property in the region;
- Overall occupancy;
- Energy and water consumption;
- Recycling of generated waste;
- Use of recycled and other recyclable material; and
- Various upgrades and enhancements made around the property.

Mr Olivier proudly presented images of the refurbished foyer and new guardhouse at the entrance to the resort. He noted that the Cascades area had recently been refurbished to include: new signage; sound panelling and tiling along the corridor; a designated smoking room; a children's Xscape entertainment area; a teenage lounge and games room; the steam room; the indoor swimming pool; a wooden pergola on the lawn; the relocated and upgraded gymnasium; the tiling around the gazebo lounge; and new furniture in the gazebo lounge. He welcomed shareholders to view the images that he had with him.

The issue of spalling around the property would soon be addressed and the building would be painted at the same time. Notices were already placed around the property to inform guests of where the contractors would be working.

The shareholders applauded Mr Olivier for his presentation and the refurbished areas. The Chairman thanked Ms Samantha Croft for her guidance in relocating the gymnasium as it looked phenomenal with new state of the art equipment and a brilliant view out to sea. The new children's entertainment area and teenage zone had proven very successful amongst the teenagers and even adults that used the space. A shareholder thanked the Board for implementing his request from the previous year to include a teenage entertainment area.

### 11.2 VOTE OF THANKS

The Chairman thanked Mr Olivier for his efforts and attention to detail since he had joined the team. He had received very positive feedback from both the staff at the resort and from fellow shareholders on how he conducted business and interacted with everyone. The atmosphere at the resort was very positive and welcoming because of his leadership style and role.

# Beacon Island Share Block Proprietary Limited

A shareholder thanked the Chairman for again holding an exceptional AGM. He thanked the staff of Beacon Island for their service as it was always a pleasure to holiday at the resort. He added that Beacon Island most certainly was the best timeshare destination in South Africa and to him, quite possibly in the world. Lastly, he thanked the Board for everything that it did for all shareholders.

## 12 CLOSURE

There being no further business, the Chairman thanked all for attending and declared the meeting closed at 12h06.



---

**CHAIRMAN**

15 November 2021

---

**DATE**

