



# Pine Lake Share Block Proprietary Limited

Registration No. 1981/008079/07

## Annual Report

for the year ended 31 December 2021

**Pine Lake Share Block Proprietary Limited**  
**Annual Financial Statements**  
for the year ended 31 December 2021

**COMPANY INFORMATION**

Registration number: 1981/008079/07  
Registered address: Palazzo Towers West  
Montecasino Boulevard  
Fourways  
2055  
Postal address: Private Bag X200  
Bryanston  
2021

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

# Pine Lake Share Block Proprietary Limited

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

On behalf of your Directors, it is my duty and pleasure to report on the status, operation, financial results and prospects of our treasured resort for the year ending 31 December 2021, as well as a few comments on subsequent events, indicated as a post period note.

As the risk of hard lockdowns ebbed away for the timeshare industry during the year, the Board and the management team concentrated on resuming the quest to offer guests a genuine 4-star experience in fully refurbished chalets with maximum attention to guest satisfaction. I am pleased to report that the last 8 chalets were completed in the first half of the year and despite the challenges of the pandemic, the result is a resort that we all, as shareholders, can be proud of. Thanks are due to all the contractors and especially to the general manager, Mr Thuso Moroe for being the on-hand and go-to guy for this major 3-year project.

The discovery and emergence of the omicron variant of Covid-19 in the last quarter had a mixed effect on tourism with some people reluctant or unwilling to travel, whilst others had to stay local after the country was unfairly red-listed by several destination countries. The result for Pine Lake Resort was a satisfactory occupancy rate of over 73% for the year. We want to reassure our shareholders and guests that the Southern Sun Resorts' executive team and resort management team have not become complacent in any aspect of compliance with Covid-19 prevention protocols, and this will remain our mantra for as long as the pandemic is present.

Revenue reached R15m for the first time, a growth of almost 6% on 2020 and a surplus of almost R4.8m was achieved after tax – a respectable performance for which we acknowledge the support and loyalty of the majority of our shareholders, as well as the good husbandry of the Southern Sun Resorts team. A detailed commentary on the financial results is below, though it is worth noting that comparisons with 2020 are skewed by the impact of the lockdown.

## Access, Facilities and Environs



The entrance structure was at last completed. Its night illumination is powered by solar energy which is securely generated and stored in our neighbour's property. The tarred access road is holding up quite well, despite the above-average rainfall.

Energy costs are a growing concern, actively discussed at every meeting, and whilst migrating to a ruraflex electricity tariff has helped, the year-on-year escalation far exceeds the escalation in levies. Loadshedding aggravates the situation as our generator burns up to 30 litres of diesel per hour. We will continue to explore all possible avenues to reduce costs whilst our guests enjoy an inclusive package.

In sharp contrast to 2020, the Witrivier water supply system has been in much better shape and most guests have witnessed the splendour of a full-sized Lake Longmere. **Post period note:** The 4 dams along the Witrivier course have returned to full capacity, with Lake Longmere overflowing for several months.

Wi-Fi performance during bad weather is still an ongoing issue. However, guests are now able to connect their own Netflix account to the smart TVs installed in each main bedroom. We continue to look at options to improve the quality of wi-fi.

After 16 months of waiting, we were finally granted our liquor license in August and the convenience store now carries a limited range of beers, wines and spirits. Social distancing requirements mean that the smaller gym operates on a single occupancy booking basis, but a clearly marked 3km jogging trail has been created on the resort grounds.

Guest and staff security remain a 24/7 concern, but it is relieving to report that there have been no serious incidents throughout the year. **Post period note:** In line with many other resorts, Pine Lake Resort has implemented a driver and vehicle license scanning system at the entrance boom as a condition of access. We trust our shareholders and guests will exercise patience and understanding whilst the security guard does his/her job.

## Marketing Initiatives & SunSwop

From an exchange perspective, your purchase at Pine Lake Resort attracts the points benefit of a fully serviced 3-bedroom apartment, and Pine Lake shareholders were very active when transacting with SunSwop during 2021 following the extended National Lockdown in 2020. Even though certain restrictions remained in place for large parts of the year, the extent to which shareholders travelled in 2021 was very encouraging. The most popular exchange destination for Pine Lake shareholders during 2021 was Cabana Beach Resort, followed closely by Umhlanga Sands Resort. 60% of all exchange transactions were made into other SunSwop affiliated establishments, with the balance exchanged into other resorts both locally and internationally. We encourage all shareholders to take the added Holiday Protector insurance product when making an exchange, as this allows for a reservation to be re-booked at no additional cost in the event of cancellation. This is particularly relevant in these uncertain times.

In terms of rentals of vacant chalets, Bookings.com remained the most effective reservation channel in 2021, whilst Travel Ground and various online package promotions did not perform as anticipated. The resort did experience an increase in midweek occupancy, but this was mainly due to shareholders' private arrangements. Marketing through online media channels remains a major opportunity that we are yet to maximise. **Post period note:** In April 2022, the Board of Tsogo Sun Hotels took the decision to rebrand the hotel business back to Southern Sun Hotels, which we believe is a very positive move. It is anticipated that a relaunched website will project a more representative image of Pine Lake Resort as the refurbishment programme is now complete.

# Pine Lake Share Block Proprietary Limited

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

## Financial results for the year ended 31 December 2021

The statement of comprehensive income for the year ended 31 December 2021 reflects total income, including net finance income of R15.347m (2020: R14.648m) and total expenditure of R10.446m (2020: R8.062m). The levy surplus after taxation of R4.772m (2020: R6.463m) has been transferred to the reserve for property, plant and equipment.

### Income

Income increased by 5.9% year-on-year. Management continues to pursue opportunities to increase revenue particularly through the short-term rental and rental pool options. Prior year comparative revenues were affected by the closure of the resort for a 4-month period in 2020. As noted in prior years, all items of a capital nature sold during the year are reflected as income in the statement of comprehensive income.

### Expenditure

Total expenditure for the year of R10.446m (2020: R8.062m) increased by 29.6%. Below is a more detailed review of the expenditure:

- **Rooms** – expenses increased by 59.7% year-on-year due to closure of the resort for a 4-month period in 2020. Decreases to 2020 were recorded in Covid supplies as well as in security and banking services.
- **Administration and general** - Expenses decreased by 4.4% year-on-year. Loss on repossessed debtors decreased on prior year by R476k due to no repossessed units sold in 2021. This was offset by the year-on-year increase of R1.329m on the provision for repossessed debtors. The R1.093m decrease recorded in SunSwop exchange services related to the 2020 rebate that was offered to shareholders affected by the lockdown period.
- **Electricity, water and refuse** – expenses increased by 81.2% year-on-year. The R403k increase in electricity was due to the increased consumption during the refurbishment due to the installation of dishwashers in the chalets.
- **Repairs and maintenance** spend increased by 47.6% due to closure of the resort in 2020 and limited maintenance being carried out. The majority of the increase was noted in gardens and grounds.
- **Corporate charges** increased by 9.2% year-on-year.
- **Personnel costs** increased by 48.2% due to staff being placed on layoff and short pay during the 4-month closure period in 2020.
- **Management fees** increased by 3.3% in line with CPI per the management agreement.

## Statement of financial position

The statement of financial position together with the related notes thereto, reflect the financial position of Pine Lake Share Block Proprietary Limited as at 31 December 2021. Fixed deposits held with bank was R9.750m (2020: R6.150m), cash and cash equivalents amounted to R978k (2020: R4.108m) with levies received in advance amounting to R5.229m (2020: R3.713m). The reserve for property, plant and equipment was R7.055m compared to R6.582m as at 31 December 2020. As always, I wish to thank shareholders for promptly paying their levies. The surplus funds are invested for the benefit of the share block company. This is particularly important during times of economic restraint.

The Company incurred capital expenditure of R4,298,188 (2020: R5,529,837) in respect of the following major expenses:

	R
• Refurbishment of chalets	3,480,037
• Balcony rails	129,437
• Entrance road, paving and pathways	111,998
• Balcony loungers	104,998
• Braai trays	82,260
• Ferry, canoes and jetty	78,400

## Environmental, social and governance

The resort's management team is to be commended for fostering purposeful relationships with our neighbours and the community at large. Energy and resources are continuously devoted to maintaining the delicate balance between nature and the resort's objectives. Guest feedback is mostly complimentary of our efforts in preserving the beautiful environment in which our resort is situated.

The budget for community outreach projects has been increased to R100,000 of non-levy income and a full report on the many initiatives supported is in the social and ethics committee's report and will be presented at the AGM. It is particularly noteworthy that Pine Lake Resort, in collaboration with Sabi River Sun Resort, played a vital role in the renovation project of one of the 4 houses of Michael's Children's Village, a registered NGO which is an extension of Iris Ministries International and Iris South Africa, based approximately 10km from White River. The village accommodates children below the age of 18 who are abandoned, abused and/or orphaned. At the time of renovation, the house was already accommodating 16 children. The aim of the renovation was to assist the centre in restoring its health and safety certificates which were lost in 2018. Restoration of the certificates is a pre-requisite for obtaining government grants.

I am pleased to report that your resort has again received a clean audit from our independent auditors, BDO South Africa Incorporated. Thanks are due to the Southern Sun management team and resort management team for their diligence and competence, and to Mr Anthony ("Tony") Ridl who chairs the audit committee on behalf of shareholders.

# Pine Lake Share Block Proprietary Limited

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

## Sustainability

While no levy increase was exercised in 2020, a 5% increase was added for 2021, which we believe to be fair and reasonable in balancing affordability for our shareholders with the sustainability needs of the resort. As mentioned above, soaring energy costs are a threat which remains a focus of attention for the Board, as does the worrying increase in repossessions which numbered 224 at the end of the year. The SunSwop team liaise empathetically with all shareholders facing difficulty with levy payments and assist wherever possible to avoid a repossession.

**Post period note:** The Board and the Southern Sun management team are exploring alternative strategies to sell repossessed units.

## Conclusion

In an economic environment with so much depressing negativity, it is a pleasurable respite to be able to remind our shareholders that your resort is as pristine as ever, and ready to welcome you, your family and friends. For this achievement, I thank fellow Directors Ms Louise McMillan and Mr Tony Ridl for their unstinting commitment, insight and guidance, as well as the management team of Southern Sun Resorts for their professionalism in every aspect of operation, contributing enormously to the overall guest experience.

In closing, I encourage every shareholder to either attend the AGM on 20th July 2022, or to kindly complete the form of proxy enclosed in this annual report on page 5, should you be unable to attend.

As a resident of White River, I hope to see many of you at our beautiful resort and wish you all a safe and healthy year ahead.



A handwritten signature in cursive script that reads "James Olive". The signature is written in dark ink on a light background.

**James Olive**  
Chairman

Notice is hereby given to the shareholders of the Company that the annual general meeting ("AGM") of the Company will be held on **Wednesday, 20 July 2022, at 12h30 at Southern Sun Hyde Park Hotel, 1st Road, Hyde Park, Sandton** 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 that BDO South Africa Incorporated ("BDO") be and are hereby appointed as independent auditors of the Company until the conclusion of the next AGM of the Company.

**3. Election of Directors**

The Board is limited by the memorandum of incorporation ("MOI") to five (5) Directors in number, due to the size of the share block, the Board recommends that the Directors be kept to a minimum of three (3). It would facilitate secretarial procedures if **nominations for the appointment of those Directors representing the timesharers be received by no later than 12h30 on Monday, 18 July 2022 at the registered office of the Company or email address. Nominations must be in writing with the name of the proposer and seconder and be accompanied by the acceptance of such nomination by the nominee and their curriculum vitae ("CV").**

Ordinary resolution 3.1: Resolved as an ordinary resolution that Ms Louise McMillan 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 James Olive 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 Ms Louise McMillan be and is hereby elected as a member of the Company's audit committee in terms of the Company's MOI.

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

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

**5. Approval of insured value of property**

Ordinary resolution 5: Resolved as an ordinary resolution 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 R5,300 for non-executive Directors' fees was approved at the previous AGM for the year until 20 July 2022. It is now resolved as a special resolution that the fees remain unchanged at R5,300 (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 21 July 2022 until the next AGM of the Company, and tabled at the meeting at which this resolution was proposed, be and is hereby approved.

***The reason for and effect of this special resolution:***

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

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

In the event of a quorum not being present within half-an-hour of the appointed time for the meeting to begin, the AGM will be automatically adjourned for one (1) business day, to Thursday, 21 July 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 shareholder's voting rights is Monday, 11 July 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 12h30 on Monday, 18 July 2022. **A form of proxy is enclosed on page 5 for this purpose.**

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

**Pine Lake Share Block Proprietary Limited**  
 Registration Number: 1981/008079/07  
 ("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 **Wednesday, 20 July 2022, at 12h30 at Southern Sun Hyde Park Hotel, 1st Road, Hyde Park, Sandton.**

**Form of proxy**

I/We ....., being the shareholder/s of .....ordinary shares in the Company, with right of use of Chalet ....., 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 2021			
<b>Ordinary resolution 2:</b> Appointment of auditors			
<b>Ordinary resolution 3:</b> Election of Directors			
3.1 Louise McMillan			
3.2 James Olive			
3.3 Anthony Ridl			
<b>Ordinary resolution 4:</b> Appointment of audit committee			
4.1 Louise McMillan			
4.2 James Olive			
4.3 Anthony Ridl			
<b>Ordinary resolution 5:</b> Insured value of property			
<b>Special resolution 1:</b> Non-executive Directors' fees (R5,300)			

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 12h30 on Monday, 18 July 2022.**





# Pine Lake Share Block Proprietary Limited

Statement of Director's 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 Pine Lake Share Block Proprietary Limited. The annual financial statements presented on pages 12 to 21 have been prepared in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities and in the manner required by the South African Companies Act 71, of 2008.

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

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

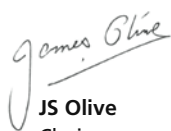
The Directors and management have the responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position, financial performance and cash flows of the Company to enable the Directors to ensure that the annual financial statements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

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

The Company's external auditors, BDO South Africa Incorporated, audited the annual financial statements and their report is presented on pages 10 to 11.

## Approval of annual financial statements

The annual financial statements set out on pages 12 to 21 were approved by the Board of Directors on 23 May 2022 and are signed by:



**JS Olive**  
Chairman



**AN Ridl**  
Director (chairman - audit committee)

## Declaration by the company secretary

I hereby confirm in my capacity as company secretary of Pine Lake 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

# Pine Lake 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 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 Louise McMillan, Mr James Olive and Mr Anthony Ridl (Chairman).

## 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 of 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 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 Act. Requisite assurance was provided by the auditors that internal governance processes within the audit firm support and demonstrate its claim to independence.



**AN Ridl**  
Chairman  
23 May 2022

# Pine Lake Share Block Proprietary Limited

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

I am pleased to present the report of the social and ethics committee ("the committee") for the financial year ended 31 December 2021, the purpose of which is to inform all shareholders of its duties and responsibilities as set out in the South African Companies Act 71, of 2008.

Pine Lake Share Block's social and ethics committee is a statutory committee that is governed by the Companies Act of South Africa, King IV and the responsibilities allocated to it by the Board. The committee supports the Board in executing its fiduciary duties and the resort held a Level 3 Contributor BBBEE status for the 2021 financial year.

## Composition and functioning

The diversity of experience and expertise on the committee allows for good debate on matters put to the committee and it is pleased that initiatives undertaken are adequately deliberated.

For the 2021 year, the committee comprised of myself Mr Thuso Moroe as Chairman and the three Directors comprising: Ms Louise McMillan, Mr James Olive and Mr Anthony Ridl. Senior members of the management team were invited to join all meetings. The committee met twice in 2021 and the frequency of meetings is adequate to discuss and deal with various matters.

## Role of the committee

The committee ensures that the Company's energy, water and waste programmes are in place; ensures good corporate citizenship; monitors employee engagement and development; and ensures that health and safety remain areas of focus.

## Social and economic development

The committee strives to assist as many local initiatives and organisations as possible. The 2021 year had some challenges however, the following integral assistance was provided:

- Youth: Contributions of time to upgrade the facilities and the purchase of a wheelchair towards Millennium Home of Hope. The home facilitates the transition of abandoned and orphaned children between the ages of 0 – 6 years.
- Aged: Contributions of written-off linen, maintenance works and donated items such as sliding doors and hand sanitisers towards Rustig Old Age Home.
- Abused/abandoned animals: Adoption and care of 4 cats and 1 dog at the resort.
- Environment: Ongoing support of waste recycling processes. Guests are urged to start the recycling process from their unit in the bins provided and staff continue the sorting process before the waste is collected for recycling.

## Environment, health and public safety

The installation of Livewire, a real-time system capturing water and electricity consumption on the property, has proven a most helpful tool. Consumption can be monitored at any time to obtain data for daily, weekly and monthly comparatives. The system alerts the management team as soon as an irregular level of consumption occurs so that the team is able to react and minimise the usage wherever possible. Non-essential operating appliances are switched off during peak electrical demand periods and water is monitored closely to avoid any issue of water pipe leaks and so on.

## Strategic Plans

The electrical rates and charges have increased considerably over the past few years. While savings were achieved during the lockdown and closure of the resort, the Eskom tariff has been changed to a more favourable tariff where staff are able to plan their functions around demand periods and reduce the costs incurred. Other measures have been put in place and progress is a constant focus for both management and the Board.

## The organisational resilience management system ("ORMS")

Organisational resilience is a line management responsibility that requires vigilance and involvement of every employee and contractor. The management system is updated quarterly by the management team and is audited by Southern Sun on an annual basis. The committee is pleased to announce that Pine Lake Resort once again excelled in its audit.

## Guest Relations and Correspondence

Pine Lake Resort was awarded 4-Star status following review of the Grading Council in November 2021; RCI's Gold Crown status; and Tripadvisor's Travellers' Choice, being the 3rd best property out of 30 properties in the area. I congratulate our staff on this achievement and commend them for contributing greatly to the sustainability of our property within the tourism industry.

Guests are requested to complete a satisfaction survey following their stay at Pine Lake Resort. This is an excellent opportunity that allows management and the team to interact with the guest and action any issues that may have arisen during their stay. The team welcomes all constructive comments.

## Labour, employment relations, training and BBBEE

Management engages regularly with each staff member and as each member is a valuable asset to our Company, they are provided on-the-job training to better assist guests and they are provided training and development opportunities to improve their careers and achieve their personal aspirations.

## Corporate citizenship

Pine Lake Resort continues to operate in compliance with government-regulated health and safety protocols and guidelines. For convenience, hand sanitisers/wipes are made available at reception and in each unit. For added protection, staff wear protective gear while cleaning each unit and will only enter a unit when the guest allows them to.

The committee assures that it will sustain its commitment to social and economic development, fair labour practice, environmental responsibility, responsible supply chains and good corporate citizenship.



**Thuso Moroe**  
Chairman of the social and ethics committee

# Pine Lake Share Block Proprietary Limited

Report of the Directors for the Year Ended 31 December 2021

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

## 1 Business activity

The Company owns the land and buildings known as Pine Lake 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 R4,771,550 (2020: R6,462,585) 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 ordinary 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:

JS Olive *^	Chairman	(Alternate SJ Croft)
LE McMillan *^		(Alternate DA Park)
AN Ridl *		(Alternate MN Ridl)

\* 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	

## 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.

# Pine Lake Share Block Proprietary Limited

Report of the Independent Auditors

## To the shareholders of Pine Lake Share Block Proprietary Limited

### Opinion

We have audited the financial statements of Pine Lake Share Block Proprietary Limited ("the company") set out on pages 12 to 21, 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 Pine Lake 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 "Pine Lake Share Block Proprietary Limited Annual Financial Statements for the year ended 31 December 2021", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

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

### Responsibilities of the Directors for the Financial Statements

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

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

# Pine Lake Share Block Proprietary Limited

Report of the Independent Auditors

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

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

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

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

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

BDO South Africa Inc

**BDO South Africa Incorporated**

Registered Auditors

**Leanne Laxson**

Director

23 June 2022

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

# Pine Lake Share Block Proprietary Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 R	2020 R
<b>Income</b>		<b>15 048 806</b>	14 212 019
Levy income		14 461 259	13 758 989
Other income		587 547	453 030
<b>Expenses</b>		<b>(10 446 267)</b>	(8 061 615)
Levy surplus before interest and taxation	3	4 602 539	6 150 404
Finance income	4	297 782	436 471
Levy surplus before taxation		4 900 321	6 586 875
Income tax expense	5	(128 771)	(124 290)
<b>Levy surplus for the year</b>		<b>4 771 550</b>	6 462 585

# Pine Lake 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	2 396 535	932 289
Levies receivable	7	1 286 936	1 457 179
Fixed deposits held with bank	11	9 750 000	6 150 000
Cash and cash equivalents	12	977 886	4 108 114
<b>Total current assets</b>		<b>14 411 357</b>	<b>12 647 582</b>
<b>Total assets</b>		<b>14 411 357</b>	<b>12 647 582</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	10	5 730	5 730
Reserve for property, plant and equipment	8	7 055 448	6 582 086
<b>Total equity</b>		<b>7 061 178</b>	<b>6 587 816</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	1 867 627	2 222 817
Levies received in advance	13	5 229 491	3 712 659
Current tax liability		253 061	124 290
<b>Total current liabilities</b>		<b>7 350 179</b>	<b>6 059 766</b>
<b>Total liabilities</b>		<b>7 350 179</b>	<b>6 059 766</b>
<b>Total equity and liabilities</b>		<b>14 411 357</b>	<b>12 647 582</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 and at year-end	10	5 730	5 730
<b>Reserve for property, plant and equipment</b>			
At beginning of year		6 582 086	5 649 338
Levy surplus for the year		4 771 550	6 462 585
Property, plant and equipment additions and replacements during the year	8	(4 298 188)	(5 529 837)
At year-end		7 055 448	6 582 086



# Pine Lake 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	4 900 321	6 586 875
Adjustments for:		
Interest received	(297 782)	(436 471)
Net surplus before working capital changes	4 602 539	6 150 404
Changes in working capital		
- Movement in levies receivable	170 243	(1 146 136)
- Movement in trade and other receivables	(1 464 246)	335 751
- Movement in levies received in advance	1 516 832	(70 894)
- Movement in trade and other payables	(355 190)	1 071 253
Cash flows from operating activities	4 470 178	6 340 378
Interest received	297 782	436 471
Tax paid	-	(213 104)
Net cash inflow from operating activities	4 767 960	6 563 745
<b>Cash flow from investing activities</b>		
Property, plant and equipment additions and replacements	(4 298 188)	(5 529 837)
Movement in fixed deposits held with bank	(3 600 000)	500 000
Net cash outflow from investing activities	(7 898 188)	(5 029 837)
<b>Net movement in cash and cash equivalents</b>	(3 130 228)	1 533 908
Cash and cash equivalents at beginning of year	4 108 114	2 574 206
<b>Cash and cash equivalents at year-end</b>	<b>977 886</b>	<b>4 108 114</b>

# Pine Lake 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.

### 1.5 Cash and cash equivalents

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

# Pine Lake Share Block Proprietary Limited

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

## 1.6 Revenue recognition

Revenue is stated exclusive of value-added tax.

Levy revenue is recognised when the right to occupation arises.

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

Sundry revenue is recognised when it is earned.

## 1.7 Provisions

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

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

## 1.8 Equity

Ordinary shares are classified as equity.

## 1.9 Current taxes

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

## 1.10 Retirement benefits

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

## 2 Financial risk management

### Capital management

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

### Financial risk factors

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

### Liquidity risk

In terms of the use agreements associated with the shares of the Company, shareholders are obliged to contribute levies sufficient to cover the 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 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.

# Pine Lake Share Block Proprietary Limited

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

## **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.

# Pine Lake 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 other benefits	1 841 239	1 201 069
- contributions to retirement funds	36 892	66 270
Management fees	867 907	840 317
Audit fees	69 631	52 500
Other operating expenses	7 630 598	5 901 459
	<b>10 446 267</b>	<b>8 061 615</b>
<b>4 Finance income</b>		
Interest earned on fixed deposits, call deposits and current account	297 782	436 471
	<b>297 782</b>	<b>436 471</b>
<b>5 Income tax expense</b>		
A 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 share block Shareholders in terms of Section 10(i)(e) of the Income Tax Act.		
Current year	128 771	124 290
	<b>128 771</b>	<b>124 290</b>
A reconciliation of the taxation charge is not considered appropriate as share block companies are liable for taxation only on their net non-levy income.		
<b>6 Trade and other receivables</b>		
Trade receivables (refer note 15)	30 157	9 826
Other receivables (refer note 15)	587 534	157 056
Receiver of Revenue - Vat	276 888	206 858
Interest receivable	62 032	43 641
Prepayments	1 439 924	514 908
	<b>2 396 535</b>	<b>932 289</b>
<b>7 Levies receivable</b>		
Levy debtors	59 213	1 428 741
Repossessed debtors	2 317 306	229 162
Provision for repossessed debtors	(1 089 583)	(200 724)
- Opening balance	(200 724)	(640 628)
- Movement	(888 859)	439 904
	<b>1 286 936</b>	<b>1 457 179</b>
<b>8 Reserve for property, plant and equipment</b>		
At beginning of year	6 582 086	5 649 338
Levy surplus for the year	4 771 550	6 462 585
	<b>11 353 636</b>	<b>12 111 923</b>
Property, plant and equipment additions and replacements during the year	(4 298 188)	(5 529 837)
At year-end	<b>7 055 448</b>	<b>6 582 086</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 ten years.

The Directors have approved capital expenditure for 2022 of R4,529,231 (2020: R5,638,225 for 2021) which is anticipated to decrease the reserve fund by R253,409 (2020: decrease the reserve fund by R1,143,512 in 2021). The Directors had approved a rooms refurbishment of R12.8m over a 3-year period, commencing in 2019. Actual spend was R12.5m. The design company used was Falconer Management Proprietary Limited trading as Falconer Design. There were capital commitments made for R11,628 at year end (2020: R Nil).

# Pine Lake Share Block Proprietary Limited

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

	2021 R	2020 R
<b>9 Trade and other payables</b>		
Trade payables (refer note 15)	132 221	198 286
Other payables		
Accruals (refer note 15)	883 067	1 773 382
Provision for auditors' remuneration	71 595	59 000
Sundry payables (refer note 15)	780 744	192 149
	<b>1 735 406</b>	<b>2 024 531</b>
	<b>1 867 627</b>	<b>2 222 817</b>
<b>10 Share capital</b>		
<b>Authorised</b>		
162,146 "A" Class ordinary shares of 4 cents each		
<b>Issued</b>		
143,248 ordinary shares of 4 cents each	5 730	5 730
<b>11 Fixed deposits held with bank</b>		
Fixed deposits held with bank	9 750 000	6 150 000
<b>12 Cash and cash equivalents</b>		
Bank balances	970 886	4 098 034
Cash on hand	7 000	10 080
	<b>977 886</b>	<b>4 108 114</b>
<b>13 Levies received in advance</b>		
Levies received in advance	5 229 491	3 712 659

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.

## 14 Property, plant and equipment

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

Land and buildings comprise the following property:

Portion 47 of the farm Klipkopje 228 registration division, JT Transvaal District, White River with buildings thereon, known as Pine Lake Resort.

Land and buildings were originally purchased for R6,238,858 and are not recognised. Although the Company has legal title to the property, it effectively only owns the bare dominium over the property which is considered to be of no value. The property is currently valued by the Municipality at R30,313,000 for rates purposes. There are no bonds on the property.

## 15 Related party transactions

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

Short term rentals	41 867	23 416
Rental pool	40 707	22 347
Management fee	867 907	840 317
Central accounting and levy collection	554 824	537 186

# Pine Lake 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>		
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	(277)	(830)
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	(7 491)	(4 506)
Secretarial fees on repossessed debtors and use agreement fees - SRMS	52 800	18 291
During the financial year the Company paid fees to SunSwop (a division of SSHI), which is affiliated to RCI.		
Fees for points on weeks affected by Covid-19	-	1 093 073
	-	1 093 073
During the financial year the Company paid the following SSHI internal charges:		
- Administration - Information technology, training, industrial relations, etc.	104 929	76 038
- Training related	5 833	1 420
- Frequent guest loyalty programme	1 527	1 100
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 loan accounts. The balance of these loan accounts is as follows:		
Due (to)/by SSHI and its subsidiaries:		
- included in trade payables (refer note 9)	(5 940)	(45 192)
- included in sundry payables (refer note 9)	(429 095)	-
- included in accruals (refer note 9)	(72 496)	(194 700)
- included in trade receivables (refer note 6)	1 618	9 476
- included in other receivables (refer note 6)	43 120	5 090
	(462 793)	(225 326)
	<b>Number of units</b>	<b>Levies paid</b>
		<b>Levies received in advance</b>
		<b>R</b>
SSHI owns units in the Company as follows:		
SunSwop (a division of SSHI) - 2021 shareholding	15	134 700
SunSwop (a division of SSHI) - 2020 shareholding	15	134 850
The following entity, related through common directorship, owns units in the Company as follows:		
AN Ridl - Club Leisure Group - 2021 shareholding	211	2 031 340
AN Ridl - Club Leisure Group - 2020 shareholding	224	2 044 560
		1 387 690
		872 880

# Pine Lake Share Block Proprietary Limited

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

	2021 R	2020 R
<b>16 Directors' emoluments</b>		
Non-executive Directors have been remunerated an agreed upon fee per meeting attended for their services to the Company. In addition, all Directors are reimbursed for costs incurred whilst on the Company's business. Further, all Directors are insured for medical costs and personal accident while on the Company's business. All 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. All costs relating to Mr Park and Ms Croft are borne by Southern Sun.		
Directors' emoluments for the year:		
LE McMillan	21 200	26 500
JS Olive	21 200	26 500
AN Ridl	21 200	-
	<b>63 600</b>	<b>53 000</b>



# Pine Lake 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	14 461 259	13 758 989
Rental pool	54 439	38 473
Short term rentals	368 917	277 551
Sale of capital assets	10 200	45 983
Net sundry income		
- unclaimed surpluses, penalties, etc.	153 991	91 023
	<b>15 048 806</b>	<b>14 212 019</b>
<b>EXPENDITURE</b>		
<b>Rooms expenses</b>		
Cleaning supplies	19 226	5 751
COVID supplies	694	17 402
Guest entertainment and DSTV	123 206	83 340
Guest supplies	188 209	96 109
Laundry	588 898	317 444
Personnel costs - outside services	880 459	521 204
Pest control	11 565	9 238
Plants and decorations	11 400	10 613
Printing and stationery, including reception	62 987	38 840
Replacement of cutlery, crockery, linen, towels, uniforms, etc.	354 096	75 628
Security and banking services	529 870	559 197
	<b>2 770 610</b>	<b>1 734 766</b>
<b>Administration and general</b>		
Audit fees		
- current year	69 631	59 000
- prior year overprovision	-	(6 500)
Bank charges	15 918	5 685
Central accounting and levy collection fee	554 824	537 186
Corporate social initiatives	69 155	46 313
Credit card commission	63 014	59 889
Directors' emoluments	63 600	53 000
Information technology costs	427 683	316 301
Insurance - premium	157 648	234 481
Licences and permits	16 876	11 795
Loss on repossessed debtors	-	475 775
Marketing	47 248	57 243
Provision for repossessed debtors	888 859	(439 904)
Railage, cartage and hire transport	877	586
SunSwop exchange service	-	1 093 073
Subscriptions	15 068	15 068
Telephone	39 379	36 368
Travel - management and Directors	17 113	17 919
Vehicles - fuel and oil	24 172	11 669
	<b>2 471 065</b>	<b>2 584 947</b>

# Pine Lake 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, water and refuse</b>		
Electric bulbs	39 596	12 949
Electricity	903 545	500 603
Water	12 501	13 711
	<b>955 642</b>	<b>527 263</b>
<b>Repairs and maintenance</b>		
Air-conditioning	11 166	13 743
Buildings	27 575	28 402
Electrical and mechanical	69 777	21 835
Tools	7 810	2 765
Furniture and fixtures	35 140	2 670
Gardens and grounds	762 172	463 787
Generator	-	1 106
Office machines - maintenance contracts	-	2 691
Painting and redecorating	36 844	16 085
Plumbing and heating	163 232	100 514
Radio and TV	12 587	27 842
Room care	(43 511)	57 476
Swimming pool cleaning and repairs	33 295	22 715
Vehicles	14 376	4 306
	<b>1 130 463</b>	<b>765 937</b>
<b>Corporate charges</b>		
Annual report and statutory costs	25 522	16 845
Municipal rates and taxes	346 927	324 201
	<b>372 449</b>	<b>341 046</b>
<b>Personnel costs</b>		
Rooms	710 851	547 593
Administration and general	690 145	325 721
Repairs and maintenance	477 135	394 025
	<b>1 878 131</b>	<b>1 267 339</b>
<b>Management fee</b>	<b>867 907</b>	<b>840 317</b>
<b>Total expenditure</b>	<b>10 446 267</b>	<b>8 061 615</b>
Excess of income over expenditure before finance cost and taxation	<b>4 602 539</b>	<b>6 150 404</b>
<b>Finance income</b>		
Interest received	297 782	436 471
Excess of income over expenditure before taxation	<b>4 900 321</b>	<b>6 586 875</b>
<b>Taxation</b>	<b>128 771</b>	<b>124 290</b>
Excess of income over expenditure after taxation for the year transferred to reserve for property, plant and equipment	<b>4 771 550</b>	<b>6 462 585</b>

# Pine Lake Share Block Proprietary Limited

Minutes of the Annual General Meeting of the shareholders held at Sabi River Sun Resort, Hazyview on Tuesday, 31 August 2021 at 12h06

## 1 WELCOME AND PREAMBLE

The Chairman of the Company, Mr James Olive representing the "A" class shareholders, welcomed all shareholders present at the meeting. The Chairman advised that the meeting had been convened in terms of the notice of Annual General Meeting ("AGM") dated 17 June 2021.

The Chairman introduced his fellow non-executive Director, Mr Anthony Ridl, to the meeting. Ms Louise McMillan was unwell and not able to be present in person. Ms McMillan was however available and able to hear the proceedings through a listening device, as arranged by management.

Members of the senior management and company secretariat team were duly introduced.

## 2 QUORUM

The Chairman noted that 252 shareholders were present in person or by proxy, representing a total of 17,146 "A" ordinary shares, constituting 11.97% of the Company's issued share capital of 143,248. 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 properly constituted.

## 3 NOTICE OF MEETING

All shareholders present consenting, the notice of meeting dated 17 June 2021 was taken as read.

## 4 VOTING

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

## 5 ADOPTION OF ANNUAL FINANCIAL STATEMENTS AND REPORTS

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

### ORDINARY RESOLUTION 1

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

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.

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 is limited to five (5) Directors. Due to the size of the share block, the Board recommended that the Directors be kept to a maximum of three (3). The Chairman noted that the Directors who retire at this meeting, but being eligible, were available for re-election. No additional nominations had been received.

# Pine Lake Share Block Proprietary Limited

## 7.1 ORDINARY RESOLUTION 3.1

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

## 7.2 ORDINARY RESOLUTION 3.2

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

## 7.3 ORDINARY RESOLUTION 3.3

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

## 8 AUDIT COMMITTEE

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

### 8.1 ORDINARY RESOLUTION 4.1

Ordinary resolution 4.1, as set out in the notice convening the meeting, relating to the election of Ms Louise McMillan 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 Louise McMillan 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 himself, Mr James Olive, 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 James Olive 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 Anthony Ridl be and is hereby elected as a member of the Company's audit committee.

## 9 INSURED VALUE OF PROPERTY

### ORDINARY RESOLUTION 5

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 R165,150,854. Buildings were valued at R149,769,934 and furniture, fittings and equipment were valued at R15,380,920.

## 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.

It was unanimously RESOLVED that in terms of the provisions of section 66(9) of the Companies Act 71 of 2008, that R5,300 (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 1 September 2021 until the next AGM of the Company, be and is hereby approved.

# Pine Lake Share Block Proprietary Limited

## 11 OTHER BUSINESS

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

The Chairman invited Mr Thuso Moroe to present his report to the meeting. Mr Moroe began his presentation by commenting on the adverse impact of restrictive lockdown regulations on the Timeshare industry. In compliance with COVID-19 protocols, the Company implemented policies and procedures for entering and checking-in to the resort.

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

- RCI Gold Crown status and score of 4.55 out of 5;
- Tripadvisor scores;
- Corporate Social Investment ("CSI"):
  - Millennium House of Hope, Nespruit Old Age Home and White River Old Age Home received old linen and cutlery; and
  - Dasha School for Disabled and White River Old Age Home received assistance in renovating the school computer room and installing sliding doors, respectively;
- Creation of the new children's play area;
- Installation of new and fixed swimming pool umbrellas;
- Completion of the chalets refurbishment programme; and
- Training of staff members and their development;

## 12 CLOSURE

There being no further business to discuss, the Chairman thanked all for their attendance and declared the meeting closed at 12h16.

  
CHAIRMAN

10 November 2021

Date

