

Beacon Island Share Block Proprietary Limited

Registration No. 1983/005957/07

Annual Report

for the year ended 31 December 2022



Beacon Island Share Block Proprietary Limited
Annual Financial Statements
for the year ended 31 December 2022

COMPANY INFORMATION

Registration number: 1983/005957/07

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

Postal address: Private Bag X200
Bryanston
2021

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

- Detailed Levy Fund Operating Statement 24 - 25

Minutes of the Previous Annual General Meeting **26 - 28**

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 2022

Beacon Island Resort celebrated its landmark 50th anniversary in 2022. Today, it stands strong and is ready for the next 50 years.

Since opening its doors in December 1972, the resort has grown from strength to strength, establishing itself as a world-renowned destination and continues to lead the way as a flagship of the South African timeshare industry.

Most recently, Beacon Island Resort was crowned the Top Gold Crown Resort in the Large Resort category within RCI's recognition programme, an achievement we are all very proud of.

Improvements

Improvements to facilities during the year included: the acquisition of new swimming pool loungers; cushions and side tables; the installation of a new air conditioning system for the Lookout Room and Sea Lounge; a new fence for the Robberg lawn; three new ice machines for the floors; a new tumble dryer; the resurfacing of the tennis court; and an upgrade of staff facilities.

Human resources

The staff of our resort strive to create exceptional experiences. Ongoing training and development of the staff members is therefore critical in order to deliver and maintain the world-class service and standards that our guests have grown accustomed to.

The Coronavirus pandemic ("Covid-19") changed the way training is conducted. Online training sessions and webinars are now used to help staff to improve their skills and further develop themselves where possible.

Occupancy

Having successfully weathered the storm of Covid-19 and its unprecedented impact on the hospitality sector, "life" returned to "normal" and leisure travellers flocked back to Plettenberg Bay to enjoy its five blue flag beaches, its scenic beauty, and many experiences that the Garden Route has to offer.

I am therefore thrilled to report that the average occupancy recorded in 2022 was a phenomenal 85.9%, which was higher than the 82.5% achieved in the previous year and only 1% lower than pre-Covid occupancies levels.

The statement of comprehensive income for the year ended 31 December 2022 reflects total income including net finance income of R55.942m (2021: R51.277m) and total expenditure of R46.064m (2021: R39.778m). The levy surplus after taxation of R9.265m (2021: R11.016m) 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 8.1% year-on-year.

Expenditure

Year-on-year, total expenditure increased by 15.8% with the following breakdown:

- **Rooms** increased by 8.2% due to a R200k increase in guest supplies being occupancy related; and the 17.8% increase in guest entertainment resulting from the resort's 50th birthday celebrations;
- **Administration and general** increased by 18.7% due to higher insurance charges; the increased subscriptions relating to the Community Schemes Ombud Services ("CSOS") membership fees for 2017 to 2022; and the R350k increase in travel due the re-allocation of personnel costs: fuel costs to travel costs;
- **Electricity, water and refuse** increased by 43% due to the R796k increase in generator fuel relating to more frequent episodes of load shedding; and an increase in electricity consumption costs by 40.8% against 2021;
- **Repairs and maintenance** increased by 2%;
- **Corporate charges** increased by 0.6%;
- **Personnel costs** increased by 21.9% although the comparative was unrealistic and should rather be compared to the pre-Covid-19 period of 2019 that resulted in a more realistic increment of 6.3%. The 2021 year still reflected reduced or frozen staff salaries, non-payment of bonuses, and non-payment of retirement fund contributions; and
- **Management fees** increased by 4.6% in line with CPI, as per the management agreement.

Beacon Island Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2022

Statement of financial position

The statement of financial position on page 14 together with the related notes thereto, reflects the financial position of Beacon Island Share Block as at 31 December 2022. The reserve for the replacement of property, plant and equipment reflects a balance of R26.888m (2021: R24.055m) after transfer of the operating surplus for 2022 of R9.265m (2021: R11.016m) and capital expenditure costs of R6.432m (2021: R18.919m). Levies receivable decreased to R877k (2021: R965k). Levies received in advance increased to R21.655m (2021: R20.675m).

Surplus funds have been invested for the benefit of all shareholders. Cash and cash equivalents decreased to R4.322m (2021: R5.739m) whilst fixed deposits increased to R45.5m (2021: R41.5m).

I take this opportunity to thank all shareholders for continuing to meet their levy obligations and paying annual levies timeously.

Capital expenditure

Capital expenditure of R6.432m (2021: R18.919m) was incurred in respect of the following major expenses:

	R
Painting and spalling	1,052,094
Swimming pool lounge cushions	1,041,183
Material for swimming pool loungers	901,900
Lawn replacement	428,946
Air conditioners	417,010
Garden upgrade	266,084
Fencing	229,180

Levy 2023

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

Vacation ownership association of Southern Africa ("VOASA")

Our resort continues its membership with 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 within the timeshare industry, in both a positive and organised manner.

Conclusion

I am extremely proud of and reassured by our resort's phenomenal performance in 2022 and I thank my fellow Directors for their dedication, 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 all shareholders and the prosperity of our resort.

In closing, I encourage every shareholder to either attend the AGM on Tuesday, 19 September 2023 or to complete the proxy form enclosed in this annual report on page 5 should you be unable to attend in person.

I wish you all a safe and healthy year ahead.



LH 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 **Tuesday, 19 September 2023 at 11h00 at Southern Sun The Cullinan, 1 Cullinan Street, Cape Town Waterfront**, for the purpose 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 2022, 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 2022, 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 re-appointed as independent auditors of the Company until the conclusion of the next AGM of the Company.

3. Election of Directors

In accordance with Company's Memorandum of Incorporation ("MOI"), the number of Directors shall be no less than three and no more than seven and the longest serving Directors shall retire at an AGM. The longest serving Directors shall be those who have held office for three successive AGMs excluding the meeting at which they are elected or re-elected and including the third meeting at which they shall automatically retire. By rotation, Mr Gary Kaplan, Ms Janine Pieterse and Mr Johannes ("John") van Rooyen shall retire at this AGM. **It would facilitate secretarial procedures if nominations for the appointment of Directors be received by no later than 11h00 on Friday, 15 September 2023 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 Gary Kaplan 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 Janine Pieterse 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 John van Rooyen who retires in terms of the Company's MOI and who is eligible and available for re-election, be and is hereby elected as a Director of the Company.

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

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

It is noted that an amount of R8,000 for non-executive Directors' fees was approved at the previous AGM for the year until 19 September 2023. 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 2023 until the next AGM of the Company, and tabled at the meeting at which this resolution was proposed, be and is hereby approved.

Subject to the provisions of the 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 shareholders present, holding at least five percent (5%) of the share capital and voting rights, personally or by proxy, and who are entitled to be exercised at the meeting.

In the event of a quorum not being present within half-an-hour of the appointed time for the meeting to begin, the AGM will be automatically adjourned for one business day, to Wednesday, 20 September 2023 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 Wednesday, 13 September 2023.

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 11h00 on Friday, 15 September 2023. A form of proxy is enclosed on page 5 for this purpose.**

**Beacon Island Share Block
Proprietary Limited**
Registration Number: 1983/005957/07
("the Company")

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

Private Bag X200
Bryanston, 2021
Telephone: (031) 366 7061
Facsimile: (086) 765 2272
Resorts.companysecretarialservices@southernsun.com

Form of proxy for use by shareholders at the annual general meeting ("AGM") of the Company to be held on **Tuesday, 19 September 2023 at 11h00 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 above-mentioned date and at any adjournment thereof as follows:

	In Favour Of	Against	Abstain
Ordinary Resolution 1: Receipt and adoption of annual financial statements and reports - Year ended 31 December 2022			
Ordinary Resolution 2: Appointment of auditors			
Ordinary Resolution 3: Election of Directors			
3.1 Gary Kaplan			
3.2 Janine Pieterse			
3.3 John van Rooyen			
Ordinary Resolution 4: Appointment of audit committee			
4.1 Gary Kaplan			
4.2 Laurelle McDonald			
4.3 Anthony Ridl			
Ordinary resolution 5: Insured value of property			
Special Resolution 1: Non-executive Directors' fees (R8,000)			

Signed at this day of 2023.

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 11h00 on Friday, 15 September 2023.

Beacon Island Share Block Proprietary Limited

Statement of Directors' Responsibility for the Year Ended 31 December 2022

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 13 to 23 have been prepared in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities and in the manner required by the South African Companies Act 71, of 2008.

The Directors and management are also responsible for maintaining the Company's systems of internal financial 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 11 to 12.

Approval of annual financial statements

The annual financial statements set out on pages 13 to 23 were approved by the Directors on 15 May 2023 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 2022, 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 Mahloeie
For Southern Sun Secretarial Services Proprietary Limited

Beacon Island Share Block Proprietary Limited

Report of the Audit Committee for the Year Ended 31 December 2022

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

1. Members of the audit committee

The members of the audit committee comprise three non-executive Directors being myself as Chairman, Ms Laurelle McDonald and Mr Anthony Ridl.

2. Frequency of meetings

The audit committee met twice during the financial year under review and provision is made for additional meetings to be held when and if necessary.

3. Attendance

The external auditors, in their capacity as auditors to the Company, attend and report to the meetings of the audit committee. Relevant senior managers attend the meeting by invitation.

4. Duties of the audit committee

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

- 4.1 evaluating the independence and effectiveness of the external auditors, the fees and terms of engagement;
- 4.2 ensuring that the appointment of the audit firm complies with the provision of the Companies Act and any other legislation relating to the appointment of auditors;
- 4.3 approving 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 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 is satisfied that the external auditors are independent of the Company, as set out in section 94(8) of the Companies Act. Requisite assurance is provided by the auditors that internal governance processes within the audit firm both support and demonstrate its claim to independence.



Gary Kaplan
Chairman
15 May 2023

Beacon Island Share Block Proprietary Limited

Report of the Social and Ethics Committee for the Year Ended 31 December 2022

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: being 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 and am supported by fellow Directors, Ms Janine Pieterse and Mr Johannes ("John") van Rooyen. Other Directors are invited to participate in the meetings and the committee is whole-heartedly supported by the resort's staff members.

Activities of the committee

The committee provides direction, oversight and impetus to a variety of activities that works to the good of the resort, its environmental and socio-economic framework. The energy that goes into these activities, and the outstanding results achieved, demonstrate the commitment of the committee and the team of staff members who help follow through.

Environmental health and public safety

Environmental health and public safety interlocks the priorities of the committee's work. While focus is on energy, water and waste programmes, attention is also given to 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 conditions 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 ensuring that back-up systems are in place as and when needed. Risk audits are thus essential, and I am pleased to note that the resort surpassed its ORMS target of 90% by achieving an overall score of 96%.

In terms of energy consumption, the increase noted was mainly due to increased occupancy as well as a lower comparative year of 2021, that was still recovering from the impact of the Coronavirus ("Covid-19") pandemic and lockdown periods. Initiatives followed by staff include: the switch-off-something ("SOS") programme; the use of operational timers; motion sensor lighting; energy efficient lights; and the installation of heat pumps. The resort continues to switch over to its backup generator during load shedding.

The 2% increase recorded against water consumption was attributable to the same factors as mentioned for energy. The focus to further reduce water consumption remains a major priority when planning events and operating the resort. Initiatives in place are geared to maximise self-sufficiency and minimise the impact on municipal water reserves by for example, harvesting rain water for irrigation purposes.

I am proud to announce that the resort recycled 48% of its total waste last year. This waste was generated by guests, resort tenants and staff.

Guest relations and correspondence

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

Beacon Island Resort has consistently received great reviews and the resort has once again been a top performer through Tripadvisor by winning the 2022 Travelers' Choice Award.

Labour, employment relations and BBBEE

The resort is a prestigious, high-occupancy timeshare property. It is comparatively successful amongst the largest employers within the Plettenberg Bay area that employs majority of its labour force from the surrounding communities.

This past year, training and development was again a key aspect to enhance guest service and empower positive labour relations. The management team builds positive relationships with staff members through effective communication and performance management. Staff are encouraged to pursue training opportunities made available through the Southern Sun online learning platform, to improve their skills for professional development.

Strong emphasis is placed on buying goods and services through local and sustainable organisations or persons to help stimulate entrepreneurship in the area.

The resort is BBBEE compliant through the Southern Sun BBBEE level 1 contributor status.

Beacon Island Share Block Proprietary Limited

Report of the Social and Ethics Committee for the Year Ended 31 December 2022

Corporate citizenship and social investment

The committee exercised good corporate citizenship and during 2022 supported the health, welfare, educational and school security needs for more than 40 different beneficiaries ranging from charities and underprivileged sports clubs, to early-learning centres and primary schools. Assistance and support comes in various forms such as: donations of staff time and expertise; prize letters for fundraising events; donations of written-off linen, furniture and equipment; and the purchase of items listed for repair, care and support in the needs of that initiative or organisation. The Shine Reading Programme continued at Phakamisani Primary School where the pupils are assisted with their English reading skills.

I am delighted to report that the committee surpassed its special projects corporate social investment target for the year and recorded participation in the following areas:

- Wittedrift Primary School – stationery items donated;
- Muddy Pooches – dog food and feeding bowls donated;
- Plett Animal Welfare Society (“PAWS”) - medical equipment donated for the newly built animal hospital;
- Sterreweg Day Care Centre – special needs equipment donated; and
- Kranshoek Kindergarden – contribution towards payment of its municipal account.

Conclusion

I extend a big thank you to my fellow committee members and to the staff of Beacon Island Resort for their support that resulted in 2022 being yet another phenomenal year. The committee strives to create a positive impact on each staff member of the resort and on the larger community. I am incredibly proud to be part of this committee.



Robert Segal
Chairman

Beacon Island Share Block Proprietary Limited

Report of the Directors for the Year ended 31 December 2022

The Directors present their annual report of the Company for the year ended 31 December 2022.

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 issued in predefined blocks, that are linked by a use agreement relating to specific units during specific weeks of the year;
2. Linked to the respective share blocks, are obligations on the share block shareholders to make loans to the Company; and
3. Obligations on share block shareholders to contribute levies, to enable the Company to defray its expenditure.

2 Financial results

The financial results of the Company are set out in the attached annual financial statements.

In accordance with the provisions of the Share Blocks Control Act and in common with other timeshare operations in South Africa, the Company has since its inception as a share block company, raised an annual levy making a provision for the maintenance and upkeep of the property. Asset replacement costs and 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 R9,265,225 (2021: R11,016,016) was transferred to the reserve for property, plant and equipment.

No dividends have been declared during the year and none are recommended (2021: R Nil)

3 Share capital

The authorised and issued share capital has remained unchanged.

4 Insurance

The resort buildings and its contents are insured at current replacement values under an all-risk policy. In addition, Sasria (Riot) cover has been arranged for the sum insured. The Company does not insure personal belongings of the individual timesharers. The Company does not guarantee the provision of alternative accommodation in the event of a disaster and does not take out insurance for this.

5 Directors and secretary

The Directors in office during the year under review and at the date of this report are:

LM Hodes	Chairman
G Kaplan *	
L McDonald *	
J Pieterse ^	
AN Ridl *	(Alternate MN Ridl)
RJ 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:

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

6 Management

The operations of the Company are managed by Southern Sun Hotel Interests Proprietary Limited.

7 Material events after year-end

The Directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in this report or in the annual financial statements, that would significantly affect the financial position of the Company or the results of its operations.

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 13 to 23, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Beacon Island Share Block Proprietary Limited as at 31 December 2022, 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 Report for the year ended 31 December 2022", which includes the Declaration by the Company Secretary, Report of the Audit Committee, Report of the Social and Ethics Committee and the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with 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.

Beacon Island 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

Registered Auditor

2 August 2023

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 2022

	Note	2022 R	2021 R
Income		53 580 139	49 544 477
Levy income		51 022 115	47 319 565
Other income		2 558 024	2 224 912
Expenses		(46 063 832)	(39 778 347)
Levy surplus before interest and taxation	3	7 516 307	9 766 130
Finance income	4	2 362 124	1 732 721
Levy surplus before taxation		9 878 431	11 498 851
Income tax expense	5	(613 207)	(482 835)
Levy surplus for the year		9 265 224	11 016 016

Beacon Island Share Block Proprietary Limited

Statement of Financial Position as at 31 December 2022

	Note	2022 R	2021 R
ASSETS			
Current assets			
Trade and other receivables	6	9 085 126	6 426 505
Levies receivable	7	877 096	964 802
Fixed deposits held with bank	11	45 500 000	41 500 000
Cash and cash equivalents	12	4 322 018	5 739 386
Total current assets		59 784 240	54 630 693
Total assets		59 784 240	54 630 693
EQUITY			
Capital and reserves			
Share capital	10	320 000	320 000
Reserve for property, plant and equipment	8	26 887 866	24 054 821
Total equity		27 207 866	24 374 821
LIABILITIES			
Current liabilities			
Trade and other payables	9	10 319 869	8 449 652
Levies received in advance	13	21 655 447	20 675 268
Current tax liabilities		601 058	1 130 952
Total current liabilities		32 576 374	30 255 872
Total liabilities		32 576 374	30 255 872
Total equity and liabilities		59 784 240	54 630 693

Statement of Changes in Equity for the Year Ended 31 December 2022

	Note	2022 R	2021 R
Share capital			
Ordinary shares at the beginning of the year and at year-end	10	320 000	320 000
Reserve for property, plant and equipment			
At the beginning of the year		24 054 821	31 957 699
Levy surplus for the year		9 265 224	11 016 016
Property, plant and equipment additions and replacements during the year	8	(6 432 179)	(18 918 894)
At year-end		26 887 866	24 054 821

Beacon Island Share Block Proprietary Limited

Statement of Cash Flows for the Year Ended 31 December 2022

	2022 R	2021 R
Cash flow from operating activities		
Levy surplus before taxation	9 878 431	11 498 851
Adjustments for		
Interest received	(2 362 124)	(1 732 721)
Net surplus before working capital changes	7 516 307	9 766 130
Changes in working capital		
Movement in levies receivable	87 706	522 015
Movement in trade and other receivables	(2 658 621)	(2 333 395)
Movement in levies received in advance	980 179	5 705 411
Movement in trade and other payables	1 870 217	87 405
Cash flows from operating activities	7 795 788	13 747 566
Interest received	2 362 124	1 732 721
Tax paid	(1 143 101)	-
Net cash inflow from operating activities	9 014 811	15 480 287
Cash flow from investing activities		
Property, plant and equipment additions and replacements	(6 432 179)	(18 918 894)
Movement in fixed deposits held with bank	(4 000 000)	(9 500 000)
Net cash outflow from investing activities	(10 432 179)	(28 418 894)
Net movement in cash and cash equivalents	(1 417 368)	(12 938 607)
Cash and cash equivalents at the beginning of the year	5 739 386	18 677 993
Cash and cash equivalents at year-end	4 322 018	5 739 386

Beacon Island Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2022

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 assumptions and estimates are significant to the annual financial statements.

1.2 Reserve for property, plant and equipment

Normal maintenance expenditure is written-off against the statement of comprehensive income.

A reserve for capital expenditure in respect of additions and replacements of property, plant and equipment is provided. This reserve is intended to provide for the expenditure incurred. Transfers are made to and from this reserve, having regard to surpluses if any, in the statement of comprehensive income and to amounts expended in respect of property, plant and equipment. The right of use of all property, plant and equipment is vested in the shareholders.

All proceeds on the 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 the 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 any provision for impairment. Such provision is established when there is evidence that the Company will not be able to collect the full amount owing. The provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers. Bad debts are written-off in the year during which they are identified.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

Gains and losses on subsequent measurement of financial instruments are reflected in the statement of comprehensive income.

Beacon Island Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2022

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 and 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.

Beacon Island Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2022

2 Financial risk management

Capital management

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

Financial risk factors

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

Liquidity risk

In terms of the use agreements associated with the shares of the Company, shareholders are obliged to contribute levies sufficient to cover the costs of maintenance, upkeep, control and management of the resort.

In order to manage the liquidity requirements of the Company, a rolling 10-year capital replacement and refurbishment plan is maintained and reviewed regularly by the Directors. This plan provides for the orderly refurbishment of the property and maintenance of sufficient contingency reserves, based on increases in annual levies.

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

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 2022

	2022 R	2021 R
3 Levy surplus before interest and taxation		
The levy surplus before interest and taxation is stated after taking into account the following:		
Employee costs		
Salaries, wages and benefits	12 034 791	10 106 785
Contributions to retirement funds	519 878	191 069
Management fees	2 425 152	2 319 425
Audit fees	188 249	219 328
Professional and legal fees	66 464	196 439
Other operating expenses	30 829 298	26 745 301
	46 063 832	39 778 347
4 Finance income		
Interest income earned on fixed deposits, call deposits and current account	2 362 124	1 732 721
5 Income tax expense		
Provision is made for Company taxation on the net non-levy income of the levy fund.		
No tax is payable on levy income from the shareholders in terms of section 10(1)(e) of the Income Tax Act.		
Current year	601 058	482 835
Prior year under provision	12 149	-
	613 207	482 835
A reconciliation of the taxation charge is not considered appropriate as share block companies are only liable for taxation on net non-levy income.		
6 Trade and other receivables		
Trade receivables (refer note 15)	574 698	900 806
Other receivables (refer note 15)	20 411	84 813
Interest receivable	609 144	210 217
Receiver of revenue - VAT	345 759	567 067
Prepayments (refer note 15)	7 535 114	4 663 602
	9 085 126	6 426 505
7 Levies receivable		
Levy debtors	724 245	853 710
Repossessed debtors	152 851	124 617
Less: Provision for repossessed debtors	-	(13 525)
Opening balance	(13 525)	(8 728)
Movement	13 525	(4 797)
	877 096	964 802

Beacon Island Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2022

	2022 R	2021 R
8 Reserve for property, plant and equipment		
At the beginning of the year	24 054 821	31 957 699
Levy surplus for the year	9 265 224	11 016 016
	33 320 045	42 973 715
Property, plant and equipment additions and replacements during the year	(6 432 179)	(18 918 894)
At year-end	26 887 866	24 054 821
The Directors have reviewed a forward estimate, prepared by management, of the costs of property, plant and equipment additions and replacements over the next 10 years.		
The Directors have recommended replacement reserve expenditure for 2023 of R25,800,620 (2021: budgeted capital expenditure of R19,089,346 for 2022) which it is anticipated will decrease the budgeted reserve fund by R14,363,681 (2021: decrease the budgeted reserve fund by R7,974,568 for 2022). There were capital commitments made for R4,241,007 at year-end (2021: R918,526).		
9 Trade and other payables		
Trade payables	473 664	1 145 577
Other payables		
Accruals (refer note 15)	4 159 924	2 788 193
Provision for auditor's remuneration	188 090	218 707
Sundry payables (refer note 15)	5 498 191	4 297 175
	10 319 869	8 449 652
10 Share capital		
Authorised and issued		
32,000,000 ordinary shares of 1 cent each	320 000	320 000
11 Fixed deposits held with bank		
Fixed deposits held with bank	45 500 000	41 500 000
12 Cash and cash equivalents		
Bank balances	4 291 550	5 719 986
Cash on hand	30 468	19 400
	4 322 018	5 739 386
13 Levies received in advance		
Levies received in advance	21 655 447	20 675 268

Shareholders are billed 12 months in advance. 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 2022

	2022 R	2021 R
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.		
The Company acquired the rights to a property lease that includes Beacon Island Resort, 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 12 equal monthly instalments. (refer note 15)		
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	127 398	95 532
Rental pool	404 812	241 532
Management fee	2 425 152	2 319 425
Central accounting and levy collection fees	2 882 574	2 756 904
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	673 698	497 102
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	(213 626)	(152 155)
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	(63 269)	(55 565)
Secretarial fees on repossessed debtors and use agreement fees - SRMS	25 740	12 052
The Company also leases the property on which the Beacon Island Resort is situated, 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), that is affiliated to RCI:		
Fees for points on weeks affected by Covid-19	(12 316)	-

Beacon Island Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2022

	2022 R	2021 R
15 Related party transactions (continued)		
During the financial year the Company paid the following SSHI internal charges:		
Administration - Information technology, tenanting, industrial relations, training, etc	610 230	448 332
Training related	33 153	4 162
Frequent guest loyalty program	16 139	5 626
Certain costs are incurred by SSHI in terms of contracts negotiated on behalf of members of the Southern Sun Group, including the Company. These costs that include insurance, certain maintenance and operating lease contracts, are recovered from the Company via a loan account.		
Balance owing (to)/by SSHI and its subsidiaries:		
Included in trade receivables (refer note 6)	10 375	19 657
Included in other receivables (refer note 6)	-	23 630
Included in prepayments (refer note 6)	456 600	-
Included in sundry payables (refer note 9)	(4 023 492)	(2 932 093)
Included in accruals (refer note 9)	(46 000)	(347 508)
	(3 602 517)	(3 236 314)
The Company receives rental income from SST for the letting of office space:		
Rental income	(79 510)	(74 123)
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 from SST:		
Included in other receivables (refer note 6)	11 950	21 943
The following entity, related through common directorship, concluded transactions on an arm's length basis to purchase room key cards and wristbands as follows:		
G Kaplan - The Bright Blue Company Proprietary Limited	62 020	-
SSHI own units in the Company as follows:		
	Number of units	Levies paid R
		Levies received in advance R
SunSwop (a division of SSHI) - 2022 shareholding	163	824 740
SunSwop (a division of SSHI) - 2021 shareholding	163	785 870
The following entity, related through common directorship, own units in the Company as follows:		
AN Ridl - Club Leisure Group - 2022 shareholding	574	3 102 710
AN Ridl - Club Leisure Group - 2021 shareholding	574	2 913 910

Beacon Island Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2022

	2022 R	2021 R
16 Directors' emoluments		
For their services to the Company, the Directors have been remunerated an agreed upon fee per meeting attended and are reimbursed for costs incurred whilst performing the Company's business. Further, the Directors are insured for medical costs and personal accident. The Directors are also covered by insurance taken out by the Company as indemnification against all liability of any Director towards the Company in respect of negligence, default, breach of duty or breach of trust.		
Directors' emoluments paid for the year:		
LM Hodes	32 000	24 000
G Kaplan	32 000	24 000
J Pieterse	32 000	32 000
AN Ridl	24 000	32 000
RJ Segal	32 000	24 000
JPF van Rooyen	32 000	24 000
	184 000	160 000

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 2022

	2022 R	2021 R
INCOME		
Levies	51 022 115	47 319 565
Net rent received	368 238	306 755
Rental pool	607 219	362 299
Short-term rentals	1 094 070	876 789
Sale of capital assets	30 330	309 625
Net non-levy income		
- telephone, rentals, penalties, etc.	458 167	369 444
	53 580 139	49 544 477
EXPENDITURE		
Rooms' expenses		
Cleaning supplies	151 771	132 108
Covid-19 expenses	75 448	224 300
Guest entertainment, Band/Live music and DSTV	4 484 758	3 807 230
Guest supplies	672 936	472 943
Laundry	1 056 351	966 518
Personnel costs - outside services	4 253 054	4 046 480
Pest control	27 619	24 203
Plants and decorations	83 000	19 449
Printing and stationery	238 035	235 542
Replacement of linen, towels, uniforms, etc	1 248 285	1 228 151
Security and banking services	2 094 475	2 137 635
	14 385 732	13 294 559
Administration and general		
Audit fees		
- current year	188 249	219 328
Bank charges	15 729	18 473
Central accounting and levy collection fees	2 882 574	2 756 904
Corporate social initiatives	158 250	211 547
Credit card commission	196 251	203 870
Directors' emoluments	184 000	160 000
Fax and house calls	57 768	47 054
Information technology costs	1 139 869	1 035 341
Insurance		
- premium	812 654	543 280
Licences and permits	106 569	156 580
Loss and damage	19 448	-
Loss on repossessed debtors	11 017	4 965
Marketing	118 844	166 173
Postage	34 303	18 304
Professional and legal fees	66 464	196 439
Provision for repossessed debtors	(13 525)	4 797
Railage, cartage and hire transport	5 485	7 374
Subscriptions	628 302	69 167
SunSwop exchange service	(12 316)	-
Travel - management and Directors	567 368	216 944
	7 167 303	6 036 540

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 2022

	2022 R	2021 R
Electricity and water		
Electric bulbs	24 172	52 704
Electricity	2 913 900	2 069 617
Generator fuel	1 309 685	513 273
Water	1 203 659	1 175 456
	5 451 416	3 811 050
Repairs and maintenance		
Buildings and elevators	650 281	687 641
Electrical and mechanical	309 325	184 973
Gardens and grounds	416 290	421 086
Major repairs and maintenance	630 354	677 192
Office machines - maintenance contracts	-	81 174
Painting and redecorating	36 467	93 729
Plumbing and heating	50 870	99 150
Room maintenance care	245 076	208 119
Swimming pool cleaning and repairs	148 914	109 835
Vehicles	200 016	71 939
	2 687 593	2 634 838
Company costs		
Annual report and statutory costs	-	21 715
Municipal rates and taxes / cost recovery	1 151 967	1 122 366
Rent paid	240 000	240 000
	1 391 967	1 384 081
Personnel costs		
Rooms	7 107 339	5 786 985
Administration and general	3 050 912	2 507 452
Repairs and maintenance	2 396 418	2 003 417
	12 554 669	10 297 854
Management fee	2 425 152	2 319 425
Total expenditure	46 063 832	39 778 347
Excess of income over expenditure before finance income and taxation	7 516 307	9 766 130
Finance income		
Interest received	2 362 124	1 732 721
Excess of income over expenditure before taxation	9 878 431	11 498 851
Taxation		
Current year	601 058	482 835
Prior year under provision	12 149	-
	613 207	482 835
Excess of income over expenditure after taxation for the year transferred to reserve for property, plant and equipment	9 265 224	11 016 016

Beacon Island Share Block Proprietary Limited

MINUTES OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS FOR THE YEAR ENDED 31 DECEMBER 2021 HELD ON MONDAY 19 SEPTEMBER 2022 AT 10H35 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 16 May 2022.

The Chairman welcomed all in attendance, both in person and online through the Microsoft Office Teams ("Teams") platform. The Chairman introduced his fellow Directors Messrs. Gary Kaplan, Robert Segal, Johannes ("John") van Rooyen, Ms Janine Pieterse and Ms Laurelle McDonald who were physically present. He noted that Director Mr Anthony Ridl was attending the meeting online. Members of the management team and company secretariat team were duly welcomed.

2 QUORUM

A number of shareholders had tendered their apologies for the meeting and had submitted their forms of proxy for voting purposes. The Chairman noted that the forms of proxy and shareholders here present represented 16% of the Company's ordinary shares and that with the required quorum present, being at least three shareholders present and holding at least 5% of the share capital, he declared the meeting duly constituted.

3 NOTICE OF MEETING

All shareholders present consenting, the notice of meeting dated 16 May 2022 was taken as read.

4 VOTING

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

5 ADOPTION OF ANNUAL FINANCIAL STATEMENTS AND REPORTS

ORDINARY RESOLUTION 1

Ordinary resolution 1 as set out in the notice convening the meeting related to the receipt and adoption of the annual financial statements and accompanying reports contained in the annual report of the Company for the financial year ended 31 December 2021. No questions or comments were recorded, and it was unanimously RESOLVED that the annual financial statements for the year ended 31 December 2021 be and were hereby approved and adopted.

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

ORDINARY RESOLUTION 2

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

7 DIRECTORS

In terms of the Company's memorandum of incorporation ("MOI") the Board was limited to 7 Directors and that the longest serving Directors shall retire at an AGM. By rotation, Mr Laurance Hodes, Mr Anthony Ridl and Ms Laurelle McDonald retired at this AGM and had indicated that they were eligible and available for re-election. No additional nominations had been received.

7.1 ORDINARY RESOLUTION 3.1

Ordinary resolution 3.1 related to the election of Mr Laurance Hodes as a Director. It was unanimously RESOLVED that Mr Hodes be and was hereby re-elected as a Director of the Company.

Beacon Island Share Block Proprietary Limited

7.2 ORDINARY RESOLUTION 3.2

Ordinary resolution 3.2 related to the election of Mr Anthony Ridl as a Director. It was unanimously RESOLVED that Mr Anthony Ridl be and was hereby re-elected as a Director of the Company.

7.3 ORDINARY RESOLUTION 3.3

Ordinary resolution 3.3 related to the election of Ms Laurelle McDonald as a Director. It was unanimously RESOLVED that Ms Laurelle McDonald be and was hereby re-elected as a Director of the Company.

8 APPOINTMENT OF AUDIT COMMITTEE

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

8.1 ORDINARY RESOLUTION 4.1

Ordinary resolution 4.1 related to the election of Mr Gary Kaplan as a member of the Company's audit committee. It was unanimously RESOLVED that Mr Gary Kaplan be and was hereby re-elected as a member of the Company's audit committee.

8.2 ORDINARY RESOLUTION 4.2

Ordinary resolution 4.2 related to the election of Mr Anthony Ridl as a member of the Company's audit committee. It was unanimously RESOLVED that Mr Anthony Ridl be and was hereby re-elected as a member of the Company's Audit Committee.

8.3 ORDINARY RESOLUTION 4.3

Ordinary resolution 4.3 related to the election of Ms Laurelle McDonald as a member of the Company's audit committee. It was unanimously RESOLVED that Ms Laurelle McDonald be and was hereby re-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 R587,370,366. Buildings are valued at R459,623,913 and furniture, fittings and equipment are valued at R127,746,453. It was RESOLVED that the insured value of the property be and was hereby approved.

10 NON-EXECUTIVE DIRECTORS' FEES

10.1 SPECIAL RESOLUTION 1

Special resolution 1 related to the approval of the fees payable to non-executive Directors for their services as a Director. The Chairman advised that Directors' fees had not increased for the past three years and that it was not recommended for increase for the year ahead. It was unanimously RESOLVED that in terms of the provisions of section 66(9) of the Companies Act 71 of 2008 that R8,000 (Vat payable, to the extent applicable to this remuneration) payable to the non-executive Directors of the Company for their services as Directors and/or members of the sub-committees, per meeting or cluster of meetings in respect of the period from 20 September 2022 until the next AGM of the Company, be and was hereby approved.

11 OTHER BUSINESS

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

The Chairman invited the general manager, Mr Barend Olivier to present his report to the meeting. Mr Olivier explained that the social and ethics committee identified the needs and requests of organisations and establishments in the local community and contributed to the good causes as best as possible. Together with photographic evidence, Mr Olivier presented an overview of the following achievements and results over the past year:

Beacon Island Share Block Proprietary Limited

- Corporate social investment ("CSI"):
 - Child Welfare: Broken windows were repaired, and security gates were installed;
 - Greenhill Education Centre: a new alarm system was installed;
 - House of Hope: Damp issues were rectified;
 - Kranshoek Kindergarden: Seeds were donated for its vegetable garden and the building was painted;
 - Junior Golden Stars: A new kit was donated to the Beacon Island soccer team;
 - Wittedrift Primary School: Stationery was donated;
 - Muddy Pooches: Dog food was donated;
 - Prize letters and sponsorships: Extended to National Sea Rescue Institute ("NSRI"), Child Welfare South Africa Kranshoek, Plett Animal Welfare Service ("PAWS"), Volunteering SA, Rotary International, Plettenberg Bay Baai, Ernie Els and Fancourt Foundation, Sterreweg, Help Keep Plett Clean, Accelerate, and Grey High School for their own fundraising initiatives; and
 - Kranshoek Kindergarden was visited on Mandela Day to interact with the pupils and provide a hot meal and snacks.
- Energy, water and gas consumption in 2021 was higher against 2020 results mainly due to increased occupancy levels since the lift of the Covid-19 pandemic restrictions and a full 12-month period of operation;
- 33.6% of total waste generated by guests and the resort was recycled. The team was working hard to further reduce wastage and items sent to landfills;
- Guest feedback through platforms such as GuestRevu, Tripadvisor, RCI and Google were positive;
- Beacon Island Resort received the RCI Top Gold Crown Resort award in the large resorts division, achieving 1st place in the categories of housekeeping, unit maintenance, and resort maintenance, achieving 2nd place in service of housekeeping and achieving 4th place in the category of check-in and check-out;
- Major projects undertaken included refurbishment of the steam room, indoor swimming pool, Cascades area and the gazebo lounge, as well as repairing spalling and painting of the building;
- By relocating areas, the Cascades area now included a smokers' area, a teenage entertainment/chill area, a toddler entertainment area, an upgraded entertainment room, and an upgraded gymnasium to offer state of the art equipment and fantastic views out to sea;
- Smaller projects included a new wooden deck and pergola outside the gazebo lounge; and
- Major projects proposed for completion in 2022 included room door lock replacement, swimming pool area upgrade, air-conditioning units upgrade, Lookout Room and Sea Lounge upgrade, Robberg lawn upgrade, and tennis court upgrade.

11.2 VOTE OF THANKS

The Chairman thanked Mr Olivier for his fantastic presentation and the shareholders present, for the positive and seamless meeting. Mr Wolsley Jacobson thanked the Chairman for once again holding an exceptional AGM. He extended special thanks to the staff of Beacon Island for the pleasure of his holidays at Beacon Island Resort, which to him, was his second home. Mr Jacobson wished the team good luck with the projects and year ahead. The Chairman endorsed the shareholder's sentiments in respect of the staff at Beacon Island Resort.

12 CLOSURE

There being no further business, the Chairman thanked all for attending and declared the meeting closed at 10h57.



CHAIRMAN

