



# Pine Lake Share Block Proprietary Limited

## Annual Report

for the year ended 31 December 2022

**Pine Lake Share Block Proprietary Limited**  
**Annual Financial Statements**  
for the year ended 31 December 2022

**COMPANY INFORMATION**

Registration number: 1981/008079/07  
Registered address: Nelson Mandela Square  
4th Floor, South Tower  
Cnr 5th and Maude Streets  
Sandton  
2196

Postal address: Private Bag X200  
Bryanston  
2021

<b>CONTENTS</b>	<b>PAGES</b>
<b>Chairman's Annual Review</b>	1 – 3
<b>Notice of Meeting</b>	4
<b>Form of Proxy</b>	5
<ul style="list-style-type: none"><li>• Statement of Directors' Responsibility</li><li>• Declaration by the Company Secretary</li><li>• Report of the Audit Committee</li><li>• Report of the Social and Ethics Committee</li><li>• Report of the Directors</li><li>• Report of the Independent Auditors</li><li>• Statement of Comprehensive Income</li><li>• Statement of Financial Position</li><li>• Statement of Changes in Equity</li><li>• Statement of Cash Flows</li><li>• Notes to the Annual Financial Statements</li></ul>	6 6 7 8 9 10 - 11 12 13 13 14 15 - 21
The following supplementary information does not form part of the annual financial statements and is unaudited:	
<ul style="list-style-type: none"><li>• Detailed Levy Fund Operating Statement</li></ul>	22 - 23
<b>Minutes of the previous Annual General Meeting</b>	24 - 26

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 2022

On behalf of your Directors of Pine Lake Share Block Proprietary Limited ("the share block"), I report on the operation, financial results, and prospects of Pine Lake Resort for the year ending 31 December 2022, as well as a few comments on subsequent events, indicated as a post period note.

## Facilities management

Southern Sun has continued to deliver a stellar service in managing our assets; in April of 2022, Ms Marike van Wyk took over from Mr Thuso Moroe as general manager – she has settled in very well and clearly has the full support of her team. Our resort was again awarded 4-star status by the tourism grading council in November.

Despite the economic headwinds, the resort enjoyed a very satisfactory year in terms of occupancy which was 76.5% compared with 73.5% in 2021; some of this growth was from owners using up weeks banked during Covid-19 restrictions.

When our neighbours, Longmere Estate, discontinued their contribution towards the shared access control, we moved our security station to the "inner gate" which was recommissioned for this purpose. We also discontinued the practice of scanning license discs and driving licenses as this was causing unwarranted delays to our guests. As a result, access to the resort is easier and quicker, although our security costs have risen without Longmere Estate's contribution towards our 24/7 access control.

During 2022, we replaced the terrace furniture; added a long over-due maintenance storage room; resurfaced the tennis court; installed a new pool table and table tennis table; replaced reception area furniture; and upgraded the Wifi hardware. The gym has been closed but we have designated a clearly marked walking and jogging trail within the safety of the resort.

Load shedding continues to wreak havoc with our control of energy costs. In perspective, here are the 2022 costs versus 2021:

	Electricity	Generator Diesel	Total	Variance
2021	R804,128	R99,417	R903,545	
2022	R705,107	R399,470	R1,104,577	increase 22%

To boost perimeter security, we have added thermal cameras and connected them to our relocated and dedicated control room. It is a relief to report that we experienced no perimeter breaches during the year.

Good rains have blessed us with beautiful gardens and a full dam for almost the whole year. **Post period note:** In contrast to the renovated interiors of the chalets, the exteriors are now looking dated so, during the course of 2023, we will repaint the plastered walls of all chalets with a fresher and more environmentally friendly colour.

## Environmental, social and governance

Marike and her team have successfully managed to maintain our grounds in pristine condition whilst also saving on water consumption, year-on-year. We have paid particular attention to the control of invasive plants, supplementing stocks/replacements only with indigenous varieties.

We continue to engage with our neighbours on a range of issues, of which security is predominant, and play our part in the maintenance of the tar road access to the resort.

Our agreed budget of R100,000 of non-levy income was stretched to cover the following community outreach projects:

- Legogotle School – a Wendy house classroom was purchased for the pupils;
- Michael's Children's Village – a 2nd house was renovated;
- SPCA White River - food was donated for orphaned dogs and cats;
- Feed The Need White River - food hampers were donated to families in need; and
- Rustig Old Age home – Christmas hampers were donated and delivered.

In my non-qualified view, Southern Sun has been transparent, accurate and timeous in the financial management of the resort and thanks are due to the Southern Sun team at central office and at the resort. **Post period note:** We will be investigating the viability of installing solar energy at chalet level, to reduce dependency on Eskom and having to purchase additional diesel for running of the generator.

## Timeshare exchange activity, including SunSwop

2022 recorded an increase of 16% over 2021, in exchange activity undertaken by Pine Lake Resort timeshare owners through SunSwop. This increase in exchange activity was to be expected following the normalisation of local travel after the turmoil brought about by Covid-19 over the previous 2 years. As owners are aware, the points-benefit of a fully serviced 3-bedroom apartment is very valuable in the exchange market. In total, Pine Lake Resort owners made 2040 timeshare exchanges in 2022 that are broken down as follows:

- 1212 exchanges back into Southern Sun resorts;
- 670 exchanges into RCI resorts within South Africa; and
- 158 exchanges into RCI resorts around the world.

The percentage of owners who occupied their own week during 2022 remained low at 4.6% of the resort's total 2022 occupancy of 76.5%. This statistic is of concern and bears relevance to discussions around sustainability, which I elaborate upon under sustainability.

# Pine Lake Share Block Proprietary Limited

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

The resale market for timeshare weeks has seen a decrease over the last couple of years and this continued throughout 2022, affecting all timeshare resorts within South Africa. Southern Sun Timesharing continues to market weeks on behalf of owners wishing to sell their weeks through its' various social media marketing channels, as well as through on-site sales offices based at Umhlanga Sands Resort, Cabana Beach Resort, Beacon Island Resort and Sabi River Sun Resort.

## Financial results for the year ended 31 December 2022

The statement of comprehensive income for the year ended 31 December 2022 reflects total income, including net finance income of R15.964m (2021: R15.347m) and total expenditure of R12.763m (2021: R10.446m). The levy surplus of R3.058m after taxation (2021: R4.772m) has been transferred to the reserve for property, plant and equipment.

### Income

Income, excluding net finance income, increased by 2.7% year-on-year. Management continues to pursue opportunities to increase revenue particularly through the short-term rental and rental pool options.

### Expenditure

Total expenditure for the year of R12.763m (2021: R10.446m) increased by 22%. Below is a more detailed review of the expenditure:

- **Rooms** – expenses increased by 11% year-on-year. Cleaning supplies, laundry and personnel costs: outside services reflected increases on prior year due to the increase in occupancies;
- **Administration and general** - expenses increased by 20% year-on-year. Loss on repossessed debtors increased by R54k on prior year due to losses noted on sale of repossessed units during the year. The provision for repossessed debtors was reviewed in line with prudent risk management principles and now stands at R2.2m;
- **Electricity, water and refuse** – expenses increased by 19% year-on-year, primarily due to the increase in the diesel spend due to loadshedding, with R399k being spent on diesel in 2022. (2021: R99k).
- **Repairs and maintenance** - expenses increased by 15% due to general maintenance as well as servicing of the tumble dryer in the laundry room, emergency geyser replacements and generator repairs;
- **Corporate charges** - increased by 8% year-on-year;

- **Personnel costs** - increased by 58% year on year, though this is an unrealistic comparison. During the period affected by Covid-19, salaries were reduced or frozen, bonuses were not paid, nor were retirement fund contributions paid. A more relevant comparison would be 2022 with 2019, where the increase is 10.54%; and
- **Management fees** - increased by 4.6% in line with CPI as per the management agreement.

## Statement of financial position

The statement of financial position together with the related notes thereto, reflect the financial position of the share block as at 31 December 2022. Fixed deposits held with bank amounted to R8.450m (2021: R9.750m), cash and cash equivalents amounted to R845k (2021: R978k) with levies received in advance amounting to R4.223m (2021: R5.229m). The reserve for property, plant and equipment was R7.285m compared with R7.055m as at 31 December 2021. As always, I wish to thank owners for promptly paying their levies.

The Company incurred capital expenditure of R2.828m (2021: R4.298m) in respect of the following major expenses:

	R
• Patio furniture	1,224,777
• New storeroom	357,397
• Beds	304,640
• Patio beam	246,500
• Borehole	115,038
• CCTV	90,827

## Sustainability

Whilst the financial position of the share block as summarised above will no doubt be determined as a going concern by the independent auditors, I feel it is incumbent of your Directors to share our view of the potential risks to its sustainability beyond the next 12 months. Repossessions are rising rapidly, numbering 266 weeks out of 1,734 which is approximately 15%. The prospect of selling these weeks is not good as the prevailing market values are, in most cases, below the annual levy. As a non-coastal resort location with limited facilities, we do not foresee the timeshare value of our chalets increasing, which could lead to more owners likely to abandon their week rather than pay the levy, despite SunSwop's local and international exchange options, and Southern Sun's offer of negotiated payment terms. The current provision for repossessions is R2.234m, which lowers the amount we can transfer to the reserve fund, which in turn impacts capital expenditure reserves to maintain the resort. We could mitigate this with a steep rise in levies, but this is more likely to exacerbate the climb in repossessions.

# Pine Lake Share Block Proprietary Limited

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

It is for these reasons that we are investigating the possibility of converting all or part of the resort to a freehold or leasehold development. If our research indicates that this would be in the best interests of owners, then we undertake to keep you all informed and follow the requirements in line with our Memorandum of Incorporation. With this potential process in mind, albeit remote at this stage, we have decided that major items of capital expenditure be redirected to specifically enhance the value of the chalets; for example, as mentioned above, exploring the feasibility of solar energy at chalet level.

## Conclusion

Overall, the resort has had a very successful year and continues to receive high praise from guests for their holiday experience. For this we thank the management of Southern Sun for their total professionalism and demanding standards, and to my fellow Directors, Ms Louise McMillan and Mr Anthony Ridl for their support, commitment, and oversight.

In closing, I reiterate our concern for the long-term viability and sustainability of Pine Lake Resort as a timeshare operation and would like to encourage every owner to either attend the annual general meeting on 20 July 2023, or to kindly complete the form of proxy enclosed in this annual report on page 5, should they 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 and is positioned to the right of the portrait.

**James Olive**  
Chairman

**Pine Lake Share Block Proprietary Limited**  
Registration Number: 1981/008079/07  
("the Company")

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

Private Bag X200, Bryanston, 2021  
Telephone (031) 366 7061  
Facsimile (086) 765 2272  
[Resorts.companysecretarialservices@southern.sun.com](mailto:Resorts.companysecretarialservices@southern.sun.com)

Notice is hereby given to the shareholders of the Company that the Annual General Meeting ("AGM") of the Company will be held on **Thursday, 20 July 2023, at 13h00 at Southern Sun Hyde Park, 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 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 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**

The Board is limited by the Memorandum of Incorporation ("MOI") to five Directors in number however, due to the size of the share block, the Board recommends that the Directors be kept to a maximum of three. It would facilitate secretarial procedures if **nominations for the appointment of those Directors representing the timesharers be received by no later than 13h00 on Tuesday, 18 July 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 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; and

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; and

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**

***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.

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 2023. Resolved as a special resolution 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 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 Companies Act 71, of 2008, no business shall be transacted at any AGM unless a quorum of shareholders is present at the time when the meeting proceeds to business. The quorum at any AGM shall be no less than three shareholders present, holding at least five percent (5%) of the share capital and voting rights, personally or by proxy, and who are entitled to be exercised at the meeting.

In the event of a quorum not being present within half-an-hour of the appointed time for the meeting to begin, the AGM will be automatically adjourned for one business day, to Friday, 21 July 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 Thursday, 13 July 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 13h00 on Tuesday, 18 July 2023. A form of proxy is enclosed on page 5 for this purpose.

**By order of the Board**  
**Southern Sun Secretarial Services Proprietary Limited**  
**22 May 2023**

**Pine Lake Share Block Proprietary Limited**  
 Registration Number: 1981/008079/07  
 ("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.companyservices@southern.sun.com**

Form of proxy for use by shareholders at the annual general meeting ("AGM") of the Company to be held on **Thursday, 20 July 2023, at 13h00 at Southern Sun Hyde Park, 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 2022			
<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 ..... 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 13h00 on Tuesday, 18 July 2023.**



# Pine Lake Share Block Proprietary Limited

Statement of Director's 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 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 Directors on 22 May 2023 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 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 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 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 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 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 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 Companies Act and any other legislation relating to the appointment of auditors;
- 4.3 approving of external audit and internal audit plans;
- 4.4 determining, subject to the provisions, the nature and extent of any non-audit services that the auditors may provide to the Company;
- 4.5 reviewing of prospective accounting standards' changes;
- 4.6 evaluating of financial reporting procedures;
- 4.7 reviewing of and recommending to the Board for approval, the annual financial statements;
- 4.8 assessing of the internal control environment, particularly in relation to the systems on internal financial controls; and
- 4.9 performing such other oversight functions as may be determined by the Board.

## 5. Independence of external auditors

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



**AN Ridl**

Chairman

22 May 2023

# Pine Lake Share Block Proprietary Limited

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

It gives me great pleasure to present the report of the social and ethics committee ("the committee") for the financial year ending 31 December 2022. This is a statutory committee that is governed by the South African Companies Act 71, of 2008, King IV and the responsibilities allocated to it by the Board. For the 2022 year, the committee comprised of myself as Chairperson, and my fellow Directors, Mr James Olive and Mr Anthony Ridl. Senior members of the management team provided great support during the year and were invited to join all meetings. The committee met twice in 2022 and the frequency of meetings is adequate to discuss and deal with various matters.

## Role of the committee

The role of the committee is to ensure that:

- the Company's energy, water, and waste management programmes are in place;
- good corporate citizenship is followed;
- employee engagement and development is monitored; and
- health and safety remain a constant focus.

## Social and economic development

The committee endeavours to assist as many organisations and initiatives in the local community as possible and it is a pleasure to record the following donations and contributions:

- **Youth segment:** donation of a Wendy House structure to create an additional classroom for the pupils of Legotote School; and donation of time and skills to renovate a school house at Michael's Children's Village, to comply with health and safety regulations;
- **Aged segment:** contributions of basic toiletries packages for Christmas gifting for 20 elderly members of Rustige Old Age home, White River.
- **Abandoned/abused animals segment** – donation of food and blankets to White River SPCA; and
- **Environmental segment** – recycling processes were further improved by creating a compost heap, that in turn reduced the cost of having to purchase fertilizer for the gardens and grounds. Recycling processes start from each chalet by utilising the designated recycling bins in each chalet and/or around the property.

## Environmental, health and public safety

Our real-time Livewire system captures water and electricity consumption on the property and I am pleased to report that the resort has achieved lower consumption results than the targets set at the beginning of the year. The Livewire system alerts the resort team immediately, should an irregular level of consumption in either water or electricity be recorded. The maintenance team is able to identify and isolate water leaks sooner than before and high levels of electricity can be adjusted until off-peak periods or shut off when unnecessary. Staff are constantly reminded about the importance of switching appliances and lights off when leaving an office or chalet.

## Strategic planning

While staff have planned their duties around periods of high electrical demand to reduce consumption of electricity within the Eskom tariff profile, the radical increase in the episodes and length of load shedding has come with many other challenges for the property. To reduce generator fuel costs and the financial impact on the property, staff strive to turn off and not use appliances, lights and/or equipment where use could be delayed, during the bouts of load shedding. Should the level of national load shedding rise to level 8 and above, management has been instructed to communicate to guests that the generator will not be operated during the hours of 22:00 and 06:00.

## 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 report that our property achieved an audit result of 98% with the minor issues already resolved to achieve an even higher result next quarter.

## Guest relations and correspondence

Pine Lake Resort maintains its 4-Star status; RCI's Gold Crown status; Google's rating of 4.5 out of 5; 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 where necessary, on-the-job training is provided to better assist guests and to further develop staff members. External training is provided to ensure compliance in public health and safety and so on.

Three staff members have been trained to better understand the habits of snakes, how to identify venomous and non-venomous snakes, safety with snakes and when to call a professional to relocate a snake.

Internal applications are considered before looking externally so that existing staff may be considered for promotions within the resort and to reap the rewards for their hard work, time and dedication to the property. Two guest services attendants were promoted to supervisor roles this past year.

Under the Southern Sun Resorts portfolio, Pine Lake Resort proudly holds a level one BBEE certificate status.

## Corporate citizenship

Pine Lake Resort continues to operate in compliance with government-regulated health and safety protocols and guidelines.

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.



**Louise McMillan**

Chairman of the social and ethics committee

# Pine Lake 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 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 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 annually against this amount. Before providing for property, plant and equipment additions and replacements, a surplus of R3,057,886 (2021: R4,771,550) 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 ordinary share capital has remained unchanged.

## 4 Insurance

The resort's 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:

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

\* Audit committee member

^ Social and ethics committee member

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

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

## 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.

# 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 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 Pine Lake 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 "Pine Lake 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.

# 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  
Registered Auditor

23 June 2023

5A Rydall Vale Office Park  
38 Douglas Saunders Drive

# Pine Lake Share Block Proprietary Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 R	2021 R
<b>Income</b>		<b>15 457 315</b>	<b>15 048 806</b>
Levy income		14 904 422	14 461 259
Other income		552 893	587 547
<b>Expenses</b>		<b>(12 763 178)</b>	<b>(10 446 267)</b>
Levy surplus before interest and taxation	3	2 694 137	4 602 539
Finance income	4	506 442	297 782
Levy surplus before taxation		3 200 579	4 900 321
Income tax expense	5	(142 693)	(128 771)
<b>Levy surplus for the year</b>		<b>3 057 886</b>	<b>4 771 550</b>

# Pine Lake Share Block Proprietary Limited

Statement of Financial Position as at 31 December 2022

	Note	2022 R	2021 R
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	6	3 316 363	2 396 535
Levies receivable	7	676 856	1 286 936
Fixed deposits held with bank	11	8 450 000	9 750 000
Cash and cash equivalents	12	844 758	977 886
<b>Total current assets</b>		<b>13 287 977</b>	<b>14 411 357</b>
<b>Total assets</b>		<b>13 287 977</b>	<b>14 411 357</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	10	5 730	5 730
Reserve for property, plant and equipment	8	7 285 495	7 055 448
<b>Total equity</b>		<b>7 291 225</b>	<b>7 061 178</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	1 633 387	1 867 627
Levies received in advance	13	4 222 777	5 229 491
Current tax liability		140 588	253 061
<b>Total current liabilities</b>		<b>5 996 752</b>	<b>7 350 179</b>
<b>Total liabilities</b>		<b>5 996 752</b>	<b>7 350 179</b>
<b>Total equity and liabilities</b>		<b>13 287 977</b>	<b>14 411 357</b>

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

	Note	2022 R	2021 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		7 055 448	6 582 086
Levy surplus for the year		3 057 886	4 771 550
Property, plant and equipment additions and replacements during the year	8	(2 827 839)	(4 298 188)
At year-end		<b>7 285 495</b>	<b>7 055 448</b>

# Pine Lake Share Block Proprietary Limited

Statement of Cash Flows for the Year Ended 31 December 2022

	2022 R	2021 R
<b>Cash flow from operating activities</b>		
Levy surplus before taxation	3 200 579	4 900 321
Adjustments for		
Interest received	(506 442)	(297 782)
Net surplus before working capital changes	2 694 137	4 602 539
Changes in working capital		
Movement in levies receivable	610 080	170 243
Movement in trade and other receivables	(919 828)	(1 464 246)
Movement in levies received in advance	(1 006 714)	1 516 832
Movement in trade and other payables	(234 240)	(355 190)
Cash flows from operating activities	1 143 435	4 470 178
Interest received	506 442	297 782
Tax paid	(255 166)	-
Net cash inflow from operating activities	1 394 711	4 767 960
<b>Cash flow from investing activities</b>		
Property, plant and equipment additions and replacements	(2 827 839)	(4 298 188)
Movement in fixed deposits held with bank	1 300 000	(3 600 000)
Net cash outflow from investing activities	(1 527 839)	(7 898 188)
<b>Net movement in cash and cash equivalents</b>	(133 128)	(3 130 228)
Cash and cash equivalents at beginning of year	977 886	4 108 114
<b>Cash and cash equivalents at year-end</b>	<b>844 758</b>	<b>977 886</b>

# Pine Lake 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 disposals of property, plant and equipment are credited to the statement of comprehensive income.

### 1.3 Leases

Leases of assets under which substantially all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

### 1.4 Financial instruments

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

### 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 flow at cost.

# Pine Lake Share Block Proprietary Limited

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

## 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 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.

# Pine Lake Share Block Proprietary Limited

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

## **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 2022

	2022 R	2021 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	2 858 975	1 841 239
Contributions to retirement funds	107 669	36 892
Management fees	907 469	867 907
Audit fees	70 653	69 631
Other operating expenses	8 818 412	7 630 598
	<b>12 763 178</b>	<b>10 446 267</b>
<b>4 Finance income</b>		
Interest income earned on fixed deposits, call deposits and current account	<b>506 442</b>	<b>297 782</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 shareholders, in terms of section 10(i)(e) of the Income Tax Act.		
Current year	140 588	128 771
Prior year under provision	2 105	-
	<b>142 693</b>	<b>128 771</b>
A reconciliation of the taxation charge is not considered appropriate as share block companies are only liable for taxation on their net non-levy income.		
<b>6 Trade and other receivables</b>		
Trade receivables (refer note 15)	46 378	30 157
Other receivables (refer note 15)	182 889	587 534
Receiver of Revenue - Vat	1 170 338	276 888
Interest receivable	86 483	62 032
Prepayments (refer note 15)	1 830 275	1 439 924
	<b>3 316 363</b>	<b>2 396 535</b>
<b>7 Levies receivable</b>		
Levy debtors	326 320	59 213
Repossessed debtors	2 584 299	2 317 306
Provision for repossessed debtors	(2 233 763)	(1 089 583)
Opening balance	(1 089 583)	(200 724)
Movement	(1 144 180)	(888 859)
	<b>676 856</b>	<b>1 286 936</b>

# Pine Lake Share Block Proprietary Limited

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

	2022 R	2021 R
<b>8 Reserve for property, plant and equipment</b>		
At beginning of year	7 055 448	6 582 086
Levy surplus for the year	3 057 886	4 771 550
	<b>10 113 334</b>	<b>11 353 636</b>
Property, plant and equipment additions and replacements during the year	<b>(2 827 839)</b>	<b>(4 298 188)</b>
At year-end	<b>7 285 495</b>	<b>7 055 448</b>
<p>The Directors have reviewed a forward estimate, prepared by management, of the costs of property, plant and equipment additions and replacements over the next 10 years.</p> <p>The Directors have approved capital expenditure for 2023 of R2,445,220 (2021: R4,529,231 for 2022) which is anticipated to increase the reserve fund by R2,129,780 (2021: decrease the reserve fund by R253,409 in 2022). There were no capital commitments made at year-end (2021: R11,628).</p>		
<b>9 Trade and other payables</b>		
Trade payables (refer note 15)	39 730	132 221
Other payables		
Accruals (refer note 15)	666 308	883 067
Provision for auditors' remuneration	70 226	71 595
Sundry payables (refer note 15)	857 123	780 744
	<b>1 633 387</b>	<b>1 867 627</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		
	<b>5 730</b>	<b>5 730</b>
<b>11 Fixed deposits held with bank</b>		
Fixed deposits held with bank	<b>8 450 000</b>	<b>9 750 000</b>
<b>12 Cash and cash equivalents</b>		
Bank balances	837 758	970 886
Cash on hand	7 000	7 000
	<b>844 758</b>	<b>977 886</b>
<b>13 Levies received in advance</b>		
Levies received in advance	<b>4 222 777</b>	<b>5 229 491</b>

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.

## 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.

# Pine Lake Share Block Proprietary Limited

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

	2022 R	2021 R
<b>14 Property, plant and equipment (continued)</b>		
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 that 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.		
<b>15 Related party transactions</b>		
The operations of the Company are managed by Southern Sun Hotel Interests Proprietary Limited ("SSHI"). The Company is charged the following fees in terms of the management agreement:		
Short-term rentals	33 913	41 867
Rental pool	38 387	40 707
Management fee	907 469	867 907
Central accounting and levy collection	580 114	554 824
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	(1 700)	(277)
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	(8 773)	(7 491)
Secretarial fees on repossessed debtors - SRMS	28 696	52 800
During the financial year the Company paid the following SSHI internal charges:		
Administration - Information technology, training, industrial relations, etc.	142 007	104 929
Training related	3 654	5 833
Frequent guest loyalty programme	2 219	1 527
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 loan accounts.		
Due (to)/by SSHI and its subsidiaries:		
Included in trade payables (refer note 9)	-	(5 940)
Included in sundry payables (refer note 9)	(372 563)	(429 095)
Included in accruals (refer note 9)	(23 215)	(72 496)
Included in trade receivables (refer note 6)	-	1 618
Included in prepayments (refer note 6)	104 909	-
Included in other receivables (refer note 6)	-	43 120
	<b>(290 869)</b>	<b>(462 793)</b>

# Pine Lake Share Block Proprietary Limited

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

		2022 R	2021 R
<b>15 Related party transactions (continued)</b>			
	<b>Number of units</b>	<b>Levies paid R</b>	<b>Levies received in advance R</b>
SSHl owns units in the Company as follows:			
SunSwop (a division of SSHl) - 2022 shareholding	15	141 600	40 040
SunSwop (a division of SSHl) - 2021 shareholding	15	134 700	37 760
The following entity, related through common directorship, own units in the Company as follows:			
AN Ridl - Club Leisure Group - 2022 shareholding	197	1 948 430	630 630
AN Ridl - Club Leisure Group - 2021 shareholding	211	2 031 340	1 387 690
<b>16 Directors' emoluments</b>			
For their services to the Company, non-executive 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. All costs relating to Mr Park and Ms Croft are borne by Southern Sun.			
Directors' emoluments for the year:			
LE McMillan		21 200	21 200
JS Olive		21 200	21 200
AN Ridl		5 300	21 200
		<b>47 700</b>	<b>63 600</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 2022

	2022 R	2021 R
<b>INCOME</b>		
Levies	14 904 422	14 461 259
Rental pool	52 415	54 439
Short-term rentals	240 420	368 917
Sale of capital assets	84 136	10 200
Net sundry income		
- unclaimed surpluses, penalties, etc.	175 922	153 991
	<b>15 457 315</b>	<b>15 048 806</b>
<b>EXPENDITURE</b>		
<b>Rooms expenses</b>		
Cleaning supplies	60 361	19 226
Covid-19 expenses	776	694
Guest entertainment and DSTV	144 256	123 206
Guest supplies	164 338	188 209
Laundry	771 551	588 898
Personnel costs - outside services	1 029 620	880 459
Pest control	16 716	11 565
Plants and decorations	10 450	11 400
Printing and stationery, including reception	84 778	62 987
Replacement of cutlery, crockery, linen, towels, uniforms, etc.	226 760	354 096
Security and banking services	566 439	529 870
	<b>3 076 045</b>	<b>2 770 610</b>
<b>Administration and general</b>		
Audit fees		
- current year	70 653	69 631
Bank charges	29 416	15 918
Central accounting and levy collection fee	580 114	554 824
Corporate social initiatives	97 135	69 155
Credit card commission	55 093	63 014
Directors' emoluments	47 700	63 600
Information technology costs	445 389	427 683
Insurance - premium	187 469	157 648
Licences and permits	13 123	16 876
Loss on repossessed debtors	53 982	-
Marketing	37 318	47 248
Postage	(1 106)	-
Provision for repossessed debtors	1 144 180	888 859
Railage, cartage and hire transport	3 959	877
Subscriptions	112 988	15 068
Telephone	49 826	39 379
Travel - management and Directors	27 505	17 113
Vehicles - fuel and oil	20 391	24 172
	<b>2 975 135</b>	<b>2 471 065</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 2022

	2022 R	2021 R
<b>Electricity, water and refuse</b>		
Electric bulbs	30 036	39 596
Electricity	1 104 577	903 545
Water	558	12 501
	<b>1 135 171</b>	<b>955 642</b>
<b>Repairs and maintenance</b>		
Air-conditioning	13 082	11 166
Buildings	56 444	27 575
Electrical and mechanical	139 560	69 777
Tools	7 972	7 810
Furniture and fixtures	35 260	35 140
Gardens and grounds	799 286	762 172
Painting and redecorating	43 540	36 844
Plumbing and heating	138 913	163 232
Radio and TV	11 172	12 587
Room care	1 850	(43 511)
Swimming pool cleaning and repairs	40 259	33 295
Vehicles	13 658	14 376
	<b>1 300 996</b>	<b>1 130 463</b>
<b>Corporate charges</b>		
Annual report and statutory costs	33 804	25 522
Municipal rates and taxes	367 914	346 927
	<b>401 718</b>	<b>372 449</b>
<b>Personnel costs</b>		
Rooms	1 056 515	710 851
Administration and general	1 138 434	690 145
Repairs and maintenance	771 695	477 135
	<b>2 966 644</b>	<b>1 878 131</b>
<b>Management fee</b>	<b>907 469</b>	<b>867 907</b>
<b>Total expenditure</b>	<b>12 763 178</b>	<b>10 446 267</b>
Excess of income over expenditure before finance cost and taxation	<b>2 694 137</b>	<b>4 602 539</b>
<b>Finance income</b>		
Interest received	506 442	297 782
Excess of income over expenditure before taxation	<b>3 200 579</b>	<b>4 900 321</b>
<b>Taxation</b>		
Current year	140 588	128 771
Prior year under provision	2 105	-
	<b>142 693</b>	<b>128 771</b>
Excess of income over expenditure after taxation for the year transferred to reserve for property, plant and equipment	<b>3 057 886</b>	<b>4 771 550</b>

# Pine Lake Share Block Proprietary Limited

Minutes of the Annual General Meeting of the shareholders held on Wednesday 20 July 2022 at 12h35 at Southern Sun Hyde Park Hotel, 1st Road, Hyde Park, Sandton and through the Microsoft Office Teams Platform

## 1 WELCOME AND PREAMBLE

The Chairman of the Company Mr James Olive representing the "A" class shareholders, welcomed all shareholders present to the meeting. The Chairman advised that the meeting had been convened in terms of the notice of the annual general meeting ("AGM") dated 23 May 2022.

The Chairman welcomed all in attendance, both in person and online through the Microsoft Office Teams platform. He introduced his fellow non-executive Directors Mr Anthony Ridl and Ms Louise McMillan to the meeting as well as members of the senior management and company secretariat team. The Chairman noted that a representative from the independent auditors' firm was in attendance online.

The Chairman extended a special welcome to the resort's new general manager Ms Marike van Wyk, who had taken over from Mr Thuso Moroe in April 2022.

## 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 shareholders present in person or by proxy, represented a total of 15,782 "A" ordinary shares, and constituted 11.03% of the Company's issued share capital. 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 23 May 2022 was taken as read.

## 4 VOTING

The Chairman informed the meeting that voting on the resolutions would be conducted by means of a show of hands. For the resolutions to be carried, 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 2021 together with the reports of Directors, the independent auditors thereon, the reports of the audit committee, as well as 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 2021, 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 2021 be and were hereby approved and adopted.

## 6 APPOINTMENT OF AUDITORS

### ORDINARY RESOLUTION 2

Ordinary resolution 2 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 was hereby appointed as the independent auditors of the Company.

## 7 DIRECTORS

In terms of the Company's memorandum of incorporation ("MOI") the Board is limited to five Directors. Due to the size of the share block, the Board recommended that the Directors be kept to a maximum of three. The Chairman noted that the Directors who retired 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 relating to the 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 was hereby re-elected as a Director of the Company.

## 7.2 ORDINARY RESOLUTION 3.2

Ordinary resolution 3.2 relating to the 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 was hereby re-elected as a Director of the Company.

## 7.3 ORDINARY RESOLUTION 3.3

Ordinary resolution 3.3 relating to the 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 was hereby re-elected as a Director of the Company.

## 8 AUDIT COMMITTEE

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

### 8.1 ORDINARY RESOLUTION 4.1

Ordinary resolution 4.1 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 was hereby re-elected as a member of the Company's audit committee.

### 8.2 ORDINARY RESOLUTION 4.2

Ordinary resolution 4.2 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 was hereby re-elected as a member of the Company's audit committee.

### 8.3 ORDINARY RESOLUTION 4.3

Ordinary resolution 4.3 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 was hereby re-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 R139,233,007. Buildings were valued at R112,750,260 and furniture, fittings and equipment were valued at R26,482,747.

Shareholder Mr Weber enquired about the valuation of the property against the sum insured for reinstatement. His concern was that the insured valuation should be 1.5 times higher than that of a valuation amount, to include the additional costs to demolish and reinstate what may be lost. The Chairman explained the breakdown and that the total of R139m had taken into account all other costs. Mr Darren Park advised that insurance premiums had escalated exceptionally the previous year which resulted in the managing agent going to tender for the best and most cost-effective insurance cover for all Southern Sun managed resorts. All insurers had revised their cover and premiums and the three separate tenders received from brokerages had provided very similar values which was peace of mind that the property was not underinsured. The Chairman and Mr Park undertook to discuss the insurance valuation matter further with Mr Weber after the meeting.

It was RESOLVED that the insured value of the property be and was hereby approved.

# Pine Lake Share Block Proprietary Limited

## 10 NON-EXECUTIVE DIRECTORS' FEES

### SPECIAL RESOLUTION 1

Special resolution 1 relating to the approval of the fees payable to non-executive Directors for their services as a Director was taken as read. The Chairman advised that the Directors' fees had not increased for the past three years and was not recommended for increase for the year ahead.

It was unanimously RESOLVED 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 per meeting or cluster of meetings in respect of the period from 21 July 2022 until the next AGM of the Company, be and was hereby approved.

## 11 OTHER BUSINESS

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

The Chairman invited Ms van Wyk to present her report to the meeting. Together with photographic evidence, Ms van Wyk presented an overview of the following achievements during the 2021 year:

- Guest feedback through various platforms;
- RCI Gold Crown status and a score of 4.45 out of 5;
- Tripadvisor feedback and scores;
- Corporate Social Investment ("CSI"):
  - Millennium House of Hope and Michael's Children's Home received donations towards their "wish list" to the value of R23,000 and R53,000 respectively;
  - Warriors on Wheels received donations of standing frames, a walker and a pediatric wheelchair to the value of R17,000;
  - Rustig Old Age Home received donations of a sliding door, hand sanitisers and other items required for protection from the Covid-19 virus to the value of R5,000; and
  - Michael's Children's Home, in collaboration with the Sabi River Sun Resort's social and ethics committee, underwent repairs and renovations to the value of R22,500 each.
- Build of the new main entrance wall;
- Refurbishment of the chalet units;
- Closure of the small gym area;
- Introduction of a 1km bird watching route; and
- Introduction of a 3km walk/run route around the property.

## 12 CLOSURE

There being no further business to discuss, the Chairman thanked all for their attendance and declared the meeting closed at 13h01.

  
CHAIRMAN



