

# Pine Lake Share Block Proprietary Limited

Registration No. 1981/008079/07

## Annual Report

for the year ended 31 December 2023





**Pine Lake Share Block Proprietary Limited**  
**Annual Financial Statements**  
for the year ended 31 December 2023

**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

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The financial statements have been audited as required by Section 30(2)(b)(1) of the South African Companies Act 71, of 2008. Mr Darren Park CA(SA), in his capacity as financial manager of 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 2023

On behalf of your Directors of Pine Lake Share Block Proprietary Limited ("the share block"), I report on the operations, financial results, and prospects of Pine Lake Resort for the year ending 31 December 2023, as well as a few comments of subsequent relevance, indicated as a *post period note*.

## Facilities management

Supported by a competent and committed Southern Sun executive team, Ms Marike van Wyk continued to deliver an excellent performance as general manager, maintaining and improving the standards for which Pine Lake Resort is revered. As a 4-star resort, guest feedback remains constantly positive and, as shareholders, we can all be appreciative and proud of the resort's pristine condition and excellent customer service presented by Marike and her team.

As the pent-up demand for timeshare accommodation accumulated during Covid had been satiated during 2022, the resort experienced a decline in occupancy from 76.5% in 2022 to 70.5% in 2023. Whilst this was to be expected and in itself is not alarming, it is concerning that the decline has continued into 2024.

Following a minor incursion in May 2023, we changed our security company and added motion-sensor lights to cover the car parking areas and the dam frontage. Other enhancements to the resort included:

- Completion of the exterior painting of all chalets;
- Upgrade of Wi-Fi - providing a stronger signal and improve reliability;
- Addition of DSTV - there are now 2 decoders per chalet, allowing additional viewing options;
- Borehole - Our borehole is registered with approved water rights; and
- Replacement of bedroom 3 windows from timber to aluminium. This project is a work-in-progress.

As we are all aware, 2023 was the worst year yet for loadshedding, incurring a drastic increase in energy costs. The 2-year movement was as follows:

	2021	2022	2023
<b>Electricity</b>	R804,128	R705,107	R820,214
<b>Generator Diesel</b>	R99,417	R399,470	R742,224
<b>Total</b>	R903,545	R1,104,577	R1,562,438
<b>Variance</b>	22%	22%	41.5%
			2-year increase: 72.9%

In last year's report, I stated that we would investigate the viability of solar energy generation at chalet level. We obtained several quotes but each of them would have drained our replacement reserves to an imprudent level, so the idea was shelved.

***Post period note: this decision is in part vindicated by a R102,137 saving on energy costs in the first quarter of 2024 compared with 2023, due to reduced loadshedding.***

## Environmental, social and governance

Assisted by good rains, the resort again managed a year-on-year reduction in water consumption without any detrimental effect on the flora. The purge on non-indigenous plant varieties is an ongoing policy.

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. In August 2023, we were asked to join the Longmere Property Association to contribute to their proposed security initiative for the wider area between the Sabie Road (R537) and the Hazyview Road (R40). We declined for the reason that there was an upfront cost of R8500 then a monthly levy of R6200 for a 3-year initial period.

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;
- Sozama Day Care - Repainted the school and provided lunch and juice on Mandela Day;
- Feed The Need - food hampers were donated to families in need within White River; and
- Shuku-Shukuma Senior Citizens - Donated old gym equipment as well as newly bought tables and chairs.

## Timeshare exchange activity, including SunSwop

2023 Recorded a decrease of around 18% in exchange activity undertaken by Pine Lake timesharers through SunSwop. This decrease could be attributed in part to the declining demand after the highs of 2022 when the pent-up demand following the travel restrictions brought about by the Covid-19 pandemic was at its height. Another contributing factor could relate to the additional number of repossessions and voluntary relinquishments of weeks by Pine Lake owners, which would reduce the number of weeks being deposited for exchange purposes. Out of a total of 1734 weeks, Pine Lake owners made 1667 timeshare exchanges in 2023 that are broken down as follows:

# Pine Lake Share Block Proprietary Limited

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

- 964 exchanges back into Southern Sun and SunSwop affiliated properties;
- 603 exchanges into RCI resorts within South Africa; and
- 100 exchanges into RCI's internationally affiliated resorts.

As you can see from these figures, the number of shareholders that actually occupied their own week at Pine Lake Resort is minute.

## Financial results for the year ended 31 December 2023

**Post period note: I am pleased to report that the independent audit for 2023 has been completed with no material concerns.**

The statement of comprehensive income for the year ended 31 December 2023 reflects total income, including net finance income of R17.053m (2022: R15.964m) and total expenditure of R14.461m (2022: R12.763m). The levy surplus of R2.409m after taxation (2022: R3.058m) has been transferred to the reserve for property, plant and equipment.

### Income

Income, excluding net finance income, increased by 5.2% 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 2023 was R14.461m (2022: R12.763m) and increased by 13.3%. Below is a more detailed review of the expenditure:

- **Rooms** – expenses increased by 11% year-on-year. Security and banking services reflected an increase of R172k on prior year due to a change in service provider;
- **Administration and general** - expenses increased by 16.1% year-on-year. The provision for repossessed debtors was reviewed and increased by R1.4m in line with prudent risk management principles and now stands at R3.7m. Marketing increased by R69k on prior year due to increased commissions paid to Booking.com as most of the bookings for rental pool units were made via this booking channel;
- **Electricity, water and refuse** – expenses increased by 40.2% year-on-year, primarily due to the increase in the diesel spend due to loadshedding, with R742k being spent on diesel in 2023 (2022: R399k);
- **Repairs and maintenance** - expenses increased by 22.5% due to general maintenance as well as servicing of the generator, generator repairs, repairs to carports, repairs to tarmac roads, replacement of fans and minor storm damage repairs;

- **Corporate charges** – expenses increased by 37.7% year-on-year. Municipal rates and taxes increased year-on-year by 40.2% following an increase of 15.2% in the valuation of the resort's property for rates purposes;
- **Personnel costs** – expenses decreased by 2.8% year on year; and
- **Management fees** – expenses increased by 6.9% 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 2023. Fixed deposits held with bank amounted to R9.500m (2022: R8.450m), cash and cash equivalents amounted to R1.242m (2022: R845k) with levies received in advance amounting to R3.730m (2022: R4.223m). The reserve for property, plant and equipment was R8.445m compared with R7.285m as at 31 December 2022. As always, I wish to thank shareholders for promptly paying their levies.

The Company incurred capital expenditure of R1.250m (2022: R2.828m) in respect of the following major expenses:

	R
• Façade painting	647,361
• DSTV upgrade	91,670
• Aluminium window frames	82,750
• Paddle boat repair	52,000

## Sustainability

Whilst the overall financial position of the share block remains healthy at this time and is confirmed as a going concern by our auditors, the number of repossessed weeks has grown from 266 to 299 and there is no evidence to suggest that this trend will not continue. The impact on the income statement in 2023 was an increase of R1.4m in the provision for repossessed weeks, bringing the total provision to R3.7m. A continuum of this trend will severely reduce the available funds for maintaining the resort. The market for timeshare weeks, especially at inland resorts, remains very weak and consequently, your Directors are in agreement that the sustainability of the resort is highly questionable beyond 2026. I stated in my last report that we would investigate the possibility of converting all or part of the resort to a freehold or leasehold development. Preliminary enquiries are underway, and we will update shareholders as the process unfolds. In the meantime, we continue with our strategy of prioritising major capital expenditure items to enhancing chalet values, and, whilst solar installation has not been accommodated in our capex budget, we are investigating the possibility of upgrading the second bathroom to include a separate shower.

# Pine Lake Share Block Proprietary Limited

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

## Conclusion

Despite the “dark clouds on the horizon”, 2023 has proved to be another good year for Pine Lake Resort and Marike and her team continue to receive glowing feedback from the vast majority of guests. Praise is also due to Ms Samantha Croft and her team of dedicated professionals at the Southern Sun Resorts division for their constant attention, advice and support. Thanks again to my fellow Directors, Ms Louise McMillan and Mr Anthony Ridl for their constructive engagement, input, and judgement.

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 shareholder to either attend the annual general meeting on 18 July 2024, or to kindly complete the form of proxy enclosed in this annual report on page 5, should they be unable to attend.

Thank you for your attention and I hope that many of you take the opportunity to visit our beautiful resort.

I wish you all a safe and healthy year ahead.



*James Olive*  
**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, 18 July 2024 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 2023, together with the reports of the Directors, the independent auditors thereon, and further to receive the reports of the audit committee and the social and ethics committee contained in the annual report of the Company for the financial year ended 31 December 2023, and tabled at the meeting at which this resolution was proposed.

**2. Appointment of auditors**

Ordinary resolution 2: Resolved as an ordinary resolution upon the recommendation of the Board 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, 16 July 2024 at the registered office of the Company or email address. Nominations must be in writing with the name of the proposer and seconder and be accompanied by the acceptance of such nomination by the nominee and their curriculum vitae ("CV").**

Ordinary resolution 3.1: Resolved as an ordinary resolution that Ms 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**

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 R5,300 for non-executive Directors fees was approved at the previous AGM for the year until 18 July 2024. 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 19 July 2024 until the next AGM of the Company, and tabled at the meeting at which this resolution was proposed, be and is hereby approved.

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

In the event of a quorum not being present within half-an-hour of the appointed time for the meeting to begin, the AGM will be automatically adjourned for one business day, to Friday, 19 July 2024 and if at such adjourned meeting a quorum is not present within half-an-hour of the start time, the shareholders there present in person or by proxy shall be deemed to constitute the necessary quorum.

For an ordinary resolution to be adopted by shareholders at the AGM, it must be supported by more than fifty-percent (50%) of the voting rights in favour of such a resolution. For a special resolution to be adopted by shareholders at the meeting, it must be supported by more than sixty-percent (60%) of the voting rights in favour of such a resolution.

**The record date for determining shareholder's voting rights is Wednesday, 10 July 2024.**

Any shareholder entitled to attend and vote, is entitled to appoint a proxy to attend, vote and speak in his/her stead, and such proxy need not be a shareholder of the Company. **Forms of proxy should be forwarded to reach the registered office of the Company for the attention of the company secretary, by no later than 13h00 on Tuesday, 16 July 2024. A form of proxy is enclosed on page 5 for this purpose.**

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

**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, 18 July 2024, 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 2023			
<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 ..... 2024.

Signature ..... assisted by ..... (where applicable)

Unless otherwise instructed specifically as above, the form of proxy will vote as the appointee deems fit.

Any alteration or correction made to this form of proxy (excluding the deletion of alternatives and excluding the deletion of singular/plural alternatives) must be initialled by the signatory/ies. **Documentary evidence establishing the authority of a person signing this form of proxy in an appointee/representative capacity (e.g. on behalf of a Company, Close Corporation, Body Corporate or Trust) must be attached to this form, failing which the proxy will be invalid.**

The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat, to the exclusion of any proxy appointed in terms thereof, should such shareholder wish to do so. Any shareholder entitled to attend and vote, is entitled to appoint a proxy to attend, vote and speak in his/her stead and such proxy need not be a shareholder of the Company.

**Forms of proxy should be forwarded to reach the registered office of the Company for the attention of the company secretary, by no later than 13h00 on Tuesday, 16 July 2024.**





# Pine Lake Share Block Proprietary Limited

Statement of Director's Responsibility for the Year Ended 31 December 2023

The Directors and management are responsible for the preparation, integrity and fair presentation of the annual financial statements of Pine Lake Share Block Proprietary Limited. The annual financial statements presented on pages 12 to 21 have been prepared in accordance with the IFRS for SMEs Accounting Standard and in the manner required by the South African Companies Act 71, of 2008.

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

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

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

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

The Company's external auditors, BDO South Africa Incorporated, audited the financial statements and their report is presented on pages 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 20 May 2024 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 2023, the Company has filed all required returns and notices in terms of the South African Companies Act 71, of 2008, and that all such returns and notices are to the best of my knowledge and belief, true, correct and up to date.

  
**MJ Mahloele**  
For Southern Sun Secretarial Services Proprietary Limited

# Pine Lake Share Block Proprietary Limited

Report of the Audit Committee for the Year Ended 31 December 2023

The Audit Committee has pleasure in submitting this report, as required by Section 94 of the South African Companies Act 71, of 2008 ("Companies Act"). The Audit Committee is an independent statutory committee appointed by the shareholders at each Annual General Meeting ("AGM").

## 1. Members of the Audit Committee

The members of the Audit Committee comprise three non-executive Directors being Ms 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 external and internal audit plans;
- 4.4 determining, subject to the provisions, the nature and extent of any non-audit services that the auditors may provide to the Company;
- 4.5 reviewing prospective accounting standards' changes;
- 4.6 evaluating financial reporting procedures;
- 4.7 reviewing and recommending to the Board for approval, the annual financial statements;
- 4.8 assessing the internal control environment, particularly in relation to the systems on internal financial controls; and
- 4.9 performing such other oversight functions as may be determined by the Board.

## 5. Independence of external auditors

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



**AN Ridl**

Chairman

20 May 2024

# Pine Lake Share Block Proprietary Limited

Report of the Social and Ethics Committee for the Year ended 31 December 2023

It gives me great pleasure to present the report of the Social and Ethics Committee ("the Committee") for the financial year ending 31 December 2023. This is a statutory committee that is governed by the South African Companies Act 71, of 2008, guided by King IV and includes any other responsibility allocated to it by the Board.

## Composition and functioning

For the 2023 year, the Committee comprised myself as Chairperson and my fellow Directors Mr James Olive and Mr Anthony Ridl. The Committee was well supported by Ms Samantha Croft and Mr Peter Pienaar of Southern Sun Resorts and by our general manager, Ms Marike van Wyk.

The Committee met twice in 2023 and the frequency of meetings is adequate to discuss and deal with various matters.

## Role of the committee

The Committee ensures that the resort's corporate social investment ("CSI"), energy, water and waste management programmes are effective; ensures good corporate citizenship; maintains employee engagement and development; and ensures that health and safety remains a focus.

## Social and economic development

The Committee assists various organisations and initiatives within the local community with the goal of making a positive influence in the community. I have pleasure in recording the following donations and contributions:

- **Youth segment:** A second wendy house structure was donated to create an additional classroom for the pupils of Legogote School. The staff of Pine Lake Resort renovated a house at Michael's Children's Village ensuring that the orphanage complied with health and safety regulations;
- **Aged segment:** The resort's second-hand gym equipment as well as tables, chairs and other exercise equipment was donated to the senior citizens of Shuku-Shukuma in White River; and
- **Close community projects:** Food parcels were donated towards an underprivileged community feeding scheme in White River called Feed the Need.

## Environmental, health and public safety

The Committee ensures that the resort's energy, water and waste programs are effective and contribute to the sustainability of the resort.

The resort's real-time Livewire system captures accurate and up-to-date levels of water and electricity consumption on the property. Various initiatives have provided further improvement and a reduction of 8% in water consumption as well as a reduction of 3.9% in electricity consumption was recorded year-on-year. The resort team has replaced 80% of the property's light globes with LED energy saving globes, and electrical appliances are being replaced with Eco and energy efficient appliances where possible. The air-conditioning units will be addressed and replaced as the budget permits. The real-time Livewire system immediately alerts the management team should an irregular level of consumption of either water or electricity be recorded. The maintenance team is then able to quickly identify and isolate water leaks, adjust electricity usage to off-peak periods, or identify and shut off a faulty appliance.

Management encourages staff and guests to switch off unnecessary lights and appliances in order to conserve electricity usage. Pine Lake Resort applied for its water use licence so that its borehole can become fully operational. Additionally, the resort has registered with the Lowveld Escarpment Fire Prevention Association ("LEFPA").

## Strategic planning

Episodes of load shedding and the high Eskom tariffs have impacted negatively on the finances of the resort and staff duties have been scheduled around the predicted load shedding schedule. Should the level of national load shedding increase to level 8 status and above, management has been instructed by the Committee and Board to not operate the generator between the hours of 22:00 and 06:00. Guests on site will be accordingly advised.

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

The ORMS system implemented by Southern Sun throughout its properties, is a comprehensive management system that records and plans systems related to fire protection, safety, security, business continuity, environmental impact, risk analysis and the effects of these on the business.

The ORMS system is updated quarterly and is audited by Southern Sun on an annual basis to ensure compliance and that proactive and preventative measures are in place. I am most pleased to report that Pine Lake Resort achieved an audit result of 92%.

## Guest relations and correspondence

Guest satisfaction is of utmost importance and feedback surveys are encouraged, monitored and responded to immediately. Guest feedback assists management and staff to be more interactive with guests and feedback is welcomed in order to remedy any issues and ensure that the resort is operating optimally.

Pine Lake Resort has maintained its 4-star status through Tripadvisor; its Gold Crown status through RCI; its rating of 4.5 out of 5 through Google Reviews; and has achieved the 3rd Best Property status out of 30 properties in the area through Tripadvisor's Travellers' Choice Award. These results are exceptional, and I congratulate management and all staff members on this accomplishment. I commend them for their great contribution in the sustainability of our property within the tourism industry.

## Labour, employment relations, training and BBBEE

The resort complies with the Labour Relations Act of South Africa. The management team regularly engages with each staff member and where necessary, on-the-job training is provided to further develop staff members and in turn, better assist guests. When vacancies occur, preference is given to internal job applicants, and as such, two guest services attendants were promoted to supervisory roles this past year.

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

## Corporate citizenship

Pine Lake Resort continues to operate in compliance with government-regulated health and safety guidelines and protocols and the Committee assures that it is committed to social and economic development, fair labour practice, environmental responsibility, responsible supply chain management and good corporate citizenship.



**Louise McMillan**  
Chairman



# Pine Lake Share Block Proprietary Limited

Report of the Directors for the Year Ended 31 December 2023

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

## 1 Business activity

The Company owns the land and buildings known as 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 R2,408,970 (2022: R3,057,886) was transferred to the reserve for property, plant and equipment.

No dividends have been declared during the year and none are recommended (2022: R Nil).

## 3 Share capital

The authorised and issued ordinary 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:

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

\* Audit committee shareholders

^ Social and ethics committee shareholders

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 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Pine Lake Share Block Proprietary Limited as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

## Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Pine Lake Share Block Proprietary Limited Annual Report for the year ended 31 December 2023", which includes the Declaration by the Company Secretary, Report of the Audit Committee, Report of the Social and Ethics Committee and the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

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

## Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

# Pine Lake Share Block Proprietary Limited

Report of the Independent Auditors

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

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

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

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

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

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

*BDO South Africa Inc*

**BDO South Africa Incorporated**

Registered Auditors

**Leanne Laxson**

Director

Registered Auditor

24 June 2024

5A Rydall Vale Office Park

38 Douglas Saunders Drive

La Lucia, 4051



# Pine Lake Share Block Proprietary Limited

Statement of Comprehensive Income for the Year Ended 31 December 2023

	Note	2023 R	2022 R
<b>Income</b>		<b>16 263 993</b>	15 457 315
Levy income		<b>15 802 908</b>	14 904 422
Other income		<b>461 085</b>	552 893
<b>Expenses</b>		<b>(14 460 748)</b>	(12 763 178)
Levy surplus before interest and taxation	3	<b>1 803 245</b>	2 694 137
<b>Finance income</b>	4	<b>788 535</b>	506 442
Levy surplus before taxation		<b>2 591 780</b>	3 200 579
<b>Income tax expense</b>	5	<b>(182 810)</b>	(142 693)
<b>Levy surplus for the year</b>		<b>2 408 970</b>	3 057 886

# Pine Lake Share Block Proprietary Limited

Statement of Financial Position as at 31 December 2023

	Note	2023 R	2022 R
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	6	2 440 834	3 316 363
Levies receivable	7	1 132 472	676 856
Fixed deposits held with bank	11	9 500 000	8 450 000
Cash and cash equivalents	12	1 242 215	844 758
<b>Total current assets</b>		<b>14 315 521</b>	<b>13 287 977</b>
<b>Total assets</b>		<b>14 315 521</b>	<b>13 287 977</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	10	5 730	5 730
Reserve for property, plant and equipment	8	8 444 667	7 285 495
<b>Total equity</b>		<b>8 450 397</b>	<b>7 291 225</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	1 952 125	1 633 387
Levies received in advance	13	3 730 188	4 222 777
Current tax liability		182 811	140 588
<b>Total current liabilities</b>		<b>5 865 124</b>	<b>5 996 752</b>
<b>Total liabilities</b>		<b>5 865 124</b>	<b>5 996 752</b>
<b>Total equity and liabilities</b>		<b>14 315 521</b>	<b>13 287 977</b>

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

	Note	2023 R	2022 R
<b>Share capital</b>			
Ordinary shares at the beginning and at year-end	10	5 730	5 730
<b>Reserve for property, plant and equipment</b>			
At beginning of year		7 285 495	7 055 448
Levy surplus for the year		2 408 970	3 057 886
Property, plant and equipment additions and replacements during the year	8	(1 249 798)	(2 827 839)
At year-end		<b>8 444 667</b>	<b>7 285 495</b>

# Pine Lake Share Block Proprietary Limited

Statement of Cash Flows for the Year Ended 31 December 2023

	2023 R	2022 R
<b>Cash flow from operating activities</b>		
Levy surplus before taxation	2 591 780	3 200 579
Adjustments for		
Interest received	(788 535)	(506 442)
Net surplus before working capital changes	1 803 245	2 694 137
Changes in working capital		
Movement in levies receivable	(455 616)	610 080
Movement in trade and other receivables	875 529	(919 828)
Movement in levies received in advance	(492 589)	(1 006 714)
Movement in trade and other payables	318 738	(234 240)
Cash flows from operating activities	2 049 307	1 143 435
Interest received	788 535	506 442
Tax paid	(140 587)	(255 166)
Net cash inflow from operating activities	2 697 255	1 394 711
<b>Cash flow from investing activities</b>		
Property, plant and equipment additions and replacements	(1 249 798)	(2 827 839)
Movement in fixed deposits held with bank	(1 050 000)	1 300 000
Net cash outflow from investing activities	(2 299 798)	(1 527 839)
<b>Net movement in cash and cash equivalents</b>	397 457	(133 128)
Cash and cash equivalents at beginning of year	844 758	977 886
<b>Cash and cash equivalents at year-end</b>	1 242 215	844 758



# Pine Lake Share Block Proprietary Limited

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

## 1 Accounting policies

The principal accounting policies adopted in the preparation of these annual financial statements are set out below:

### 1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the IFRS for SMEs Accounting Standard and the South African Companies Act 71, of 2008. The annual financial statements have been prepared on the historical cost basis unless otherwise indicated in the policies set out below.

The accounting policies are consistent with previous periods.

The preparation of annual financial statements in conformity with the IFRS for SMEs Accounting Standard requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the annual financial statements and the reported amounts of revenues and expenses during the reporting period, based on management's best knowledge of current events and actions. Actual results may ultimately differ from these estimates. During the current year, there were no areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements.

### 1.2 Reserve for property, plant and equipment

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

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

All proceeds on the disposals of property, plant and equipment are credited to the statement of comprehensive income.

### 1.3 Leases

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

### 1.4 Financial instruments

Fixed deposits held with bank are recognised when the Company becomes a party to the contractual provisions of the respective instrument and are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest. Fixed deposits held with bank are recognised initially at fair value and subsequently measured at amortised cost. Fixed deposits held with bank are derecognised when the right to receive cash flows from the asset has expired or has been transferred and the Company has transferred substantially all the risks and rewards of ownership. Interest income from these 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 2023

## 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 2023

## **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 2023

	2023 R	2022 R
<b>3 Levy surplus before interest and taxation</b>		
The levy surplus before interest and taxation is stated after taking into account the following:		
Employee costs		
Salaries, wages and other benefits	2 711 257	2 858 975
Contributions to retirement funds	172 164	107 669
Management fees	969 631	907 469
Audit fees	79 477	70 653
Other operating expenses	10 528 219	8 818 412
	<b>14 460 748</b>	<b>12 763 178</b>
<b>4 Finance income</b>		
Interest income earned on fixed deposits, call deposits and current account	<b>788 535</b>	506 442
<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	<b>182 810</b>	140 588
Prior year under provision	-	2 105
	<b>182 810</b>	<b>142 693</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	<b>1 832</b>	46 378
Other receivables	<b>189 989</b>	182 889
SARS - Vat	-	1 170 338
Interest receivable	<b>133 934</b>	86 483
Prepayments (refer note 15)	<b>2 115 079</b>	1 830 275
	<b>2 440 834</b>	<b>3 316 363</b>
<b>7 Levies receivable</b>		
Levy debtors	<b>582 537</b>	326 320
Repossessed debtors	<b>4 216 188</b>	2 584 299
Provision for repossessed debtors	<b>(3 666 253)</b>	(2 233 763)
Opening balance	<b>(2 233 763)</b>	(1 089 583)
Movement	<b>(1 432 490)</b>	(1 144 180)
	<b>1 132 472</b>	<b>676 856</b>
<b>8 Reserve for property, plant and equipment</b>		
At beginning of year	<b>7 285 495</b>	7 055 448
Levy surplus for the year	<b>2 408 970</b>	3 057 886
	<b>9 694 465</b>	10 113 334
Property, plant and equipment additions and replacements during the year	<b>(1 249 798)</b>	(2 827 839)
At year-end	<b>8 444 667</b>	7 285 495

The Directors have reviewed a forward estimate, prepared by management, of the costs of property, plant and equipment additions and replacements over the next 10 years.

The Directors have approved capital expenditure for 2024 of R3,193,063 (2022: R2,445,220 for 2023) that is anticipated to decrease the reserve fund by R539,560 (2022: reserve fund to increase by R2,129,780 in 2023). There were no capital commitments made at year-end (2022: R Nil).

# Pine Lake Share Block Proprietary Limited

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

	2023 R	2022 R
<b>9 Trade and other payables</b>		
Trade payables (refer note 15)	458 737	39 730
Other payables		
Accruals (refer note 15)	146 809	666 308
Provision for auditor's remuneration	37 325	70 226
SARS - Vat	847 173	-
Sundry payables (refer note 15)	462 081	857 123
	<u>1 952 125</u>	<u>1 633 387</u>
<b>10 Share capital</b>		
<b>Authorised</b>		
162,146 "A" Class ordinary shares of 4 cents each		
<b>Issued</b>		
143,248 "A" Class ordinary shares of 4 cents each	5 730	5 730
<b>11 Fixed deposits held with bank</b>		
Fixed deposits held with bank	<u>9 500 000</u>	<u>8 450 000</u>
<b>12 Cash and cash equivalents</b>		
Bank balances	1 235 215	837 758
Cash on hand	7 000	7 000
	<u>1 242 215</u>	<u>844 758</u>
<b>13 Levies received in advance</b>		
Levies received in advance	<u>3 730 188</u>	<u>4 222 777</u>

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.

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 R34,905,000 for rates purposes. There are no bonds on the property.



# Pine Lake Share Block Proprietary Limited

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

	2023 R	2022 R
<b>15 Related party transactions</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	15 645	33 913
Rental pool	149 157	38 387
Management fee	969 631	907 469
Central accounting and levy collection	619 852	580 114
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	(181)	(1 700)
Share Registry Management Services Proprietary Limited ("SRMS") provides an exclusive transfer of shares service to shareholders. During the financial year the Company (received)/paid the following fees in terms of the management agreement:		
Commission on transfer of ownership - SRMS	(7 627)	(8 773)
Secretarial fees on repossessed debtors - SRMS	24 348	28 696
During the year, the Company concluded a bulk deal with SunSwop (a division of SSHI), selling usage of mid-week occupation of repossessed units in order to reduce accumulated debt on the units. Sunswop purchased mid-week occupation usage of 119 repossessed units from the Company for R178,500.		
During the financial year the Company paid the following SSHI internal charges:		
Administration - Information technology, training, industrial relations, etc.	188 016	142 007
Training	-	3 654
Frequent guest loyalty programme	319	2 219
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)	(458 737)	-
Included in sundry payables (refer note 9)	(59 402)	(372 563)
Included in accruals (refer note 9)	-	(23 215)
Included in prepayments (refer note 6)	140 797	104 909
	<b>(377 342)</b>	<b>(290 869)</b>

	Number of units	Levies paid R	Levies received in advance R
SSHI owns units in the Company as follows:			
SunSwop (a division of SSHI) - 2023 shareholding	15	150 150	42 840
SunSwop (a division of SSHI) - 2022 shareholding	15	141 600	40 040

The following entity, related through common directorship, own units in the Company as follows:

AN Ridl - Club Leisure Group - 2023 shareholding	191	1 951 940	869 650
AN Ridl - Club Leisure Group - 2022 shareholding	197	1 948 430	630 630

# Pine Lake Share Block Proprietary Limited

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

	2023 R	2022 R
<b>16 Directors' emoluments</b>		
For their services to the Company, 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 DA Park and SJ 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	15 900	5 300
	<b>58 300</b>	<b>47 700</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 2023

	2023 R	2022 R
<b>INCOME</b>		
Levies	15 802 908	14 904 422
Rental pool	210 487	52 415
Short-term rentals	5 070	240 420
Sale of capital assets	1 304	84 136
Net sundry income		
- unclaimed surpluses, penalties, etc.	244 224	175 922
	<b>16 263 993</b>	<b>15 457 315</b>
<b>EXPENDITURE</b>		
<b>Rooms expenses</b>		
Cleaning supplies	64 663	60 361
Covid-19 expenses	-	776
Guest entertainment and DSTV	150 835	144 256
Guest supplies	191 424	164 338
Laundry	852 568	771 551
Personnel costs - outside services	1 113 528	1 029 620
Pest control	19 303	16 716
Plants and decorations	1 253	10 450
Printing and stationery, including reception	77 836	84 778
Replacement of cutlery, crockery, linen, towels, uniforms, etc.	204 903	226 760
Security and banking services	737 960	566 439
	<b>3 414 273</b>	<b>3 076 045</b>
<b>Administration and general</b>		
Audit fees		
- current year	79 477	70 653
Bank charges	39 392	29 416
Central accounting and levy collection fee	619 852	580 114
Corporate social initiatives	93 213	97 135
Credit card commission	66 186	55 093
Directors' emoluments	58 300	47 700
Information technology costs	609 054	445 389
Insurance - premium	208 198	187 469
Licences and permits	15 966	13 123
Loss on repossessed debtors	19 950	53 982
Marketing	106 069	37 318
Postage	(314)	(1 106)
Provision for repossessed debtors	1 432 490	1 144 180
Railage, cartage and hire transport	5 514	3 959
Subscriptions	9 221	112 988
Telephone	52 264	49 826
Travel - management and Directors	24 773	27 505
Vehicles - fuel and oil	15 047	20 391
	<b>3 454 652</b>	<b>2 975 135</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 2023

	2023 R	2022 R
<b>Electricity, water and refuse</b>		
Electric bulbs	28 561	30 036
Electricity	1 562 438	1 104 577
Water	808	558
	<b>1 591 807</b>	<b>1 135 171</b>
<b>Repairs and maintenance</b>		
Air-conditioning	7 974	13 082
Buildings	163 893	56 444
Electrical and mechanical	366 870	139 560
Tools	6 889	7 972
Furniture and fixtures	13 646	35 260
Gardens and grounds	872 828	799 286
Painting and redecorating	41 060	43 540
Plumbing and heating	68 687	138 913
Radio and TV	10 067	11 172
Room care	-	1 850
Swimming pool cleaning and repairs	21 478	40 259
Vehicles	20 471	13 658
	<b>1 593 863</b>	<b>1 300 996</b>
<b>Corporate charges</b>		
Annual report and statutory costs	37 273	33 804
Municipal rates and taxes	515 828	367 914
	<b>553 101</b>	<b>401 718</b>
<b>Personnel costs</b>		
Rooms	1 046 117	1 056 515
Administration and general	1 092 077	1 138 434
Repairs and maintenance	745 227	771 695
	<b>2 883 421</b>	<b>2 966 644</b>
<b>Management fee</b>	<b>969 631</b>	<b>907 469</b>
<b>Total expenditure</b>	<b>14 460 748</b>	<b>12 763 178</b>
Excess of income over expenditure before finance cost and taxation	<b>1 803 245</b>	<b>2 694 137</b>
<b>Finance income</b>		
Interest received	<b>788 535</b>	<b>506 442</b>
Excess of income over expenditure before taxation	<b>2 591 780</b>	<b>3 200 579</b>
<b>Taxation</b>		
Current year	<b>182 810</b>	<b>140 588</b>
Prior year under provision	-	2 105
	<b>182 810</b>	<b>142 693</b>
Excess of income over expenditure after taxation for the year transferred to reserve for property, plant and equipment	<b>2 408 970</b>	<b>3 057 886</b>

# Pine Lake Share Block Proprietary Limited

MINUTES OF THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS HELD ON THURSDAY 20 JULY 2023 AT 13H00 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 was convened in terms of the notice of the annual general meeting ("AGM") dated 22 May 2023.

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

## 2 QUORUM

A number of shareholders had tendered 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 14,753 "A" ordinary shares, and constituted 10.3% of the Company's issued share capital. With the required quorum being present, being at least three shareholders present and holding at least 5% of the share capital, the Chairman declared the meeting properly constituted.

## 3 NOTICE OF MEETING

All shareholders present consenting, the notice of meeting dated 22 May 2023 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 2022 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 2022, 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 2022 be and were hereby approved and adopted.

## 6 APPOINTMENT OF AUDITORS

### ORDINARY RESOLUTION 2

Ordinary resolution 2 relating to the re-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 re-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 R141,834,263. Buildings were valued at R124,388,855 and furniture, fittings and equipment were valued at R17,445,408.

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

## 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 four 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 2023 until the next AGM of the Company, be and was hereby approved.

# Pine Lake Share Block Proprietary Limited

## 11 OTHER BUSINESS

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

The resort's general manager, Ms Marike van Wyk presented an overview of the following projects during the 2022 year:

- Corporate Social Investment ("CSI"):
  - Rustig Old Age Home received donations of toiletries and goodie bags;
  - Michael's Children's Home, in collaboration with the Sabi River Sun Resort's social and ethics committee, underwent repairs and renovations to its second house;
  - SPCA White River received donations of animal food and blankets;
  - Legogoto School, in collaboration with Sabi River Sun Resort's social and ethics committee, received a new wendy house as an additional classroom;
  - Macadamia Frail Care received two free-standing fans;
  - Casual Day raised funds for people with disabilities, through the purchase of branded stickers and t-shirts;
  - Feed the Need received donations of rice and macaroni for local families in need; and
  - Flip Flop Day raised funds in aid of CHOC, through the purchase of branded stickers.
- Purchasing of new verandah furniture;
- Relocation of the entrance security guard house;
- Installation of 24-hour monitored thermal cameras;
- Resurfacing of tennis court and new LED lighting;
- Conversion for an additional store room; and
- Purchasing of new table tennis/pool table.

Ms van Wyk presented photographic slides of the time spent and contributions made to the various organisations and initiatives.

## 12 CLOSURE

There being no further business to discuss, the Chairman thanked all for their attendance and declared the meeting closed at 13h20.

  
CHAIRMAN

6 November 2023  
Date





