

Beacon Island Share Block Proprietary Limited

Registration No. 1983/005957/07



Annual Report

for the year ended 31 December 2016

Beacon Island Share Block Proprietary Limited

Annual Financial Statements
for the year ended 31 December 2016

COMPANY INFORMATION

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

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

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The annual financial statements have been audited as required by section 30(2)(b)(1) of the Companies Act of South Africa. Warren Whiteboy CA(SA), in his capacity as Financial Manager of Beacon Island Share Block Proprietary Limited, supervised the preparation of the annual financial statements.

Beacon Island Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2016

Once again, it is my pleasure to report to you, my fellow Shareholders, on the operation, projects, financial wellbeing and future plans of this superb resort.

At the outset, I would like to convey our sincere sympathies to those in our community and further afield, who were affected by the dreadful fires on our beautiful Garden Route. Our General Manager, Reinhard Visser and his team provided tremendous support, offering interim accommodation to some locals whose homes had been destroyed; accommodation for those evacuated; refreshments and aid to the fire protection officers and distributed water on a continual basis. Under Reinhard's leadership, made up "care" packages (toiletries) were delivered to the Disaster Management Centre. It is our intention through the work of the Social and Ethics Committee to commit time and funds, to assist in the rebuilding of our community.

Improvement of Facilities

During the year, there was a very ambitious, continuous roll out of improvements, which kept our team extremely busy. Managing so many projects simultaneously requires great experience and patience. The Lagoon Room, to the right of the entrance of the resort, underwent a complete refurbishment. After completely stripping away the old, the room was transformed beyond our expectations. A new bulkhead inverted ceiling was incorporated which allowed for sound attenuation as well as an inconspicuous and neat housing for the audio visual equipment. A modern stunning removable light fixture completed the ceiling embellishment. The back wall paneling was re-done with matching panels either side of a beautiful large mirror, which brightens the room with extra light and creates an impression of space. All of the equipment is neatly organized in new cupboards behind the paneling. Floor plugs were installed with new carpeting and neutral white block out curtains. This function room has proved extremely successful with the first function having been hosted almost before the paint had dried. Conferences, celebratory dinners and receptions have been successful with the new food and beverage serving access neatly and cleverly concealed behind doors. The outdoor access pathway having been re-surfaced and the gardens refreshed with new plants, the overall effect of this amenity is welcoming but functional.

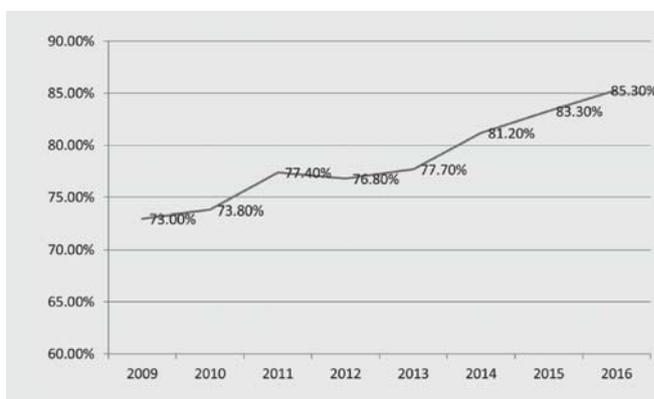
Further transformation that took place was the upgrade done to the basement area including the Cascades games room and entertainment area, indoor swimming pool and Cascades bathrooms. A special effort was made to introduce sound attenuating installations such as special surfaces on the walls and the circular panels above the indoor pool. The very colourful entertainment area now sports an area with chairs and bean bags where children are able to watch TV, play computer games or be entertained by the team. The bright colours and added light make this space more inviting and a great area for families especially on rainy days. During this construction it became apparent exactly where the building needed repairs done to resolve old water leaks and damp, which though unexpected and not in the schedule, were successfully completed. The Cascades toilets were refurbished with modern and contemporary sanitary ware, bringing this area into line with the look and feel of the rest of the resort.

Back of house was included in the many projects during the year. The basement service lift is used to assist with wheelchair access, when required. The service lift, doors and corridor access areas were all repainted and brought up to the same standard that one would expect from our resort. The staff stairs and restaurant were repainted and equipment and furniture installed for the staff's comfort when taking their break or relaxing with a meal. The store rooms and stores for bicycles and surf boards were upgraded and painted. The refurbishment of back of house is ongoing with improvements planned for the laundry area and improving the storerooms with extra shelving and cupboards.

The ongoing dispute with Island Diner has been resolved. Under Reinhard's guidance, Jorge continues to provide phenomenal food at very reasonable prices. We are very proud of the fact that our resort has become a drive to destination for food whilst it continues to provide excellent cuisine for our shareholders.

Rating and Awards

Over the years, Beacon Island has proudly received many awards, particularly the Imvelo awards where through changing the way that we view and manage the use of our resources and by employing cost saving equipment, great achievements in saving water and energy have been acknowledged. This practice continues in maintaining these high standards of savings with a view to extracting further savings where possible. Our Beacon Island Facebook page thrives and we encourage your participation. In 2016, the Beacon Island was a finalist in the Lilizela awards for service excellence and earned the Certificate of Service Excellence from Trip Advisor. Interval International rates Beacon Island as being of Select Status and RCI rates the Beacon Island as being of Gold Crown status. Perhaps the most significant to note are the results of the E-Guest (Electronic Guest), scores rated by our owners and guests. The overall E-Guest satisfaction score of 91.3% beat the target of 90%. It is evident that the improvements made to our facilities proved worthwhile with the high E-Guest score of 94.10 % for facilities. Front office, Housekeeping, Rooms and Safety were all rated above 90%. This is a truly remarkable result, of which we are extremely proud. We appreciate your responses so Management can track progress and concentrate on those areas that may need improvement.



As illustrated by the graph above, the steady increase in occupancy at our resort has been incredible. The first quarter of 2016 significantly raised the year to date occupancy of 85.3%. The results are due to a considerable effort by Management to increase short term rental. Conferences, tour groups and events have been welcomed.

Beacon Island Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2016

Financial Results for the Year Ended 31 December 2016

Shareholders are referred to the Statement of Comprehensive Income set out on page 11 which reflects the income and expenditure of the Company in a summarised format. The traditional levy fund operating statement is set out on pages 21 to 23 and is presented as supplementary information to Shareholders. I will refer to this detailed levy fund operating statement when commenting on the financial results for the year. The Statement of Comprehensive Income for the year ended 31 December 2016, reflects total income including net finance income of R49.233m (2015: R45.195m) and total expenditure of R31.960m (2015: R29.957m). The levy surplus after taxation, was R15.952m (2015: R14.343m) which has been transferred to the Reserve for property, plant and equipment.

Income

Total income for the year included unclaimed surpluses from the sale of repossessed units and rental income from commercial tenants. Short term and long term rental pool income reflected an increase. Interest on the investment of surplus funds improved.

Expenditure

Total expenditure for the year increased by 6.7% and was R286k favourable to budget for the year.

Rooms Expenditure

Rooms expenditure increased by 7.8% year-on-year. There was an increase in Rooms Operating Equipment expenses to bring the stock par levels up to standard. Higher occupancy had an impact on Laundry Costs, Guest supplies and Outside Cleaning Costs.

Administration and General

Administration and general expenses increased by 6% year-on-year. Various Corporate Social Initiative projects resulted in an increase in Marketing Costs.

Electricity, Water and Refuse

These costs increased by 19.1% year-on-year. Electricity, Refuse and Water costs increased due to tariff increases. Diesel Costs increased year-on-year due to greater use of the generator.

Repairs and Maintenance

Repairs and maintenance increased by 0.8% year-on-year. Major services on Equipment and Vehicles were done during 2016.

Corporate Charges

Corporate charges decreased by 13.5% year-on-year. A new agreement with Island Diner saw the recoupment of some Rates and Taxes charges. The increase in Annual Reports and Statutory Costs was attributed to the introduction of Community Schemes Ombud Services, which membership is compulsory as promulgated by law during the year.

Statement of the Financial Position

The Statement of Financial Position which is reflected on page 12 together with the related notes thereto reflects the financial position of your Company. The reserve for the replacement of property, plant and equipment reflects a balance of R48.730m (2015: R42.854m) after transfer of the operating surplus for 2016 of R15.952m (2015: R14.343m) and normal capital expenditure costs of R10.076m (2015: R7.354m). Levies receivable decreased to R228k (2015: R524k).

Shareholders are thanked for continuing to meet their obligations by paying their levies in advance which increased to R15.212m (2015: R13.856m). Surplus funds are invested for the benefit of all shareholders. Cash and cash equivalents increased to R69.737m (2015: R60.646m).

Capital Expenditure

Capital expenditure during 2016 amounted to R10.076m (2015: R7.354m). The following major items of expenditure were incurred:

	R
Replacement of bed mattresses	266,496
Lagoon room & surrounds	2,062,847
Foyer & lobby upgrade	1,023,177
PC and computer system upgrade	656,158
Games room	837,935
Gazebo/deck	372,689
Indoor pool	1,108,618
Cascades	535,119
Cascades bathrooms	543,328
Back of house	1,363,535
Building waterproofing	205,801
Robberg lawn car park	176,766

2017 Levy Budget

The 2017 annual levy budget increase will be approved by the Directors at the August 2017 Board meeting which takes place after the Notice of the Annual General Meeting of the Shareholders and Annual Report have been delivered. This being the case, notification of the 2018 levy amounts will be advised under separate notice. As is their duty, the Directors apply diligence in their scrutiny of the budget and proposed increases so as to maintain both a healthy Reserve while at the same time scrutinizing planned projects that provide added value to the holiday experience. At each Board Meeting the Capex budget is discussed and updated to ensure the future stability and success of the resort and its smooth operation. Regard being had to our current healthy financial position, the impact will be minimal.

Directors

On the Beacon Island Board, each year the longest serving directors automatically retire at the Annual General Meeting. This year it is Charles Wells and Gary Kaplan. At the time of this report, we have not received any other nominations. As with last year, we have held five Board meetings, two audit committee meetings and the Annual General Meeting. Late last year following the release of the King IV draft, a Social and Ethics Committee was formed by those Directors not serving on the Audit Committee.

Beacon Island Share Block Proprietary Limited

Chairman's Annual Review for the Year Ended 31 December 2016

SunSwop

During 2016, 1,980 Beacon Island owners deposited their weeks with SunSwop. This was slightly down on the 2,018 weeks which were deposited during 2015. This equates to 19.8% of owners choosing to deposit their weeks rather than to occupy the week that they own.

The exchange trends of SunSwop members remain similar to those of 2015, with 78.5% of exchanges being done into Southern Sun resorts, 14.3% into external local resorts, and 7.2% into international resorts.

Vacation Ownership Association of South Africa (VOASA)

As stated on their new website, the Vacation Ownership Association of South Africa is now a self-regulatory Trade Association with the interest of consumer education as well as servicing the industry. Information regarding the different types of shared accommodation, the purchase and ownership aspects are all part of their service. A separate promotions company has been appointed to engage with the media. Beacon Island Share Block Proprietary Limited is a member of VOASA.

Social and Ethics Committee Report

Following the release of the King IV Report, Beacon Island Share Block Proprietary Limited formed a separate Social and Ethics committee. A Charter was drawn up itemizing the ethics, direction, extent and area of focus as a guide for the committee. With targets now prescribed, next year the Social and Ethics committee will be able to report more comprehensively in our annual report. The report of the Chairman of the Social and Ethics committee will be a separate part of the annual report. This year, with Charles Wells as the Chairman, this committee has ably guided and lead the way in planned community projects, sought out future beneficiaries and interacted with Management to bring about true and meaningful change.

The Beacon Island assisted with various types of sponsorships to Formosa Primary School, Lions Club Uitenhage and Kranshoek Primary School. The Social and Ethics committee have been working with Jack and Jill Daycare, Kranshoek Kindergarten and Phakamisane Primary School.

Without great staff for support and service, the Beacon Island would not be as superb as it is. Staff changes through the year include Andre Maritz the Maintenance Manager who resigned, new appointments of two new maintenance attendants – Vuyani Charlie and Brendan Napulula. Monwabisi Mangqasana was appointed a porter and Lundi Kkhova became a driver. Abraham Jansen, our Duty Manager received his well-deserved 30 year long service award.

The Tsogo Sun Hotel division, which included Beacon Island, maintained its Level Two contributor status for the BBBEE rating.

Companies Act Requirements and Corporate Governance

The Beacon Island Memorandum of Incorporation (MOI) was approved by the Companies and Intellectual Properties Commission (CIPC), on 28 October 2016. The name, Beacon Island Share Block Proprietary Limited now reflects the change from a public to private company. The MOI is mostly representative of the original Articles of Association of the Company with some notable changes such as from public to private and the reduction of the quorum at our General Meeting to a more achievable 5%.

In line with legislation, Beacon Island was registered with the Community Scheme Ombuds Service Scheme.

With the publication of the King IV, the Social and Ethics Committee has become a proper standing committee holding two separate meetings a year, following an agenda, recording and maintaining the meeting records. Beacon Island embraced this development and although the Social and Ethics has already been on the Board's Agenda for many years, Beacon Island's elected Social and Ethics Committee holds separate meetings and keeps its own minutes as does the Audit Committee. This sub-committee reports to the Board.

Conclusion

After the extremely busy, somewhat overly testing and demanding year for Management, I wish to thank our General Manager, Reinhard Visser, his Deputy General Manager, Ronel Schoeman and their extraordinary team for such a wonderful job done. The results speak for themselves. Even amidst all the disarray and chaos during building projects, this team managed to consistently welcome guests and supply excellent service. This is an incredible achievement and shows the commitment and integrity of a team that works together.

I wish to express my sincere gratitude to my fellow Directors whose special talents, guidance and dedication to the Beacon Island, have made my task not only lighter but most enjoyable. We are very fortunate to have a Board of such calibre, integrity and commitment.

This year we have chosen to return to Cape Town to hold our Annual General Meeting. It will be held at the Cullinan on 8 September 2017 at 11h00. I urge you to attend and request that if you are not in a position to do so, to please complete your proxy form.

The Beacon Island is an icon on our magnificent coastline. We trust that it will continue to flourish as spectacular holiday destination for many years to come.



A handwritten signature in black ink, appearing to read 'Laurance Hodes'. The signature is stylized and somewhat abstract.

Laurance Hodes
Chairman

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

Registered Office
Palazzo Towers East
Montecasino Boulevard
Fourways, 2055

Private Bag X200
Bryanston, 2021
Telephone: (031) 561 2204
Facsimile: (031) 561 7334
Email: Resorts.companysecretarialservices@tsogosun.com

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of the Company will be held on **Friday, 8 September 2017 at 11h00 at Southern Sun The Cullinan, 1 Cullinan Street, Cape Town Waterfront, Cape Town**, for the following purposes:

Note: Should the Meeting not achieve the adequate quorum the Annual General Meeting will be postponed and held on the next business day being 11 September 2017 at 11h00 at the same venue.

Agenda

1. **Welcome, Constitution of the Meeting and Apologies.**
2. **Establishment of quorum.**
3. **3.1 To adopt the Minutes of the Annual General Meeting held on 23 September 2016.**
3.2 To note the Minutes of the Informal 25th Annual General Meeting held on 23 September 2016 in order.
3.3 To adopt the Minutes of the Postponed Annual General Meeting held on 30 September 2016.
4. **Matters Arising from the Minutes of the previous Annual General Meeting.**
5. **Resolution 1:** To receive, consider and adopt the report of the Directors, the report of the Audit Committee and the Annual Financial Statements for the year ended 31 December 2016.
6. **Resolution 2:** To re-appoint Grant Thornton as the auditors to the Company.
7. **Resolution 3:** To elect Directors (representing the Timesharers) to the Board. The following Directors retire at the Annual General Meeting, but being eligible, are available for re-election.

• **C Wells** • **G Kaplan**

The Board is limited by the Memorandum of Incorporation to seven in number, the other Directors currently in office being Laurance Hodes, Nicholas Dickson, Anthony Ridl and Deon Viljoen. It would facilitate secretarial procedures if nominations for the appointment of Directors could be received no later than 11h00 on Tuesday, 05 September 2017 at the registered office of the Company. Nominations must be in writing with the name of the proposer and seconder, the acceptance of such nomination by the nominee, and should be accompanied by the curriculum vitae of such nominee.

8. **Resolution 4:** To appoint three Directors as members of the Audit Committee. The current members are Nicholas Dickson, Gary Kaplan and Anthony Ridl.
9. **Resolution 5:** To appoint three Directors to the Social and Ethics Committee.
10. **To table, for discussion, the insured value of the Property.**
11. **The Report of the Social and Ethics Committee.**
12. **General Managers Report.**
13. **General.**

To transact any other business which ought to be transacted at an Annual General Meeting. Items for discussion under any agenda item should be advised to the Secretaries at the Company's registered office or email address, for the attention of the Company Secretary no later than 11h00 on Tuesday, 5 September 2017. Please note that such notification must be in writing.

The quorum required for an Annual General Meeting to take place is no less than three (3) shareholders present at the commencement and throughout the meeting, holding at least 5% of all the voting rights, personally or by proxy, that are entitled to be exercised at the meeting. For a resolution to be passed, 50% of the voting rights present at the meeting must be in favour of such resolution. For a special resolution to be passed 60% of the voting rights present at the meeting must be in favour of such resolution.

In the event of a quorum not being present within one hour of the appointed time for the meeting to begin, the meeting is automatically postponed to the next business day at the same time and venue as this meeting. At the postponed meeting, shareholders present in person or by proxy will be deemed to constitute the required quorum.

The record date for determining shareholder's rights is 24 August 2017.

Any member 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 also be a member of the Company. **Proxy forms should be forwarded to reach the registered office of the Company by no later than 11h00 on Tuesday, 5 September 2017.** A proxy form is enclosed for this purpose.

By order of the Board
Southern Sun Secretarial Services Proprietary Limited
4 August 2017

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

Registered Office
 Palazzo Towers East
 Montecasino Boulevard
 Fourways, 2055

Private Bag X200
 Bryanston, 2021
 Telephone: (031) 561 2204
 Facsimile: (031) 561 7334
 Email: Resorts.companysecretarialservices@tsogosun.com

Form of Proxy for use by Shareholders at the Annual General Meeting of the Company to be held on **Friday, 8 September 2017 at 11h00 at Southern Sun The Cullinan, 1 Cullinan Street, Cape Town Waterfront, Cape Town**, the proxy given will also stand should the Meeting be postponed to Monday 11 September 2017.

Form of Proxy

I/We being the holder/s of ordinary shares in the Company, with right of use of Unit, week, appoint

1., or failing him/her,
2., or failing him/her,
3. The Chairman of the Annual General Meeting.

As my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held on the above-mentioned date and at any adjournment thereof as follows: -

	In Favour Of	Against	Abstain
Resolution 1: Approve Annual Financials			
Resolution 2: Re-elect Auditors			
Resolution 3: Elect Directors			
• C Wells			
• G Kaplan			
Resolution 4: Elect Audit committee			
• N Dickson			
• G Kaplan			
• A Ridl			
Resolution 5: Elect Social & Ethics Committee			

Signed at this day of 2017.

Signature assisted by (where applicable).

Unless otherwise instructed, specifically as above, the proxy will vote, as he/she thinks fit on all matters.

- 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 a 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 member 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 also be a member of the Company. **Proxy forms should be forwarded to reach the registered office of the Company, for the attention of the Company Secretary, by no later than 11h00 on Tuesday, 5 September 2017.**

Beacon Island Share Block Proprietary Limited

Statement of Directors' Responsibility for the Year Ended 31 December 2016

The Directors and Management are responsible for the preparation, integrity and fair presentation of the financial statements of Beacon Island Share Block Proprietary Limited. The financial statements presented on pages 11 to 20 have been prepared in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities and in the manner required by the Companies Act of South Africa.

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 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 financial statements comply with the relevant legislation. The Directors are satisfied that the information contained in the 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 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, Grant Thornton Durban, audited the financial statements and their report is presented on pages 9 and 10.

Approval of Financial Statements

The financial statements set out on pages 11 to 20 were approved by the Board of Directors on 29 May 2017 and are signed by:



LM Hodes
Chairman



AN Ridi
Director

Declaration by the Company Secretary

I hereby confirm, in my capacity as Company Secretary of Beacon Island Share Block Proprietary Limited that for the year ended 31 December 2016, the Company has filed all required returns and notices in terms of the Companies Act, 2008 and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.



G Stevenson
For Southern Sun Secretarial Services Proprietary Limited

Beacon Island Share Block Proprietary Limited

Report of the Audit Committee for the Year Ended 31 December 2016

The audit committee has pleasure in submitting this report, as required by section 94 of the Companies Act, 2008. The audit committee is an independent statutory committee appointed by the shareholders.

1. Duties of the audit committee

The audit committee has discharged its duties as follows:

- 1.1 Reviewed the year-end financial statements, culminating in a recommendation to the board. In the course of its review the committee:
 - took appropriate steps to ensure that the financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, as suitably modified for South African share block companies;
 - considered and, when appropriate, made recommendations on internal financial controls;
 - deals with concerns or complaints relating to the following:
 - accounting policies;
 - the auditing or content of annual financial statements; and
 - internal financial controls.
- 1.2 Reviewed the external audit reports on the annual financial statements;
- 1.3 Reviewed the risk management reports and where relevant, made recommendations to the board;
- 1.4 Considered and discussed the effectiveness of risk management, controls and the governance processes;
- 1.5 Verified the independence of the external auditors and of any nominee for appointment as the designated auditor;
- 1.6 Approved the audit fees and engagement terms of the external auditors;
- 1.7 Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditors.

2. Members of the audit committee

- 2.1 The members of the audit committee comprise three independent non-executive directors being Anthony Ridl (Chairman), Nicholas Dickson and Gary Kaplan.
- 2.2 The audit committee has at all times acted in an independent manner.

3. 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.

4. Attendance

The external auditors, in their capacity as auditors to the company, attended and reported to the meetings of the audit committee. Relevant senior managers attended the meeting on invitation.

5. Confidential meetings

Audit committee agendas provide for confidential meetings between the committee members and the external auditors.

6. Independence of external auditors

The audit committee has satisfied itself that the external auditor is independent of the company, as set out in S94 (8) of the Companies Act, 2008. Requisite assurance was provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.



Anthony Ridl
Chairman
29 May 2017

Beacon Island Share Block Proprietary Limited

Report of the Directors for the Year ended 31 December 2016

The Directors present their annual report of the Company for the year ended 31 December 2016.

1 Business Activity

The Company leases the land and buildings known as Beacon Island Resort which are utilised by the members on a timeshare basis with respective members' time interest being apportioned through the issue of shares according to share block regulations. These regulations provide for the following:

1. Shares are issued in predefined blocks which are linked by a use agreement relating to specific units during specific weeks of the year.
2. Linked to the respective share blocks are obligations on the share block owners to make loans to the Company.
3. Obligations on share block owners 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 financial statements.

In accordance with the provisions of the Share Blocks Control Act, and in common with other timeshare operations in South Africa, your Company has, since its inception as a Share Block Company, raised an annual levy making a provision for the maintenance and upkeep of the property. Asset replacement costs and additions to property, plant and equipment have been charged against this amount annually. Before providing for property, plant and equipment additions and replacements, a surplus of R15,952,379 (2015: R14,342,906) was transferred to the reserve for property, plant and equipment.

No dividends have been declared during the year and none is recommended (2015: R Nil).

3 Share capital

The authorised and issued share capital has remained unchanged.

4 Insurance

The Resort buildings and their contents are insured at current replacement values under a Multi-Risk Policy. In addition, Sasria (Riot) cover has been arranged for the sum insured. The Company does not insure personal belongings of the individual timesharers.

The Company does not guarantee the provision of alternative accommodation in the event of a disaster and does not take out insurance for this.

5 Directors and Secretary

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

LM Hodes ^ Chairman

RN Dickson *

G Kaplan *

AN Ridl *

CP Wells ^

DP Viljoen ^

* Audit Committee Members

^ Social & Ethics Committee Members

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

Business:	Postal:
Palazzo Towers East	Private Bag X200
Montecasino Boulevard	Bryanston
Fourways	2021
2055	

6 Management

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

7 Material events after year end

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

Beacon Island Share Block Proprietary Limited

Report of the Independent Auditors

To the Shareholders of Beacon Island Share Block Proprietary Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Beacon Island Share Block Proprietary Limited set out on pages 11 to 20, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Beacon Island Share Block Proprietary Limited as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis for 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). 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 Directors' Report as required by the Companies Act of South Africa and the supplementary information set out on pages 21 to 23. 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 Standards 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 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.

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.

Beacon Island Share Block Proprietary Limited

Report of the Independent Auditors

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.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette 39475 dated 04 December 2015, we report that Grant Thornton Durban has been the auditor of Beacon Island Share Block Proprietary Limited for 2 years.



GRANT THORNTON

Registered Auditors
Practice Number: 905690

Per H D Paruk
Partner
Registered Auditor
Chartered Accountant (SA)

29 May 2017

2nd Floor
4 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge Office Estate
4019

Beacon Island Share Block Proprietary Limited

Statement of Comprehensive Income for the Year Ended 31 December 2016

	Note	2016 R	2015 R
Income		44 122 010	41 413 366
Levy Income - normal		40 906 400	39 072 168
Other Income		3 215 610	2 341 198
Expenses		(31 960 373)	(29 956 653)
Levy surplus before interest and taxation	3	12 161 637	11 456 713
Finance income	4	5 111 316	3 781 232
Levy surplus before taxation		17 272 953	15 237 945
Income tax expense	5	(1 320 574)	(895 039)
Levy surplus for the year		15 952 379	14 342 906

Beacon Island Share Block Proprietary Limited

Statement of Financial Position as at 31 December 2016

	Note	2016 R	2015 R
ASSETS			
Current assets			
Trade and other receivables	6	4 858 357	3 761 776
Levies receivable	7	227 868	523 698
Cash and cash equivalents		69 736 502	60 645 790
Total current assets		74 822 727	64 931 264
Total assets		74 822 727	64 931 264
EQUITY			
Capital and reserves			
Share capital	10	320 000	320 000
Reserve for property, plant and equipment	8	48 729 893	42 853 920
Total equity		49 049 893	43 173 920
LIABILITIES			
Non-current liabilities			
Exchange fee rebate		475 326	914 082
Total non-current liabilities		475 326	914 082
Current liabilities			
Trade and other payables	9	8 764 943	6 092 183
Levies received in advance		15 211 991	13 856 040
Current tax liabilities		1 320 574	895 039
Total current liabilities		25 297 508	20 843 262
Total liabilities		25 772 834	21 757 344
Total equity and liabilities		74 822 727	64 931 264

Statement of Changes in Equity for the Year Ended 31 December 2016

	Note	2016 R	2015 R
Share Capital			
Ordinary shares at beginning and end of year	10	320 000	320 000
Reserve for property, plant and equipment			
At beginning of year		42 853 920	35 864 558
Levy surplus for the year		15 952 379	14 342 906
Property, plant and equipment additions and replacements during the year	8	(10 076 406)	(7 353 544)
At end of year		48 729 893	42 853 920

Beacon Island Share Block Proprietary Limited

Statement of Cash Flows for the Year Ended 31 December 2016

	2016 R	2015 R
Cash flow from operating activities		
Levy surplus before taxation	17 272 953	15 237 945
Adjustments for:		
Interest received	(5 111 316)	(3 781 232)
Non cash items		
- Movement in exchange fee rebate	(438 756)	(438 749)
Net surplus before working capital changes	11 722 881	11 017 964
Changes in working capital		
- Movement in levies receivable	295 830	203 533
- Movement in trade and other receivables	(1 096 581)	(1 088 370)
- Movement in levies received in advance	1 355 951	810 382
- Movement in trade and other payables	2 672 760	892 557
Cash flows from operating activities	14 950 841	11 836 066
Interest received	5 111 316	3 781 232
Tax paid	(895 039)	(781 365)
Net cash inflow from operating activities	19 167 118	14 835 933
Cash flow from investing activities		
Property, plant and equipment additions and replacements	(10 076 406)	(7 353 544)
Net cash outflow from investing activities	(10 076 406)	(7 353 544)
Net movement in cash and cash equivalents	9 090 712	7 482 389
Cash and cash equivalents at beginning of year	60 645 790	53 163 401
Cash and cash equivalents at end of year	69 736 502	60 645 790

Beacon Island Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

1 Accounting policies

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

1.1 Basis of preparation

The 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 Companies Act of South Africa. 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 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 financial statements and the reported amounts of revenues and expenses during the reporting period based on management's best knowledge of current events and actions. Actual results may ultimately differ from these estimates. During the current year, there were no areas involving a high degree of judgement or complexity, or areas where assumption and estimates are significant to the 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.

Beacon Island Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

1.4 Financial instruments

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Such provision is established when there is evidence that the Company will not be able to collect the full amount owing. The provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers. Bad debts are written off in the year during which they are identified.

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

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

1.5 Cash and cash equivalents

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

1.6 Revenue recognition

Revenue is stated exclusive of value-added tax.

Levy revenue is recognised when the right to occupation arises.

Special levy revenue is recognised when raised.

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

Rental income from tenants are disclosed net of the related management fee.

Other sundry revenue is recognised when it is earned.

1.7 Provisions

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

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

1.8 Equity

Ordinary shares are classified as equity.

1.9 Current taxes

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

Beacon Island Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

1.10 Retirement benefits

The Company operates 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 the maintenance, upkeep, control and management of the resort.

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

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

Credit Risk

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

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

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

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

Interest Rate Risk

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

Beacon Island Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

	2016 R	2015 R
3 Levy surplus before interest and taxation		
The levy surplus before interest and taxation is stated after taking into account the following:		
Employee costs		
- salaries, wages and benefits	8 237 884	7 941 019
- contributions to retirement funds	690 398	627 410
Management fees	1 957 902	1 847 297
Audit fees	119 977	121 006
Professional fees	47 561	50 107
Other operating expenses	20 906 651	19 369 814
	31 960 373	29 956 653
4 Finance income		
Interest income:		
Interest earned on fixed deposits, call deposits and current account	5 111 316	3 781 232
Finance income	5 111 316	3 781 232
5 Income tax expense		
Provision is made for Company taxation on the net non-levy income of the levy fund.		
No tax is payable on levy income from the shareholders in terms of Section 10(1)e of the Income Tax Act.		
Current	1 320 574	895 039
	1 320 574	895 039
A reconciliation of the taxation charge is not considered appropriate as share block companies are liable for taxation only on their net non-levy income.		
6 Trade and other receivables		
Trade receivables (Refer Note 12)	1 569 043	3 992 930
Less: Provision for doubtful debts - allocated to Southern Sun Hotel Interests Proprietary Limited	35 378	(2 293 753)
Less: Provision for doubtful debts - allocated to Beacon Island Share Block Proprietary Limited	-	(835 271)
	1 604 421	863 906
Other receivables (Refer Note 12)	16 853	56 546
Interest receivable	2 136 729	1 333 145
Receiver of revenue - VAT	191 670	611 339
Prepayments (Refer Note 12)	908 684	896 840
	4 858 357	3 761 776

Beacon Island Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

	2016 R	2015 R
7 Levies receivable		
Levy debtors	133 921	356 631
Repossessed debtors	100 291	177 337
Less: Provision for repossessed debtors	(6 344)	(10 270)
- Opening balance	(10 270)	(44 790)
- Movement	3 926	34 520
	227 868	523 698
8 Reserve for property, plant and equipment		
At beginning of year	42 853 920	35 864 558
Levy surplus for the year	15 952 379	14 342 906
	58 806 299	50 207 464
Property, plant and equipment additions and replacements during the year	(10 076 406)	(7 353 544)
At end of year	48 729 893	42 853 920
<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 ten years.</p> <p>The Directors have recommended replacement reserve expenditure for 2017 of R22,520,980 (2015: budgeted capital expenditure of R22,506,770 for 2016) which it is anticipated will decrease the budgeted reserve fund by R9,557,184 (2015: decrease the budgeted reserve fund by R9,297,961 for 2016).</p>		
9 Trade and other payables		
Trade payables (Refer Note 12)	4 179 349	2 327 411
Other payables		
Accruals (Refer Note 12)	2 561 727	1 959 519
Provision for auditors remuneration	88 000	78 023
Sundry payables (Refer Note 12)	1 497 118	1 288 481
Exchange fee rebate	438 749	438 749
	8 764 943	6 092 183
10 Share capital		
Authorised and issued		
32,000,000 ordinary shares of 1 cent each	320 000	320 000

Beacon Island Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

	2016 R	2015 R
11 Property, plant and equipment		
The Company complies with the SAICA Guide on Financial Reporting for Share Block Companies with respect to the treatment of property, plant and equipment. In terms of the SAICA Guide the right of use of property, vested with the shareholders, has been offset against the loan from shareholders with the balance transferred to the reserve for property plant and equipment.		
The Company acquired the rights to a property lease which includes, Beacon Island Hotel situated on:		
Erf No 253 Plettenberg Bay, Division of Knysna, measuring 1.3365 hectares.		
Period of lease - 99 years commencing 1 July 1983.		
Rental - R240, 000 per annum payable in twelve equal monthly instalments. (Refer Note 12)		
12 Related party transactions		
The operations of the Company are managed by Southern Sun Hotel Interests Proprietary Limited ("SSHI"). The Company is charged the following fees in terms of the management agreement:		
Short term rental fee	321 479	442 650
Management fee	1 957 902	1 847 297
Levy administration and collection fee	2 222 751	2 097 185
SSHI provides management services in respect of leases of the commercial areas to third party tenants. The fee for this service is a fixed percentage of gross rentals received by the Company.		
Gross rentals received from tenants	1 638 111	583 911
Rental retained	(228 208)	(182 559)
Contractual share paid to SSHI	1 409 903	401 352
The Company also leases the property from SSHI in terms of a 99 year lease. (Refer Note 11)		
Lease payments	240 000	240 000

Beacon Island Share Block Proprietary Limited

Notes to the Annual Financial Statements for the Year Ended 31 December 2016

	2016 R	2015 R
12 Related party transactions (continued)		
During the financial year the Company paid membership fees to Sunswop (a division of SSHI), which is affiliated to Interval International.		
Sunswop exchange services	1 583 336	1 457 216
Certain costs are incurred by SSHI in terms of contracts negotiated on behalf of members of the Southern Sun group, including the Company. These costs, which include insurance, certain maintenance and operating lease contracts, are recovered from the Company via a loan account. The balance of the loan account is as follows:		
Balance owing (to)/by SSHI and its subsidiaries:		
- included in Receivables (Refer Note 6)	84 891	195 254
- included in Payables (Refer Note 9)	(2 643 072)	(353 838)
	(2 558 181)	(158 584)
In addition, Southern Sun Timesharing Resales Proprietary Limited ("SSTR") provides a rental service and recovers levies from the sale and rental of timeshare weeks on behalf of the Company.		
Balance owing (to)/by SSTR:		
- included in Receivables (Refer Note 6)	-	33 270
- included in Payables (Refer Note 9)	(26 000)	-
	(26 000)	33 270

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

	Number of units	Levies paid R	Levies received in advance R
2016 - shareholding			
DP Viljoen - Sunswop (a division of SSHI) (retired from SSHI on 31 August 2016)	167	902 350	79 790
AN Ridl - Club Leisure Group	574	2 450 870	711 370
RN Dickson - Dream Vacation Club	181	847 510	422 290
2015 - shareholding			
DP Viljoen - Sunswop (a division of SSHI)	223	898 660	35 980
AN Ridl - Club Leisure Group	569	2 356 020	674 060
RN Dickson - Dream Vacation Club	180	788 080	358 340

13 Directors emoluments

The Directors do not receive any remuneration for their services to the Company but are reimbursed for costs incurred on the Company's business. Further, the Directors are insured for medical costs and personal accident. The Directors are also covered by insurance taken out by the Company as indemnification against all liability of any Director towards the Company in respect of any negligence, default, breach of duty or breach of trust.

Beacon Island Share Block Proprietary Limited

Unaudited Supplementary Schedules to the Financial Statements

Detailed Levy Fund Operating Statement for the Year Ended 31 December 2016

	2016 R	2015 R
INCOME		
Levies - normal	40 906 400	39 072 168
Net rent received	224 641	530 890
Rental pool and short term rentals	1 888 642	1 369 590
Sale of capital assets	-	27 702
Net non-levy income		
- telephone, rentals and penalties etc	1 102 327	413 016
	44 122 010	41 413 366
EXPENDITURE		
Rooms Expenses		
Band/Live music	721 135	638 994
Cleaning supplies	131 082	141 549
Guest entertainment	1 454 712	1 367 944
Guest supplies	483 309	410 697
Laundry	748 707	638 573
M-Net	650 525	601 202
Personnel costs		
- outside services	3 040 117	2 756 576
- salaries, wages and benefits	5 310 056	5 239 585
Pest control	17 380	26 096
Plants and decorations	15 229	24 042
Printing and stationery	58 801	61 050
Replacement of linen, towels, uniforms, etc	718 882	326 308
Security services	953 286	1 033 670
	14 303 221	13 266 286
Administration and General		
Auditors remuneration		
- current year	119 977	121 046
- prior year (over) provision	-	(40)
Bank charges	37 881	25 974
Central accounting and levy collection fees	2 222 751	2 097 185
Corporate social initiatives	21 000	1 000
Credit card commission	175 846	241 601
Fax and house calls	142 120	156 537
Balance carried forward	2 719 575	2 643 303

Beacon Island Share Block Proprietary Limited

Unaudited Supplementary Schedules to the Financial Statements

Detailed Levy Fund Operating Statement for the Year Ended 31 December 2016

	2016 R	2015 R
Balance brought forward	2 719 575	2 643 303
Information technology costs	665 817	679 545
Insurance		
- premium	163 812	155 468
Legal fees	47 561	50 107
Licences and permits	115 482	125 454
Loss on repossessed debtors	40 182	16 029
Marketing	173 252	57 181
Outside security	36 000	36 000
Personnel costs		
- salaries, wages and benefits	2 078 887	1 668 627
Postage	5 184	2 017
Printing and stationery	181 887	148 865
Provision for repossessed debtors	(3 926)	(34 520)
Provision for doubtful debts	-	348 331
Railage, cartage and hire transport	11 617	13 663
Subscriptions	65 668	80 541
Sunswop exchange service	1 583 336	1 457 216
Travel		
- management and directors	187 020	166 300
	8 071 354	7 614 127
Electricity and Water		
Electric bulbs	38 286	33 245
Electricity	1 882 796	1 772 748
Generator fuel	296 139	98 880
Water	1 252 412	1 008 185
	3 469 633	2 913 058
Repairs and Maintenance		
Buildings	51 224	78 208
Electrical and mechanical	57 217	41 428
Elevators	175 419	168 753
Gardens and grounds	275 567	272 428
Major repairs and maintenance	367 985	306 341
Balance carried forward	927 412	867 158

Beacon Island Share Block Proprietary Limited

Unaudited Supplementary Schedules to the Financial Statements

Detailed Levy Fund Operating Statement for the Year Ended 31 December 2016

	2016 R	2015 R
Balance brought forward	927 412	867 158
Office machines		
- maintenance contracts	88 759	77 155
Painting and redecorating	19 407	15 289
Personnel costs		
- salaries, wages and benefits	1 539 339	1 660 217
Plumbing and heating	39 493	24 755
Room maintenance care	325 570	281 627
Swimming pool cleaning and repairs	44 902	50 990
Vehicles	15 996	989
	3 000 878	2 978 180
Corporate Charges		
Annual report and statutory costs	83 552	(86 774)
Municipal rates and taxes / cost recovery	833 833	1 184 479
Rent paid	240 000	240 000
	1 157 385	1 337 705
Management Fee	1 957 902	1 847 297
Total Expenditure	31 960 373	29 956 653
Excess of income over expenditure before finance income and taxation	12 161 637	11 456 713
Finance income		
Interest received	5 111 316	3 781 232
Excess of income over expenditure before taxation	17 272 953	15 237 945
Taxation	1 320 574	895 039
Excess of income over expenditure after taxation for the year transferred to reserve for property, plant and equipment	15 952 379	14 342 906

Beacon Island Share Block Proprietary Limited

DRAFT Minutes of the Annual General Meeting of Shareholders for the Year Ended 31 December 2015 held on Friday, 23 September 2016, at 11h03 at Southern Sun OR Tambo International Airport, Airport Grounds, Johannesburg

CONSTITUTION OF THE MEETING, WELCOME AND APOLOGIES

The Chairman, Laurance Hodes, had provided his apologies for not being able to attend this Meeting. It had been agreed by the Board members prior to this Meeting that Mr Viljoen would act as Chair on behalf of Mr Hodes. No objections were recorded from the floor.

The Acting Chairman, Mr Viljoen, welcomed all to the AGM of the Company. The Chairman explained that until such time as the new Beacon Island Share Block Memorandum of Incorporation (MOI) was approved and adopted, the Share Block Company was governed by the Companies Act, 2008. Although the Notice of Meeting had been properly given, the necessary quorum, in terms of the Companies Act, was not present and therefore as Acting Chairman, he was unable to declare the Meeting duly constituted. Although sufficient Shareholders were present together with proxies received, the minimum quorum of 25% of voting rights as required by the Companies Act, was not present.

Consequently, this Meeting was automatically postponed for one week to Friday, 30 September 2016 at the same time and place when those Shareholders attending that Meeting, would be deemed to constitute the required quorum. However, so as not to inconvenience those Shareholders present, the Acting Chairman proposed that this Meeting continue on an informal basis and follow the AGM Agenda. No objections were recorded.

CLOSURE

The Acting Chairman thanked all for their attendance and at 11h05 declared the Meeting duly postponed for one week.

Read and confirmed this _____ day of _____ 2017.

CHAIRMAN

Beacon Island Share Block Proprietary Limited

DRAFT Minutes of an Informal Meeting of Shareholders held on Friday, 23 September 2016, at 11h06, at Southern Sun OR Tambo International Airport, OR Tambo Airport Grounds, Johannesburg following the postponement of the Annual General Meeting of Shareholders for the Year Ended 31 December 2015

CONSTITUTION OF THE MEETING, WELCOME AND APOLOGIES

The Chairman, Laurance Hodes, had provided his apologies for not being able to attend this Meeting. It had been agreed by the Board members prior to this Meeting that Mr Viljoen would act as Chair on behalf of Mr Hodes. No objections were recorded from the floor. The AGM would continue on an informal basis and now follow the Agenda of the AGM.

The Acting Chairman introduced himself, as well as the following Directors and management team members:

Deon Viljoen	-	Director, representing interests of Shareholders
Adam Fuller	-	Operations Director Southern Sun Resorts
Nicholas Dickson	-	Director, representing interests of Dream Vacation Club
Charles Wells	-	Director, representing interests of Shareholders
Gary Kaplan	-	Director, representing interests of Shareholders
Anthony Ridl	-	Director, representing interests of Club Leisure Group
Reinhard Visser	-	General Manager of Beacon Island Resort
Warren Whiteboy	-	Financial Manager of Southern Sun Resorts
Georgina Stevenson	-	Company Secretary of Southern Sun Resorts
Lisa Sutton	-	Secretary to the Company Secretary

1. MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING

Item 3 on the Agenda was to adopt the Minutes of the previous AGM for the year ended 31 December 2014. The Minutes of the previous AGM held on 28 September 2015, as well as the postponed AGM, held on 5 October 2015, were tabled. There were no matters arising from the previous Meeting for discussion. No additional comments, queries or objections were raised. It was resolved that Shareholders present at the postponed AGM on 30 September 2016, would confirm the contents and adoption of the Minutes.

2. ANNUAL FINANCIAL STATEMENTS

Item 5 on the Agenda was Resolution one, being to receive, consider and adopt the Annual Financial Statements and Reports of the Directors and Auditors, for the year ended 31 December 2015. The Acting Chairman stated that the Annual Report fully covered the activities of the Company for the period under review and had nothing further to add. No comments or objections were recorded. It was resolved that the Annual Financial Statements for the year ended 31 December 2015 would be proposed and adopted at the postponed AGM.

3. RE-APPOINTMENT OF AUDITORS

Item 6 on the Agenda was Resolution 2 which was to re-appoint Grant Thornton as Auditor for the Company, for the ensuing year. In terms of the Companies Act, the Auditor was not required to be present at this Meeting. No comments or objections were raised against the proposed re-appointment of Grant Thornton and no alternative Audit firm was suggested. The re-appointment of Grant Thornton as Auditors for the ensuing year would be confirmed at the postponed AGM to be held the following week.

4. ELECTION OF DIRECTORS

The next item on the Agenda was Resolution 3, being to elect Directors to the Board for the ensuing year. The Acting Chairman advised that Laurance Hodes, Anthony Ridl and himself, Deon Viljoen retired at this AGM but were available for re-election. No other nomination had been received prior to this Meeting or from the floor. No objection was recorded to the Acting Chairman's request to vote en bloc. Mr Hodes, Mr Ridl and Mr Viljoen were recommended for appointment at the postponed AGM, to be held the following week.

5. APPOINTMENT OF DIRECTORS AS MEMBERS OF THE AUDIT COMMITTEE

The Companies Act required that Shareholders appoint Directors as Members of the Audit Committee. The current Audit Committee Members consisted of Anthony Ridl, Nicholas Dickson and Gary Kaplan and if Mr Ridl was re-appointed to the Board, then the Board would recommend that the 3 Directors be re-appointed as Audit Committee Members for the ensuing year.

6. SPECIAL AND ORDINARY RESOLUTIONS

Item 9 on the Agenda was to present and approve the recommended Resolutions:

- 6.1 Special Resolution 1:** To convert the Company from a Public Company to a Private Company. The recommendation would be put to the Shareholders present at the postponed AGM, the following week.
- 6.2 Special Resolution 2:** To change the name of the Company to reflect the change of designation to a private Company. The recommendation would be put to the Shareholders present at the postponed AGM, the following week.
- 6.3 Special Resolution 3:** To replace the existing Memorandum and Articles of Association in its entirety with a Memorandum of Incorporation (MOI) so as to comply with the provisions of the Companies Act, in this regard. The recommendation would be put to the Shareholders present at the postponed AGM, the following week.
- 6.4 Ordinary Resolution 1:** To authorise the Directors and / or Company Secretary to complete all and any documentation required for the filing and registration of the Special and Ordinary Resolutions, listed here today, together with the Memorandum of Incorporation (MOI) and annexure thereto with the Companies and Intellectual Property Commission (CIPC). The MOI was an improved version of the Articles of Association. The recommendation would be put to the Shareholders present at the postponed AGM, the following week.

Beacon Island Share Block Proprietary Limited

7. INSURED VALUE OF PROPERTY

Item 10 on the Agenda was to table, for discussion, the insured value of the property, as approved by the Directors in terms of the Use Agreement. The Acting Chairman stated that the insured replacement value of the buildings, including all contents, had increased against 2015/2016 to an amount of R347,106,827. The Directors recommended accepting the insured value and Shareholders were required to approve the insurance value. The valuation had once again been conducted by an independent Quantity Surveyor, Brian Heineberg and Associates. It was resolved that the approval of the insured value for 2016/2017 would be deferred to the postponed AGM, the following week.

8. GENERAL MANAGER'S REPORT INCLUDING REPORT OF THE SOCIAL AND ETHICS COMMITTEE

Mr Visser presented a slide presentation. Annual occupancy continued to increase with overall occupancy in 2015 amounting to 83.4%. eGuest satisfaction had recorded an excellent 91.2% for the year. Mr Visser presented photographs of the newly refurbished property areas, all of which had been very well received. Furniture in the rooms had held very well over the past 5 years which had resulted in a major rooms refurbishment program being deferred to a later year. A softs refurbishment and an upgrade of smaller room items would be considered in the year ahead.

Mr Visser listed staff members who had retired, been promoted and who had received awards for their amazing achievement of 30 years service, during the 2015/2016 period. The Resort and staff had supported many charity Days, organisations and charity initiatives throughout the year and would continue supporting and assisting the local Jack and Jill Day Care, Kranshoek Kindergarten and Phakamisane Primary School. These 3 organisations were ongoing corporate social responsibility initiatives for the Resort and the Social and Ethics Committee would continue to support where possible. The B-BBEE status for Beacon Island Resort was a Level Two Contributor.

Beacon Island was awarded second runner up by Lilizela Tourism, for the Best Single Resource Management Programme in both Water and Electricity. The Resort again won the TripAdvisor Award for Travel Choice and was rated in the top 25 South African Hotels. Beacon Island had Gold Crown status through RCI. The Acting Chairman thanked Mr Visser for a wonderful presentation.

9. GENERAL MATTERS

The final item on the Agenda was General Matters for Discussion.

9.1 Shareholders' Correspondence

Joe McCue was unhappy that non-Beacon Island guests were utilising the Resort facilities. David Thompson had requested that a copy of the draft Memorandum of Incorporation be sent to him. The Board had prior to this Meeting, discussed each email received and management had been requested to respond to each Shareholder on behalf of the Board.

10. CLOSURE

The Acting Chairman congratulated management on the excellent results and thanked each Director for their time given over the year. The Acting Chairman thanked Mr Kaplan, who would stand as Acting Chair if Mr Hodes was unavailable to attend the postponed AGM, to be held the following week, on 30 September 2016.

There being no further business, the Acting Chairman declared the Meeting closed at 11h15.

Beacon Island Share Block Proprietary Limited

DRAFT Minutes of the Postponed Annual General Meeting of Shareholders for the Year Ended 31 December 2015 held on Monday, 30 September 2016 at 11h00, at Southern Sun OR Tambo International Airport, Airport Grounds, Jones Road, Kempton Park, Johannesburg

CONSTITUTION OF THE MEETING, WELCOME AND APOLOGIES

The Chairman, Laurance Hodes, welcomed all to the postponed Annual General Meeting (AGM) of Beacon Island Share Block Proprietary Limited from the previous Friday 23 September 2016. He had pleasure in declaring the Meeting properly constituted as those present today were deemed to constitute the required quorum.

A copy of the Minutes of the AGM held on 23 September as well as Minutes of the Informal Meeting held thereafter had been read by those present and it was proposed and seconded to follow the procedure and recommendations of that informal Meeting.

Attendees included the Chairman Laurance Hodes, Gary Kaplan, Warren Whiteboy and Georgina Stevenson.

Apologies were recorded from Directors Anthony Ridl, Deon Viljoen, Nicholas Dickson and Charles Wells.

The Chairman proposed that the following Resolutions be ratified:

Item 1

To adopt the Minutes of the last Annual General Meeting held on 28 September 2015 and the Minutes of the postponed AGM held on 5 October 2015, read with informal Meeting Minutes. The recommendation for approval, made at the previous week's AGM, was unanimously confirmed.

Item 2 Resolution 1:

The Annual Financial Statements for the Financial Year ended 31 December 2015, read with Chairman's Review, fully covered the activities of the Company for the period under review. As recommended at the previous week's AGM, the motion to receive, consider and adopt the Annual Financial Statements for the Year Ended 31 December 2015, including the Reports of the Directors and Auditors, was proposed, seconded and carried.

Item 3 Resolution 2:

As recommended at the previous week's AGM, the motion to re-appoint Grant Thornton as Auditors for the ensuing year, was proposed, seconded and carried.

Item 4 Resolution 3:

As recommended at the previous week's AGM, the eligible and available Directors, Laurance Hodes, Anthony Ridl and Deon Viljoen be nominated. The individual motion to appoint each listed Director for the ensuing year was carried.

Item 5

As recommended at the previous week's AGM, the motion to re-appoint Anthony Ridl, Nicholas Dickson and Gary Kaplan as members of the Audit Committee was unanimously confirmed.

Item 6

6.1 Special Resolution 1

As recommended at the previous week's AGM, the motion to convert the Company from a Public Company to a Private Company was unanimously confirmed.

6.2 Special Resolution 2

As recommended at the previous week's AGM, the motion to change the name of the Company to reflect the change of designation to a Private Company was unanimously confirmed.

6.3 Special Resolution 3

As recommended at the previous week's AGM, the motion to replace the existing Memorandum and Articles of Association in its entirety with a Memorandum of Incorporation (MOI) so as to comply with the provisions of the Companies Act was unanimously confirmed.

6.4 Ordinary Resolution

As recommended at the previous week's AGM, the motion to authorise the Directors and / or Company Secretary, Georgina Elizabeth Stevenson, to complete all and any documentation required for the filing and registration of the Special and Ordinary Resolutions, listed here today, together with the Memorandum of Incorporation (MOI) and annexure thereto with the Companies and Intellectual Property Commission (CIPC), was unanimously confirmed.

Item 7

As recommended at the previous week's AGM, the motion to approve the 2016 / 2017 property insured value of R347,106,827 was seconded and carried.

Item 8

The Chairman noted that the Minutes of the informal Meeting fully covered the Social and Ethics Committee presentation made by General Manager, Reinhard Visser. Read together with the Chairman's Review, the Meeting was satisfied that this had been adequately reported.

General Matters

The Meeting agreed that the Minutes of the informal Meeting correctly reflected the Meeting. No queries were raised.

CLOSURE

The Chairman thanked all for attending. He wished all Jewish members a happy New Year and all the best over the fast. The Chairman declared the Meeting closed at 11h07.

Read and confirmed this _____ day of _____ 2017.

CHAIRMAN