

La Lucia Sands

LA LUCIA SANDS SHARE BLOCK (PTY) LTD

18th November 2021 - 11h30

Annual General Meeting

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PROUDLY MANAGED BY





INDEX

Dear Shareholder,

Enclosed please find the following documents with regard to the Annual General Meeting of La Lucia Sands Share Block (Pty) Ltd.

Should you wish to have any matters specifically raised at the meeting then please submit same in writing, to be received at least 48 hours before the meeting commences.

Such notice can either be:

emailed **generalmanager@laluciasands.com**

faxed **031 572 2736**

or posted **PO Box 557, Umhlanga Rocks, KwaZulu Natal, 4320**

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BY ORDER OF THE BOARD

REGISTERED ADDRESS: 58 Marine Drive
La Lucia
KwaZulu Natal
4510

NOTICE OF THE ANNUAL GENERAL MEETING

LA LUCIA SANDS SHARE BLOCK (PTY) LTD

Registration No: 1974/001166/07

NOTICE is hereby given that an Annual General Meeting of the Shareholders of La Lucia Sands Share Block (Pty) Ltd will be held virtually via Microsoft Teams on Thursday 18th November 2021 at 11h30.

AGENDA

1. Open and Welcome
2. Notice of Meeting
3. Attendance, proxies and apologies
4. Establishment of Quorum
- Explanatory Note 4**
5. Presentation of the Minutes of the Annual General Meeting held on the 17th November 2020, and matters arising there from
 - Ordinary Resolution One**
To accept the minutes of the Annual General Meeting held on the 17th November 2020
6. Presentation of the Chairman's Report
7. Presentation of the audited Annual Financial Statements, together with the Directors' Report and the auditors Report, in respect of the year ended 31 December 2020
 - Ordinary Resolution Two**
To accept the audited Annual Financial Statements in respect of the year ended 31 December 2020
8. Appointment of the auditors for the financial year ending 31 December 2021
 - Ordinary Resolution Three**
To appoint the auditors for the year ending 31 December 2021, being Baker Tilly Morrison Murray
9. Election and appointment of Directors
 - Ordinary Resolution Four**
To elect Mr P Lishman as director
 - Ordinary Resolution Five**
To elect Mr D Viljoen as director
 - Ordinary Resolution Six**
To elect Mr D McKillop as director
 - Explanatory Note 6**
10. Presentation and acceptance of Insurance Values, subject to any amendment
11. General
12. Closure of meeting

BY ORDER OF THE BOARD

Frontline Resort Management (Pty) Ltd
Company Secretary
Durban, 03 November 2021

EXPLANATORY NOTES OF THE NOTICE AND AGENDA OF THE ANNUAL GENERAL MEETING

1. Record Date

The record date set by the Board in terms of Section 59(1) of the Companies Act 2008, which is the date on which the Company's share register is closed for the purposes of determining which shareholders are entitled to receive this Notice, and to participate in the vote at this Annual General Meeting is 1st November 2021.

2. Proxies

2.1. Shareholders are reminded that:

- A shareholder entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend, participate in and vote at the Annual General Meeting in the place of the relevant shareholder;
- A proxy holder need not be a shareholder of the Company.
- In terms of Section 63 (1) of the Companies Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or proxy for a shareholder) has been reasonably verified.

2.2. For the convenience of each shareholder, a form of proxy is attached hereto. Duly completed proxies must be received at the Company's Registered Office: 58 Marine Drive, Umhlanga Rocks, 4320, not later than 48 hours prior to the meeting.

3. Voting

3.1. For an ordinary resolution to be adopted at a shareholders' meeting, it must be supported by more than 50% of the shareholders who voted on the resolution, as provided in section 65 (7) of the Companies Act.

3.2. For a special resolution to be adopted at a shareholders' meeting, it must be supported by more than 75% of the shareholders who voted on the resolution, as provided in section 65 (9) of the Companies Act.

4. Quorum

Subject to the provisions of the Companies Act, no business shall be transacted at any shareholders' meeting unless a quorum of shareholders is present at the time when the meeting proceeds to business. A quorum at any shareholders' meeting shall be no less than 25% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting and at least three shareholders entitled to vote are present in person or by proxy.

5. Remuneration of Directors

In terms of Section 66(9) of the Companies Act, the remuneration of the Directors must be approved by a Special Resolution of shareholders within the previous two years.

The last resolution was passed on the 17th November 2020.

6. Nomination and election of Directors

The number of directors, unless otherwise determined by the Company in a shareholders' meeting, shall be not less than 3 and not more than 7. One third of the number of the directors are required to retire. A retiring director is eligible for re-election.

P Lishman resigns by rotation and is automatically eligible for re-election.

D Viljoen resigns by rotation and is automatically eligible for re-election.

The duly completed nomination form must be received at the Company's Registered Office: 58 Marine Drive, Umhlanga Rocks, 4320, not later than five business days prior to the commencement of the shareholders meeting at which the nomination is to be considered.

The appointment of 2 or more persons as directors of the Company by a single resolution shall not be moved unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote against it.

LA LUCIA SANDS SHARE BLOCK (PTY) LTD

(Registration No.1974/001166/07)

MINUTES OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS HELD AT RIVERSIDE HOTEL, PELICAN CONFERENCE ROOM, 10 KENNETH KAUNDA ROAD, DURBAN NORTH 4051 ON FRIDAY, 17th NOVEMBER 2020 AT 11H30

PRESENT:	Viljoen, DP Levy, BR Lishman, PJ Rossouw, L Smith, B Zunckel, P Fesenmeier, W (Mr and Mrs) Muenster, A	Chairman Director Director Director Shareholder Shareholder Shareholder Shareholder
IN ATTENDANCE:	Ritchie, A Mills, R Spink, T Govender, D Clarke, TA	Frontline Resort Management (Pty) Ltd Frontline Resort Management (Pty) Ltd La Lucia Sands Share Block (Pty) Ltd Tsogo Sun Guest
APOLOGIES:	Taylor, C	

1. OPEN AND WELCOME:

The Chairman welcomed those present to the Annual General Meeting ("AGM") for the financial year ended 31 December 2019.

He then introduced the panel of Board members, representatives of Frontline Resort Management, the resort management and Tsogo Sun representative Denver Govender.

2. NOTICE:

The Chairman said he would take the Notice of Meeting as read and no objections thereto were raised.

3. ATTENDANCE, PROXIES AND APOLOGIES:

Those in attendance in person, represented or by way of proxy, represented 942 ordinary shares, being 51.03 % of the issued share capital of the Company.

PROXIES HOLDERS	PROXIES RECEIVED	NO OF VOTES
INDIVIDUALS	72	116
DITHLARE TRADING 23 (PTY) LTD	1	41
EASY HOLIDAYS TRUST	1	785
	74	942

Apologies were received from Mr. C Taylor.

4. ESTABLISHMENT OF A QUORUM:

The Chairman then declared the meeting properly constituted, there being more than 3 shareholders present in person or by representation, holding in excess of 25% of the issued share capital of the Company, as required by the Companies Act 71 of 2008.

5. PRESENTATION OF THE MINUTES OF THE AGM HELD ON 15th NOVEMBER 2019:

The minutes of the meeting of the Annual General Meeting held on 15th November 2019, which had been circulated in the meeting packs, were tabled and taken as read.

The Chairman called for questions from the Shareholders, and when there were none, asked for a proposer and a seconder for their adoption. Mr. P. Lishman proposed the adoption of the minutes and Mr. B. Smith seconded the motion.

ORDINARY RESOLUTION 1: ACCEPTANCE OF MINUTES OF AGM

THAT the minutes of the Annual General Meeting held on 15th November 2019 be accepted as a true record of the proceedings.

The resolution was passed on the poll of a majority of 99.6% of the votes cast in favour with 0.4% abstentions.

6. PRESENTATION OF CHAIRMAN'S REPORT:

The Chairman's Report was presented and was taken as read.

A slide show was presented to summarize some details in the chairman's report.

Ms A Ritchie made mention of a few of the important statistics from 2016 to 2019 reflecting the positive upward trends of the resort with regards to rentals, the accumulated reserves and the decrease of the levy year on year.

The charitable contributions in support of local charities was also noted. The chair added that the charity organization DOCCRA supports local orphanages, church groups and a school in the Verulam area.

A few before and after photos of the refurbishments to the units were shown. Mention was also made of the positive feedback received by shareholders and guests regarding the refurbished units. Mr Lishman further noted that the re-sales values of the refurbished units have increased. There has been an upsurge in demand for these units. There has been a rise in owners wanting to pay the outstanding levies to get their repossessed units back. La Lucia Sands has become a desirable resort. Rental demand is also on the increase. The chairman thanked all those who took a leap of faith with the special levies.

Mr. Fesenmeier had a few recommendations regarding the sealing of the joints in the kitchen and bathrooms. The chairman thanked him for his advice and confirmed that management will follow up with the contractors to ensure highest quality of workmanship.

The floor suggested sending the presentation to all owners.

7. PRESENTATION AND ACCEPTANCE OF AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019:

The Audited Annual Financial Statements for La Lucia Sands Share Block (Pty) Ltd for the year ended 31 December 2019 were presented.

The floor enquired as to the note in the Auditors report that reported that LLS had failed to comply with the requirement that the financial statements need to be prepared within six months after the end of the financial year. Ms A Ritchie responded by explaining that this was a result of the country being under lockdown and all staff and auditors working from home. The audit was conducted remotely and this lead to it taking a bit longer than usual to finalize the statements.

The Chairman then called for a proposer and a seconder. Mr. P Lishman proposed the acceptance of the Annual Financial Statements and Mr. L Rossouw seconded the motion.

ORDINARY RESOLUTION 2: ACCEPTANCE OF ANNUAL FINANCIAL STATEMENTS

THAT the annual financial statements for the year ended 31 December 2019 having been approved by the Board of directors and presented to shareholders as required by the Companies Act be accepted.

The resolution was passed on the poll of a majority of 99.7% of the votes cast in favour and 0.3% abstentions.

8. APPOINTMENT OF AUDITORS:

The Chairman recommended the reappointment of the auditors, Baker Tilly Morrison Murray. Mr. B Levy confirmed that La Lucia Sands is compliant with changing partners every three years. This is our second year with Monique Sharpley as audit partner.

The Chairman then called for a proposer and a seconder. Mr. B Levy proposed the reappointment of Baker Tilly Morrison Murray as Auditors and Mr. L Rossouw seconded the motion.

ORDINARY RESOLUTION 3: APPOINTMENT OF AUDITORS

THAT Baker Tilly Morrison Murray be and are hereby appointed as auditors, to hold office until the conclusion of the next annual general meeting.

The resolution was passed on the poll by a majority of 99.9% of the votes cast in favour and with 0.1% abstentions.

9. ELECTION AND APPOINTMENT OF DIRECTORS:

The Chairman reported that two directors was retiring by rotation and were available for re-election.

No additional nominations had been received.

ORDINARY RESOLUTION 4: APPOINTMENT OF MR L ROSSOUW

THAT Mr. L Rossouw be and is hereby elected as a director of the Company.

The resolution was passed on the poll by a majority of 99.5% of the votes cast in favour, with 0.1% against and 0.4% abstentions.

ORDINARY RESOLUTION 5: APPOINTMENT OF MR B LEVY

THAT Mr. B Levy be and is hereby elected as a director of the Company.

The resolution was passed on the poll by a majority of 99.4% of the votes cast in favour, with 0.1% against and 0.5% abstentions.

10. REMUNERATION OF DIRECTORS

To approve the Directors remuneration of R5000 per director per meeting attended. The remuneration of Directors must be approved by special resolution every two years. The last being 2018.

The Chairman then called for a proposer and a seconder. Mr. D Viljoen proposed the approval of the directors' remuneration and Mr. P Lishman seconded the motion.

SPECIAL RESOLUTION 1: TO APPROVE DIRECTORS REMUNERATION

That the Directors remuneration of R5000 per director per meeting attended be approved.

The resolution was passed on the poll by a majority of 98.8% of the votes cast in favour and 1.2% abstentions.

11. PRESENTATION AND ACCEPTANCE OF INSURANCE VALUES:

The Chairman explained that the acceptance by the Shareholders of the insurance values was a requirement of the Share Blocks Control Act. The details were described on pages 34 - 36 of the booklets. Mr. L Rossouw confirmed that the resort had adequate insurance.

The Chairman then called for a proposer and a seconder. Mr. L Rossouw proposed the acceptance of the Insurance Values and Mr. P Lishman seconded the motion.

12. GENERAL:

The Chairman noted that there had been correspondence received from shareholders.

Owner: Mr C Taylor

Ms A Ritchie noted that she has been corresponding with Mr Taylor and will respond to his queries.

The Chair invited Mr Denver Govender from Tsogo Sun to say a few words regarding the Sunswop prospects for owners.

- Sunswop is the exchange arm of Tsogo Sun
- La Lucia Sands is the only non-managed outside resort in the Sunswop options
- The members will still work through RCI
- Banked points will expire after five years (extra two year extension)
- Sunswop Membership fees are covered by the share block levies
- FAQs are available on line and will be send to all owners.
- Covid-19 lockdown weeks can still be banked with Sunswop. The management team will send through all these details to Sunswop.

The chair opened the floor for questions:

Mr B Smith mentioned that he had points expiring at the end of January with RCI. Mr D Govender offered to assist him with this query after the AGM.

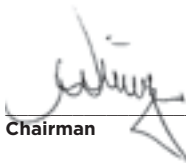
12. CLOSURE:

The Chairman thanked shareholders, directors and the management for their attendance. He also thanked Ms. T. Spink, the onsite team and the managing agents for their hard work over the past year.

Mr Rossouw extended a thank you to the Chairman for his leadership.

There being no further business the meeting was declared closed at 12h20.

SIGNED AS A CORRECT RECORD



Chairman

24th February 2021

Date

CHAIRMAN'S REPORT

Dear La Lucia Sands Shareholders

I have had the privilege of being the La Lucia Sands Chairman for the past year and I am pleased to present the Chairman's Report. My fellow directors and I acknowledge that, you, the owners, have placed your trust in the hands of the Board, and we give you our assurance that we do not take that responsibility lightly. We have been faced with some of the most challenging times that the tourism industry has ever experienced, but we are looking to the future with hope and determination.

2020, the year which this report will focus on for operations and finance, was one of the most challenging in the history of La Lucia Sands. 2021 is no different and has continued to be a trying year for us all due to the ongoing COVID-19 pandemic. South Africa has gone through its 2nd and 3rd wave of infections, been up against civil unrest, is faced with the discovery of new variants of the COVID virus and the ongoing extension of the National State of Disaster with the 'on again' 'off again' restrictions. All of these have impacted our lives and made it difficult to choose when, where and if one should travel. Which is why La Lucia Sands affiliation to SunsSwop was so important. This affiliation ensured that you, the owner, could bank your week with SunSwop and have access to the points for a three-year period. With all the prevailing circumstances, having this extended time frame to use your week is second to none and allows the flexibility we all desperately need. As 2021 draws to a close, we are pleased to report that with the easing of the restrictions, we are seeing an upsurge in online bookings and occupations by our owners.

We understand that every one of us has been affected by this pandemic, whether it be health, financially, emotionally, or a combination of all three and so a very big thank you to all our owners who continued to pay their levies. Your support is appreciated and vital to the ongoing success of La Lucia Sands. Thank you, thank you and thank you again.

The 2020 year review.

Financial

La Lucia Sands received an unqualified audit report for the year ended 31 December 2020. We are in a healthy financial position, which I have pleasure in presenting as follows:

Statement of Financial Position

- Reserves improved slightly from R7,18 million at the end of the prior year, up to R7,49 million. This improvement is a direct result of strict monitoring and control of budgets and spending, combined with the timing of the refurbishment expenditure. Fluctuations in reserves are expected, especially over a refurbishment, however, subsequent to the completion of the refurbishment, the reserves should normalise and then continue to improve as a new refurbishment reserve is built up in anticipation of future improvements.
- Overdue debtors balances at year end were R3,042,317 (2019 : R307,800) after a bad debts write off of R1,5 million (2019 : R805,367). The increase is attributable to the raising of the final special levy (31 December 2020). La Lucia Sands continues to monitor its Owner base carefully to ensure a continued good collection rate and low write-off of bad debts.
- Accounts receivable decreased from R3,69 million to R2,02 million. This reduction is as a result of the final special levy being raised on the 31st December 2020, which meant that all discounts applicable to the special levy were allocated to the statement of financial performance in 2020 to align with the period in which the levy was raised. All Owners were given the opportunity to take advantage of our usual deep discounts, on both the special and normal levies, by making payment before the end of the financial year preceding the raising of the levy. A substantial number of Owners took up these offers and received their discounts accordingly.
- Cash and cash equivalents have decreased from R18,36 million to R10,48 million as a result of the accelerated refurbishment programme.

Statement of Financial Performance

The levy increase for the 2020 year was approved at 4% (2019 : 5%).

Noticeable changes to income include:

- The second and final portions of the special levy were raised during 2020. The decision to raise both of these in the same year was to fund the accelerated refurbishment programme. This did not affect the payment terms for owners.
- Lockdown levy credits were granted to owners who were unable, as a result of the National Lockdown, to utilise their weeks.
- The rental pool was impacted by the lockdown restrictions, resulted in a decrease in rental income for the 2020 year.

Expenses include both operation and refurbishment expenditure.

- Refurbishment expenses of R14,9 million were incurred in 2020. These costs relate to phase two and three of the planned refurbishment.
- Operation expenses amounted to R13,10 million versus R13,64 million in the prior year. This decrease was as a result of 'saved' costs due to lockdown.
- Bad debts have increased as the write offs and provisions raised include both a portion on normal and special levies.

Overall, La Lucia Sands ended the year with a surplus of R301,943; a most satisfactory outcome.

Social and ethics

The La Lucia Sands Board embraces its statutory requirements imposed by the Companies Act. We confirm that a formal Social and Ethics committee was appointed in 2019. La Lucia Sands focused on the key aspects of the social and ethics requirements, being social and economic development, good corporate citizenship, the environment, consumer relationships, labour and employment.

During 2020, La Lucia Sands undertook the following:

- Water conservation: Investigation for a borehole was undertaken in 2020. Based on these investigations, the Board approved the borehole project which was undertaken in 2021. A borehole with water filtration system has been installed and is now in operation. With the ever-increasing cost and deteriorating quality of municipal water, the Board is confident that this project, will be beneficial to the owners both in cost savings and in the reliable supply of water.
- Recycling: Recycling bins were placed in the common areas of the resort as well as improving signage in the units to promote good recycling habits by Guests. The onsite team goes the extra mile to sort all refuse to increase the amounts sent for recycling.
- Community donations: As replacements are done at the resort, the items remaining that are still usable were donated to DOCCRA. Items donated amounted to around R 106 961 for 2020 and R 38 340 so far for 2021.

Labour and employment:

- La Lucia Sands has 5 permanent employees, comprising a General Manager, 2 reception and 2 maintenance/gardens. There have been no staff changes over the 2020 year, which is most certainly a positive indication. I am extremely proud of our small but efficient team who continue to support the Board, our guests and the managing agents on a daily basis
- All housekeepers are contracted in from Bidvest Prestige. These staff are vital to the smooth running of the resort.
- A Performance Review Process was developed and implemented between 2020 and 2021. This process was designed to motivate the employees and help develop them in line with the goals set by the Board for La Lucia Sands.

Operations and Refurbishment

Operations in 2020 were focused on the refurbishment programme, which commenced in late January. All remaining units were fully refurbished during the lockdown period. Guest satisfaction and experience of the refurbished units has been overwhelmingly positive and all small remaining snags are being attended to as and when they arise.

In addition to the unit refurbishment, the Board also took the opportunity to address the roofing and drainage issues which have been a source of dampness throughout the resort for many years.

Further projects undertaken in 2021:

- Reception refurbishment
- Painting of full resort
- Closing up of the old aircon vents
- Sliding door replacements (2020 and ongoing till completed)

The Board and management continually review the 10-year CAPEX plan and revise it based on the needs of the resort and its owners. Based on the recent reviews, the 2022 projects are planned as follows:

- Removal of the old carports and replaced with more modern structures
- Re-paving the parking and entrance areas
- Curb appeal: Uplift the external gardens and façade

Now that the refurbishment is behind us, the onsite team have geared up to focus on being more guest centric and providing all owners with an unforgettable experience.

Conclusion

In closing, I want to extend my thanks to my fellow Board members, the onsite team headed up by Tristan Spink and our managing agents, who have all worked together seamlessly. This group of individuals are passionate, driven and challenging (at times), but always have the owners and guests' best interests at heart. It has been an absolute pleasure working with this team!

Lastly, but most certainly not least, to all our shareholders; we thank you for your continued support and your dedication to La Lucia Sands. We hope you are looking forward to your next visit to the resort to see and experience the upgrades and operational improvements.

Travel safe and keep well.

Kind regards

Deon Viljoen



**LA LUCIA SANDS SHARE BLOCK (PTY) LTD
REGISTRATION NO: 1974/001166/07**

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

LA LUCIA SANDS SHARE BLOCK PROPRIETARY LIMITED

Registration No: 1974/001166/07

Annual Financial Statements for the year ended 31 December 2020

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Operates a timeshare scheme
Directors.	DP Viljoen BR Levy PJ Lishman L Rossouw
Registered office	58 Marine Drive La Lucia KwaZulu Natal 4510
Business address.	58 Marine Drive La Lucia KwaZulu Natal 4510
Postal address	P O Box 557 uMhlanga Rocks KwaZulu Natal 4320
Auditor's.	Baker Tilly Morrison Murray Registered Auditors Chartered Accountants (S.A.) 20 Westville Road Westville 3629
Secretary	Frontline Resort Management Proprietary Limited
Company registration number	1974/001166/07
Ombud registration number	CSOS/REG/16/KZN/003830
Tax Reference Number.	9158/270/20/8
Level of assurance.	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa and the Share Blocks Control Act.
Preparer	The annual financial statements were independently compiled by: Dunn Financial Solutions (Pty) Ltd Represented by: GA Dunn CA (SA)
Issued	31 May 2021

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The reports and statements set out below comprise the annual financial statements presented to the shareholders:

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act 71 of 2008 and the Share Blocks Control Act, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

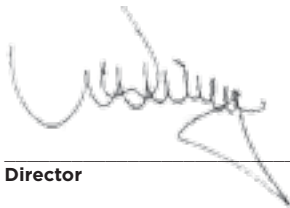
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2021 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and their report is presented on pages 17 to 19.

The annual financial statements set out on pages 20 to 32, which have been prepared on the going concern basis, were approved by the directors and were signed on their behalf by:

Approval of annual financial statements



Director



Director

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of La Lucia Sands Share Block Proprietary Limited for the year ended 31 December 2020.

1. Incorporation

The company was incorporated on 05 June 1974 and obtained its certificate to commence business on the same day. The shareblock complex was officially opened and commenced accepting occupancy on 18 November 1982. On 17 December 2014 the company amended its Memorandum of Incorporation and the name of the company changed to La Lucia Sands Share Block Proprietary Limited with the registration number 1974/001166/07.

2. Nature of business

La Lucia Sands Share Block Proprietary Limited carries on the business of a timeshare scheme. The company owns a complex known as La Lucia Sands situated at 58 Marine Drive, La Lucia, KwaZulu Natal. The company operates as a shareblock company in terms of the Share Blocks Control Act. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

3. Review of financial results and activities

The annual financial statements have been 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 and the Share Blocks Control Act. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

4. Share Capital

There have been no changes to the authorised or issued share capital during the year under review.

5. Directors

The directors in office at the date of this report are as follows:

Directors
DP Viljoen
BR Levy
PJ Lishman
L Rossouw

BR Levy and L Rossouw retired by rotation and were re-elected at the AGM held on the 17 November 2020.

6. Special Resolutions

No special resolutions, the nature of which might be significant to the shareholders in their appreciation of the state of affairs of the company were made by the company during the period covered by this report.

7. Auditors

Baker Tilly Morrison Murray continued in office as auditors for the company for 2020.

At the AGM, the shareholders will be requested to reappoint Baker Tilly Morrison Murray as the independent external auditors of the company and to confirm Mrs M Sharpley as the designated lead audit partner for the 2021 financial year.

LA LUCIA SANDS SHARE BLOCK PROPRIETARY LIMITED

Registration No: 1974/001166/07

Annual Financial Statements for the year ended 31 December 2020

8. Going concern and events after the reporting period

On 11 March 2020, the World Health Organisation declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. This led the President of South Africa to impose a nation-wide lock-down which has caused the company to close its operations for an extended period from 27 March 2020. While the disruption is currently expected to be temporary, there is uncertainty around the duration as well as the recovery time-line. Therefore, while the company expects this matter to negatively impact its business, cash flow, results of operations and financial position, the related financial impact cannot be reasonably estimated at this time.

Notwithstanding the operational and financial effects of the nation-wide lock-down, the directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any further material charges that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

9. Secretary and Managing Agent

The company secretary is Frontline Resort Management Proprietary Limited.

Postal address

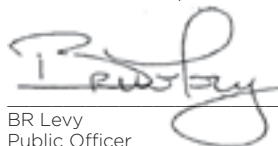
P.O. Box 11776
Marine Parade
Durban
4056

Business address

75 Woodford Grove
Stamfordhill
Durban
4001

10. Lodgement of returns to South African Revenue Service

I hereby certify that for the year ended 31 December 2020, the company has lodged with the South African Revenue Services, all such returns as are required of a company in terms of the Income Tax Act, 1962: as amended and the Value Added Tax Act 1991, as amended and that all such returns are true, correct and up to date



BR Levy
Public Officer

11. Lodgement of returns with CIPC

I hereby certify that for the year ended 31 December 2020, the company has lodged with the CIPC, all such returns as are required of a private company in terms of the Companies Act of South Africa, 2008, as amended and that all such returns are true, correct and up to date.



PJ Lishman
Frontline Resort Management Proprietary Limited

LA LUCIA SANDS SHARE BLOCK PROPRIETARY LIMITED

Registration No: 1974/001166/07

Annual Financial Statements for the year ended 31 December 2020

INDEPENDENT AUDITORS' REPORT



Registered Auditors
Chartered Accountants (SA)

Westville: 20 Westville Road, Westville, 3629.
PO Box 1098, Westville, 3630, South Africa
T: +27 (0)31 267 5300

mail@bakertillymm.co.za
www.bakertillymm.co.za

To the Shareholders of La Lucia Sands Share Block Proprietary Limited Report on the Audit of the Financial Statements.

Opinion

We have audited the financial statements of La Lucia Sands Share Block Proprietary Limited (the company) set out on pages 20 to 27, which comprise the statement of financial position as at 31 December 2020, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the 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 La Lucia Sands Share Block Proprietary Limited as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa and the Share Blocks Control Act.

Basis for opinion

We conducted our audit in accordance with International Standards of 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.

Emphasis of matter

We draw attention to Note 19 to the financial statements which indicates that the company has been negatively impacted by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organisation in March 2020. Our opinion is not modified in respect of this matter.

LA LUCIA SANDS SHARE BLOCK PROPRIETARY LIMITED

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Annual Financial Statements for the year ended 31 December 2020

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "La Lucia Sands Share Block Proprietary Limited annual financial statements for the year ended 31 December 2020", which includes the Directors' Report as set out on pages 15 to 16 as required by the Companies Act of South Africa and the Share Blocks Control Act and the supplementary information as set out on pages 33 to 34. 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 annual financial statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008 and the Share Blocks Control Act, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual 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 annual 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 International Standards on Auditing 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 International Standards on Auditing, 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.

LA LUCIA SANDS SHARE BLOCK PROPRIETARY LIMITED

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Annual Financial Statements for the year ended 31 December 2020

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.

Baker Tilly Morrison Murray

Baker Tilly Morrison Murray
Registered Auditors
Chartered Accountants (S.A.)

Per: M Sharpley
Partner

31st May 2021

20 Westville Road
Westville
3629



Partners:

S Stanley, M J Brand, O Chetty, P W Gericke, J M Howitz, B A Michel, M Sharpley, J G Verburg, N Weymouth

Associates: K Naicker, S Stocker

Consultant: G A Noble

IRBA Practice No.: 902950

Baker Tilly Morrison Murray is a member of the global network or Baker Tilly International Ltd, the members of which are separate and independent legal entities.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

Figures in Rand	Notes	2020	2019
Assets			
Non-Current Assets			
Plant and equipment	2	901 078	901 534
Loans to shareholders	4	56 745 000	56 745 000
		57 646 078	57 646 534
Current Assets			
Inventories	5	223 042	242 178
Accounts receivable	6	2 022 931	3 692 506
Levies receivable	7	1 689 181	46 156
Cash and cash equivalents	8	10 485 320	18 367 345
		14 420 474	22 348 185
Total Assets		72 066 552	79 994 719
Equity and Liabilities			
Equity			
Share capital	9	270 000	270 000
Retained income		7 491 337	7 189 394
		7 761 337	7 459 394
Liabilities			
Non-Current Liabilities			
Loans from shareholders	4	56 475 000	56 475 000
Current Liabilities			
Accounts payable	10	1 268 017	1 056 547
Current tax payable		158 389	241 493
Levies received in advance		6 403 809	14 762 285
		7 830 215	16 060 325
Total Liabilities		64 305 215	72 535 325
Total Equity and Liabilities		72 066 552	79 994 719

LA LUCIA SANDS SHARE BLOCK PROPRIETARY LIMITED

Registration No: 1974/001166/07

Annual Financial Statements for the year ended 31 December 2020

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Notes	2020	2019
Revenue	11	27 270 400	21 700 388
Other income		558 705	1 175 377
Operating expenses		(28 040 882)	(21 341 565)
Operating (deficit) surplus	12	(211 777)	1 534 200
Interest received		672 407	916 075
Interest paid		(298)	-
Surplus before taxation		460 332	2 450 275
Taxation	13	(158 389)	(241 493)
Surplus for the year		301 943	2 208 782

LA LUCIA SANDS SHARE BLOCK PROPRIETARY LIMITED

Registration No: 1974/001166/07

Annual Financial Statements for the year ended 31 December 2020

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Share capital	Share premium	Total share capital	Retained income	Total equity
Balance at 01 January 2019	1 920	268 080	270 000	4 980 612	5 250 612
Surplus for the year	-	-	-	2 208 782	2 208 782
Balance at 01 January 2020	1 920	268 080	270 000	7 189 394	7 459 394
Surplus for the year	-	-	-	301 943	301 943
Balance at 31 December 2020	1 920	268 080	270 000	7 491 337	7 761 337
Note(s)	9	9	9		

STATEMENT OF CASH FLOWS

Figures in Rand	Notes	2020	2019
Cash flows from operating activities			
Cash (used in) generated from operations	15	(8 312 641)	697 848
Interest received		672 407	916 075
Interest paid		(298)	-
Tax paid	16	(241 493)	(192 235)
Net cash from operating activities		(7 882 025)	1 421 688
Cash flows from financing activities			
Total cash movement for the year		(7 882 025)	1 421 688
Cash at the beginning of the year		18 367 345	16 945 657
Total cash at end of the year	8	10 485 320	18 367 345

ACCOUNTING POLICIES

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa and the Share Blocks Control Act. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1. Plant and equipment

Furniture and fittings are not depreciated and replacements are charged directly against levy income when incurred.

Plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

An item of plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of plant and equipment, the carrying amount of the replaced part is derecognised.

Plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of plant and equipment have been assessed as follows:

Item	Depreciation Method	Average Useful Life
Property	Straight line	Reflected at no value
Plant and machinery	Straight line	4 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	4 years
Computer equipment	Straight line	3 years
Security equipment	Straight line	10 years
Linen and towels	Straight line	3 years

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount.

When indicators are present that the useful lives and residual values of items of plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in surplus or deficit to bring the carrying amount in line with the recoverable amount.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in surplus or deficit when the item is derecognised.

1.2. Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through surplus or deficit) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through surplus and deficit.

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Annual Financial Statements for the year ended 31 December 2020

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

1.3. Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.4. Inventories

Inventories are measured at the lower of cost and net realisable value.

1.5. Impairment of assets

The company assesses at each reporting date whether there is any indication that plant and equipment may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in surplus or deficit.

1.6. Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.7. Revenue

Levies are recorded as revenue at the date due, being 1 January and 1 July every year, in terms of the Consent of Use Agreement. As a consequence, because the year end of the company is 31 December, levy revenue reported for the year represents the total levies in respect of the Right of Use for each week of the financial year. Payments in advance are held in trust until the due date.

Levies are recorded in the annual financial statements net of value added tax and discount.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.8. Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2. Plant and equipment

	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer equipment	103 689	(103 670)	19	103 689	(103 670)	19
Furniture and fixtures	905 110	(4 109)	901 001	905 110	(4 109)	901 001
Linen and towels	229 232	(229 203)	29	229 232	(229 203)	29
Motor vehicles	155 109	(155 108)	1	155 109	(155 108)	1
Office equipment	61 940	(61 930)	10	61 940	(61 930)	10
Plant and machinery	105 645	(105 633)	12	105 645	(105 177)	468
Security equipment	105 707	(105 701)	6	105 707	(105 701)	6
Total	1 666 432	(765 354)	901 078	1 666 432	(764 898)	901 534

Reconciliation of plant and equipment - 2020

	Opening balance	Depreciation	Closing balance
Computer equipment	19	-	19
Furniture and fixtures	901 001	-	901 001
Linen and towels	29	-	29
Motor vehicles	1	-	1
Office equipment	10	-	10
Plant and machinery	458	(456)	12
Security equipment	6	-	6
	901 534	(456)	901 078

Reconciliation of plant and equipment - 2019

	Opening balance	Depreciation	Closing balance
Computer equipment	19	-	19
Furniture and fixtures	901 001	-	901 001
Linen and towels	29	-	29
Motor vehicles	1	-	1
Office equipment	84	(74)	10
Plant and machinery	1 561	(1 093)	468
Security equipment	6	-	6
	902 701	(1 167)	901 534

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2020	2019
3. Property		
Details of properties		
Buildings on freehold land, being ERF 1881 La Lucia extension 13, situated at 58 Marine Drive, La Lucia. No value is reflected in respect of the fixed property as an indefinite right of use has been passed by the shareblock company to it's shareholders. Refer note 4.		
The shareholders' loan represent the total value of the fixed property to the company transferred when the right of use of the fixed property was given to it's shareholders.		
Land and buildings were originally purchased for R270,000 and are not recognised because although the company has legal title to the property it effectively only owns bare dominium over the property which is considered to be of no value.		
There are no bonds on the property.		
4. Shareholders loans		
Right of use of property vested in shareholders	56 745 000	56 745 000
Loans from shareholders	(56 475 000)	(56 475 000)
	270 000	270 000
The loans from shareholders together with the share capital represent the shareholders' investment in the company, which investment in conjunction with a use agreement, gives right to accommodation in the building. Shareholders are obliged to advance over a period of time, sufficient funds to enable the company to discharge all other liabilities. These funds advanced are repayable solely at the option of the company and no interest is repayable thereon.		
The net shareholders loan arises from the assignment of the right of use of the property owned by the company to the shareholders in excess of their loans.		
Non-current assets	56 745 000	56 745 000
Non-current liabilities	(56 475 000)	(56 475 000)
	270 000	270 000
5. Inventories		
Apartment inventory	64 823	70 633
Consumables inventory	158 219	171 545
	223 042	242 178
6. Accounts receivable		
Deposits	65 413	65 413
Discount allowable on levies received in advance	1 909 513	3 441 285
Interest due on money market account	20 903	70 730
Prepayments	27 102	15 532
VAT control	-	99 546
	2 022 931	3 692 506

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2020	2019
7. Levies receivable		
Levies in arrears	3 042 317	307 800
Provision for doubtful debts	(1 353 136)	(261 644)
	1 689 181	46 156
Split between non-current and current portions		
Current assets	1 689 181	46 156
8. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	549	1 699
Bank balances	10 484 771	18 365 646
	10 485 320	18 367 345
Favourable bank balances of the company earn interest at market rates while interest is incurred on bank overdrafts at the prime overdraft rate. Bank deposits are held with established and substantial banks.		
General cessions: R75,000 from ABSA bank account 906236202029 has been ceded to the Ethekwini Municipality.		
9. Share capital		
Authorised		
4 000 Ordinary shares of R1 each	4 000	4 000
Issued		
1 920 Ordinary shares of R1 each	1 920	1 920
Share premium	268 080	268 080
	270 000	270 000
The company's share capital is divided into share blocks, which carry to the holders thereof, the right of use and occupation of a specific apartment for a specific period each year.		
10. Accounts payable		
Trade payables	166 697	128 460
Sundry accruals	230 116	911 296
Sundry payables	-	16 791
VAT	871 204	-
	1 268 017	1 056 547

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2020	2019
11. Revenue		
Levies receivable - lockdown credits	(1 529 208)	-
Levies receivable - ombud service	20 160	20 160
Levies receivable - ordinary	16 253 596	15 740 902
Levies receivable - ordinary discounts	(2 721 120)	(1 808 573)
Levies receivable - special	16 221 754	8 226 095
Levies receivable - special discounts	(974 782)	(478 196)
	27 270 400	21 700 388
12. Operating (deficit) surplus		
Operating (deficit) surplus for the year is stated after accounting for the following:		
Depreciation on property, plant and equipment	456	1 167
Employee costs	1 493 236	1 385 831
13. Taxation		
Major components of the tax expense		
Current taxation		
South African normal tax - year	158 389	241 493
Taxation has been provided on taxable income in excess of R50,000 in terms of S10(1)(e) of the Income Tax Act.		
14. Auditor's remuneration		
Fees	86 250	79 522
15. Cash (used in) generated from operations		
Surplus before taxation	460 332	2 450 275
Adjustments for:		
Depreciation and amortisation	456	1 167
Interest received	(672 407)	(916 075)
Interest paid	298	-
Changes in working capital:		
Inventories	19 136	(58 180)
Accounts receivable	1 669 575	(896 145)
Levies receivable	(1 643 025)	49 408
Accounts payable	211 470	649 478
Levies received in advance	(8 358 476)	(582 080)
	(8 312 641)	697 878

LA LUCIA SANDS SHARE BLOCK PROPRIETARY LIMITED

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2020	2019
16. Tax paid		
Balance at beginning of the year	(241 493)	(192 235)
Current tax for the year recognised in loss	(158 389)	(241 493)
Balance at end of the year	158 389	241 493
	(241 493)	(192 235)
17. Insurance		
Fidelity insurance		
The company is insured with CIB Proprietary Limited (policy no. SB/FG521469). The premiums are payable monthly and the policy is renewable on 01 May 2021.		
18. Directors' remuneration		
Emoluments as directors		
DP Viljoen	16 000	16 000
BR Levy	16 000	16 000
PJ Lishman	16 000	16 000
L Rossouw	16 000	16 000
DA Manthey	-	8 000
	64,000	72,000

19. Going concern

On 11 March 2020, the World Health Organisation declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. This led the President of South Africa to impose a nation-wide lockdown which has caused the company to close its operations for an extended period from 27 March 2020. While the disruption is currently expected to be temporary, there is uncertainty around the duration as well as the recovery timeline. Therefore, while the company expects this matter to negatively impact its business, cash flow, results of operations and financial position, the related financial impact cannot be reasonably estimated at this time.

Notwithstanding the operational and financial effects of the nation-wide lockdown, the directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2020	2019
20. Related Parties		
Relationships		
Entities with common control	Easy Holidays Trust Frontline Resort Management Proprietary Limited	
Members of key management	PJ Lishman BR Levy DP Viljoen L Rossouw	
Related party balances		
Amounts included in Levies received in advance regarding related parties		
Easy Holidays Trust	692 720	4 691 834
Related party transactions		
Administration and management fees paid to (received from) related parties		
Frontline Resort Management Proprietary Limited	1 955 464	1 936 422
Ordinary and special levies received from related parties		
Easy Holidays Trust- ordinary levies	6 824 765	4 165 217
Easy Holidays Trust- special levies	6 852 174	2 173 913
Other income		
PJ Lishman	10 536	-

LA LUCIA SANDS SHARE BLOCK PROPRIETARY LIMITED

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Annual Financial Statements for the year ended 31 December 2020

DETAILED INCOME STATEMENT

Figures in Rand	Notes	2020	2019
Revenue			
Levies receivable - lockdown credits		(1 529 208)	-
Levies receivable - ombud service		20 160	20 160
Levies receivable - ordinary		16 253 596	15 740 902
Levies receivable - ordinary discounts		(2 721 120)	(1 808 573)
Levies receivable - special		16 221 754	8 226 095
Levies receivable - special discounts		(974 782)	(478 196)
	11	27 270 400	21 700 388
Other income			
Recoveries received - general		91 254	156 277
Rental income		243 898	647 209
Rental pool administration revenue		64 729	218 965
Sundry income		158 824	152 926
		558 705	1 175 377
Expenses (Refer to page 34)		(28 040 882)	(21 341 565)
Operating (deficit) surplus		(211 777)	1 534 200
Interest received	12	672 407	916 075
Interest paid		(298)	-
		672 109	916 075
Surplus before taxation		460 332	2 450 275
Taxation	13	(158 389)	(241 493)
Surplus for the year		301 943	2 208 782

The supplementary information presented does not form part of the annual financial statements and is unaudited.

LA LUCIA SANDS SHARE BLOCK PROPRIETARY LIMITED

Registration No: 1974/001166/07

Annual Financial Statements for the year ended 31 December 2020

DETAILED INCOME STATEMENT

Figures in Rand	Notes	2020	2019
Operating expenses			
AGM and directors meeting expenses		17 369	25 576
Accounting fees		6 520	7 935
Administration and management fees		1 995 464	1 936 422
Advertising and guest entertainment		26 034	48 542
Assessment rates		2 259 050	2 154 254
Audit fees	14	86 250	79 522
Bad debts- ordinary and special levies		1 491 343	805 367
Bank charges		188 080	240 831
Cleaning		109 938	142 814
Computer expenses		12 259	-
Consulting and professional fees		303 427	57 674
Depreciation		456	1 167
Directors emoluments	18	64 000	72 000
Employee costs		1 493 236	1 385 831
Health and Safety		20 922	-
Hire of equipment		395 637	397 873
Insurance		245 068	208 268
Internet expenses		112 691	95 913
Legal fees		85 907	893 954
Levies paid - ombud service		20 160	20 160
Motor vehicle expenses		20 699	15 302
Municipal expenses		1 074 280	1 265 058
Pest control		46 657	66 354
Printing and stationery		23 603	20 890
Refurbishment		14 939 832	7 703 427
Repairs and maintenance		695 724	685 624
Replacements		336 809	445 275
Security		705 743	663 718
Subcontractor- housekeeping and gardens		1 216 454	1 852 819
Subscriptions		8 786	9 820
TV licences		15 025	8 913
Telephone		18 271	17 521
Training		4 434	3 171
Uniforms		754	9 570
		28 040 882	21 341 565

INSURANCE SCHEDULE

Insurer: SANTAM Commercial
 Policy number: 52/63121810041/4
 Renewal date: 01 January 2021

Description	Sum Insured (R)	Monthly Amount (R)
Buildings combined		
001 Holiday Resort - Buildings and facilities	89 888 000	5 912
003 Holiday Resort - Buildings and facilities	33 708 000	1 860
Water Receptacles	484 000	242
002 Specific Item - Electrical system - DSTV system and accessories	336 455	89
Television set and closed circuit Television	290 000	49
Liability	1 000 000	6
Additional claims preparation cost	50 000	1
	125 756 455	8 159
Office contents		
001 Holiday Resort - Buildings and facilities	130 000	63
Additional claims preparation cost	50 000	8
	180 000	71
Money		
001 Holiday Resort - Buildings and facilities	5 000	1
Receptacles	5 000	22
Additional claims preparation cost	50 000	8
	60 000	31
Business all risks		
Security service equipment	396 000	1 426
Additional claims preparation cost	50 000	8
	446 000	1 434
Accidental damage		
001 Holiday Resort - Buildings and facilities	20 000	51
Additional claims preparation cost	50 000	0
	70 000	52
Public liability		
General Liability	1 000 000	80
Additional claims preparation cost	50 000	6
	1 050 000	86
Group personal accident		
Death - Directors	100 000	106
Additional claims preparation cost	50 000	6
	150 000	112

Description	Sum Insured (R)	Monthly Amount (R)
Motor		
2003 Toyota Condor	64 790	304
Contingency liability	2 500 000	17
Parking facilities and moving third party vehicles	2 500 000	-
	5 064 790	321
Electronic equipment		
Server computer	10 000	25
La ptop Dell Vostro	10 085	101
1 x Asus K52J Laptop	11 300	113
1 x Sony Z Series BPS13Z Laptop	11 300	113
Samsung Printer/Kyocera Printer	39 000	144
Additional claims preparation cost	50 000	17
	131 685	513
Umbrella liability		
SANTAM CUP	20 000 000	76
	20 000 000	76
SASRIA		3 829
		3 829
Total Policy	152 908 930	14 683

Description	Sum Insured (R)	Monthly Amount (R)
Insurer: The Hollard Insurance Company Policy number: SPL/SLFG/000011019 Renewal date : 1 February 2021		
Public liability	79 000 000	
Employers liability	250 000	
TOTAL POLICY	79 250 000	1 790

Description	Sum Insured (R)	Monthly Amount (R)
Insurer: Camargue Policy number: 2015/3032 Renewal date : August 2021		
Directors and officers liability	15 000 000	
TOTAL POLICY	15 000 000	2 998

Description	Sum Insured (R)	Monthly Amount (R)
Insurer: CIB SB/FG521469 Renewal date : May 2021		
Fidelity Guarantee for Community Schemes	14 596 012	
TOTAL POLICY	14 596 012	2 755

RSVP

Please complete and forward the information below to La Lucia Sands Share Block Proprietary Limited on or before 16 November 2021 in order for the Management Company to make the necessary arrangements.

Kind Regards,

Name: _____

Account Number: _____

I will be attending: _____

YES

NO

Please provide email address. The invitation link to the Microsoft TEAMS virtual AGM will be sent to this email address prior to the meeting.

Email Address: _____

Fax: 031 572 2736

Email: generalmanager@laluciasands.com

NOMINATION OF DIRECTORS

I / We _____
nominate and propose the following persons to serve as Directors on the Board of the La Lucia Sands
Share Block Proprietary Limited.

Name of Nominee	Acceptance *
1.	
2.	
3.	
4.	
5.	

* The nominee to sign this form in acceptance of the nomination and to submit an abridged CV (if not already sent) indicating their proposed contribution to the Company.

This duly completed nomination form and the abridged CV must reach Frontline Resort Management (Pty) Ltd at least 48 hours prior to commencement of the meeting.

Signature

Date

PROXY FORM

For the use of each registered shareholder.

FOR THE ANNUAL GENERAL MEETING OF LA LUCIA SANDS SHARE BLOCK PROPRIETARY LIMITED TO BE HELD VIRTUALLY VIA MICROSOFT TEAMS ON 18TH NOVEMBER 2021 AT 11H30.

I _____ (Full name/s)
holding _____ shares representing _____ votes, of _____
(physical address) being a member of the company, hereby appoint _____
of _____ or failing him _____
of _____ or failing him the Chair of the meeting as my/
our proxy to attend and speak and vote on a poll for me/us and on my/our behalf at the annual
shareholders' meeting or other shareholders' meeting (as the case may be) of the Company to be held
on the _____ day of _____ 20____ and at the adjournment thereof, as follows:

RESOLUTION	Number of votes (one vote per share)		
	IN FAVOUR OF	AGAINST	ABSTAIN
1. Ordinary Resolution number one: To accept the minutes of the Annual General Meeting held on the 17th November 2020			
2. Ordinary Resolution number two: To accept the audited Annual Financial Statements in respect of the year ended 31 December 2020			
3. Ordinary Resolution number three: To appoint the auditors for the year ending 31 December 2021, being Baker Tilly Morrison Murray			
4. Ordinary Resolution number four: To elect Mr P Lishman as director			
5. Ordinary Resolution number five: To elect Mr D Viljoen as director			
6. Ordinary Resolution number six: To elect Mr D McKillop as director			

This proxy shall be binding upon me until such time as I personally withdraw it and it is limited to the voting on the Special and Ordinary Resolutions referred to herein. Unless otherwise instructed, the proxy will vote as he thinks fit.

Signed at _____ on this _____ day of _____ 20_____.

Signature _____

PLEASE NOTE:

- Meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licenses and passports.
- 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 initialed 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 or Trust) must be attached to this form.
- 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 or speak in his/her stead and such proxy need not also be a shareholder of the Company.
- In order for the company to verify the authenticity of proxy forms sent by email or facsimile and to establish that a quorum will be present at the meeting, shareholders are requested to forward their proxy forms so as to reach the registered office of the Company at least 48 hours prior to the commencement of the meeting.
- Email and facsimile copies of this proxy form must be duly verified before commencement of the meeting to be eligible for acceptance.
- Shareholders should lodge, post, email or fax their completed proxy forms to:

**The Chairman
La Lucia Sands Share Block Proprietary Limited
58 Marine Drive
Umhlanga Rocks
4320**

OR

**PO 557
Umhlanga Rocks
4320**

**Fax: 031-572-2736
Email: generalmanager@laluciasands.com**



