

Audited Financial Statements

PIBC MANAGEMENT LIMITED
dba PARADISE ISLAND BEACH CLUB

December 31, 2025

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB
Audited Financial Statements

December 31, 2025

C O N T E N T S

	Page
Independent Auditors' Report	1-3
Statement of Financial Position	4
Statement of Comprehensive Operations	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to Financial Statements	8-22

INDEPENDENT AUDITORS' REPORT

To the Executive Committee of
PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Opinion

We have audited the financial statements of PIBC Management Limited dba Paradise Island Beach Club ("the Club"), which comprise the statement of financial position as at December 31, 2025, and the statements of comprehensive operations, changes in equity and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Club as at December 31, 2025, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Club in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal controls as management determines are 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, management is responsible for assessing the Club'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 management either intends to liquidate the Club or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Club's financial reporting process.

To the Executive Committee of

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

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

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism 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 controls.
- Obtain an understanding of internal controls 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 Club's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Club's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Club 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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

To the Executive Committee of

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

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

March 2, 2026
Nassau, The Bahamas



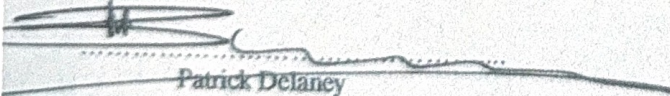
**CHARTERED ACCOUNTANTS
NORONHA & CO.**

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB
 STATEMENT OF FINANCIAL POSITION
 December 31, 2025

	Note	2025 \$	2024 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5, 24	1,765,563	1,727,432
Accounts receivables	6, 24	37,941	109,600
Inventories	7	40,491	31,662
Other assets	8	173,407	210,916
Amount due from a related party	9, 21	3,153	6,166
TOTAL CURRENT ASSETS		<u>2,020,555</u>	<u>2,085,776</u>
NON-CURRENT ASSETS			
Property, and equipment	10	702,705	684,649
TOTAL NON-CURRENT ASSETS		<u>702,705</u>	<u>684,649</u>
TOTAL ASSETS		<u>2,723,260</u>	<u>2,770,425</u>
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Maintenance fees received in advance	11	2,356,631	2,103,700
Accounts payable and accrued expenses	12, 24	375,337	343,560
TOTAL CURRENT LIABILITIES		<u>2,731,968</u>	<u>2,447,260</u>
EQUITY			
(Accumulated deficit) Retained earnings		(8,708)	323,165
TOTAL EQUITY		<u>(8,708)</u>	<u>323,165</u>
TOTAL EQUITY AND LIABILITIES		<u>2,723,260</u>	<u>2,770,425</u>

The notes to financial statements form an integral part of these Financial Statements.

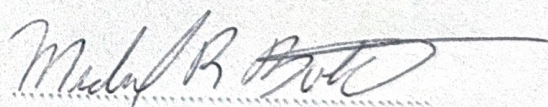
Approved and signed for and on behalf of the Management Committee:


 Patrick Delaney

Chairman

March 2, 2026

Nassau, The Bahamas


 Michael Boldt
 Elected Member

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB
STATEMENT OF COMPREHENSIVE OPERATIONS
Year ended December 31, 2025

	<u>Note</u>	<u>2025</u> \$	<u>2024</u> \$
INCOME			
Maintenance fees	13	2,813,952	2,343,000
Energy surcharges	14	237,832	252,674
Credit cards	14	45,284	42,053
Minimart	22	84,000	48,000
Pool Bar		645,896	582,473
Interest		21,580	14,962
Default resale and rentals		257,758	433,177
Online store sales		3,464	4,721
Other		136,025	124,067
TOTAL INCOME		4,245,791	3,845,127
DIRECT EXPENSES			
Cost of sales		318,621	334,848
Salary and benefits	15	1,226,638	1,127,937
Utilities	16	510,062	453,665
Maintenance materials	17	868,259	821,496
Contracted services	18	121,458	121,480
Other supplies and materials	19	155,390	210,598
Saturday reception party		69,884	61,907
Replacement of amenities		34,102	5,548
TOTAL DIRECT EXPENSES		3,304,414	3,137,479
OPERATING PROFIT		941,377	707,648
INDIRECT EXPENSES			
Management compensation	20, 21	196,974	193,381
Insurance		214,342	191,017
Provision for bad debts	6	73,926	35,019
Bad debts		51,000	85,118
Licenses and taxes		162,110	157,135
Depreciation	10	154,245	127,311
Advertising		45,013	48,728
Bank charges		89,494	81,297
Professional fees		95,273	88,307
Computer and IT services		47,701	47,403
Rent - Welcome Center	22	39,130	39,130
Office supplies and expenses		37,604	31,037
Vehicle maintenance		33,751	28,358
Miscellaneous		11,699	3,205
Meeting / AGM expenses	21	16,679	17,858
Travel and entertainment		4,309	3,699
Reversal of excess provision for bad debts		-	(167,688)
TOTAL INDIRECT EXPENSES		1,273,250	1,010,316
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		(331,873)	(302,668)

The notes to financial statements form an integral part of these Financial Statements.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

STATEMENT OF CHANGES IN EQUITY

Year ended December 31, 2025

	<u>(Accumulated deficit)</u> <u>/ Retained earnings</u> \$
Balance as at January 1, 2024	625,833
Total comprehensive loss for the year	(302,668)
Balance as at December 31, 2024	323,165
Total comprehensive loss for the year	(331,873)
Balance as at December 31, 2025	(8,708)

The notes to financial statements form an integral part of these Financial Statements.
Figures in brackets indicate deduction.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB
STATEMENT OF CASH FLOWS
Year ended December 31, 2025

	<u>Note</u>	<u>2025</u>	<u>2024</u>
		<u>\$</u>	<u>\$</u>
CASH GENERATED FROM / (USED IN):			
OPERATING ACTIVITIES			
Total comprehensive loss for the year		(331,873)	(302,668)
Adjustments for non-cash items			
Depreciation of property and equipment	10	154,245	127,311
Increase (decrease) in bad debts provision	6	73,926	(4,981)
Operating loss before working capital changes		(103,702)	(180,338)
Adjustments for working capital changes			
(Increase) decrease in inventories		(8,829)	2,144
(Increase) decrease in accounts receivables		(2,267)	53,375
Decrease (increase) in amount due from a related party		3,013	(6,166)
Decrease (increase) in other assets		37,509	(63,786)
Increase (decrease) in maintenance fees received in advance		252,931	(19,862)
Increase (decrease) in accounts payable and accrued expenses		31,777	(97,409)
Net cash generated from (used in) operating activities		210,431	(312,042)
Adjustments for investing activities			
Purchase of property, plant, and equipment	10	(172,301)	(39,137)
Net cash used in investing activities		(172,301)	(39,137)
Increase (decrease) in cash and cash equivalents		38,130	(351,179)
Cash and cash equivalents at the beginning of the year		1,727,432	2,078,611
Cash and cash equivalents at the end of the year	5	1,765,563	1,727,432

The notes to Financial Statements form an integral part of these Financial Statements.
Figures in brackets indicate deduction.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

December 31, 2025

1. GENERAL INFORMATION AND NATURE OF OPERATIONS

PIBC Management limited dba Paradise Island Beach Club (“the Club”) is a forty-four unit timeshare resort located on Paradise Island, Bahamas which was developed in 1984 by Paradise Island Development Ltd., (“PIDL” and “Founder Member”). The Founder Member is a wholly owned subsidiary of Paradise Island Beach Club Limited (“PIBCL” or “Landlord”) having its registered office at 1st Floor, Cloughton House, Shirley and Charlotte Street, Nassau, The Bahamas.

The property on which the Club was developed was conveyed by PIDL to CIBC Trust Company Bahamas Ltd to be held in trust until December 31, 2028 as assurance for purchasers of timeshare units that the property could not be encumbered. The term of the trust was extended until December 31, 2032 to accommodate a longer than anticipated sell-out. The trust was transferred from CIBC Trust Company Bahamas Ltd to Butterfield Bank (Bahamas) Ltd. (formally “Thorand Bank & Trust Ltd.”) on June 2, 2003. The trust was transferred from Butterfield Bank (Bahamas) Ltd. to Isle of Knight Trust Company Ltd. on June 2, 2024. At the end of the trust period, the property will revert to the Landlord.

The Club is a non-profit making entity whose objective is to secure for the members’ joint rights of use of the timeshare units.

PIDL sold vacation certificates for each of the forty-four units which gave the purchaser/member the right to occupy a unit for a week per year (out of possible fifty (50) weeks) for a total of 40 years. Each member is obligated to pay their annual members’ fees prior to being allowed to make a reservation to occupy a unit.

Under the Constitution of the Club (“the Constitution”), the affairs of the Club shall be managed by a Management Committee of 5 individuals, 3 of whom are nominated by the Founder Member and 2 of whom shall be members of the Club. PIBC Management Limited incorporated on September 27, 2007, was formed to provide management services to the Club under an agreement dated November 14, 2007. The Club operates a mini-mart, restaurant and pool-bar, all of which are located on the premises of the Club. All relevant business and trade licenses are in the name of the Club.

2. STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AND BASIS OF PREPARATION

The Club’s audited financial statements are presented in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and are expressed in Bahamian Dollars (“\$”), the functional currency of the Club.

3. NEW / REVISED STANDARDS / INTERPRETATIONS

Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those used in the previous financial year, except for the adoption of new standards effective as of 1 January 2025. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

December 31, 2025

3. NEW / REVISED STANDARDS / INTERPRETATIONS (continued)

New and amended IFRS Accounting Standards that are effective for the current year

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of an entity’s financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

These amendments do not have any impact on these Financial Statements and therefore the disclosures have not been made. An entity should assess the impact of these new Standards on their financial statements based on their own facts and circumstances and make appropriate disclosures.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new accounting standard introduces the following requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotals. Entities’ net profit will not change.
- Management-defined performance measurements (MPM) are disclosed in a single note in the financial statements.
- Enhance guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for statement of the cash flows when presenting operating cash flows under the indirect method.

The Company is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Company’s statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as “other”.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

December 31, 2025

3. NEW / REVISED STANDARDS / INTERPRETATIONS (continued)

Other Accounting standards

The following new and amended accounting Standards are not expected to have material impact on the Company's financial statements:

- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards – Volume 11
- IFRS 19 Subsidiaries without Public Accountability - Disclosures
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28.

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made. An entity should assess the anticipated impact of these new Standards and amendments on their financial statements based on their own facts and circumstances and make appropriate disclosures.

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Company and no Interpretations have been issued that are applicable and need to be taken into consideration by the Company at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presentation of financial statements

The financial statements are presented in accordance with IAS 1, *Presentation of Financial Statements* (Revised 2007) and have been prepared on a historical cost basis. The Club has elected to present the statement of comprehensive operations in one statement.

Management's use of judgments and estimates

The Club uses accounting estimates and assumptions in the preparation of these financial statements. Although these estimates are based on management's best knowledge of current events and transactions, actual results may ultimately differ from those estimates. The effect of any changes in estimates will be recorded in the Club's financial statements when determinable. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

December 31, 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Under the current system of taxation in The Bahamas, the Club is not liable to pay income taxes as there is presently no taxation imposed on the Club's profits by the Government of the Bahamas.

On January 1, 2015, The Value Added Tax (VAT) Bill and Regulations became effective in The Commonwealth of the Bahamas. The Company is registered under the provisions of the Value Added Tax Act 2014. Effective January 1, 2022, the VAT Bill and Regulations were again amended, changing the rate from 12% to 10%. Effective April 1, 2025, the VAT rate has been halved to five percent (5%) on foodstuffs, other than delicatessen foodstuffs, including on fresh fruit, vegetables, baby food, lunch snacks, and frozen foods.

The Club's Tax Identification Number (TIN) is 100481026.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive operations.

Non-monetary items are measured at historical cost and are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

The Club does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on financial assets at fair value through profit or loss from the fluctuations arising in the market prices of the instruments. Such fluctuations are included in net realized and unrealized gain or loss on financial asset at fair value through profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprises of cash at banks and short term deposits with a bank and are subject to an insignificant risk of changes in value.

Financial assets and financial liabilities at fair value through profit and loss (FVTPL)

Classification

Assets

The Club classifies its financial assets based on both the Club's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

December 31, 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and financial liabilities at fair value through profit and loss (FVTPL) (continued)

Financial liabilities

Financial liabilities are recognized when the Club becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of comprehensive income.

The Club's financial liabilities include accounts payable and accrued expenses and amount due to a related party, which are measured at amortized cost using the effective interest method. Discounting, however, is omitted where the effect of discounting is immaterial.

Recognition, derecognition and measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Club has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

As of December 31, 2025, financial assets at FVTPL amounted to \$1,793,904 (2024: \$1,818,856).

Impairment of financial assets

The Club assesses at each financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Impairment of financial assets (continued)

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

December 31, 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Annual maintenance fee and maintenance fee in advance

The Management Committee determines annual maintenance fee for members to contribute in order to support operations of the Club. These dues are received in advance and are recorded as maintenance fee in advance. Maintenance fee in advance is recorded as revenue in the year it relates to.

Property and equipment

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The Management Committee has taken a policy decision not to capitalize the capital expenditure of the Club. The costs of the day-to-day servicing of property and equipment are recognized in the statement of comprehensive operations as incurred.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from the disposal with the carrying amount of property and equipment, and are recognized in the statement of comprehensive income.

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amounts substituted for cost, less its residual value. Depreciation is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of the items of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated depreciation rate of property and equipment are as follows:

	Life	Residual values
Leasehold Improvements:		
Exterior	5	\$0
Interior	3	\$30,000
Amenities	2	\$10,000
Computer Hardware & Software	3	\$10,000
Vehicles	3	\$0
Office Equipment	5	\$0

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted, if appropriate.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

December 31, 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related party transactions

Transactions between related parties are based on terms similar to those offered to non-related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence.

Related parties include the shareholders, top management, and a related company (Parent, subsidiary or an Associate) as they have the ability to affect the financial or operating policies of the Club through the presence of control or significant influence.

Revenue recognition

Revenue is comprised primarily of members' annual maintenance, maid service revenue, electricity surcharge, telephone, credit card and internet revenue. Revenue is recognized when the services are provided and the goods are delivered to guests.

Annual maintenance fees are billed in advance for the year in which they are due. Maintenance fees collected in advance are shown as maintenance fees paid in advance at the reporting date and recognized as revenue in the following year.

Interest income

Interest income is accrued on a daily basis using the effective interest rate method.

Sale of re-possessed units

Under rule 8A of the Constitution, any and every vacation certificate forfeited to the Club for non-payment of dues shall be held by the Founder Member on behalf of the Club upon trust to subsequently sell the same. The Club will be the beneficiary of the net proceeds of sale of every such vacation certificate and the Founder Member shall be entitled to pay the usual commission to any person affecting such sale. The Founder Member will be entitled to let the premises to which such vacation certificate relates, and the Club will be the beneficiary of the net proceeds of such lettings. The Club will be responsible for the annual dues in respect to all such vacation certificates.

The Club in accordance with the 1995 Amended Constitution is responsible for the payment of maintenance fees on all Defaulted Weeks.

Expenses

All expenses are recognized in the statement of comprehensive income on an accrual basis.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

	<u>Note</u>	<u>2025</u> \$	<u>2024</u> \$
5. CASH AND CASH EQUIVALENTS			
Cash at banks - current accounts	24	467,948	283,983
Short term deposits - Certificate of deposits	24	712,193	1,066,499
Money market deposits	24	575,822	358,774
Cash in hand		9,600	9,600
Undeposited funds		-	8,576
		<u>1,765,563</u>	<u>1,727,432</u>

Certificate of deposits having maturities less than 3 months have been classified as cash and cash equivalents and are held at Fidelity Bank (Bahamas) Limited and earn interest at the rate of 1.25%p.a. (2021: 1.25%p.a.).

6. ACCOUNTS RECEIVABLES

Account receivables - members		146,886	144,619
<u>Less: Provision for doubtful debts</u>		<u>(108,945)</u>	<u>(35,019)</u>
		<u>37,941</u>	<u>109,600</u>

The aging of accounts receivables - members is as follows:

Past due but not impaired		37,941	109,600
Past due and impaired		108,945	35,019
		<u>146,886</u>	<u>144,619</u>

The movement in the provision for doubtful debts is as follows:

Balance at beginning		35,019	40,000
Provision made during the year		177,541	35,019
Provision reversed during the year		(103,615)	(40,000)
Balance at year-end		<u>108,945</u>	<u>35,019</u>

7. INVENTORIES

Food		20,081	14,451
Beverages		40,410	37,211
		60,491	51,662
<u>Less: Provision for inventories</u>		<u>(20,000)</u>	<u>(20,000)</u>
		<u>40,491</u>	<u>31,662</u>

8. OTHER ASSETS

Prepayments		172,857	209,216
Staff loans		550	1,700
		<u>173,407</u>	<u>210,916</u>

9. AMOUNT DUE FROM A RELATED PARTY

Due from a related party as at December 31, 2025 amounted to \$3,153 (2024: \$6,166).

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

10. Property and equipment

	Leasehold improvements			Computers HW and SW	Motor Vehicles	Equipment	Total
	Exterior	Interior	Amenities				
	\$	\$	\$				
Cost							
Balances at January 1, 2024	660,555	2,476,993	606,473	176,100	-	92,026	4,012,147
Write off	-	-	-	25,501	13,636		39,137
Balances at December 31, 2024	660,555	2,476,993	606,473	201,601	13,636	92,026	4,051,284
Additions	21,183	-	-	-	-	151,118	172,301
Balances at December 31, 2025	681,738	2,476,993	606,473	201,601	13,636	243,144	4,223,585
Accumulated Depreciation							
Balances at January 1, 2024	487,529	2,043,264	527,714	100,759	-	80,058	3,239,324
Charge for the year	19,225	70,493	13,470	15,898	4,167	4,058	127,311
Balances at December 31, 2024	506,754	2,113,757	541,184	116,657	4,167	84,116	3,366,635
Charge for the year	23,462	70,493	13,470	8,371	4,167	34,282	154,245
Balances at December 31, 2025	530,216	2,184,250	554,654	125,028	8,334	118,398	3,520,880
Carrying value							
At December 31, 2025	151,522	292,743	51,819	76,573	5,302	124,746	702,705
At December 31, 2024	153,801	363,236	65,289	84,944	9,469	7,910	684,649

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

11. MAINTENANCE FEES RECEIVED IN ADVANCE

Maintenance fees received in advance as at December 31, 2025 amounted \$2,356,631 (2024: \$2,103,700).

The Management Committee determines annual maintenance fee for members to contribute in order to support operations of the Club. These dues are received in advance and are recorded as maintenance fees received in advance under current liabilities in the statement of financial position.

	<u>2025</u>	<u>2024</u>
	\$	\$
12. ACCOUNTS PAYABLE AND ACCRUED EXPENSES		
Accounts payable	325,730	275,136
Accrued expenses	49,607	68,424
	<u>375,337</u>	<u>343,560</u>

13. MAINTENANCE FEES REVENUE

Income from maintenance fees for the year amounted to \$2,813,952 (2024: \$2,343,000).

The Management Committee determines annual maintenance fee for members to contribute in order to support operations of the Club.

14. ENERGY SURCHARGE AND CREDIT CARD FEE REVENUES

The Club charges its members an energy charge of \$125 (2024: \$125) per week when members stay at the Club. The Club also charges a credit card fee of 2.75% (2024: 2.75%) for each credit card payment.

Energy surcharge and credit card fee revenues for the year amounted to \$237,832 and \$45,284, respectively (2024: \$252,674 and \$42,053, respectively).

	<u>2025</u>	<u>2024</u>
	\$	\$
15. SALARY AND BENEFITS BY DEPARTMENT FOR THE YEAR		
Housekeeping	351,108	327,050
Maintenance	280,694	267,219
Administration	280,324	265,383
Pool bar	253,450	210,493
Vacation experience	38,650	40,438
Sales bonus and commission	22,412	17,354
	<u>1,226,638</u>	<u>1,127,937</u>

Salary and benefits by expense for the year are as follows:

Salary	1,109,965	1,032,557
National insurance	58,322	52,546
Group insurance	36,851	23,034
Bonuses	21,500	19,800
	<u>1,226,638</u>	<u>1,127,937</u>

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

	<u>2025</u>	<u>2024</u>
	<u>\$</u>	<u>\$</u>
16. UTILITIES		
Total utilities for the year are as follows:		
Electricity	270,040	256,329
Water	171,127	140,135
CATV and internet	6,871	7,174
Telephone	62,024	50,027
	<u>510,062</u>	<u>453,665</u>
17. MAINTENANCE MATERIALS		
Total maintenance materials for the year are as follows:		
Exterior	374,942	411,232
Interior	133,396	157,065
Maintenance at shut down	359,921	253,199
	<u>868,259</u>	<u>821,496</u>
18. CONTRACTED SERVICES		
Total contracted services for the year are as follows:		
Security personnel	68,770	67,805
Fire fighting and security equipment	27,201	24,339
Garbage removal	17,960	21,655
Pest control	7,527	7,681
	<u>121,458</u>	<u>121,480</u>
19. OTHER SUPPLIES AND MATERIALS		
Total other supplies and materials for the year are as follows:		
Cleaning supplies	72,395	60,254
Laundry supplies	14,859	65,778
Inventory replacement - linen, towels, kitchen items	42,149	35,993
Consumables	11,599	31,528
Decorations	6,859	8,729
Other	7,528	8,316
	<u>155,390</u>	<u>210,598</u>
20. MANAGEMENT COMPENSATION		
Total management compensation for the year are as follows:		
Management salaries	<u>196,974</u>	<u>193,381</u>

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

		<u>2025</u>	<u>2024</u>
		<u>\$</u>	<u>\$</u>
21. RELATED PARTY BALANCES AND TRANSACTIONS			
Related party balances and transactions are as follows:			
<u>Balances</u>	<u>Relationship</u>		
Amount due from a related party	Management	3,153	6,167
<u>Transactions</u>			
Management compensation	Management	196,974	193,381
Management committee expenses	Management	16,679	17,858

22. LEASE COMMITMENTS

On April 17, 2003, PIDL entered into a lease agreement with Marriot Ownership Resorts (Bahamas) Ltd., in its capacity as the Founder Member of the Club for and on behalf of the Club and its members effective January 1, 2003 for a period of 23 years. The leased property is to be used for the benefit of the members of the Club which now serves as the Welcome Centre. The Club's commitments on this operating lease are as follows:

	<u>2025</u>	<u>2024</u>
	<u>\$</u>	<u>\$</u>
Less than one year	39,130	39,130
2 - 5 years	-	39,130
	<u>39,130</u>	<u>78,260</u>

A portion of the above property was previously sub-leased to other tenants on month-to-month lease basis on October 1, 2019 at a monthly rental of \$3,000. Effective October 1, 2024, a new rental agreement was entered into with Vardhman Pvt. Ltd (the Tenant) for a period of 5 years ending September 30, 2029. The agreed annual rental during the first three years amounts to \$84,000 per annum and for the last two years, annual rental would be increased to \$96,000 per annum. The Club earned rental income of \$84,000 during the year (2024: \$48,000) which was shown as Minimart Income in the statement of comprehensive operations.

23. GOING CONCERN

The Club has incurred significant net losses for numerous years thereby resulting in accumulated deficit and has a working capital deficit as follows:

	<u>2025</u>	<u>2024</u>
	<u>\$</u>	<u>\$</u>
Working capital deficit	711,413	361,484
Comprehensive loss	331,873	302,668
(Accumulated deficit)/Retained earnings	(8,708)	323,165

The above positions create material uncertainty about the Club's ability to continue as a going concern. The Executive Council has performed a formal assessment of its operations and has planned to implement a strategic plan to address and correct certain operational deficiencies in the ensuing years.

These financial statements do not do not include any adjustments that might be necessary if the Union is unable to continue as a going concern.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

24. FINANCE RISK MANAGEMENT

Overview

The Club has exposure to the following risks from its use of financial instruments:

1. Credit risk
2. Liquidity risk
3. Market risk

The Club's financial risk management policies are established and reviewed regularly to identify and analyze the risks faced by the Club, to set appropriate risk limits and controls, and monitor risks and adherence to limits. The Club presents qualitative information about its exposure to risk and the objectives, policies and processes for measuring and managing these risks. Further, quantitative disclosures are included throughout this note.

Credit risk

Credit risk is the risk of financial loss to the Club if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Club's cash held with banks and receivables from customers.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was;

-	<u>2025</u>	<u>2024</u>
	<u>\$</u>	<u>\$</u>
<u>As at December 31</u>		
Cash at banks - Current accounts	467,949	283,983
Short term deposits - Certificate of deposits	712,193	1,066,499
Money market deposit	575,822	358,774
Accounts receivables, net	37,941	109,600
	<u>1,793,904</u>	<u>1,818,856</u>

Cash at banks was deposited with regulated financial institutions. Accordingly, management considers this to bear minimal credit risk.

Management actively monitors the aging of receivables and establishes a provision as circumstances warrant. The Club does not anticipate any losses in excess of the provision for doubtful accounts as a result of this exposure.

Liquidity risk

Liquidity risk' is the risk that the Club will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Club's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meets its liabilities and other commitments when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Club's operations.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

24. FINANCE RISK MANAGEMENT (continued)

A maturity analysis of the financial liabilities is as follows

	Contractual cash flows			
	Carrying amount	1-12 months	1-5 years	More than 5 years
At December 31, 2025	\$	\$	\$	\$
Financial liabilities				
Accounts payables	325,730	325,730	-	-
Accrued expenses	49,607	49,607	-	-
	375,337	375,337	-	-

	Contractual cash flows			
	Carrying amount	1-12 months	1-5 years	More than 5 years
At December 31, 2024	\$	\$	\$	\$
Financial liabilities				
Accounts payables	275,136	275,136	-	-
Accrued expenses	68,424	68,424	-	-
	343,560	343,560	-	-

Market risk

Market risk is the risk that future changes in market conditions such as foreign exchange rates and interest rates will impact the Club's income or the value of holding its financial instruments. The objective of market risk management is to manage and control its market risk within acceptable parameters whilst optimizing the return on risk.

The Club is not exposed to significant price risk as it does not invest in any equities and has minimum exposure to currency and interest rate risks.

Currency risk

All of the Club's financial assets and liabilities are denominated in Bahamian dollars or in US dollars, and therefore, the Club is not exposed to any significant currency risk.

Interest rate risk

Interest rate risk refers to the risk of loss due to adverse movement in interest rates. The Club's interest rate risk arises from its cash held with banks including term deposits. The interest rate exposure at the reporting date is \$712,193 (2024: \$1,066,499). As at December 31, 2025, interest rates on the cash held with banks are 0% - 1.25% (2024: 0% - 1.25%).

The Club believes that interest rate risk is minimal and a hypothetical 1% increase/decrease in the interest rate would have an impact of \$7,122 (2024: \$10,665) on the financial position and results of comprehensive income.

25. CAPITAL MANAGEMENT POLICY

The Club's main objectives when managing its capital are to safeguard its ability to continue as a going concern, to maintain adequate liquidity to meet obligations and to keep the property in an acceptable state of repair.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

26. LITIGATION AND CLAIMS

There were no litigations and claims against the Club as at the reporting date.

27. POST-REPORTING DATE EVENTS

The Club evaluated the impact of all subsequent events through March 2, 2026, which is the date the financial statements are available to be issued. There were no adjusting or non-adjusting events that need to be disclosed or reflected in the financial statements.

Independent Auditors' Report pages 1 through 3.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

December 31, 2025

1. GENERAL INFORMATION AND NATURE OF OPERATIONS

PIBC Management limited dba Paradise Island Beach Club (“the Club”) is a forty-four unit timeshare resort located on Paradise Island, Bahamas which was developed in 1984 by Paradise Island Development Ltd., (“PIDL” and “Founder Member”). The Founder Member is a wholly owned subsidiary of Paradise Island Beach Club Limited (“PIBCL” or “Landlord”) having its registered office at 1st Floor, Cloughton House, Shirley and Charlotte Street, Nassau, The Bahamas.

The property on which the Club was developed was conveyed by PIDL to CIBC Trust Company Bahamas Ltd to be held in trust until December 31, 2028 as assurance for purchasers of timeshare units that the property could not be encumbered. The term of the trust was extended until December 31, 2032 to accommodate a longer than anticipated sell-out. The trust was transferred from CIBC Trust Company Bahamas Ltd to Butterfield Bank (Bahamas) Ltd. (formally “Thorand Bank & Trust Ltd.”) on June 2, 2003. The trust was transferred from Butterfield Bank (Bahamas) Ltd. to Isle of Knight Trust Company Ltd. on June 2, 2024. At the end of the trust period, the property will revert to the Landlord.

The Club is a non-profit making entity whose objective is to secure for the members’ joint rights of use of the timeshare units.

PIDL sold vacation certificates for each of the forty-four units which gave the purchaser/member the right to occupy a unit for a week per year (out of possible fifty (50) weeks) for a total of 40 years. Each member is obligated to pay their annual members’ fees prior to being allowed to make a reservation to occupy a unit.

Under the Constitution of the Club (“the Constitution”), the affairs of the Club shall be managed by a Management Committee of 5 individuals, 3 of whom are nominated by the Founder Member and 2 of whom shall be members of the Club. PIBC Management Limited incorporated on September 27, 2007, was formed to provide management services to the Club under an agreement dated November 14, 2007. The Club operates a mini-mart, restaurant and pool-bar, all of which are located on the premises of the Club. All relevant business and trade licenses are in the name of the Club.

2. STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AND BASIS OF PREPARATION

The Club’s audited financial statements are presented in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and are expressed in Bahamian Dollars (“\$”), the functional currency of the Club.

3. NEW / REVISED STANDARDS / INTERPRETATIONS

Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those used in the previous financial year, except for the adoption of new standards effective as of 1 January 2025. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

December 31, 2025

3. NEW / REVISED STANDARDS / INTERPRETATIONS (continued)

New and amended IFRS Accounting Standards that are effective for the current year

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of an entity’s financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

These amendments do not have any impact on these Financial Statements and therefore the disclosures have not been made. An entity should assess the impact of these new Standards on their financial statements based on their own facts and circumstances and make appropriate disclosures.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new accounting standard introduces the following requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotals. Entities’ net profit will not change.
- Management-defined performance measurements (MPM) are disclosed in a single note in the financial statements.
- Enhance guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for statement of the cash flows when presenting operating cash flows under the indirect method.

The Company is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Company’s statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as “other”.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

December 31, 2025

3. NEW / REVISED STANDARDS / INTERPRETATIONS (continued)

Other Accounting standards

The following new and amended accounting Standards are not expected to have material impact on the Company's financial statements:

- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards – Volume 11
- IFRS 19 Subsidiaries without Public Accountability - Disclosures
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28.

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made. An entity should assess the anticipated impact of these new Standards and amendments on their financial statements based on their own facts and circumstances and make appropriate disclosures.

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Company and no Interpretations have been issued that are applicable and need to be taken into consideration by the Company at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presentation of financial statements

The financial statements are presented in accordance with IAS 1, *Presentation of Financial Statements* (Revised 2007) and have been prepared on a historical cost basis. The Club has elected to present the statement of comprehensive operations in one statement.

Management's use of judgments and estimates

The Club uses accounting estimates and assumptions in the preparation of these financial statements. Although these estimates are based on management's best knowledge of current events and transactions, actual results may ultimately differ from those estimates. The effect of any changes in estimates will be recorded in the Club's financial statements when determinable. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

December 31, 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Under the current system of taxation in The Bahamas, the Club is not liable to pay income taxes as there is presently no taxation imposed on the Club's profits by the Government of the Bahamas.

On January 1, 2015, The Value Added Tax (VAT) Bill and Regulations became effective in The Commonwealth of the Bahamas. The Company is registered under the provisions of the Value Added Tax Act 2014. Effective January 1, 2022, the VAT Bill and Regulations were again amended, changing the rate from 12% to 10%. Effective April 1, 2025, the VAT rate has been halved to five percent (5%) on foodstuffs, other than delicatessen foodstuffs, including on fresh fruit, vegetables, baby food, lunch snacks, and frozen foods.

The Club's Tax Identification Number (TIN) is 100481026.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive operations.

Non-monetary items are measured at historical cost and are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

The Club does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on financial assets at fair value through profit or loss from the fluctuations arising in the market prices of the instruments. Such fluctuations are included in net realized and unrealized gain or loss on financial asset at fair value through profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprises of cash at banks and short term deposits with a bank and are subject to an insignificant risk of changes in value.

Financial assets and financial liabilities at fair value through profit and loss (FVTPL)

Classification

Assets

The Club classifies its financial assets based on both the Club's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

December 31, 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and financial liabilities at fair value through profit and loss (FVTPL) (continued)

Financial liabilities

Financial liabilities are recognized when the Club becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of comprehensive income.

The Club's financial liabilities include accounts payable and accrued expenses and amount due to a related party, which are measured at amortized cost using the effective interest method. Discounting, however, is omitted where the effect of discounting is immaterial.

Recognition, derecognition and measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Club has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

As of December 31, 2025, financial assets at FVTPL amounted to \$1,793,904 (2024: \$1,818,856).

Impairment of financial assets

The Club assesses at each financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Impairment of financial assets (continued)

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

December 31, 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Annual maintenance fee and maintenance fee in advance

The Management Committee determines annual maintenance fee for members to contribute in order to support operations of the Club. These dues are received in advance and are recorded as maintenance fee in advance. Maintenance fee in advance is recorded as revenue in the year it relates to.

Property and equipment

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The Management Committee has taken a policy decision not to capitalize the capital expenditure of the Club. The costs of the day-to-day servicing of property and equipment are recognized in the statement of comprehensive operations as incurred.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from the disposal with the carrying amount of property and equipment, and are recognized in the statement of comprehensive income.

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amounts substituted for cost, less its residual value. Depreciation is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of the items of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated depreciation rate of property and equipment are as follows:

	Life	Residual values
Leasehold Improvements:		
Exterior	5	\$0
Interior	3	\$30,000
Amenities	2	\$10,000
Computer Hardware & Software	3	\$10,000
Vehicles	3	\$0
Office Equipment	5	\$0

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted, if appropriate.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

December 31, 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related party transactions

Transactions between related parties are based on terms similar to those offered to non-related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence.

Related parties include the shareholders, top management, and a related company (Parent, subsidiary or an Associate) as they have the ability to affect the financial or operating policies of the Club through the presence of control or significant influence.

Revenue recognition

Revenue is comprised primarily of members' annual maintenance, maid service revenue, electricity surcharge, telephone, credit card and internet revenue. Revenue is recognized when the services are provided and the goods are delivered to guests.

Annual maintenance fees are billed in advance for the year in which they are due. Maintenance fees collected in advance are shown as maintenance fees paid in advance at the reporting date and recognized as revenue in the following year.

Interest income

Interest income is accrued on a daily basis using the effective interest rate method.

Sale of re-possessed units

Under rule 8A of the Constitution, any and every vacation certificate forfeited to the Club for non-payment of dues shall be held by the Founder Member on behalf of the Club upon trust to subsequently sell the same. The Club will be the beneficiary of the net proceeds of sale of every such vacation certificate and the Founder Member shall be entitled to pay the usual commission to any person affecting such sale. The Founder Member will be entitled to let the premises to which such vacation certificate relates, and the Club will be the beneficiary of the net proceeds of such lettings. The Club will be responsible for the annual dues in respect to all such vacation certificates.

The Club in accordance with the 1995 Amended Constitution is responsible for the payment of maintenance fees on all Defaulted Weeks.

Expenses

All expenses are recognized in the statement of comprehensive income on an accrual basis.