

Audited Financial Statements

PIBC MANAGEMENT LIMITED
dba PARADISE ISLAND BEACH CLUB

December 31, 2021

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Audited Financial Statements

December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Shareholders 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, 2021, and the statements of comprehensive income, 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, 2021, 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 Shareholders 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 Shareholders 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.

May 31, 2022

Nassau, The Bahamas

A handwritten signature in blue ink, consisting of a large, stylized loop at the top and several horizontal strokes below it.


**CHARTERED ACCOUNTANTS
NORONHA & CO.**

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB
STATEMENT OF FINANCIAL POSITION
December 31, 2021

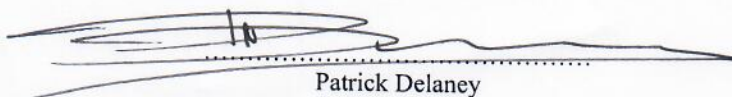
	<u>Note</u>	<u>2021</u> \$	<u>2020</u> \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,920,063	1,322,428
Accounts receivables	6	105,112	70,222
Inventories	7	23,737	19,020
Other assets	8	140,243	125,460
Amount due from a related party	9, 22	499	2,550
TOTAL CURRENT ASSETS		<u>2,189,654</u>	<u>1,539,680</u>
NON-CURRENT ASSETS			
Property, and equipment	10	972,815	1,072,811
TOTAL NON-CURRENT ASSETS		<u>972,815</u>	<u>1,072,811</u>
TOTAL ASSETS		<u>3,162,469</u>	<u>2,612,491</u>
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Maintenance fees received in advance	11	2,039,245	1,844,596
Accounts payable and accrued expenses	12, 28	575,662	301,876
Amount due to a related party	13, 22, 24	-	82,555
TOTAL CURRENT LIABILITIES		<u>2,614,907</u>	<u>2,229,027</u>
NON-CURRENT LIABILITIES			
Amount due to a related party	13, 22, 24	-	17,227
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>17,227</u>
TOTAL LIABILITIES		<u>2,614,907</u>	<u>2,246,254</u>
EQUITY			
Retained earnings		685,223	366,237
TOTAL EQUITY		<u>685,223</u>	<u>366,237</u>
TOTAL EQUITY AND LIABILITIES		<u>3,300,130</u>	<u>2,612,491</u>

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

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



 James Martens
 Chairman



 Patrick Delaney
 Elected Member

May 31, 2022
 Nassau, The Bahamas

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2021

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		\$	\$
INCOME			
Maintenance fees	11, 14	2,390,708	2,536,019
Energy surcharges	15	155,825	64,066
Credit cards	15	9,824	5,195
Minimart	23	36,000	36,000
Pool Bar		401,789	154,236
Interest		10,795	10,150
Default resale and rentals		278,914	50,244
Other		30,036	154,849
TOTAL INCOME		3,313,891	3,010,759
DIRECT EXPENSES			
Cost of sales		200,192	92,156
Salary and benefits	16	789,820	559,256
Utilities	17	372,220	312,872
Maintenance materials	18	372,648	292,233
Contracted services	19	87,733	71,156
Other supplies and materials	20	100,366	63,256
Saturday reception party		30,779	12,442
Uniforms		-	6,585
Replacement of amenities		4,128	1,049
TOTAL DIRECT EXPENSES		1,957,886	1,411,005
OPERATING PROFIT		1,356,005	1,599,754
INDIRECT EXPENSES			
Management compensation	21, 22	154,654	152,646
Insurance		145,942	147,038
Bad debts	6	7,106	120,545
Licenses and taxes	28	249,453	112,894
Depreciation	10	99,996	99,996
Advertising		61,753	44,387
Bank charges		91,280	55,181
Professional fees		88,150	55,002
Computer and IT services		64,948	41,508
Rent - Welcome Center	23	39,130	39,130
Office supplies and expenses		22,023	16,907
Vehicle maintenance		8,769	8,077
Loan interest	13, 22	2,329	7,195
Travel and entertainment		1,486	871
TOTAL INDIRECT EXPENSES		1,037,019	901,377
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		318,986	698,377

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 CHANGES IN EQUITY

Year ended December 31, 2021

	<u>Retained earnings</u> <u>(Accumulated</u> <u>deficit)</u> \$
Balance as at January 1, 2020	(332,140)
Total comprehensive income for the year	698,377
Balance as at December 31, 2020	366,237
Total comprehensive income for the year	318,986
Balance as at December 31, 2021	685,223

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, 2021

	<u>Note</u>	<u>2021</u> \$	<u>2020</u> \$
Net cash (used in) generated from operating activities			
Total comprehensive income for the year		318,986	698,377
Adjustments for			
Depreciation of property and equipment	10	99,996	99,996
Decrease in bad debts provision	6	(27,718)	(127,835)
Operating profit before working capital changes		391,264	670,538
Adjustment for working capital changes			
(Increase) decrease in inventories		(4,717)	4,806
(Increase) / decrease in accounts receivables		(7,172)	117,160
Decrease (increase) in amount due from a related party		2,051	(421)
Increase in other assets		(14,783)	(16,953)
Increase (decrease) in maintenance fees received in advance		194,649	(581,795)
Increase (decrease) in accounts payable and accrued expenses		273,786	(117,298)
Decrease in amount due to a related party		(99,782)	(82,805)
Net cash generated from (used in) operating activities		735,296	(6,768)
Increase (decrease) in cash and cash equivalents		735,296	(6,768)
Cash and cash equivalents at the beginning of the year		1,322,428	1,329,196
Cash and cash equivalents at the end of the year	5	2,057,724	1,322,428

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, 2021

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. 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.

There are no standards and amendments to standards or interpretations that are effective for annual periods beginning on January 1, 2021 that have a material impact on the financial statements of the Club.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

December 31, 2021

3. NEW ACCOUNTING POLICIES

New standards and amendments that are effective for annual periods beginning on or after January 1, 2021

New standards, amendments and interpretations adopted by the Club

There were no standards, amendments and interpretations to published standards that became effective for the Club's financial year beginning on 1 January 2021 which were relevant or significant to the Club's operations and accordingly did not impact the Club's accounting policies or consolidated financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Club

At the date of authorization of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Club.

New standards, amendments and interpretations not yet adopted by the Club

With the exception of the following standards and amendments, the application of new standards and amendments and interpretations to existing standards that have been published but are not yet effective are not expected to have a material impact on the Group's accounting policies or financial statements in the financial period of initial application.

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities, and replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement (IAS 39) that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss and fair value through other comprehensive income. The determination is made at initial recognition, and the basis of classification depends on the Club's business model for managing its financial assets and the contractual cash flow characteristics of the financial asset.

Standards, interpretations and amendments to existing standards that are not yet effective and have not yet been early adopted by the Club.

- Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework –effective January 1, 2022
- Amendments to IAS 16 Property, Plant and Equipment - Proceeds before intended use -effective January 1, 2022
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Costs of fulfilling a contract – effective January 1, 2022
- IFRS 17 Insurance Contracts – Effective January 1, 2023
- Amendments to IAS 1 Presentation of Financial Statements - Amendments to IAS 1 –Classification of liabilities as Current or Non-current - effective January 1, 2023

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

December 31, 2021

3. NEW ACCOUNTING POLICIES (continued)

Standards, interpretations and amendments to existing standards that are not yet effective and have not yet been early adopted by the Club (continued)

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and errors – Definition of accounting estimates - effective January 1, 2023
- Amendments to IAS 1 and IFRS Practice statement 2 – Disclosure of accounting policies - effective January 1, 2023
- Amendments to IAS 12 Income Taxes – Deferred tax related to assets and liabilities arising from a single transaction - effective January 1, 2023
- Amendments arising from 2018-2020 annual improvements to IFRS

Management anticipates that all relevant pronouncements will be adopted in the Club's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Club'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.

Taxation

Under the current system of taxation in The Bahamas, the Club is exempt from paying income taxes.

On January 1, 2015, The Value Added Tax (VAT) Bill and Regulations became effective in The Commonwealth of the Bahamas. The Club is registered under the provision of the Value Added Tax Act 2014 on December 15, 2014. The Club's Tax Identification Number (TIN) is 100481026.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

December 31, 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

December 31, 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2021, financial assets at FVTPL amounted to \$1,907,759 (2020: \$1,310,800).

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.

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.

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.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

December 31, 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

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 income 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	3	\$0

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

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.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

Notes to Financial Statements

December 31, 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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 to 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, 2021

	<u>Note</u>	<u>2021</u> \$	<u>2020</u> \$
5. CASH AND CASH EQUIVALENTS			
Cash at banks - current accounts	24	864,027	271,220
Short term deposits - Certificate of deposits	24	1,043,732	1,039,580
Cash in hand		6,600	6,600
Undeposited funds		5,704	5,028
		<u>1,920,063</u>	<u>1,322,428</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. (2020: 1.25%p.a.).

	<u>2021</u> \$	<u>2020</u> \$
6. ACCOUNTS RECEIVABLES		
Account receivables - members	250,420	243,248
<u>Less: Provision for doubtful debts</u>	<u>(145,308)</u>	<u>(173,026)</u>
	<u>105,112</u>	<u>70,222</u>

The aging of accounts receivables - members is as follows:

	<u>2021</u> \$	<u>2020</u> \$
Past due but not impaired	105,112	70,222
Past due and impaired	145,308	173,026
	<u>250,420</u>	<u>243,248</u>

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

	<u>2021</u> \$	<u>2020</u> \$
Balance at beginning	173,026	300,862
Provision made during the year	7,106	120,545
Provision reversed during the year	(34,824)	(248,381)
Balance at end	<u>145,308</u>	<u>173,026</u>

7. INVENTORIES

Food	9,898	10,235
Beverages	20,839	15,785
	<u>30,737</u>	<u>26,020</u>
<u>Less: Provision for inventories</u>	<u>(7,000)</u>	<u>(7,000)</u>
	<u>23,737</u>	<u>19,020</u>

8. OTHER ASSETS

Prepayments	140,168	122,360
Staff loans	75	3,100
	<u>140,243</u>	<u>125,460</u>

9. AMOUNT DUE FROM A RELATED PARTY

Due from a related party amounting to \$499 as at December 31, 2021 (2020: \$2,550) represents the amount due from the Club's management. This has been fully settled subsequently.

PIBC MANAGEMENT LIMITED dba PARADISE ISLAND BEACH CLUB

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

10. Property and equipment

	Leasehold improvements			Computers	Motor	Equipment	Total
	Exterior	Interior	Amenities	HW and SW	Vehicles		
	\$	\$	\$	\$	\$	\$	\$
<u>Cost</u>							
Balances at January 1, 2020	660,555	2,476,993	606,473	176,100	9,200	92,026	4,021,347
Additions	-	-	-	-	-	-	-
Balances at December 31, 2020	660,555	2,476,993	606,473	176,100	9,200	92,026	4,021,347
Additions	-	-	-	-	-	-	-
Balances at December 31, 2021	660,555	2,476,993	606,473	176,100	9,200	92,026	4,021,347
<u>Accumulated Depreciation</u>							
Balances at January 1, 2020	453,917	1,761,292	473,834	86,471	9,200	63,826	2,848,540
Charge for the year	8,403	70,493	13,470	3,572	-	4,058	99,996
Balances at December 31, 2020	462,320	1,831,785	487,304	90,043	9,200	67,884	2,948,536
Charge for the year	8,403	70,493	13,470	3,572	-	4,058	99,996
Balances at December 31, 2021	470,723	1,902,278	500,774	93,615	9,200	71,942	3,048,532
Carrying value							
At December 31, 2021	189,832	574,715	105,699	82,485	-	20,084	972,815
At December 31, 2020	198,235	645,208	119,169	86,057	-	24,142	1,072,811

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11. MAINTENANCE FEES RECEIVED IN ADVANCE

Maintenance fees received in advance as at December 31, 2021 amounted \$2,039,245 (2020: \$1,844,596).

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.

Maintenance fee income for the year amounted to \$2,390,708 (2020: \$2,536,019).

	<u>2021</u>	<u>2020</u>
	<u>\$</u>	<u>\$</u>
12. ACCOUNTS PAYABLE AND ACCRUED EXPENSES		
Accounts payable	382,643	241,417
Accrued expenses	55,358	60,459
	<u>438,001</u>	<u>301,876</u>

13. AMOUNT DUE TO A RELATED PARTY

In December 2016, a shareholder of the Club granted a loan in the amount of \$396,000 for a period of five years at 5% interest, with monthly payments in the amount of \$7,500. The purpose of the loan was to take advantage of the remaining available balance on the duty free concession which expired on November 19, 2017. This concession was in lieu of a special assessment. The Duty Free Concession was first extended to November 1, 2019 and by a letter dated March 2, 2021, the Bahamas Investment Authority granted a further extension until December 31, 2022. However, the Management Committee decided to go for an early settlement and paid off the loan balance fully on July 19, 2021.

Due to a related party as at December 31, 2021 amounted to \$ Nil (2019: \$99,782) of which the amount payable within a year and the amount payable after a year amounted to \$82,555 and \$17,227, respectively as at December 31 2020.

Loan interest paid during the year amounted to \$2,329 (2020: \$7,195).

14. MAINTAENANCE FEES

Income from maintenance fees for the year amounted to \$2,390,708 (2020: \$2,536,019).

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

15. ENERGY SURCHARGE AND CREDIT CARD FEE REVENUES

The Club charges its members an energy charge of \$125 (2020: \$125) per week when members stay at the Club. The Club also charges a credit card fee of 2.75% (2020: 2.75%) for each credit card payment.

Energy surcharge and credit card fee revenues for the year amounted to \$55,825 and \$9,824, respectively (2020: \$64,066 and \$5,195, respectively).

	<u>2021</u>	<u>2020</u>
	<u>\$</u>	<u>\$</u>
16. SALARY AND BENEFITS BY DEPARTMENT FOR THE YEAR		
Housekeeping	191,244	105,593
Maintenance	219,054	189,549
Administration	195,392	166,411
Pool bar	132,321	80,666
Vacation experience	33,507	12,562
Sales bonus and commission	18,302	4,475
	<u>789,820</u>	<u>559,256</u>

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	<u>2021</u>	<u>2020</u>
	<u>\$</u>	<u>\$</u>
16. SALARY AND BENEFITS BY DEPARTMENT (continued)		
Salary and benefits by expense for the year are as follows:		
Salary	711,238	522,802
National insurance	28,417	19,628
Group insurance	30,915	13,526
Pension	2,250	600
Bonuses	17,000	2,700
	<u>789,820</u>	<u>559,256</u>
17. UTILITIES		
Total utilities for the year are as follows:		
Electricity	200,002	172,172
Water	99,076	74,252
CATV and internet	42,010	38,282
Telephone	31,132	28,166
	<u>372,220</u>	<u>312,872</u>
18. MAINTENANCE MATERIALS		
Total maintenance materials for the year are as follows:		
Exterior	136,023	139,072
Interior	72,471	33,904
Maintenance at shut down	164,154	119,257
	<u>372,648</u>	<u>292,233</u>
19. CONTRACTED SERVICES		
Total contracted services for the year are as follows:		
Security personnel	50,102	39,975
Fire fighting and security equipment	17,591	12,430
Garbage removal	15,330	13,734
Pest control	4,710	5,017
	<u>87,733</u>	<u>71,156</u>
20. OTHER SUPPLIES AND MATERIALS		
Total other supplies and materials for the year are as follows:		
Cleaning supplies	38,746	19,896
Laundry supplies	8,304	8,866
Inventory replacement - linen, towels, kitchen items	22,798	19,899
Consumables	23,484	13,738
Decorations	4,600	-
Other	2,434	857
	<u>100,366</u>	<u>63,256</u>

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	<u>2021</u>	<u>2020</u>
	\$	\$
21. MANAGEMENT COMPENSATION		
Total management compensation for the year are as follows:		
Management salaries	<u>154,654</u>	<u>152,646</u>

22. RELATED PARTY BALANCES AND TRANSACTIONS

Related party balances and transactions are as follow:

<u>Balances</u>	<u>Relationship</u>		
Amount due from a related party	Management	499	2,550
Amount due to a related party	Shareholder	-	99,782
		<u> </u>	<u> </u>
<u>Transactions</u>			
Management compensation	Management	154,654	152,646
Loan interest	Shareholder	2,329	7,195
		<u> </u>	<u> </u>

23. 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>2021</u>	<u>2020</u>
	\$	\$
Less than one year	39,130	39,130
2 - 5 years	78,310	117,440
	<u>117,440</u>	<u>156,570</u>

A portion of the above property has been sub-leased to other tenants on month-to-month lease basis on October 1, 2019 at a monthly rental of \$3,000. The Club earned rental income of \$36,000 during the year (2020: \$36,000) which was shown as Minimart Income in the statement of comprehensive income.

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.

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24. FINANCE RISK MANAGEMENT (continued)

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>As at December 31</u>	<u>2021</u>	<u>2020</u>
	<u>\$</u>	<u>\$</u>
Cash at banks - current accounts	864,027	271,220
Short term deposits - Certificate of deposits	1,043,732	1,039,580
Accounts receivables, net	105,112	70,222
	<u>2,012,871</u>	<u>1,381,022</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.

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
<u>At December 31, 2021</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Financial liabilities				
Accounts payables	244,982	244,982	-	-
Accrued expenses	55,358	55,358	-	-
Interest bearing borrowing	-	-	-	-
	<u>300,340</u>	<u>300,340</u>	-	-

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24. FINANCE RISK MANAGEMENT (continued)

	Contractual cash flows			
	Carrying amount	1-12 months	1-5 years	More than 5 years
<u>At December 31, 2020</u>	\$	\$	\$	\$
Financial liabilities				
Accounts payables	241,417	241,417	-	-
Accrued expenses	60,459	60,459	-	-
Interest bearing borrowing	99,782	82,555	17,227	-
	401,658	384,431	17,227	-

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 it 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 \$1,043,732 (2020: \$1,039,580). As at December 31, 2020, interest rates on the cash held with banks are 0% - 1.25% (2020: 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 \$10,437 (2020: \$10,395) 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.

26. LITIGATION AND CLAIMS

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

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27. COVID - 19 IMPACT

In March 2020, the World Health Organization declared the novel coronavirus, known as COVID-19 outbreak, as a pandemic. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The Club, throughout the pandemic, has been able to manage its business operations without any major disruption to both its internal and external clients.

Even with the introduction of vaccines, there remain significant uncertainties in assessing the duration of the COVID-19 pandemic and its future economic impact. As at the balance sheet date, the Club has not experienced any significant impact to its financial performance or operations; however, the Club continues to closely monitor the situation given the prolonged nature of the pandemic and is ready to take any mitigating actions that may be required.

28. POST-REPORTING DATE EVENTS

The Club evaluated the impact of all subsequent events through May 31, 2022, which is the date the financial statements are available to be issued.

By a letter dated May 12, 2022, Department of Inland Revenue / Value Added Tax Department of the Bahamas performed a review of the business license returns filed by the Club and issued a business license assessment. Accordingly, the business license tax due was identified as follows:

Adjustment to Business License tax due under reported turnover from 2018 through 2022	\$125,146
10% late fee	<u>\$12,515</u>
	<u>\$137,661</u>

The Club management is in agreement with the above assessment and did not raise any contentions to these findings.

The above liability has been accounted for in 2021 under accounts payable and accrued expenses in the statement of financial position and the resulting expense has been shown in licenses and taxes in the statement of comprehensive income.

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