BLANTYRE HOTELS PLC

AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2023

BLANTYRE HOTELS PLC

AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2023

DIRECTORS' REPORT

For the year ended 31 December 2023

The Directors have pleasure in presenting their report and annual financial statements of Blantyre Hotels Plc For the year ended 31 December 2023.

INCORPORATION AND REGISTERED OFFICE

Blantyre Hotels Plc is a company incorporated in Malawi under the Companies Act of Malawi and is domiciled in Malawi.

The registered office of the Company is situated at:

Ryalls Hotel
P O Box 21
2 Hannover Avenue,
Blantyre, Malawi.

NATURE OF BUSINESS

Blantyre Hotels Plc is a company which operates in the hospitality industry in Malawi with one hotel, Protea Hotel Ryalls, based in Blantyre.

Until end of March 2022, Blantyre Hotels Plc (BHL) had 100% ownership of Oasis Hospitality Limited, an entity registered with an aim to build a four star hotel in Lilongwe. Oasis Hospitality Limited (Oasis) is in the process of constructing a hotel on a piece of land purchased from Lilongwe Golf Club. Phase 2 of the construction is in progress. Following a shareholders agreement executed in March 2022, other investors came into Oasis and capital contributions are being made into Oasis in phases in line with capital calls made by the project administrative management. As a consequence, BHL shareholding in Oasis reduced to 28% as at 31 December 2022 and the investment is accounted for as an associate from April 2022. The shareholding in Oasis is currently at 23.53% as at 31 December 2023.

The group consolidated financial statements were prepared for the last time for the year ended 31 December 2022 and these are available at the Company's registered office and the Company's website.

Eris Properties Malawi Limited are development managers of the Oasis Hospitality Limited - Lilongwe hotel construction who are responsible for identifying the project services, management and supervision of all the works on the project as well as financial management services for Oasis Hospitality Limited.

NATURE OF BUSINESS (CONTINUED)

NICO Asset Managers Limited, on the other hand, are the administrative managers responsible for administrative management and company secretarial services.

FINANCIAL PERFORMANCE

The results and state of affairs of the Company are set out in the accompanying statements of financial position, profit or loss and other comprehensive income, changes in equity, and cash flows and notes to the financial statements.

The Company has incurred a net loss in the year which is due to the finance charges accruing from the loan obtained for the Lilongwe project and lease rentals and the Company's current liabilities exceed the current assets due to the loan. However, the financial statements have been prepared on a going concern basis as the Directors believe that the Company is a going concern, as detailed in note 29 to the financial statements.

The revenue and net loss attributed to owners are as follows:

	2023 K'000	**2022 K'000**
Revenue	4 617 375	3 370 851
Loss for the year	(792 762)	(466 229)

DIVIDENDS

No dividend was declared in the year ended 31 December 2023 (2022: Nil).

STAFFING

Staff complement for the Company stands at 116 as at 31 December 2023 (2022: 105). Human resource remains a major and key factor to the success of the Company. The Company, therefore, remains committed to professionalism by developing staff to their full potential. The Company has maintained staff development programmes through training and mentoring.

BOARD OF DIRECTORS AND SECRETARY

The following served as Directors and Secretary of the Company during the year:

Mrs E. Makuta	-	Chairperson and Non-executive Director
Mr. A. Katimba	-	Independent and Non-Executive Director
Ms. C. Ng'ombe	-	Independent and Non-Executive Director
Mr. E. A. Malion	-	Non-executive Director
Mr. R. Scharar	-	Non-executive Director
NICO Asset Managers	-	Company Secretary

SHAREHOLDING STRUCTURE

The authorised share capital of the Company is K250 million divided into 5 billion ordinary shares of 5 tambala each (2022: K250 million divided into 5 billion ordinary shares of 5 tambala each).

The shareholders and their respective holdings in the Company are as follows:

	2023	2022
NICO Life Insurance Company Limited	34.3%	34.3%
Africap LLC	32.2%	32.2%
Press Trust	26.3%	26.3%
The Public	7.2%	7.2%
	100%	100%

The Company is listed on the Malawi Stock Exchange and the share price at the year-end was K13 (2022: K10.97) per share.

DIRECTORS' REMUNERATION

The Directors' fees and remuneration for the Company were as follows:

	Non-executive Directors fees and expenses K'000
For the year ended 31 December 2023	11 843
For the year ended 31 December 2022	10 649

BOARD MEETINGS

The Board meets quarterly. Ad-hoc meetings are held when necessary. The Directors are provided with comprehensive board documentation at least seven days prior to each of the scheduled meetings. During the year, there were nine board meetings and the attendance was as follows:

Member	Meetings Attended
Ms. Chikondi Ng'ombe	8/9
Mr. Elias Azele Malion	9/9
Mr. Andrew Katimba	8/9
Mr. Rob Scharar	9/9
Mrs. Emily Makuta	9/9

FINANCE AND AUDIT COMMITTEE

The Finance and Audit Committee is responsible for reviewing annual reports and annual financial statements. This Committee also monitors the adequacy of accounting and internal control systems. Both external and internal auditors report to the Board of Directors through the Finance and Audit Committee. The Committee consists of two non-executive Directors. The management of the Company, internal and external auditors attend by invitation. The Committee meets four times in a year. The members of the Finance and Audit Committee were as follows:-

- Mr. Elias Azele Malion - (Chairperson)
- Mr. Andrew Katimba - Member

During the year, there were six Finance and Audit Committee meetings and the attendance was as follows:

Member	**Meetings Attended**
Mr. Elias Azele Malion	6/6
Mr. Andrew Katimba	6/6

REMUNERATION AND APPOINTMENTS COMMITTEE

The Remuneration and Appointments Committee acts as an independent Board Committee for issues relating to appointments of, and remuneration of, Directors, management and staff. It consists of one non-executive Director and two alternate non-executive Directors. The Committee meets at least five times a year. The members of the Committee are:

- Miss Chikondi Ng'ombe - Chairperson
- Mr. Robert Scharar - Member
- Mr. Gibson Ngalamila - Member

During the year, there were four Remuneration and Appointments Committee meetings and the attendance was as follows:

Member	Meeting Attended
Mr. Gibson Ngalamila	4/4
Ms. Chikondi Ng'ombe	4/4
Mr. Robert Scharar	4/4

EXTERNAL AUDITORS

Messrs Deloitte Chartered Accountants (Malawi) have expressed their willingness to continue in office as auditors in respect of the Company's 31 December 2024 annual financial statements and a resolution proposing their re-appointment will be tabled at the forthcoming Annual General Meeting.

Emily Makuta
Chairperson

Elias Azele Malion
Director

The Directors are responsible for the preparation and fair presentation of the financial statements of Blantyre Hotels Plc, comprising the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include material accounting policy information and other explanatory notes, in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board, and in the manner required by the Malawi Companies Act. In addition, the Directors are responsible for preparing the Directors' report.

The Companies Act also requires the Directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and ensure the financial statements comply with the Malawi Companies Act.

In preparing the financial statements, the Directors accept responsibility for the following:-

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Compliance with applicable accounting standards, when preparing financial statements; and
- Preparation of financial statements on a going concern basis unless it is inappropriate to presume the Company will continue in business.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the Company's ability to continue as a going concern and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Malawi Companies Act.

Approval of the financial statements

The annual financial statements of Blantyre Hotels Plc, were approved by the Board of Directors on 26 April 2024 and signed on its behalf by:

Emily Makuta
Chairperson

Elias Azele Malion
Director

Deloitte.

P.O. Box 187
Blantyre
Malawi

Deloitte Chartered Accountants
Registered Auditors
First Floor
PCL House, Top Mandala
Kaohsiung Road
Blantyre
Malawi

Cell : +265 (0) 887 828 002/033
: +265 (0) 997 515 647
Email : btdeloitte@deloitte.co.mw
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BLANTYRE HOTELS PLC

Opinion

We have audited the financial statements of Blantyre Hotels Plc (the Company) set out on pages 14 to 61, which comprise the statement of financial position as at 31 December 2023, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of Blantyre Hotels Plc as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Companies Act, 2013 of Malawi.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Malawi. We have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

MAKING AN IMPACT THAT MATTERS since 1845

Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of property As included in notes 3.3, 4.1.1 and 7 to the financial statements is the valuation of property amounting to K9.8 billion as at 31 December 2023 and is the most significant revenue generating asset of the Company. The property including the land on which Protea Ryalls hotel is situated is owned by the Company and is measured at revaluation. The property is measured using a revaluation model and as at 31 December 2023, the property was revalued by Aaron Chalunda and Desmond Namangale of Knight Frank, a commercial and residential property surveyors firm registered in Malawi. The valuation of the Company's property has been considered as a key audit matter due to: • The significance of the amount to the financial statements; • The use of judgement and assumptions by the valuers; and • The complexity of the methods used in the valuation of the property.	We performed the following procedures to address the matter: • We tested the design and implementation of controls over property valuation; • We evaluated the nature and scope of management valuation expert's work; • We assessed the competence and objectivity of the expert; • With involvement of our valuation expert, we challenged and evaluated the judgements and assumptions and valuation method applied; • We evaluated the accuracy and completeness of the input data used in the valuation; • We evaluated the conclusions reached in light of our understanding of the Company and its business; and • We assessed adequacy disclosure to the financial statement in line with IAS 16 *Property, Plant and Equipment.* Our procedures sufficiently addressed the risk identified.

Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Appropriateness of the going concern As reflected in the statement of financial position and the statement of comprehensive income and as disclosed in note 29 to the financial statements, the Company has incurred a net loss of K793 million in the year under review and the Company's current liabilities as at 31 December 2023, exceeded the current assets by K3.2 billion. These conditions indicate the existence of a heightened risk that the Company's going concern assumption may not be appropriate. Considerable time and effort were spent by both the Directors and auditors in assessing the appropriateness of the going concern assumption as well as the forecasts of the Company. As a result, the assessment of whether a material uncertainty exists on the Company's ability to continue as a going concern has been evaluated as a key audit matter.	We performed the following procedures to address the matter: • Testing the design and implementation of relevant controls around management's and judgements applied; • We obtained and evaluated management's assessment of going concern, including plans for the future; • We corroborated management plans to supporting documentary evidence; • We obtained and assessed the entity's budget for the 12 months period from the sign off date by checking accuracy and completeness of the input data used and assessing the assumptions applied for reasonableness. We also performed a retrospective review of the budget; • We obtained and assessed the entity's forecast cash flows for the 12 months from sign off date by challenging the assumptions involved for reasonableness and verifying the legal validity of the documentary evidence supporting the reliability of the figures included in the cash flows forecast; • We assessed the extent of possible business disruption and assessed the impact of any resulting reduction demand for the entity's services; • We reviewed the entity's legal and contractual obligations including any committed guarantees and assessed the entity's ability to meet its obligations when they fall due; • We reviewed board meeting minutes for any indication of matters that might cast significant doubt on the entity's ability to continue as a going concern; and • We evaluated the adequacy of going concern disclosures in the financial statements. Based on the procedures performed, we believe the conclusions reached by the Directors on the Company's ability to continue as a going concern and that no material uncertainty related to going concern exists are appropriate.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' Report and the Statement of Directors' Responsibilities, which we obtained prior to the date of this auditor's report; and the annual report, which we expect to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors for the financial statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Companies Act, 2013 of Malawi and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and

Auditor's responsibilities for the audit of the financial statements (Continued)

obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Directors 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.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte.

Chartered Accountants
Christopher Kapenda
Partner
29 April 2024

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 K'000	2022 K'000
ASSETS			
Non-current assets			
Property and equipment	7	10 361 837	9 256 164
Intangible assets	8	7 467	11 362
Investment in associate	9b	3 842 240	3 907 671
Total non-current assets		14 211 544	13 175 197
Current assets			
Inventories	10	399 038	381 162
Trade and other receivables	11	464 000	384 962
Tax recoverable	19	112 767	98 566
Amount due from related parties	20.1	28 936	-
Cash and cash equivalents	12	612 253	686 233
Total current assets		1 616 994	1 550 923
Total assets		15 828 538	14 726 120
EQUITY AND LIABILITIES			
Equity			
Share capital	13	41 988	41 988
Share premium	14	1 340 153	1 340 153
Revaluation reserve	15	6 490 204	5 691 059
Accumulated losses		(986 994)	(268 965)
Total equity		6 885 351	6 804 235
Liabilities			
Non-current liabilities			
Deferred tax	16	2 076 508	2 029 888
Borrowings	18	2 045 056	2 418 889
Total non-current liabilities		4 121 564	4 448 777
Current liabilities			
Trade and other payables	17	771 137	764 029
Borrowings	18	4 050 486	2 686 432
Bank overdraft	12	-	2 955
Amounts due to related parties	20.1	-	19 692
Total current liabilities		4 821 623	3 473 108
Total liabilities		8 943 187	7 921 885
Total equity and liabilities		15 828 538	14 726 120

The financial statements were approved and authorised for issue by the Board of Directors on 26 April 2024 and were signed on its behalf by:

Emily Makuta

Elias Azele Malion

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 K'000	2022 K'000
Revenue	21	4 617 375	3 370 851
Cost of sales	22	(2 011 410)	(1 504 808)
Gross profit		2 605 965	1 866 043
Other income		26 016	6 672
Selling and administration expenses	23	(2 640 199)	(1 868 071)
Impairment loss	23b	(4 567)	(5 434)
Loss from operating activities		(12 785)	(790)
Interest from assets at amortised cost	24	54 251	-
Finance income	24	254 667	303 717
Finance cost	24	(1 238 831)	(864 819)
Net finance cost		(929 913)	(561 102)
Loss on disposal of subsidiary	9a	-	(46 788)
Share of (loss)/profit in associate	9b	(74 594)	26 225
Loss before taxation		(1 017 292)	(582 455)
Taxation	19	224 530	116 226
Loss for the year		(792 762)	(466 229)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Surplus on revaluation of land and buildings		1 145 028	586 698
Deferred tax on revaluation		(271 150)	(139 431)
Total other comprehensive income		873 878	447 267
Total comprehensive income/(loss) for the year		81 116	(18 962)
Loss per share (tambala)			
Basic and diluted loss per share	25	(94)	(56)

	Share capital K'000	Share premium K'000	Revaluation reserve K'000	Accumulated losses K'000	Total equity K'000
2023					
Opening balance as at 1 January 2023	41 988	1 340 153	5 691 059	(268 965)	6 804 235
Loss for the period	-	-	-	(792 762)	(792 762)
Revaluation surplus	-	-	1 145 028	-	1 145 028
Deferred tax on revalued property	-	-	(271 150)	-	(271 150)
Excess depreciation on revalued assets	-	-	(74 733)	74 733	-
Closing balance as at 31 December 2023	41 988	1 340 153	6 490 204	(986 994)	6 885 351
2022					
Opening balance as at 1 January 2022	41 988	1 340 153	5 314 507	126 549	6 823 197
Loss for the year	-	-	-	(466 229)	(466 229)
Revaluation surplus	-	-	586 698	-	586 698
Deferred tax on revalued property	-	-	(139 431)	-	(139 431)
Excess depreciation on revalued assets	-	-	(70 715)	70 715	-
Closing balance as at 31 December 2022	41 988	1 340 153	5 691 059	(268 965)	6 804 235

Revaluation reserve

This relates to surplus arising on revaluation of land and buildings net of the related tax. The reserve is not distributable until realisation of the revalued land and buildings.

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 K'000	2022 K'000
Cash flows from operating activities			
Loss before income tax		(1 017 292)	(582 455)
Adjust for non-cash items			
Depreciation expense	7	250 916	164 374
Amortisation charge	8	3 895	326
Finance income	24	(308 918)	(303 717)
Share of loss/(profit) in associate	9b	74 594	(26 225)
Loss on disposal of subsidiary	9a	-	46 788
Finance costs	24	1 095 879	864 819
Operating profit before working capital changes		99 074	163 910
Movement in working capital			
Movement in inventories		(17 876)	(88 946)
Movement in trade and other receivables		(79 038)	21 108
Movement in trade and other payables		7 108	75 900
Movement in related party		(48 628)	19 692
Cash (used in)/generated from operations		(39 360)	191 664
Interest paid		(1 214 423)	(101 660)
Tax paid	19	(14 201)	(15 259)
Net cash (used in)/generated from operating activities		(1 267 984)	74 745
Cash flows from investing activities			
Purchase of property and equipment	7	(211 561)	(50 699)
Purchase of intangible assets		-	(11 688)
Finance income	24	299 755	61 784
Net cash generated from/(used in) investing activities		88 194	(603)
Cash flows from financing activities			
Loans received	18	3 035 000	500 000
Loan repayments	18	(2 044 779)	-
Net cash generated from financing activities		990 221	500 000
Net (decrease)/increase in cash and cash equivalents		(189 569)	574 142
Cash and cash equivalents at the beginning of the year		683 278	109 136
Effect of changes in exchange rates		118 544	-
Cash and cash equivalents at the end of the year	12	612 253	683 278

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. Reporting entity

Blantyre Hotels Plc is a Company domiciled in Malawi and incorporated under the Malawi Companies Act, 2013. The main business of the Company is the provision of accommodation, conferencing and catering services. The registered address of the Company is Ryalls Hotel, 2 Hannover Avenue, P.O. Box 21, Blantyre, Malawi. Blantyre Hotels Plc has 23.53% (2022:28%) shareholding in Oasis Hospitality Limited, a company incorporated in Malawi whose main business is the same as that of Blantyre Hotels Plc. Accordingly, the investment in Oasis has been accounted for as an associate.

2. Adoption of new and revised International Financial Reporting Standards

2.1 Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements

In the current year, the entity has adopted those new and revised Standards and Interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee of the International Accounting Standards Board that are relevant to its operations and are effective for annual reporting periods beginning on 1 January 2023.

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2023	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.1 Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements (Continued)

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2023	Definition of Accounting Estimates (Amendments to IAS 8) The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.
Annual reporting periods beginning on or after 1 January 2023	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The adoption of these new and revised Standards and Interpretations did not have a significant impact on the financial statements of the entity.

2.2 Standards and Interpretations in issue, not yet effective

A number of new standards, amendments to standards and interpretations are issued and effective for annual periods beginning on or after 1 January 2024 and have not been applied in preparing these financial statements. The entity does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2024	Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
Annual reporting periods beginning on or after 1 January 2024	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.
Annual reporting periods beginning on or after 1 January 2024	Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.
Annual reporting periods beginning on or after 1 January 2025	Lack of Exchangeability (Amendments to IAS 21) The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
Annual reporting periods beginning on or after 1 January 2024	IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2024	IFRS S2 Climate-related Disclosures IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.
Annual reporting periods beginning on or after 1 January 2025	Amendments to the SASB standards to enhance their international applicability The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.

The directors anticipate that these Standards and Interpretations in future periods will have no significant impact on the financial statements of the Company.

3. Material accounting policy information

3.1 Basis of accounting

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties that are measured at revalued amounts or fair values at the end of each reporting year, as explained in note 7 to the financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics

3. Material accounting policy information (Continued)

3.1 Basis of accounting (Continued)

into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Going concern
The Directors at the time of approving the financial statements, are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

3.2 Investments in associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognising its share of further losses.

Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. Material accounting policy information (Continued)

3.3 Property and equipment

Recognition and measurement

All items of property and equipment are initially recognised at cost. Land and buildings are subsequently measured at revalued amounts being the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from that would be determined using fair values at the end of each reporting year. All other property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Revaluation

Any revaluation increase arising on the revaluation of such property is recognised in other comprehensive income and credited to a non-distributable revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Depreciation on revalued property is charged to profit or loss. On the realisation of revalued property, either through sale or use, the attributable revaluation surplus in the revaluation reserve is transferred directly to retained earnings.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs, and maintenance are expensed as incurred.

Depreciation

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets i.e. buildings, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values, using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss.

3. Material accounting policy information (Continued)

3.3 Property and equipment (Continued)

Depreciation (Continued)
Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land and properties under construction are not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:-

Freehold buildings	50 years
Motor vehicles	4 years
Furniture and equipment	3-12 years

Freehold land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting year, with the effect of any change in estimate being accounted for on a prospective basis.

3.4 Intangible assets

Software acquired by the Company is measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

3.5 Inventories

Inventories consist of items for sale such as foodstuffs, consumables and operating equipment such as crockery and linen. These are measured at the lower of cost and net realisable value, with cost determined on a first-in, first-out basis and is consistent with the prior year. The cost of inventories includes the purchase price plus the costs incurred in bringing each product to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

3.6 Income tax

Income tax expense comprises current and deferred income tax. Current income tax and deferred income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for

3. Material accounting policy information (Continued)

3.6 Income tax (Continued)

the year, using tax rates enacted or substantively enacted at the end of the reporting year, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set-off current tax liabilities and assets, and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at the end of each reporting year, and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.7 Foreign currency translations

Transactions in currencies other than the entity's functional currency (foreign currencies) are translated at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting year, monetary assets and liabilities denominated in foreign currencies are re-translated to the functional currency at the rates prevailing at that date.

Foreign currency gains or losses arising on the settlement of monetary items, and on the translation of monetary items, are included in the profit or loss. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange

3. Material accounting policy information (Continued)

3.7 Foreign currency translations (Continued)

component of that gain or loss is recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the year in which they arise.

3.8 Employee benefits

Defined contribution plans
Pensions are administered through a defined contribution pension scheme. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the scheme are included in profit or loss as an expense as they fall due.

Short-term benefits
Short-term employee benefits obligations such as bonuses are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the year the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for the service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3.9 Revenue

The Company recognises revenue from sale of rooms for accommodation, food and beverages and conference rooms.

The Company recognises revenue to depict the transfer of promised goods or services to customers (performance obligations are satisfied) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recorded when the performance obligations are satisfied as set out below for the different income streams;

- Accommodation – the performance obligation is met when the accommodation service is complete. As such revenue is recognised at a point in time.
- Food and beverage – the revenue is recognised at a point in time when the food and/or beverage is delivered to and accepted by the customer.

3. Material accounting policy information (Continued)

3.9 Revenue (Continued)

- Other revenue – the revenue is recognised at a point in time. This comprises ancillary services and revenue is recognised once the service is complete.

The hotel offers a Marriott Bonvoy loyalty program where members earn points based on the money spend at Marriott hotels. Members earn points that are redeemable against future purchases of the Company's accommodation and related services. The Company allocates a portion of the consideration received to loyalty points based on standalone selling prices. The amount allocated to the loyalty programme is deferred and is recognised as revenue when loyalty points are redeemed. When estimating standalone selling prices of the loyalty points, the Company takes into account the expected redemption rate and the timing of such redemptions based on historical usage and forfeiture rates.

Revenue is reduced for estimated customer returns, rebates and other similar allowances.

3.10 Finance income and expenses

The Company's finance income and finance costs include:-
- interest income;
- interest expense; and
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income and expense is recognised using the effective interest method.

Interest income
Interest income from financial assets is recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on timely basis, by reference to the principal outstanding and at the effecting rate applicable.

3.11 Borrowing costs

The Company borrowing costs directly attributable to the construction of asset, which necessarily take a substantial period of time to get ready for its intended use, are added to the construction, until such time as the asset is substantially ready for its intended use or sale.

All other borrowing costs are recognised in the profit or loss in the year in which they are incurred.

3.12 Financial instruments

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3. Material accounting policy information (Continued)

3.12 Financial instruments (Continued)

Financial assets and financial liabilities are recognised in the Company's and Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

3.12.1 Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss). Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets, other than those designated are classified into amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how group of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company applies the following business models:-

(i) Holding financial instruments for trading to maximize income and reduce losses, and
(ii) Holding financial instruments to maturity. Thus the Company receives only principal and interest from the financial instruments.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Debt and loan instruments that are held by the Company whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments

3. Material accounting policy information (Continued)

3.12 Financial instruments (Continued)

Financial assets (Continued)

3.12.1 Classification and initial measurement of financial assets (Continued)

of principal and interest on the principal amount outstanding (SPPI), are measured at amortised cost.

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular year of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with the basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to the basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

The Company recognises loss allowances for expected credit losses on the financial instruments that are not measured at FVTPL but are carried at amortised cost: No impairment loss is recognised on equity investments. IFRS 9 eliminates impairment assessment requirements for investments in equity instruments as they are only measured at FVPL or FVTOCI without recycling of fair value changes to profit and loss.

3.12.2 Subsequent measurement of financial assets

Subsequently, financial assets are classified at amortised cost.

(i) Financial assets at amortised cost (debt instruments)

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Material accounting policy information (Continued)

3.12 Financial instruments (Continued)

Financial assets (Continued)

3.12.2 Subsequent measurement of financial assets (Continued)

Financial assets at amortised cost are subsequently measured using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant year. For financial assets other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter year, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting years, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

(ii) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is

3. Material accounting policy information (Continued)

3.12 Financial instruments (Continued)

Financial assets (Continued)

3.12.2 Subsequent measurement of financial assets (Continued)

determined in that foreign currency and translated at the spot rate at the end of each reporting year. Foreign exchange gains and losses are recognised as follows:

- on financial assets at FVTPL and at amortised cost, are recognised in profit or loss;
- on equity instruments at FVTOCI are recognised in other comprehensive income; or
- on debt instruments held at FVTOCI are recognised in profit or loss, with the foreign currency element not based on the amortised cost being recognised in other comprehensive income.

3.13 Impairment of financial instruments

a) Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The entity recognises lifetime expected credit loss for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition the entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

Lifetime expected credit loss represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast 12-month expected credit loss represents the portion of lifetime expected credit loss that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

3. Material accounting policy information (Continued)

3.13 Impairment of financial instruments (Continued)

(i) Definition of default (Continued)

- When the customer does no honour its credit terms
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full Irrespective of the above analysis, the Company considers that default has occurred when the customer has defaulted.

(ii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default i.e. the magnitude of the loss if there is a default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

3.14 Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially

3. Material accounting policy information (Continued)

3.14 Derecognition of financial assets (Continued)

all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards or for gains and losses arising from a Company of similar transactions.

3.16 Earnings per share

The calculation of basic earnings or loss per share is based on the profit or loss for the year and the weighted average number of shares in issue throughout the year. Where new equity shares have been issued by way of capitalisation or subdivision, the profit is apportioned over the shares in issue after the capitalisation or subdivision and the corresponding figures for all earlier years are adjusted accordingly. Diluted earnings per share is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. Refer to note 25 to the financial statements.

3.17 Dividends per share

The calculation of dividend per share is based on the dividends payable to shareholders (inclusive of the related withholding tax) during the year divided by the number of ordinary shares in the register of shareholders at the date of payment. Refer to note 26 to the financial statements.

4. Critical accounting judgements and key sources of estimation uncertainty

4.1 Critical judgements in applying the Company's significant accounting policies

4.1.1 Valuation of properties

The Company carries out revaluation of its land and buildings with sufficient regularity to ensure that its carrying amount does not materially differ from its fair value. Land and buildings were revalued by Aaron Chalunda and Desmond Namangale of Knight Frank, a registered valuer in Malawi. Refer to note 7 to the financial statements.

4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

4.1 Critical judgements in applying the Company's significant accounting policies (Continued)

4.1.2 Impairment of trade and other receivables

The carrying amounts of trade and other receivables are presented based on expected credit losses. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Refer to note 5.3 to the financial statements.

4.2 Key sources of estimation uncertainty

Information about assumptions and estimation uncertainties are included in the following notes:

4.2.1 Note 11- IFRS 9 assessment for receivables key assumptions underlying recoverable amounts, including the recoverability of receivables.

5. Financial risk management

5.1 Categories of financial instruments

	Note	Amortised Cost K'000	Carrying Amount K'000
At 31 December 2023			
Financial assets			
Trade and other receivables	11	439 997	439 997
Cash and cash equivalents	12	612 253	612 253
Amount due from related parties	20.1	28 936	28 936
Total financial assets		1 081 186	1 081 186
Financial liabilities			
Trade and other payables	17	730 297	730 297
Borrowings	18	6 095 542	6 095 542
Total financial liabilities		6 825 839	6 825 839

5. Financial risk management (Continued)

5.1 Categories of financial instruments (Continued)

	Note	Amortised Cost K'000	Carrying Amount K'000
At 31 December 2022			
Financial assets			
Trade and other receivables	11	304 918	304 918
Cash and cash equivalents	12	683 278	683 278
Total financial assets		988 196	988 196
Financial liabilities			
Trade and other payables	17	764 029	764 029
Amounts due to related party	20.1	19 692	19 692
Other loan and liabilities	18	5 105 321	5 105 321
Total financial liabilities		5 889 042	5 889 042

5.2 Overview of the Company's financial risk management framework

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

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

5. Financial risk management (Continued)

5.2 Overview of the Company's financial risk management framework (Continued)

Risk management framework (Continued)
The Audit Committee of the Board oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Company. The audit committee is assisted in its oversight role by an outsourced internal audit function. The outsourced internal audit function undertakes regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the audit committee.

5.3 Credit risk

Credit risk is the risk of the financial loss of the Company if the customer or counterparty to the financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables.

Exposure to credit risk
The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting year was as follows:

	Note	2023 K'000	2022 K'000
Trade receivables	11	321 183	259 480
Other receivables (excluding prepayments)	11	118 814	43 558
Cash and cash equivalents	12	612 253	683 278
Total		1 052 250	986 316

The Board established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment terms and conditions are offered. The Company's reviews include bank references and other trade references. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company on a prepayment basis.

Cash deposits are held with Standard Bank Plc, National Bank of Malawi Plc, CDH Investment Bank Limited and NBS Bank Plc. These banks are highly-reputable banks in Malawi and are all licensed by the Reserve Bank of Malawi.

Credit quality of financial assets
Trade and other receivables comprise mainly of balances due from corporate entities, travel agents and tour operators. Rigorous assessment of the credit worthiness of these corporate entities, travel agents and tour operators is undertaken before credit is granted. The Company does not hold any collateral over these balances.

5. Financial risk management (Continued)

5.3 Credit risk (Continued)

Credit quality of financial assets (Continued)
The maximum exposure to credit risk for trade receivables at the end of the reporting year by geographic region was as follows:

	Note	2023 K'000	2022 K'000
Based in Malawi	11	321 183	259 480
		321 183	259 480

The maximum exposure to credit risk for trade receivables at the end of the reporting year by type of counterparty was as follows:

Corporate customers	11	321 183	259 480

Impairment losses
The aging of trade and other receivables at the end of the reporting year was as follows:

	Note	2023 K'000	2022 K'000
Trade Receivable		331 003	265 334
Impairment	11	(9 820)	(5 854)
Total	11	321 183	259 480

	Estimated gross carrying expected loss K'000	Loss allowance 12 months K'000
31 December 2023		
Current not past due	141 958	-
30 – 60 days past due	93 708	-
60 – 90 days past due	56 046	-
90 – 120 days past due	39 291	(9 820)
Total	331 003	(9 820)

5. Financial risk management (Continued)

5.3 Credit risk (Continued)

	Estimated gross carrying expected loss K'000	Loss allowance 12 months K'000
31 December 2022		
Current not past due	149 081	-
30 – 60 days past due	77 367	3 896
60 – 90 days past due	16 246	818
90 – 120 days past due	22 640	1 140
Total	265 334	5 854

The movement in the allowance for impairment in respect of trade and other receivable during the year was as follows:

	Note	Net 2023 K'000	2022 K'000
Impairment at beginning of the year		5 854	420
Change in loss allowance		3 966	5 434
Balance as at end of the year	11	9 820	5 854

In determining the recoverability of a trade receivable, the Company considers any change in the current quality of the trade receivable from the date credit was initially granted up to the end of the reporting year. The Company believes that the unimpaired amounts that are past due more than 30 days are still collectible based on the historic payment behaviour and extensive analysis of the customer credit risk

Cash and cash equivalents

The Company held cash and cash equivalents of K612 million (31 December 2022: K686 million) as at 31 December 2023 of which K303 million (31 December 2022: K191 million) was in foreign currency denominated accounts. No provision for expected credit loss for cash and cash equivalent as based on management the amount is immaterial.

5.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associated with the financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when they fall

5. Financial risk management (Continued)

5.4 Liquidity risk (Continued)

due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of the financial liabilities, including estimated interest payments.

Liquidity of financial instruments
The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Refer to going concern note 29 to the financial statement where management has set out plan to manage the liquidity gap.

5. Financial risk management (Continued)

5.4 Liquidity risk (Continued)

	Notes	Weighted average effective interest rate 18%	Less than 1 to 4 months K'000	5 – 12 months K'000	1 -2 years K'000	Over 2 years K'000	Total K'000	Carrying amount K'000
31 December 2023								
Assets								
Trade and other receivables	11		439 997	-	-	-	439 997	439 997
Bank and cash balances	12		612 253	-	-	-	612 253	612 253
Total financial assets			1 052 250	-	-	-	1 052 250	1 052 250
Liabilities								
Trade and other payables	17		771 137	-	-	-	771 137	771 137
Total interest bearing debt	18		-	4 050 486	2 640 773	1 831 806	8 523 065	4 050 486
Total Financial liabilities			771 137	4 050 486	2 640 773	1 831 806	9 294 202	4 821 623
Liquidity gap			**281 113**	**(4 050 486)**	**(2 640 773)**	**(1 831 806)**	**(8 241 942)**	
Cumulative			**281 113**	**(3 769 373)**	**(6 410 146)**	**(8 241 942)**		
31 December 2022								
Assets								
Trade and other receivables	11		304 918	-	-	-	304 918	304 918
Bank and cash balances	12		683 278	-	-	-	683 278	683 278
Total financial assets			988 196	-	-	-	988 196	988 196
Trade and other payables	17		764 029	-	-	-	764 029	764 029
Total interest bearing debts			1 767 990	918 439	2 602 267	2 360 946	7 649 642	2 686 429
Amounts due to related parties	20.1		19 692	-	-	-	19 692	19 692
Total financial liabilities			2 551 711	918 439	2 602 267	2 360 946	8 433 363	3 470 150
Liquidity gap			**(1 563 515)**	**(918 439)**	**(2 602 267)**	**(2 360 946)**	**(7 445 167)**	**(2 481 954)**
Cumulative			**(1 563 515)**	**(2 481 954)**	**(5 084 220)**	**(7 445 167)**	**-**	**(2 481 954**

5. Financial risk management (Continued)

5.5 Market risk

The market risk is the risk that changes in market prices such as foreign exchange and interest rates will affect the Company's income or the values of its financial instruments. The objective of the market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

5.5.1 Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in currency other than the functional currency of the Company, which is Malawi Kwacha. The currencies in which these transactions are primarily denominated are United States Dollar and the South African Rand.

All purchases in foreign currency are economically hedged by Foreign Currency Denominated Accounts (FCDA's) in the same currencies. Any purchase in USD is paid for using funds in USD account and the same applies to South African Rand. The Company generates foreign currency through its normal operations but opts to set aside foreign currency funds in FCDA accounts to cover its foreign currency denominated liabilities.

No other hedge is actively taken out for this risk. However, exchange rate exposures are managed mainly using accelerated payments and borrowings in local currency to finance foreign purchases. Accelerated payments of foreign currency payable minimises exposure to foreign currency risk by reducing the amounts due in foreign currency.

The Company's foreign exchange exposures at the reporting date were as follows:

				2023	
	Assets	Liabilities	Net	Exchange Rate Movement	Impact on profit and equity (net of tax)
USD	414 412	-	414 412	10%	41 441
ZAR	472	-	472	10%	47
GBP	8 861	-	8 861	10%	886
EUR	15 622	-	15 622	10%	1 562
	439 367	-	439 367		43 936

5. Financial risk management (Continued)

5.5 Market risk (Continued)

	2022				
	Assets	Liabilities	Net	Exchange Rate Movement	Impact on profit and equity (net of tax)
USD	176 903	-	176 903	10%	12 383
ZAR	496	-	496	10%	34 780
GBP	5 160	-	5 160	10%	361
EUR	8 782	-	8 782	10%	615
	191 341	-	191 341		48 139

As at 31 December 2023, if the Malawi Kwacha had weakened/strengthened by 10% against the US dollar with all other variables held constant, post-tax loss for the year and equity would have been K44 million (2022: K48million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of foreign currency-denominated financial instruments.

5.5.2 Interest rate risk

The Company adopts a policy of ensuring that some borrowings are at fixed rates and others are at variable rates depending on the currency of the borrowings, terms and conditions.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

Variable rate instruments

	Note	2023 K'000	2022 K'000
Borrowings	18	6 095 542	5 105 321
		6 095 542	5 105 321

Blantyre hotels plc obtained a loan of K4 billion from National Bank of Malawi which attracts interest at 6.1% above the reference rate which now at 17.30% at the time of the loan being issued. The loan was obtained to pay for the land consideration and project costs.

Blantyre Hotels plc obtained a shareholders' loan of K3 billion which attracts interest at an average 364 Malawi Government Treasury bill rate.

5. Financial risk management (Continued)

5.5 Market risk (Continued)

5.5.2 Interest rate risk (Continued)

Cash flow sensitivity analysis for variable rate instruments
An increase of 5% in interest rates at the reporting date would have increased interest being charged to the profit or loss by K247 million (2022: K186 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Fixed rate instrument

	Note	2023 K'000	2022 K'000
Fixed deposits	12	182 988	455 941

Cash and cash equivalents earn interest at a rate of 1% -20% (2022: 1% -12.5%).

Fair value sensitivity analysis for fixed rate instruments
The Company does not account for any fixed rate financial instrument at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

6. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the movements in the gearing ratio. This ratio is calculated as total borrowings divided by total capital. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

	2023 K'000	2022 K000
Trade and other payables	771 137	764 029
Borrowings	6 095 542	5 105 321
Amounts due to related parties	-	19 692
Total liabilities	6 866 679	5 889 042
Total equity	7 040 479	6 804 235
Gearing ratio	98%	877%

The Company is not subject to any externally imposed capital requirements.

7. Property and equipment

	Freehold land K'000	Buildings K'000	Motor vehicles K'000	Furniture equipment K'000	Capital WIP K'000	Total K'000
31 December 2023						
Cost/valuation						
1 January 2023	1 936 000	6 842 000	117 249	1 378 456	129 372	10 403 077
Additions	-	-	41 367	170 194	-	211 561
Transfers	-	-	-	125 881	(125 881)	-
Revaluation surplus	321 200	740 800	-	-	-	1 062 000
At 31 December 2023	2 257 200	7 582 800	158 616	1 674 531	3 491	11 676 638
Accumulated appreciation						
1 January 2023	-	-	107 493	1 039 420	-	1 146 913
Charge for the year	-	83 028	8 230	159 658	-	250 916
Released on revaluation	-	(83 028)	-	-	-	(83 028)
At 31 December 2023	-	-	115 723	1 199 078	-	1 314 801
Carrying amounts						
At 31 December 2023	2 257 200	7 582 800	42 893	475 453	3 491	10 361 837
31 December 2022						
Cost/valuation						
1 January 2022	1 660 000	6 610 000	117 249	1 327 757	129 372	9 844 378
Additions	-	-	-	50 699	-	50 699
Revaluation surplus	276 000	232 000	-	-	-	508 000
At 31 December 2022	1 936 000	6 842 000	117 249	1 378 456	129 372	10 403 077
Accumulated depreciation						
1 January 2022	-	-	102 294	958 943	-	1 061 237
Charge for the year	-	78 698	5 199	80 477	-	164 374
Released on revaluation	-	(78 698)	-	-	-	(78 698)
At 31 December 2022	-	-	107 493	1 039 420	-	1 146 913
Carrying amounts						
At 31 December 2022	1 936 000	6 842 000	9 756	339 036	129 372	9 256 164

The registers of land and buildings are available for inspection at the Company's registered office.

7. Property and equipment (Continued)

Fair value measurement of the Company's freehold land and buildings
The Company's freehold land and building are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Company's freehold land and buildings as at 31 December 2023 were performed by Aaron Chalunda and Desmond Namangale (2022: Aaron Chalunda) from Knight Frank, an independent firm not related to the Company and has appropriate qualifications and recent experience in the fair value measurement of properties within Malawi and commercial city of Blantyre where Ryalls Hotel is located. The valuation conforms to International Valuation Standards and was based on income method of valuation approach.

Had it been that the Company did not adopt a revaluation policy, the carrying amount of land and buildings for the Company would have been K720 million (2022: K728 million).

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those which would be determined using fair values at the end of each reporting year.

The fair value measurements have been categorised as Level 3 for value based on inputs to the valuation techniques used.

Property and equipment are encumbered as disclosed in note 18 to the financial statements.

	2023 Level 3 K'000	2022 Level 3 K'000
Land	2 257 200	1 936 000
Buildings	7 582 800	6 842 000
Land and buildings	9 840 000	8 778 000

There were no transfers between levels 1, 2 and 3 during the year.

7. Property and equipment (Continued)

The following table shows the valuation technique used in measuring the fair values of land and buildings, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The valuation expert adopted an Income Method of Valuation Approach (i.e. fair value). The fair value basis of valuation is interpreted as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.	In valuation of properties in the hospitality industry, use of trading revenue or estimated or reasonably anticipated revenue from the business and operating expenses are made to formulate an opinion of market value.	A 10% increase/decrease in revenue would result into increase/decrease of K950 million (2022: K878 million) in value of the property.
	The valuation has also taken cognizance of the capitalisation rates applicable to commercial properties linked to the industry the entity operates in.	A 1% increase in the capitalisation rate would result into a decrease in the value of property by K1.8 billion (2022: K1.6 billion) while a 1% decrease in the capitalisation rate would result into an increase in the value of property by K2.9 billion (2022: K2.7 billion).
	The valuation has also taken cognizance of the market value of the land taking into account the land location and size.	A 10% increase/ decrease in market value of land would result into K226 million (2022: K194 million) increase or decrease of the value of property.

8. Intangible assets

	2023 K'000	2022 K'000
Software		
Cost		
At the beginning of the year/period	42 676	30 988
Additions	-	11 688
At the end of the year/period	42 676	42 676
Amortisation		
At the beginning of the year/period	31 314	30 988
Amortization charge for the year/period	3 895	326
At the end of the year	35 209	31 314
Carrying amount at the end of the year/period	7 467	11 362

9a Investment in subsidiary

In the prior year up to March 2022, Blantyre Hotels Plc (BHL) held 100% shareholding of Oasis Hospitality Limited. However, in April 2022, the subsidiary received additional capital from other investors participating in the project, pursuant to a shareholders agreement. Consequently, Blantyre Hotels Plc lost control of the entity down to 28% of shares in Oasis Hospitality Limited as at 31 December 2022, the shareholding in Oasis Hospitality has been further diluted to 23.53% as at 31 December 2023. The remaining investment from April 2022, was accounted for as investment in associate using the equity method in these financial statements as set out in the accounting policies in note 3.2. The loss of control (deemed disposal) of subsidiary is analysed as follows as at 31 March 2022 the deemed date of loss of control:

Disposal of the subsidiary in the Company books

	2023 K'000	2022 K'000
Fair value of remaining holding immediately after loss of control	-	3 788 828
Cost of investment in subsidiary	-	(3 835 616)
Loss on disposal (loss of control)	-	(46 788)

9b Investment in associate

	2023 K'000	2022 K'000
Balance as at the beginning of the year	3 907 671	3 788 828
Share of (loss)/profit	(74 594)	26 225
Interest on amount awaiting capitalisation	9 163	92 618
Balance as at the end of the year	3 842 240	3 907 671
Analysed as follows:		
Property, land and equipment	16 446 544	8 582 205
Deferred tax	-	150 527
Trade and other receivables	282 963	733 394
Cash and cash equivalents	396 947	3 135 988
Total assets	17 126 454	12 602 114
Liabilities		
Trade and other payables	968 245	814 886
Loans and other liabilities	52 982	843 819
Total liabilities	1 021 227	1 658 705
Net assets in Oasis as at the end of the year	16 105 227	10 943 409
Company's share 23.53% (2022:28%)	3 789 560	3 064 154
Amount awaiting capitalisation	52 680	843 517
Balance as at the end of the year	3 842 240	3 907 671

Blantyre Hotels plc has so far invested in Oasis an amount of K4 billion. The Company is expected to invest an additional amount totalling to US$9.514 million (K16 billion) for furniture, fittings and equipment in Oasis Hospitality Limited by the end of the project.

10. Inventories

	2023 K'000	2022 K'000
Food stuff and beverages	39 468	57 798
Consumables	145 258	66 764
Operating stock	114 843	243254
Goods in transit	99 469	13 346
Total inventories	399 038	381 162

11. Trade and other receivables

Trade receivables	331 003	265 334
Expected credit losses	(9 820)	(5 854)
	321 183	259 480
Sundry receivables	118 814	43 558
Staff advances	-	1 880
Prepayment	24 003	80 044
	464 000	384 962

The average credit period for trade receivables is 30 days. No interest is charged on the outstanding balance.

Refer to note 5.4 to the financial statements for the credit quality of receivables.

The Company has computed lifetime expected credit losses (ECL) allowance for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. This includes applying the default rate on debtors within 30 days as this reflects the economic downturn experience by entities operating in different industries.

12. Cash and cash equivalents

	2023 K'000	2022 K'000
Foreign currency accounts	303 217	191 343
Current account balances	116 690	38 949
Fixed deposits	192 346	455 941
	612 253	686 233
Bank overdraft	-	(2 955)
At the end of the year	612 253	683 278

12. Cash and cash equivalents (Continued)

The Company's bank accounts include a deposit with NBS Bank Plc, a related party, amounting to K5 million (2022: K200 million). The rest of the amounts were spread with CDH Investment Bank, National Bank of Malawi Plc and Standard Bank Plc. The current accounts earned interest of up to 1% (2022: up to 1%) and the fixed deposits earned interest of up to 20% (2022: up to 13%).

	2023 K'000	2022 K'000
13. Share capital		
Authorised capital 5 000 000 000 ordinary shares at 5 tambala each (2022: 5,000,000,000 ordinary shares at 5 tambala each)	250 000	250 000
Issued and fully paid capital 839 750 705 (2021: 839,750,705 ordinary shares)	41 988	41 988
14. Share premium		
At the beginning of the year	1 340 153	1 340 153
15. Revaluation reserve		
At the beginning of the year	5 691 059	5 314 507
Increase in revaluation	1 145 028	586 698
Depreciation on revaluation	(74 733)	(70 715)
Deferred tax	(271 150)	(139 431)
At the end of the year	6 490 204	5 691 059

16. Deferred tax

	Liability 2023 K'000	2022 K'000
Property, plant and equipment	2 779 695	2 489 457
Other temporary differences	(691 740)	(459 569)
	2 087 955	2 029 888

16. Deferred tax (Continued)

	Balance at the beginning of the period K'000	Recognised in the profit or loss K'000	Recognised in other comprehensive income/equity K'000	Balance at the end of period K'000
31 December 2023				
Property and equipment	2 488 457	19 088	271 150	2 779 695
Other temporary differences	(459 569)	(243 618)	-	(703187)
	2 029 888	(224 530)	271 150	2 076 508
31 December 2022				
Property and equipment	2 353 982	(3 956)	139 431	2 489 457
Other temporary differences	(347 299)	(112 270)	-	(459569)
	2 006 683	(116 226)	139 431	2 029 888

	2023 K'000	2022 K'000
17. Trade payables	106 044	284 199
Other payables	665 093	479 830
Total trade and other payables	771 137	764 029
Other payables include the following:		
Accruals	246 900	301 328
Audit fees	43 560	26 712
Defined contribution pension accrual	54 642	30 350
Gym advance payments	296	337
Management fees payable	263 015	61 712
Advance deposits	2 076	8 994
Unclaimed dividends	13 764	13 784
	624 253	443 217
Other taxes due	39 620	12 379
VAT payable	1 220	24 234
	665 093	479 830

The average credit period for trade and other payables is 30 days. No interest is charged on these amounts.

The Directors consider that the carrying amounts of trade and other payables approximate to their fair value.

18. Borrowings

	NICO Life Insurance Company K'000	Africap LLC K'000	NBM K'000	Total K'000
31 December 2023				
Balance at the beginning of the year	-	-	5 105 321	5 105 321
Additions	1 110 000	1 925 000	-	3 035 000
Accrued interest for the year	67 941	83 545	772 753	924 239
Repayments	-	-	(2 969 018)	(2 969 018)
Balance as at end of the year	1 177 941	2 008 545	2 909 056	6 095 542
31 December 2022				
Balance at the beginning of the year	-	-	3 842 162	3 842 162
Additions	-	-	500 000	500 000
Accrued interest for the year	-	-	763 159	763 159
Balance as at end of the year	-	-	5 105 321	5 105 321

Analysed as follows:

	2023 K'000	2022 K'000
Current	4 050 486	2 686 432
Non-current	2 045 056	2 418 889
Total	6 095 542	5 105 321

National Bank of Malawi loan (NBM)
In 2021 a loan of K4billion was obtained by the Company from National Bank of Malawi Plc and attracts interest at 6.1% above the reference rate and is repayable over a period of 7 years inclusive of a 24 month moratorium, which came to an end in the year, on both principal and interest repayment. The loan is secured by a legal charge for K4 billion over the Company's property title number Blantyre West 132, Blantyre Hotels plc. The property, valued at K9.8 billion as at 31 December 2023 (2022: K8.8 billion), is included as part of the property and equipment as detailed in note 7 to the financial statements.

Shareholders' loan
Shareholders' loans amounting to K3 billion were obtained from Africap LLC and Nico Life Insurance Company Limited for the purpose of servicing the National Bank of Malawi loan facility. The loans are payable by 30 September 2024 and attract interest at an average 364 Malawi Government Treasury bill rate. In the event that a rights offer of shares is made by the borrower at any time during the tenor, the lenders have the option to convert all or part of the unpaid principal and interest into ordinary shares of the Company provided the

18. Borrowings (Continued)

Shareholders' loan (Continued)
lenders shall give written notice to the borrower at least 14 days prior to such conversion. The lenders may convert the principal and accrued interest into ordinary shares of the company at the conversion price.

	2023 K'000		2022 K'000	
19. Taxation				
Current income tax liabilities				
Balance at the beginning of the year	(98 566)		(83 307)	
Paid during the year/period	(14 201)		(15 259)	
Balance at the end of the year	112 767		(98 566)	
Income tax credit				
Income tax payable as assessed at 30%				
Deferred tax movement (net) (note 16)	(224 530)		(116 226)	
Total income tax credit	(224 530)		(116 226)	
Reconciliation of the effective tax rate				
Loss before tax	(1 017 292)		(582 455)	
Income tax at standard rate (30)%	(305 188)	(30)%	(174 736)	(30)%
Permanent differences	80 658	8%	58 510	10%
Effective tax	(224 530)	(22)%	(116 226)	(20)%

20. Related party transactions and balances

The Company's major shareholders are NICO Life Insurance Company Limited, Africap LLC and Press Trust.

Services are supplied in the ordinary course of business by the Company to shareholders and by shareholders to the Company at arm's length.

Related party	Relationship	Type of transaction	Value of transactions from/(to) 2022 K'000	Balance at year end 2022 K'000	Value of transactions from/(to) 2023 K'000	Balance at year end 2023 K'000
NICO Asset Managers Limited	Common shareholder	- Accommodation -Transfer, secretarial and consultancy fees	1 687 - 38 533	-	3 628 41 455	4 273
Luxury Hotels International South Africa (Pty) Limited	Management Company	- Management fees - Marketing fees - Incentive fees -Program Services fund	109 806 50 680 45 114 36 724	-	150 360 69 397 70 169 51 169	-
NICO Life Insurance Company Limited	Shareholder	Accommodation Pension and Life cover Loan principal	28 875 84 412	-	20 104 104 216 1 110 000	10 352
NICO Holdings Plc	Parent of shareholder	Accommodation	43 022	-	42 220	8 211
Press Trust	Shareholder	Accommodation	8 969	-	6 502	-
NICO General Insurance Company Limited	Common shareholder	Accommodation Insurance Lease	- 34 875 -	-	6 655 48 081	
Oasis Hospitality Limited	Associate	Investment	-	(19 692)	- -	-
Eris Properties Limited	Common shareholder	Property Development Services		-		
Africap	Common shareholder	Accommodation Loan principal	1 989	-	1 925 000 1 801	6 100
NICO Capital Limited	Common Shareholder	Consultancy fee	-	-	70 000	-

20. Related party transactions and balances (Contined)

The balances are interest free and are payable in normal course of business

Nico Asset Managers Nico Asset Managers	Common shareholder Common shareholder	Secretarial, administration and consultancy services Loan guaranteed by Blantyre Hotels Plc
Nico Asset Managers	Common shareholder	Accommodation
Procurement International Limited	Subsidiary of management Company	Guest supplies
NBS Bank Plc	Common shareholder	Bank services

Compensation to key management personnel

In addition to key management personnel's salaries the Company also provides non-cash benefits to a post-employment defined contribution plan for key management personnel's benefits. In accordance with the plan employees contribute 8.63% (2022: 8.63%) of the basic pay while the Company contributes 15.62% (2022: 8.63%) of the basic pay to cover pension and Company life cover.

Salaries and cash benefits to key management personnel were as follows:

	2023 K'000	2022 K'000
Short-term employee benefits		
Salaries and bonuses	324 052	203 650
Directors' fees	11 843	10 649
Other long-term employee benefits		
Pension	10 326	8 165
20.1 Amounts due from related parties		
NICO Life Insurance Company Limited	10 352	-
NICO Holdings Plc	8 211	-
Africap LLC	6 100	-
NICO Asset Managers Limited	4 273	-
	28 936	-
Amounts due to related parties		
Oasis Hospitality Limited	-	19 692
Bonus payable (included in accruals under 17)	70 028	50 158

21. Revenue

Disaggregated revenue is reported in the same way as it is reviewed and analysed internally by the chief operating decision makers, primarily, the Executive Directors. The key components of revenue reviewed by the chief operating decision makers are:

	2023 K'000	2022 K'000
Accommodation	2 308 123	1 661 751
Food and beverages	2 197 351	1 642 424
Other revenues	111 901	66 676
Total revenue	4 617 375	3 370 851

- Accommodation – the performance obligation is met when the accommodation service is complete. As such revenue is recognised at a point in time.
- Food and beverage – the revenue is recognised at a point in time when the food and/or beverage is delivered to and accepted by the customer.
- Other revenue – the revenue is recognised at a point in time. This comprises ancillary services and revenue is recognised once the service is complete.

22. Cost of sales

	2023 K'000	2022 K'000
Salaries and wages	672 607	545 331
Guest entertainment and supplies + Sundries	181 074	129 299
Room cleaning and maintenance + telephone	216 469	77 192
Food and beverages costs	862 513	674 642
Sundries	78 747	78 344
Total cost of sales	2 011 410	1 504 808

23. Selling and administration expenses

		2023 K'000	2022 K'000
Auditor's fees and expenses	- Current year	52 000	30 770
	- Prior year	17 525	-
Bad debt actual		-	4 479
Bank charges		11 556	11 392
Board expenses		26 283	12 017
Capital raising cost		101 247	19 320
Commission on credit cards		51 344	46 395
Computer expenses		76 894	49 391
Company secretarial and transfer expenses		41 455	38 533
Depreciation and amortisation		254 811	164 699
Directors' fees		11 843	10 649
Donation and subscriptions		6 789	2 618
Fees to management Company (Note 23.1)		341 097	164 550

23. Selling and administration expenses (Contined)

	2023 K'000	2022 K'000
Fringe benefit tax	28 438	30 527
Internal audit expense	12 764	9 343
Insurance	48 081	34 875
Legal and other professional fees	10 093	8 168
Levies, licenses and permits	7 480	3 953
Malawi Stock Exchange annual listing fees	32 502	28 000
Marketing expenses	69 919	47 889
Motor vehicles	23 269	13 889
Other staff costs	377 111	273 477
Postage	1 224	1 412
Power and lighting	196 322	174 760
Printing and stationery	9 515	6 882
Promotion	-	13 360
Rates and taxes	42 234	23 976
Repairs and maintenance	250 347	173 436
Salaries and wages	390 663	297 677
Security	68 107	45 707
Sundry expenses	13 303	8 594
Telephone	18 168	11 082
Travel	30 628	11 038
Lease rental	(51 121)	51 121
Water	67 308	44 092
Total	2 640 199	1 868 071
23.b Bad debt provision	4 567	5 434

23.1 Fees payable to Management Company

	2023 K'000	2022 K'000
Management fees	150 360	32 032
Marketing fees	69 397	50 680
Incentive fees	70 170	45 114
Provident service fund	51 170	36 724
	341 097	164 550

24. Finance income/(costs)

	2023 K'000	2022 K'000
Interest from assets at amortised cost	54 251	-
Interest income	9 163	287 805
Exchange gains (net)	245 505	15 912
	254 667	303 717
Interest expense and other finance costs		
Realised exchange losses	(24 408)	-
Effects of changes in exchange rate	(118 544)	-
Interest on loan and other bank charges	(1 095 879)	(864 819)
	(1 238 831)	(864 819)
Net finance cost	(929 913)	(561 102)

25. Loss per share

The calculation of basic and diluted (loss) per share is based on loss attributable to shareholders of the Company of K793 million (2022: K466 million) and the weighted average number of ordinary shares during the year of 839 750 705 (2022: 839 750 705).

Loss per share is as below:-

	2023 K'000	2022 K'000
Loss for the year	(792 762)	(466 229)
Weighted average number of shares ('000)	839 750	839 750
Basic and diluted loss per Share (tambala)	(94)	(56)

26. Dividends

No dividends were declared and paid (2022: Nil) due to the Company's financial performance.

27. Capital commitments and contingent liabilities

The board approved capital commitments relating to refurbishment and equipment costs amounting to K369 million at the end of the year (2022: K425 million). These costs are to be funded wholly by funds generated internally.

The development costs of the hotel by Oasis Hospitality Limited are estimated at US$38.934 million (K66 billion) and Blantyre Hotels Plc is expected to invest an additional US$9.514 million (K16 billion) for furniture, fittings and equipment. None of this cost has been contracted yet.

28. Reportable segments

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of services provided. The Directors of the Company have chosen to organise the Company around differences in services provided. No operating segments have been aggregated in arriving at the reportable segments of the Company. Specifically, the Company's reportable segments under IFRS 8 are accommodation and food and beverage.

Geographical segment presentation
All operations of the hotel are in Malawi and therefore geographical segment presentation has not been made.

Information about major customers
The Company's customers are many and there is no single customer that individually contributes more than five percent of the Company's total revenues.

	2023 K'000	2022 K'000	2023 K'000	2022 K'000	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Revenue	2 308 123	1 661 751	2 197 351	1 642 424	111 901	66 676	4 617 375	3 370 851
Operating expenses	422 350	314 820	1 391 347	1 045 132	2 816 463	2 011 689	4 630 160	3 371 641
Segment profit	1 885 773	1 346 931	806 004	597 292	(2 704 562)	(1 945 013)	(12 785)	(790)

Revenue reported above represents revenue generated from external customers.

The segments do not have separately reportable assets and liabilities.

29. Going concern

The Company have incurred a net loss of K793 million (2022: K466 million) during the year ended 31 December 2023. The Company's current liabilities exceeded current assets by K3.2 billion.

The Company performance this year has been affected by finance charges accruing from the debt finance obtained by the Company to finance the construction project of the Lilongwe Ryalls hotel as explained in notes 9 and 18 to the financial statements.

Even though these conditions may cast significant doubts on the Company's ability to continue as a going concern, the Company financial statements have been prepared on a going concern basis as the Directors believe, based on the considerations below, there is no material uncertainty and the Company is a going concern:

- The Company has already prepaid the principal element of the National Bank of Malawi (NBM) loan repayments due in FY2024;
- The Company has adequate support from shareholders who extended a K3bn loan in the year under review. The loan is convertible into shares and has been classified under current liabilities in the statement of financial position;
- The Company is in the process of raising additional equity finance through a rights issue scheduled for calendar year 2024 ;
- The Company is able to generate and has access to adequate resources to sustain its operations for the foreseeable future.

30. Exchange rates and inflation

The average of the year-end buying and selling rates of the foreign currencies most affecting the performance of the Company are stated below, together with the increase in the National Consumer Price Index, which represents an official measure of inflation.

	2023	2022
Kwacha/Rand	94	62
Kwacha/US Dollar	1 683	1 028
Kwacha / British Pound	2 222	1 274
Kwacha/Euro	1 919	1 098
Inflation rate (%)	34.5	25.8

30. Exchange rates and inflation (Continued)

At the date of approval of the financial statements, the above noted rates had moved as disclosed below:

Kwacha/Rand	94
Kwacha/USD	1 734
Kwacha /British Pound	2 234
Kwacha/Euro	1 916
Inflation rate (%) (March 2024)	31.8

31. Events after reporting year

No other events have occurred necessitating adjustments to or disclosures in the financial statements.

NOTES