BLANTYRE HOTELS PLC

Consolidated and Separate Financial Statements for the
year ended 31 December 2022

BLANTYRE HOTELS PLC
FINANCIAL STATEMENTS
For the year ended 31 December 2022

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BLANTYRE HOTELS PLC
DIRECTORS' REPORT
For the year ended 31 December 2022

The Directors have pleasure in presenting their report and annual consolidated and separate financial statements of Blantyre Hotels Plc For the year ended 31 December 2022.

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 Group 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. The construction is at the foundation level. Following a shareholders agreement executed in March 2022, other investors have come 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% and the investment has been accounted for as an associate from April 2022.

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.

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 Group and Company are set out in the accompanying consolidated and separate statements of financial position, comprehensive income, changes in equity, and cash flows and notes to the financial statements.

The Group and Company have incurred a net loss in the year which is due to the finance charges accruing from the loan obtained for the Lilongwe project and the Company's current liabilities exceeds the current assets due to the loan repayment instalment due subsequent to year end. However, the financial statements have been prepared on a going concern basis as the Directors believe that the Group and Company are a going concern because, as detailed in note 29 to the financial statements, the shareholders have committed to provide a shareholders' loan to the Company.

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	K'000	**K'000**	**K'000**	**K'000**
Revenue	3 370 851	1 974 975	3 370 851	1 974 975
Loss for the year	(135 910)	(751 839)	(466 229)	(477 077)

DIVIDENDS

No dividend was declared in the year ended 31 December 2022 (2021: Nil).

STAFFING

Staff complement for the Group stands at 105 as at 31 December 2022 (2021: 107). Human resource remains a major and key factor to the success of the Group. The Group, therefore, remains committed to professionalism by developing staff to their full potential. The Group 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 (2021: K250 million divided into 5 billion ordinary shares of 5 tambala each).

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

	2022	2021
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 K10.97 (2021: K11.01) per share.

DIRECTORS' REMUNERATION

The Directors' fees and remuneration for the Group and its subsidiary was as follows:

	Non-executive Directors fees and expenses K'000	Executive Directors remuneration K'000	Total K'000
For the year ended 31 December 2022	10 649	-	10 649
For the year ended 31 December 2021	10 649	-	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 five board meetings and the attendance was as follows:

Member	Meetings Attended
Ms. Chikondi Ng'ombe	5/5
Mr. Elias Azele Malion	5/5
Mr. Andrew Katimba	5/5
Mr. Rob Scharar	5/5
Mrs. Emily Makuta	5/5

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 seven Finance and Audit Committee meetings and the attendance was as follows:

Member	Meetings Attended
Mr. Elias Azele Malion	7/7
Mr. Andrew Katimba	7/7

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
Miss Chikondi Ng'ombe	3/4
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 Group's 31 December 2023 annual financial statements and a resolution proposing their re-appointment will be tabled at the forthcoming Annual General Meeting.

CHAIRPERSON **DIRECTOR**

9 August 2023
DATE

BLANTYRE HOTELS PLC
STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 31 December 2022

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements of Blantyre Hotels Plc, comprising the consolidated and separate statements of financial position as at 31 December 2022, the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, 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 Group keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and ensure the consolidated and separate financial statements comply with the Malawi Companies Act.

In preparing the consolidated and separate 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 Group will continue in business.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate 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 Group's and Company's ability to continue as a going concern and have a reasonable expectation that the Group and Company have 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 International Financial Reporting Standards 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 9 August 2023 and signed on its behalf by:

CHAIRPERSON **DIRECTOR**

Deloitte.

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Blantyre
Malawi

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

Opinion

We have audited the consolidated and separate financial statements of Blantyre Hotels Plc set out on pages 10 to 58, which comprise the consolidated and separate statements of financial position as at 31 December 2022, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Blantyre Hotels Plc as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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 consolidated and separate financial statements section of our report. We are independent of the Group 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 consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters

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Valuation of property (for Company and Group)
As included in note 3.4, 4.1.1 and 7 to the financial statements is the valuation of property amounting to K8.8 billion as at 31 December 2022 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 2022, the property was revalued by 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.

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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 Group and its business; and
We assessed adequacy disclosure to the financial statement in line with IAS 16.

Our procedures sufficiently addressed the risk identified.
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Appropriateness of the going concern assumption (for Company and Group)
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 Group and Company have incurred a net loss of K466 million and K136 million, respectively, in the year under review and the Company’s current liabilities as at 31 December 2022, exceeded the current assets by K2 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 Group. As a result, the assessment of whether a material uncertainty exists on the Group’s ability to continue as a going concern has been evaluated as a key audit matter.
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We performed the following procedures to address the matter:

Testing the design and implementation of relevant controls 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 2024 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 next year 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 Group’s ability to continue as a going concern and that no material uncertainty related to going concern exists are appropriate.
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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 consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 consolidated and separate financial statements

The Directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate 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 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 Group'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 Group'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 Group to cease to continue as a going concern;

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

- 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; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

10 August 2023

BLANTYRE HOTELS PLC

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Notes	Group 2022 K'000	Group 2021 K'000	Company 2022 K'000	Company 2021 K'000
ASSETS					
Non-current assets					
Property and equipment	7	9 256 164	14 652 418	9 256 164	8 783 141
Intangible assets	8	11 362	-	11 362	-
Investment in subsidiary	9a	-	-	-	3 686 301
Investment in associate	9b	3 907 671	-	3 907 671	-
Deferred tax asset	16	-	143 610	-	-
Total non-current assets		13 175 197	14 796 028	13 175 197	12 469 442
Current assets					
Inventories	10	381 162	292 216	381 162	292 216
Trade and other receivables	11	384 962	381 868	384 962	406 070
Tax recoverable	19	98 566	83 520	98 566	83 307
Cash and cash equivalents	12	686 233	664 723	686 233	136 943
Total current assets		1 550 923	1 422 327	1 550 923	918 536
Total assets		14 726 120	16 218 355	14 726 120	13 387 978
EQUITY AND LIABILITIES					
Equity					
Share capital	13	41 988	41 988	41 988	41 988
Share premium	14	1 340 153	1 340 153	1 340 153	1 340 153
Revaluation reserve	15	5 691 059	5 314 507	5 691 059	5 314 507
(Accumulated losses)/retained earnings		(268 965)	(203 770)	(268 965)	126 549
Total equity		6 804 235	6 492 878	6 804 235	6 823 197
Liabilities					
Non-current liabilities					
Deferred tax	16	2 029 888	2 006 683	2 029 888	2 006 683
Borrowings	18	2 418 889	3 842 162	2 418 889	3 842 162
Total non-current liabilities		4 448 777	5 848 845	4 448 777	5 848 845
Current liabilities					
Trade and other payables	17	764 029	1 686 447	764 029	688 129
Borrowings	18	2 686 432	2 133 253	2 686 432	-
Bank overdraft	12	2 955	27 807	2 955	27 807
Amounts due to related parties	20.1	19 692	29 125	19 692	-
Total current liabilities		3 473 108	3 876 632	3 473 108	715 936
Total liabilities		7 921 885	9 725 477	7 921 885	6 564 781
Total equity and liabilities		14 726 120	16 218 355	14 726 120	13 387 978

The financial statements were approved and authorised for issue by the Board of Directors on 9 August 2023 and were signed on its behalf by:

CHAIRPERSON

DIRECTOR

BLANTYRE HOTELS PLC

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	12 months ended 31-12-2022 K'000	15 months ended 31-12-2021 K'000 Restated*	12 months ended 31-12-2022 K'000	15 months ended 31-12-2021 K'000
Revenue	21	3 370 851	1 974 975	3 370 851	1 974 975
Cost of sales	22	(1 504 808)	(1 086 962)	(1 504 808)	(1 086 962)
Gross profit		1 866 043	888 013	1 866 043	888 013
Other income		6 672	6 455	6 672	6 455
Selling and administration expenses	23	(1 888 567)	(1 739 026)	(1 868 071)	(1 479 569)
Impairment loss		(5 434)	(420)	(5 434)	(420)
Loss from operating activities		(21 286)	(844 978)	(790)	(585 521)
Finance income	24	156 993	*57 308	303 717	318 969
Finance cost	24	(752 489)	*(251 596)	(864 819)	(379 737)
Net finance cost		(595 496)	(194 288)	(561 102)	(60 768)
Gain/(loss) on disposal of subsidiary		323 197	-	(46 788)	-
Share of profit in associate		26 225	-	26 225	-
Loss before taxation		(267 360)	(1 039 266)	(582 455)	(646 289)
Taxation	19	131 450	287 427	116 226	169 212
Loss for the year		(135 910)	(751 839)	(466 229)	(477 077)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Surplus on revaluation of land and buildings		586 698	716 148	586 698	716 148
Deferred tax on revaluation		(139 431)	(215 871)	(139 431)	(215 871)
Total other comprehensive income		447 267	500 277	447 267	500 277
Total comprehensive income/(loss) for the year		311 357	(251 562)	(18 962)	23 200
Loss per share (tambala)					
Basic and diluted loss per share	25	(16)	(90)	-	-

* Refer to note 1.2

BLANTYRE HOTELS PLC
STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Share capital K'000	**Share premium K'000**	**Revaluation reserve K'000**	**(Accumulated losses)/ retained earnings K'000**	**Total equity K'000**
Company					
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
2021					
Opening balance as at 1 October 2020	41 988	1 340 153	4 903 821	514 035	6 799 997
Loss for the period	-	-	-	(477 077)	(477 077)
Revaluation surplus	-	-	716 148	-	716 148
Deferred tax on revalued property	-	-	(215 871)	-	(215 871)
Excess depreciation on revalued assets	-	-	(89 591)	89 591	-
Closing balance as at 31 December 2021	41 988	1 340 153	5 314 507	126 549	6 823 197

BLANTYRE HOTELS PLC
STATEMENTS OF CHANGES IN EQUITY (Continued)
For the year ended 31 December 2022

	Share capital K'000	Share premium K'000	Revaluation reserve K'000	Accumulated losses K'000	Total equity K'000
Group					
2022					
Opening balance as at 1 January 2022	41 988	1 340 153	5 314 507	(203 770)	6 492 878
Loss for the year	-	-	-	(135 910)	(135 910)
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
2021					
Opening balance as at 1 October 2020	41 988	1 340 153	4 903 821	458 478	6 744 440
Loss for the period	-	-	-	(751 839)	(751 839)
Revaluation surplus	-	-	716 148	-	716 148
Deferred tax on revalued property	-	-	(215 871)	-	(215 871)
Excess depreciation on revalued assets	-	-	(89 591)	89 591	-
Closing balance as at 31 December 2021	41 988	1 340 153	5 314 507	(203 770)	6 492 878

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.

BLANTYRE HOTELS PLC
STATEMENTS OF CASH FLOWS
For the year ended 31 December 2022

	Notes	Group 12 months ended 31-12-2022 K'000	Group 15 months ended 31-12-2021 K'000 *Restated	Company 12 months ended 31-12-2022 K'000	Company 15 months ended 31-12-2021 K'000 *Restated
Cash flows from operating activities					
Loss before income tax		(267 360)	(1 039 266)	(582 455)	(646 289)
Adjust for non-cash items					
Depreciation expense	7	164 374	220 242	164 374	220 242
Amortisation charge	8	326	813	326	813
Finance income	24	(156 993)	(57 308)*	(303 717)	(318 969)
Share of profit in associate	9b	(26 225)	-	(26 225)	-
(Gain)/loss on disposal of subsidiary	9b	(323 197)	-	46 788	-
Foreign exchange loss	24	-	150 660*	-	-
Finance costs	24	715 503	100 936*	864 819	379 737
Operating profit/(loss) before working capital changes		106 428	(623 923)	163 910	(364 466)
Movement in working capital					
Movement in inventories		(88 946)	(9 087)	(88 946)	(9 087)
Movement in trade and other receivables		21 108	(239 036)	21 108	(207 805)
Movement in trade and other payables		(397 971)	289 418*	75 900	157 567
(Decrease)/increase in related party payables		37 166	(125 223)	19 692	-
Cash (used in)/generated from operations		(322 215)	(707 851)*	191 664	(423 791)
Interest paid		(101 660)	(37 575)*	(101 660)	(37 575)*
Tax paid	19	(15 259)	(567)	(15 259)	(567)
Net cash (used in)/generated from operating activities		(439 134)	(745 993)*	74 745	(461 933) *
Cash flows from investing activities					
Purchase of property and equipment	7&17	(50 699)	(3 199 856)*	(50 699)	(38 051)
Purchase of intangible assets		(11 688)	-	(11 688)	-
Investment in subsidiary	9	-	-	-	(3 330 000)*
Cash and cash equivalents on loss of control		(16 492)	-	-	-
Finance income	24	64 375	57 308*	61 784	40 168*
Net cash used in investing activities		(14 504)	(3 142 548)*	(603)	(3 327 883)*
Cash flows from financing activities					
Loans received	18	500 000	5 500 000*	500 000	3 500 000*
Loan repayments	18	-	(2 044 477)	-	-
Capital raising costs					
Net cash generated from financing activities		500 000	3 455 523*	500 000	3 500 000*
Net increase/(decrease) in cash and cash equivalents		46 362	(433 018)	574 142	(289 816)
Cash and cash equivalents at the beginning of the year/period		636 916	1 069 934	109 136	398 952
Cash and cash equivalents at the end of the year/period	12	683 278	636 916	683 278	109 136

* Refer to note 1.2 to the financial statements.

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. In prior year Blantyre Hotel Plc had 100% shareholding in Oasis Hospitality Limited, a company incorporated in Malawi whose main business is the same as that of Blantyre Hotels Plc. In the current year, the Company's shareholding in Oasis was diluted to 28% following capital contributions made in the year by other investors. Accordingly, the investment in Oasis has been accounted for as an associate.

1.1 These consolidated and separate financial statements are presented in Malawi Kwacha Currency and rounded to the nearest thousand.

1.2 ***Restatement of 2021 statements of cash flows***

Prior period errors

In prior year, non-cash transactions were incorrectly included in the statement of cash flows for both the group and the company, which is not in accordance with IAS 7, Statement of Cash Flows. The group statement of comprehensive income also included finance costs and finance income that should have been eliminated on consolidation. The nature of these errors and the impact on the prior period financial statements has been set out below:

Group statement of cash flows and statement of comprehensive income

1. The prior year cash flow statement is restated due to errors in presenting the interest capitalised on loans as an addition to the loan of K733 million under financing activities with corresponding entries of K342 million as interest paid under operating activities and K391 million under investing activities. The K391 million was the net of an addition to PPE work in progress of K670 million and K279 million accrued interest receivable from Oasis Hospitality presented as finance income.
2. Non-cash item under operating activities include finance cost of K429 million of which K279 million interest expense was not eliminated against the finance income from Oasis Hospitality Ltd plus the non-cash foreign exchange loss of K150 million which was erroneously presented as part of interest cost in the cash flow statement under operating activities. and this should have been presented separately.
3. Furthermore, the interest income from Oasis Hospitality of K279 million was not eliminated in the consolidated for both statement of comprehensive income and cash flow statement
4. The non-cash foreign exchange loss of K150 million was erroneously presented as part of interest paid in the cash flow statement under operating activities.

	Notes	Previously reported 2021 K'000	Adjustment 2021 K'000	Restated 2021 K'000
Group Statement of cash flows				
Cash flows from operating activities				
Adjustments for non-cash items				
Finance Costs		530 397	(429 461)	100 936
Foreign exchange loss		-	150 660	150 660
Movement in payables		440 078	(150 660)	289 418
Cash generated used in operations		(557 191)	(150 660)	(707 851)
Interest paid		(530 397)	492 822	(37 575)
Net cash used in from operating activities		(1 088 155)	342 162	(745 993)
Cash flows from investing activities				
Additions to capital work in progress		(3 869 541)	669 685	(3 199 856)
Finance income		336 109	(278 801)	57 308
Net cash used in investing activities		(3 533 432)	270 224	(3 142 548)
Cash flows from financing activities				
Loans received		6 233 046	(733 046)	5 500 000
Net cash generated from financing activities		4 188 569	(733 046)	3 455 523
Statement of comprehensive income				
Finance income		336 109	278 801	57 308
Finance cost		(530 397)	(278 801	(251 596)

1. Reporting entity

1.2 Restatement of 2021 statements of cash flows (Continued)

1.2.1 The prior year cash flow statement is restated due to an error in presenting the interest capitalised on loans as an addition to the loan of K342 million under financing activities; while also erroneously recording K342 million as interest paid under operating activities.

1.2.2 The company recorded K279 million which was non-cash accrued interest receivable from Oasis Hospitality and erroneously presented it as finance income and capitalised it as an investment in subsidiary under investing activities.

	Notes	Previously reported 2021 K'000	Adjustment 2021 K'000	Restated 2021 K'000
Company				
Statement of cash flows				
Cash flows from operating activities				
Adjustments for non-cash items				
Interest paid		(379 737)	342 162	(37 575)
Net cash used in operating activities		(804 095)	342 162	(491 933)
Cash flows from investing activities				
Investment in subsidiary		(3 608 801)	278 801	(3 330 000)
Finance income		318 969	(278 801)	40 168
Net cash used in investing activities		(3 327 883)	-	(3 327 883)
Cash flows from financing activities				
Loans received		3 842 162	(342 162)	3 500 000
Net cash generated from financing activities		3 842 162	(342 162)	3 500 000

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 Group 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 2022.

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2022	Reference to the Conceptual Framework (Amendments to IFRS 3) The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.
Annual reporting periods beginning on or after 1 January 2022	Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

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 2022	Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (a example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
Annual reporting periods beginning on or after 1 January 2022	Makes amendments to the following standards: • IFRS 1 – The amendment permits a subsidiary that applies paragraph D16 (a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. • IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. • IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. • IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

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

2.2 Standards and Interpretations in issue, not yet effective

Several new standards, amendments to standards and interpretations are issued but not yet effective for periods ending 31 December 2022 and have not been applied in preparing these financial statements. 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 2023	IFRS 17 Insurance Contracts IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. The standard will not have an impact on the Company.
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 2023	Amendments to IFRS 17 Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 *Insurance Contracts* was published in 2017. The main changes are: • Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023 • Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk • Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination • Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level • Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements • Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives • Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held • Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts • Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.

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

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

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

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.
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.
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	Non-current Liabilities with Covenants (Amendments to IAS 1) The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

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

3. Significant accounting policies

3.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Standards)

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 Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

Going concern

The Directors have, at the time of approving the financial statements, are of the opinion that the Group have 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. As detailed on note 29 to the financial statements.

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

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities that are controlled by the Company and its subsidiaries. Under the Companies Act, 2013 and International Financial Reporting Standard 10 *Consolidated Financial Statements* control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including patterns at previous shareholders' meetings.

3. Significant accounting policies (Continued)

3.2 Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income and financial position from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

In the separate financial statements the investments are measured at fair value. These are valued on a regular basis by external valuers.

3.2.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between:

(i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
(ii) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group has directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.3 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.

3. Significant accounting policies (Continued)

3.3 Investments in associate (Continued)

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.

3.4 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 Group. 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.

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

3. Significant accounting policies (Continued)

3.4 Property and equipment (Continued)

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.

3.5 Intangible assets

Software acquired by the Group 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.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software from the date it is available for use. The estimated useful life of software is three years for the current and comparative years. Amortisation method, 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.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.6 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the property is derecognised.

3.7 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.

3.8 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation.

3. Significant accounting policies (Continued)

3.8 Provisions (Continued)

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.9 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 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 Group 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.

3.10 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 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.

3.11 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.

3. Significant accounting policies (Continued)

3.11 Employee benefits (Continued)

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 Group 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.

3.12 Revenue

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

The Group 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.
- 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 group's accommodation and related services. The group 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 group takes into account the expected redemption rate and the timing of such redemptions based on historical usage and forfeiture rates. The deferred revenue is recognised as contract liabilities, included in trade and other payables,

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

3.13 Finance income and expenses

The Group'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.

<u>Interest income</u>

Interest income from financial assets is recognised when it is probable that the economic benefit will flow to the Group 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. Significant accounting policies (Continued)

3.14 Borrowing costs

The Group borrowing costs directly attributable to the construction of the Oasis Hospitality Limited, which will necessarily take a substantial year of time to get ready for its intended use. The costs are added to the construction, until such time as the hotel will be 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.

3.15 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.

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

Financial assets

3.15.1 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 and effective as hedging instruments, are classified into the following categories:

- Amortised cost;
- Fair value through profit or loss (FVTPL); and
- Fair value through other comprehensive income (FVTOCI).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group'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 Group determines the business models at a level that reflects how Groups of financial assets are managed together to achieve a particular business objective. The Group'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 Group applies the following business models:-

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

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group 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 Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

3. Significant accounting policies (Continued)

3.15 Financial instruments (Continued)

Financial Assets (Continued)

3.15.1 Classification and initial measurement of financial assets (Continued)

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

3.15.2 Subsequent measurement of financial assets

Subsequently, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

(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.

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

3. Significant accounting policies (Continued)

3.15 Financial instruments

Financial Assets (Continued)

3.15.2 Subsequent measurement of financial assets (Continued)

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.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

(ii) Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income calculated using the effective interest method, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

3. Significant accounting policies (Continued)

3.15 Financial instruments (Continued)

Financial Assets (Continued)

3.15.2 Subsequent measurement of financial assets (Continued)

(iii) Financial assets at fair value through profit or loss
Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL.
- In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting year, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial.

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(iv) Foreign exchange gains and losses

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

3.16 Impairment of financial instruments

a) *Impairment of financial assets*
The Group 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 Group recognises a 12-month ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group'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 Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3. Significant accounting policies (Continued)

3.16 Impairment of financial instruments (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition.

In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instruments external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its credit terms;
- An actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the entity; and
- Debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Group 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:

- 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 Group, in full

Irrespective of the above analysis, the Group considers that default has occurred when the customer has defaulted.

3. Significant accounting policies (Continued)

3.16 Impairment of financial instruments (Continued)

(iii) 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 Group 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.

The Group computes a 12-month expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group'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.

3.17 *Derecognition of financial assets*

The Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group 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. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3.18 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 Group of similar transactions.

3. Significant accounting policies (Continued)

3.19 Earnings per share

The calculation of basic earnings 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.

3.20 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 Group's significant accounting policies

4.1.1 Valuation of properties

The Group 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 Knight Frank a registered valuer in Malawi. Refer to note 7 to the financial statements.

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 Group'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 5.4 to the financial statements.

4.1.3 Capitalisation of borrowing costs

The Group capitalises borrowing costs directly attributable to the construction of the hotel. The Group has capitalised all borrowing costs accumulated to date as these are directly attributed to construction of the hotel. Refer to note18 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; and

Note 7 - The residual values and useful lives of assets are reviewed at each reporting date and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate, useful lives and residual values are determined based on historical data on usage of the assets.

5. Financial risk management

5.1 Categories of financial instruments

	Note	Amortised Cost	Fair value Through P&L	Carrying Amount
	K'000	K'000	K'000	
Group and company				
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
Company				
At 31 December 2021				
Financial assets				
Trade and other receivables	11	225 456	-	225 456
Cash and cash equivalents	12	109 136	-	109 136
Total financial assets		334 592	-	334 592
Financial liabilities				
Trade and other payables	17	688 129	-	688 129
Other loan and liabilities	18	3 842 162	-	3 842 162
Total financial liabilities		4 530 291	-	4 530 291
Group				
At 31 December 2021				
Financial assets				
Trade and other receivables m	11	201 254	-	201 254
Cash and cash equivalents	12	636 916	-	636 916
Total financial assets		838 170	-	838 170
Financial liabilities				
Trade and other payables	17	1 686 447	-	1 686 447
Amounts due to related party	20.1	29 125	-	29 125
Other loan and liabilities	18	5 975 415	-	5 975 415
Total financial liabilities		7 690 987	-	7 690 987

5. Financial risk management (Continued)

5.2 Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

5.2.1 Valuation techniques and assumptions applied for the purposes of measuring fair value

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

5.2.2 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair value.

5.2.3 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The Group did not have any financial assets and financial liabilities that are measured at fair value at the end of the reporting year.

5.3 Overview of the Group's financial risk management framework

The Group 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 Group's exposure to each of the above risks, the Group'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 Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group's activities. The Group, 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)

5.3 Overview of the Group's financial 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 Group. 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.

5.4 Credit risk

Credit risk is the risk of the financial loss of the Group if the customer or counterparty to the financial instrument fails to meet its contractual obligations and arises principally from the Group'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:

		Group		Company	
	Note	**2022**	**2021**	**2022**	**2021**
		K'000	**K'000**	**K'000**	**K'000**
Trade receivables	11	259 480	163 727	259 480	163 727
Other receivables (excluding prepayments)	11	45 438	37 527	45 438	61 729
Cash and cash equivalents	12	683 278	636 916	683 278	109 136
Total		988 196	838 170	988 196	334 592

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

The Group has computed a 12-month expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix of debtors ageing based on the Group'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.

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 Group does not hold any collateral over these balances.

5. Financial risk management (Continued)

5.4 Credit risk (Continued)

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

	Note	Group and Company 2022 K'000	2021 K'000
Based in Malawi	11	259 480	163 727
		259 480	163 727

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	259 480	163 727

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

	Note	Group and Company 2022 K'000	2021 K'000
Trade Receivable		265 334	164 147
Impairment	11	(5 854)	(420)
Total	11	259 480	163 727

	%	amount	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		29	77 367	3 896
60 – 90 days past due		8	16 246	818
90 – 120 days past due		5	22 640	1 140
Total			265 334	5 854
31 December 2021				
Current not past due			94 628	-
30 – 60 days past due		29	47 941	244
60 – 90 days past due		8	12 584	65
90 – 120 days past due		5	8 994	111
Total			164 147	420

5. Financial risk management (Continued)

5.4 Credit risk (Continued)

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

	Note	2022 K'000	Net 2021 K'000
Impairment at beginning of the year		420	12 235
Change in loss allowance		5 434	(11 815)
Balance as at end of the year	11	5 854	420

In determining the recoverability of a trade receivable, the Group 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 Group 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 Group held cash and cash equivalents of K3.8 billion (31 December 2021: K637 million) as at 31 December 2022 of which K191 million (31 December 2021: K52million) 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.

5.5 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligation associated with the financial liabilities that are settled by delivering cash or another financial asset. The Group'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 due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation.

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

	Note	Carrying amount K'000	Less than 1 year K'000	After 1 year K'000
Group and Company				
As at 31 December 2022				
Trade payables and other payables	17	764 029	764 029	-
Amounts due to related parties	20.1	19 692	19 692	-
Borrowings	18	5 105 321	2 686 432	2 418 889
Total liabilities		5 889 042	3 470 153	2 418 889
Company				
As at 31 December 2021				
Trade payables and other payables	17	688 129	688 129	-
Borrowings	18	3 842 162	-	3 842 162
Total liabilities		4 530 291	688 129	3 842 162
Group				
As at 31 December 2021				
Trade payables and other payables	17	1 686 447	1 686 447	-
Borrowings	18	5 975 415	2 133 253	3 842 162
Amount due to related parties	20.1	29 125	29 125	-
Total liabilities		7 690 987	3 848 825	3 842 162

5. Financial risk management (Continued)

5.5. Financial instruments (Continued)

Liquidity of financial instruments

The following table details the Group'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 Group 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.

	Notes	Weighted average effective interest rate	Less than 1 to 4 months	5 – 12 months	1 -2 years	Over 2 years	Total	Carrying amount
		18%	K'000	K'000	K'000	K'000	K'000	K'000
Group and Company								
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**
Company								
31 December 2021								
Assets								
Trade and other receivables	11		225 456	-	-	-	225 456	225 456
Bank and cash balances	12		108 136	-	-	-	108 136	108 136
Total financial assets			334 592	-	-	-	334 592	334 592
Liabilities								
Trade and other payables	17		688 129	-	-	-	688 129	688 129
Total interest bearing debt	18		-	-	3 656 701	3 992 941	7 649 642	-
Total Financial liabilities			688 129	-	3 656 701	3 992 941	8 337 771	688 129
Liquidity gap			**(353 537)**	**-**	**(3 656 701)**	**(3 992 941)**	**(8 003 179)**	**(353 537)**
Cumulative			**(353 537)**	**(353 537)**	**(4 010 238)**	**(8 003 179)**	**-**	**(353 537)**

5. Financial risk management (Continued)

5.5. Financial instruments (Continued)

Liquidity of financial instruments (Continued)

	Notes	Weighted average effective interest rate	Less than 1 to 4 months	5 – 12 months	1 -2 years	Over 2 years	Total	Carrying amount
		18%	K'000	K'000	K'000	K'000	K'000	K'000
Group								
31 December 2021								
Assets								
Trade and other receivables	11		201 254	-	-	-	201 254	201 254
Bank and cash balances	12		636 916	-	-	-	636 916	636 916
Total financial assets			838 170	-	-	-	838 170	838 170
Liabilities								
Trade and other payables	17		1 686 447	-	-	-	1 686 447	1 686 447
Total interest bearing debt	18		2 133 253	-	3 656 701	3 992 941	9 782 895	2 133 253
Amount due to related parties	20.1		29 125	-	-	-	29 125	29 125
Total financial liabilities			3 848 825	-	3 656 701	3 992 941	11 498 467	3 848 825
Liquidity gap			**(3 010 655)**	**-**	**(3 656 701)**	**(3 992 941)**	**(10 660 297)**	**(3 010 655)**
Cumulative			**(3 010 655)**	**(3 010 655)**	**(6 667 356)**	**(10 660 297)**	**-**	**(3 010 655)**

5. Market risk

The market risk is the risk that changes in market prices such as foreign exchange and interest rates will affect the Group'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.

5.6.1 Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in currency other than the functional currency of the Group, 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 Group 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 Group's foreign exchange exposures at the reporting date were as follows:

				Group and Company 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

5. Financial risk management (Continued)

5.6.1 Currency risk (Continued)

				Group and Company 2021	
	Assets	**Liabilities**	**Net**	**Exchange Rate Movement**	**Impact on profit and equity (net of tax)**
USD	37 360	-	40 718	10%	2 850
ZAR	2 815	-	497	10%	35
GBP	4 728	-	4 304	10%	301
EUR	7 335	-	4 213	10%	295
	52 238	-	49 732		3 481

As at 31 December 2022, if the Malawi Kwacha had weakened/strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year and equity would have been K20 million (2021: K3.5 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of foreign currency-denominated financial instruments.

5.6.2 Interest rate risk

The Group 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 Group's interest-bearing financial instruments was:

Variable rate instruments

		Group		Company	
	Note	**2022 K'000**	**2021 K'000**	**2022 K'000**	**2021 K'000**
Borrowings	18	5 105 321	5 975 415	5 105 321	3 842 162
		5 105 321	5 975 415	5 105 321	3 842 162

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.

Oasis Hospitality Limited obtained a loan of K2 billion from Standard Bank which attracted interest rate at an average 364 Malawi Government Treasury Bill rate plus a premium of 3%. Refer to note 18 of the financial statements. The loan has been repaid during the year.

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 K186 million (2021: K19 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Fixed rate instrument

		Group		Company	
	Note	**2022 K'000**	**2021 K'000**	**2022 K'000**	**2021 K'000**
Fixed deposits	12	455 941	84 705	455 941	84 705

Cash and cash equivalents earn interest at a rate of 1% -12.5% (2021: 1% -12.5%).

Fair value sensitivity analysis for fixed rate instruments

The Group 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 Group's objectives when managing capital are to safeguard the Group'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 Group 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 Group 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.

	Group		Company	
	2022	2021	2022	2021
	K'000	K'000	K'000	K000
Trade and other payables	764 029	1 686 447	764 029	688 129
Borrowings	5 105 321	5 975 415	5 105 321	3 842 162
Amounts due to related parties	19 692	27 956	19 692	-
Total liabilities	5 889 042	7 689 818	5 889 042	4 530 291
Total equity	6 804 235	6 492 878	6 804 235	6 823 197
Gearing ratio	87%	118%	87%	66%

The Group 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
Group						
31 December 2022						
Cost/valuation						
1 January 2022	3 763 264	6 610 000	117 249	1 327 757	3 895 385	15 713 655
Transfer on loss of control	(2 103 264)	-	-	-	(3 766 013)	(5 869 277)
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
Revaluation	-	(78 698)	-	-	-	(78 698)
At 31 December 2022	-	-	107 493	1 036 420	-	1 146 913
Carrying amounts						
At 31 December 2022	1 936 000	6 842 000	9 756	339 036	129 372	9 256 164

7. Property and equipment (Continued)

	Freehold land K'000	Buildings K'000	Motor vehicles K'000	Furniture equipment K'000	Capital WIP K'000	Total K'000
Group (Continued)						
31 December 2021						
Cost/valuation						
1 October 2020	3 616 264	6 131 000	117 249	1 297 219	2 030 005	13 191 737
Additions	-	7 513	-	30 538	1 865 380	1 903 431
Revaluation	147 000	471 487	-	-	-	618 487
At 31 December 2021	3 763 264	6 610 000	117 249	1 327 757	3 895 385	15 713 655
Accumulated depreciation						
1 October 2020	-	-	90 060	848 596	-	938 656
Charge for the year	-	97 661	12 234	110 347	-	220 242
Reversal on revaluation	-	(97 661)	-	-	-	(97 661)
At 31 December 2021	-	-	102 294	958 943	-	1 061 237
Carrying amount						
At 31 December 2021	3 763 264	6 610 000	14 955	368 814	3 895 385	14 652 418

Freehold land include K2.1 billion consideration price for land acquired from Lilongwe Golf Club (LGC) where Lilongwe Ryalls Hotel is being constructed.

Included in additions for capital work in progress (WIP) is an amount of K2.7 billion (2021 K1. 86 billion) relating to the hotel project as further detailed in note 9 to the financial statements.

	Freehold land K'000	Buildings K'000	Motor vehicles K'000	Furniture equipment K'000	Capital WIP K'000	Total K'000
Company						
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
Revaluation	-	(78 698)	-	-	-	(78 698)
At 31 December 2022	-	-	107 493	1 036 420	-	1 146 913
Carrying amounts						
At 31 December 2022	1 936 000	6 842 000	9 756	339 036	129 372	9 256 164

7. Property and equipment (Continued)

	Freehold land K'000	Buildings K'000	Motor vehicles K'000	Furniture equipment K'000	Capital WIP K'000	Total K'000
Company						
31 December 2021						
Cost/valuation						
1 October 2020	1 513 000	6 131 000	117 249	1 297 219	129 372	9 187 840
Additions	-	7 5 13	-	30 538	-	38 051
Revaluation surplus	147 000	471 487	-	-	-	618 487
At 31 December 2021	1 660 000	6 610 000	117 249	1 327 757	129 372	9 844 378
Accumulated depreciation						
1 October 2020	-	-	90 060	848 596	-	938 656
Charge for the year	-	97 661	12 234	110 347		220 242
Revaluation	-	(97 661)	-	-	-	(97661)
At 31 December 2021	-	-	102 294	958 943	-	1 061 237
Carrying amounts						
At 31 December 2021	1 660 000	6 610 000	14 955	368 814	129 372	8 783 141

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

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 2022 and 31 December 2021 were performed by Aaron Chalunda (2021: Nickson S.C. Mwanyali) from Knight and Frank, an independent firm not related to the Group 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 recent market transactions on arm's length terms for similar properties.

Had it been that the Group did not adopt a revaluation policy, the carrying amount of land and buildings for the Company would have been K728 million (2021: K736 million).

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from 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.

7. Property and equipment (Continued)

	Group		Company	
	2022	2021	2022	2021
Level 3	Level 3	Level 3	Level 3	
	K'000	K'000	K'000	K'000
Land	4 039 264	3 763 264	1 936 000	1 660 000
Buildings	6 842 000	6 610 000	6 842 000	6 610 000
Land and buildings	10 881 264	10 373 264	8 778 000	8 270 000

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

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

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Valuation techniques	Significant unobservable inputs	Sensitivity analysis
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 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 K1.6 billion while a 1% decrease in the capitalisation rate would result into an increase in the value of property by 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 K194 million increase or decrease of the value of property.

	Group		Company	
	2022	**2021**	**2022**	**2021**
	K'000	**K'000**	**K'000**	**K'000**
8. Intangible assets				
Software				
Cost				
At the beginning of the year/period	30 988	30 988	30 988	30 988
Additions	11 688	-	11 688	-
At the end of the year/period	42 676	30 988	42 676	30 988
Amortisation				
At the beginning of the year/period	30 988	30 175	30 988	30 175
Amortization charge for the year/period	326	813	326	813
At the end of the year	31 314	30 988	31 314	30 988
Carrying amount at the end of the year/period	11 362	-	11 362	-

9a Investment in subsidiary

	2022	2021
	K'000	**K'000**
Opening balance	3 686 301	77 500
Loan to subsidiary	-	3 330 000
Interest capitalised	149 315	278 801
Cost of investments as at 31 March 2022	3 835 616	3 686 301

In the prior year, Blantyre Hotels Plc (BHL) held 100% shareholding of Oasis Hospitality Limited. However, during the year, 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 remaining investment from April 2022, has been accounted for as investment in associate using the equity method in these consolidated financial statements as set out in the accounting policies in note 3.3. 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

	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)

9a Investment in subsidiary (Continued)

The gain recognised on disposal is the fair value of the remaining investment at the date of loss of control less the carrying amount of the investment or the net assets in Oasis at that date. The financial statements have been consolidated up to March 2022 the period Oasis was wholly owned by the company.

The assets and liabilities in Oasis as at the 31March 2022 for group purposes are detailed below.

	2022
	K'000
Assets	
Property, land and equipment	6 103 648
Deferred tax	158 834
Trade and other receivables	7 442
Cash and cash equivalents	16 492
Total assets	6 286 416
Liabilities	
Trade and other payables	602 477
Loans	2 218 308
Total liabilities	2 820 785
Net assets	3 465 631
Fair value of remaining holding immediately after loss of control	3 788 828
Gain on disposal of subsidiary by group	323 197

9b Investment in associate

Balance as at 1 April 2022	3 788 828
Share of profit	26 225
Interest on amount awaiting capitalisation	92 618
Balance as at 31 December 2022	3 907 671
Analysed as follows	
Property, land and equipment	8 582 205
Deferred tax	150 527
Trade and other receivables	733 394
Cash and cash equivalents	3 135 988
Total assets	12 602 114
Liabilities	
Trade and other payables	814 886
Loans and other liabilities	843 819
Total liabilities	1 658 705

9b Investment in associate (Continued)

	2022 K'000
Net assets in Oasis as at 31 December 2022	10 943 409
Company's share at 28%	3 064 154
Amount awaiting capitalisation	843 517
Balance as at 31 December 2022	3 907 671

Blantyre Hotels plc invested in Oasis an amount of K3.3 billion through a convertible loan being funds awaiting capitalisation into equity. The conversion of the loan to equity is done in phases as capital calls are made on the investors in Oasis. The amount of K843 million awaiting capitalisation as at 31 December 2022 is expected to be capitalised subsequent to year end as further capital calls are made from the investors.

The Company is expected to invest an additional amount totalling to US$9.514 million (K9.9 billion) for furniture, fittings and equipment in Oasis Hospitality Limited by the end of the project.

	Group		Company	
	2022 K'000	2021 K'000	2022 K'000	2021 K'000
10. Inventories				
Food stuff and beverages	57 798	44 705	57 798	44 705
Consumables	66 764	80 652	66 764	80 652
Operating stock	243 254	163 081	243 254	163 081
Goods in transit	13 346	3 778	13 346	3 778
Total inventories	381 162	292 216	381 162	292 216
11. Trade and other receivables				
Trade receivables	265 334	164 147	265 334	164 147
Expected credit losses	(5 854)	(420)	(5 854)	(420)
	259 480	163 727	259 480	163 727
Sundry receivables	43 558	32 549	43 558	56 750
Staff advances	1 880	4 978	1 880	4 979
Prepayment	80 044	180 614	80 044	180 614
	384 962	381 868	384 962	406 070

The average credit year 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 Group has computed a 12-month 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 Group'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. Impact of Covid-19 has also been considered in computing the expected credit losses. This includes applying the default rate on debtors within 30 days as this reflects the economic downturn experience by entities operating in different industries.

	Group		Company	
	2022	**2021**	**2022**	**2021**
	K'000	**K'000**	**K'000**	**K'000**
12. Cash and cash equivalents				
Foreign currency accounts	191 343	52 238	191 343	52 238
Current account balances	38 949	527 780	38 949	-
Fixed deposits	455 941	84 705	455 941	84 705
	686 233	664 723	686 233	136 943
Bank overdraft	(2 955)	(27 807)	(2 955)	(27 807)
At the end of the year	683 278	636 916	683 278	109 136

The Group and Company did not have any bank overdraft facility with their bankers. The overdraft is sitting cash book as reconciled to the bank balance.

The Group and Company's bank accounts includes deposit of NBS Bank Plc a related party, amounting to K200 million (2021: K527million). The rests 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% (2021: 1%) and the fixed deposits earned interest of up to 13% (2021: 12%).

	Group		Company	
	2022	**2021**	**2022**	**2021**
	K'000	**K'000**	**K'000**	**K'000**
13. Share capital				
Authorised Company 5 000 000 000 ordinary shares at 5 tambala each (2021: 5,000,000,000 ordinary shares at 5 tambala each)	250 000	250 000	250 000	250 000
Issued and fully paid Company 839 750 705 (2021: 839,750,705 ordinary shares)	41 988	41 988	41 988	41 988
14. Share premium				
At the beginning of the year/period	1 340 153	1 340 153	1 340 153	1 340 153
15. Revaluation reserve				
At the beginning of the year/period	5 314 507	4 903 821	5 314 507	4 903 821
Increase in revaluation	586 698	716 148	586 698	716 148
Depreciation on revaluation	(70 715)	(89 591)	(70 715)	(89 591)
Deferred tax	(139 431)	(215 871)	(139 431)	(215 871)
At the end of the year/period	5 691 059	5 314 507	5 691 059	5 314 507

16. Deferred tax

	Asset 2022 K'000	Asset 2021 K'000	Liability 2022 K'000	Liability 2021 K'000
Group and Company				
31 December 2021				
Property, plant and equipment	-	-	2 489 457	2 335 377
Other temporary differences	-	143 610	(459 569)	(328 694)
	-	143 610	2 029 888	2 006 683

	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
Group				
31 December 2022				
Property and equipment	2 199 389	(3 956)	139 431	2 334 864
Deferred tax asset at date of disposal	158 834	-	-	158 834
Other temporary differences	(336 316)	(127 494)	-	(463 810)
	2 021 908	(131 450)	139 431	2 029 888
Group				
31 December 2021				
Property and equipment	2 178 851	(169 357)	189 895	2 199 389
Other temporary differences	(244 222)	(118 070)	25 976	(336 316)
	1 934 629	(287 427)	215 871	1 863 073
Company				
31 December 2022				
Property and equipment	2 353 982	(3 956)	139 431	2 489 457
Other temporary differences	(347 299)	(112 270)	-	(459 569)
	2 006 683	(116 226)	139 431	2 029 888
Company				
31 December 2021				
Property and equipment	2 178 851	(14 764)	189 895	2 353 982
Other temporary differences	(218 827)	(154 448)	25 976	(347 299)
	1 960 024	(169 212)	215 871	2 006 683

17 Trade and other payables

	Group		Company	
	2022 K'000	2021 K'000	2022 K'000	2021 K'000
Trade payables	284 199	1 133 944	284 199	302 185
Other payables	479 830	552 503	479 830	385 944
Total trade and other payables	764 029	1 686 447	764 029	688 129

Other payables include the following:

	Group 2022 K'000	Group 2021 K'000	Company 2022 K'000	Company 2021 K'000
Penalty charge on land acquisition	-	160 313	-	-
Accruals	301 328	246 193	301 328	246 193
Audit fees	26 712	26 140	26 712	19 894
Defined contribution pension accrual	30 350	15 416	30 350	15 416
Gym advance payments	337	285	337	285
Management fees payable	61 712	72 823	61 712	72 823
Advance deposits	8 994	320	8 994	320
Unclaimed dividends	13 784	13 814	13 784	13 814
	443 217	535 304	443 217	368 745
Other taxes due	12 379	9 266	12 379	9 266
VAT payable	24 234	7 933	24 234	7 933
	479 830	552 503	479 830	385 944

The Group accruals include amount payable to various consultancy who are being engaged to provide architectural and other services on the Lilongwe hotel construction project.

The average credit year 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

	NBS Bank K'000	NAML K'000	Standard Bank K'000	NBM K'000	Total K'000
Group and Company					
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
Company					
31 December 2021					
Balance at the beginning of the year	-	-	-	-	-
Additions	-	-	-	3 500 000	3 500 000
Accrued interest for the year	-	-	-	342 162	342 162
Balance as at end of the year	-	-	-	3 842 162	3 842 162
Group					
31 December 2021					
Balance at the beginning of the period	836 527	950 319	-	-	1 786 846
Additions	-	-	2 000 000	3 500 000	5 500 000
Accrued interest for the period	128 723	128 908	133 253	342 162	733 046
Repayment	(965 250)	(1 079 227)	-	-	(2 044 477)
Balance as at end of the period	-	-	2 133 253	3 842 162	5 975 415

Analysed as follows**:**

	Group 2022 K'000	Group 2021 K'000	Company 2022 K'000	Company 2021 K'000
Current	2 686 432	2 133 253	2 686 432	-
Non-current	2 418 889	3 842 162	2 418 889	3 842 162
Total	5 105 321	5 975 415	5 105 321	3 842 162

18. Borrowings (Continued)

Standard Bank loan
A loan of K2 billion was obtained by Oasis Hospitality from Standard Bank in May 2021 at an average 364 Malawi Government Treasury bill rate plus a premium of 3% and was repayable in 12 months as a bullet payment on maturity. The facility was secured by a Corporate Guarantee by Blantyre Hotels plc. The amount was paid during the year from finances received through capital contributions from the investors participating in constructing the Lilongwe hotel project.

National Bank of Malawi loan
In prior year, a loan of K3.5 billion was obtained by the Company from National Bank of Malawi Plc in the year 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 on both principal and interest repayment. During the year, the Company drew down the remaining K500 million bringing the loan to K4 billion. 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 K8.8 billion as at 31 December 2022 (2021: K8.3 billion), is included as part of the property and equipment as detailed in note 7 to the financial statements. Subsequent to year end, the moratorium was extended for another 3 months for repayments to commence from August 2023 instead of the previously scheduled repayment start date of 30 April 2023.
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	Group				Company			
	2022		**2021**		**2022**		**2021**	
	K'000		**K'000**		**K'000**		**K'000**	
19. Taxation								
Current income tax liabilities								
Balance at the beginning of the year/period	(83 520)		(82 953)		(83 307)		(82 740)	
Realised through disposal on loss of control	213							
Paid during the year/period	(15 259)		(567)		(15 259)		(567)	
Balance at the end of the year/period	(98 566)		(83 520)		(98 566)		(83 307)	
Income tax credit								
Income tax payable as assessed at 30%	-		-		-		-	
Deferred tax movement (net) (note 16)	(131 450)		(287 427)		(116 226)		(169 212)	
Total income tax credit	(131 450)		(287 427)		(116 226)		(169 212)	
Reconciliation of the effective tax rate								
Loss before tax	(267 360)		(1 039 266)		(582 455)		(646 289)	
Income tax at standard rate	80 208	30%	(307 879)	30%	(174 736)	(30) %	(192 836)	30%
Permanent differences	(211 658)	(79)%	20 452	2%	58 510	10%	23 624	4%
Effective tax	(131 450)	(49)%	(287 427)	28%	(116 226)	20%	(169 212)	26%

20. Related party transactions and balances

The Group'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 Group to shareholders and by shareholders to the Group at arm's length.

				The following related party transactions took place during the year:						
			Group				Company			
Related party	**Relationship**	**Type of transaction**	**Value of transactions from/(to)**	**Balance at year end**	**Value of transactions from/(to)**	**Balance at year end**	**Value of transactions from/(to)**	**Balance at year end**	**Value of transactions from/(to)**	**Balance at year end**
			2022	**2022**	**2021**	**2021**	**2022**	**2022**	**2021**	**2021**
			K'000	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
NICO Asset Managers Limited	Common sharehol/der	- Accommodation	1 667	-	-	-	1 687	-	-	-
		-Transfer, secretarial and	-	-	-	-	-	-	-	-
		consultancy fees	38 533	-	50 481	-	38 533	-	50 481	-
		-Administrative and	-	-	-	-	-	-	-	-
		financial management	-	-	-	-	-	-	-	-
		service	-	-	87 375	29 125	-	-	87 375	-
		-Interest on loan	-	-	128 908	-	-	-	-	-
Luxury Hotels International South Africa (Pty) Limited	Management Group	- Management fees	109 806	-	57 813	-	109 806	-	57 813	-
		- Marketing fees	50 680	-	30 487	-	50 680	-	30 487	-
		- Incentive fees	45 114	-	(1 736)	-	45 114	-	(1 736)	-
		-Program Services fund	36 724	-	24 645	-	36 724	-	24 645	-
NICO Life Insurance Company Limited	Shareholder	Accommodation	28 875	-	-	-	28 875	-	-	-
		Pension and Life cover	84 412	-	94 585	-	84 412	-	94 585	-
NICO Holdings Plc	Parent of shareholder	-Accommodation	43 022	-	559	-	43 022	-	559	-
Press Trust	Shareholder	Accommodation	8 969	-	2 346	-	8 969	-	2 346	-
NICO General Insurance Company Limited	Common shareholder	Accommodation	-	-	-	-	-	-	-	-
		Insurance	34 875	-	44 508	-	34 875	-	44 508	-
		Lease	-	-	-	-	-	-	-	-
Oasis Hospitality Limited	subsidiary	Investment	-	19 692	3 500 000	-	-	19 692	3 500,000	-
Eris Properties Limited	Common shareholder	Property Development Services	-	-	-	-		-	-	-
Africap	Common shareholder	Accommodation	1 989	-	674	-	1 989	-	674	-
NBS Bank Loan	Common shareholder	Loan principal arrangement fees interest	-	-	128 723	-	-	-	-	-
NBS Bank Loan	Common shareholder	Bank balance	-	-	-	(527 780)	-	-	-	-
NICO Capital Limited	Common Shareholder	Consultancy fee	-	-	-	-	-	-	-	-
				The amounts in brackets indicate services provided to related party by Blantyre Hotels Plc whilst the others indicate the service acquired from related parties at arm's length.						

20. Related party transactions (Continued)

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

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

Compensation to key management personnel
In addition to key management personnel's salaries the Group 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% (2021: 8.63%) of the basic pay while the Group contributes 15.62% (2021: 8.63%) of the basic pay to cover pension and Group life cover.

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	K'000	**K'000**	**K'000**	**K'000**
Short-term employee benefits				
Salaries and bonuses	263 650	69 835	203 650	69 835
Directors' fees	10 649	10 649	10 649	10 649
Other long-term employee benefits				
Pension	8 165	7 423	8 165	7 423

20.1 Amounts due to related parties

NICO Asset Managers	-	29 125	-	-
Oasis Hospitality Limited	19 692	-	19 692	-
Total	19 692	29 125	19 692	-
Bonus payable (included in accruals under 17)	50 158	-	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:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	K'000	**K'000**	**K'000**	**K'000**
Accommodation	1 661 751	842 214	1 661 751	842 214
Food and beverages	1 642 424	1 086 047	1 642 424	1 086 047
Other revenues	66 676	46 714	66 676	46 714
Total revenue	3 370 851	1 974 975	3 370 851	1 974 975

- 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.

		Group		Company	
		2022	2021	2022	2021
		K'000	K'000	K'000	K'000
22.	**Cost of sales**				
	Salaries and wages	545 331	487 815	545 331	487 815
	Guest entertainment and supplies + Sundries	129 299	75 048	129 299	75 048
	Room cleaning and maintenance + telephone	77 192	35 373	77 192	35 373
	Food and beverages costs	674 642	409 423	674 642	409 423
	Sundries	78 344	79 303	78 344	79 303
	Total cost of sales	1 504 808	1 086 962	1 504 808	1 086 962
23.	**Selling and administration expenses**				
	Auditor's fees and expenses	31 330	31 322	30 770	25 076
	Bad debt actual	4 479	-	4 479	-
	Bank charges	11 742	11 214	11 392	9 964
	Board expenses	12 017	12 071	12 017	11 773
	Capital raising cost	19 320	-	19 320	-
	Commission on credit cards	46 395	16 115	46 395	16 115
	Computer expenses	49 391	57 682	49 391	57 682
	Consultancy fees	17 475	87 375	-	-
	Group secretarial and transfer expenses	38 533	50 481	38 533	50 481
	Depreciation and amortisation	164 699	221 054	164 699	221 054
	Directors' fees	10 649	10 649	10 649	10 649
	Donation and subscriptions	2 618	2 974	2 618	2 974
	Fees to management Group (Note 23.1)	164 550	111 209	164 550	111 209
	Fringe benefit tax	30 527	12 121	30 527	12 121
	Internal audit expense	9 343	2 493	9 343	2 493
	Interest on land acquisition	-	160 313	-	-
	Insurance	34 875	44 508	34 875	44 508
	Legal and other professional fees	8 168	9 197	8 168	7 436
	Levies, licenses and permits	3 953	4 970	3 953	4 970
	Malawi Stock Exchange annual listing fees	28 000	32 896	28 000	32 896
	Marketing expenses	47 889	42 159	47 889	42 159
	Motor vehicles	13 889	8 646	13 889	8 646
	Other staff costs	273 477	148 451	273 477	148 749
	Postage	1 412	1 485	1 412	1 485
	Power and lighting	174 760	167 411	174 760	167 411
	Printing and stationery	6 882	6 836	6 882	6 368
	Promotion	13 360	16 703	13 360	16 703
	Rates and taxes	26 087	32 802	23 976	32 802
	Repairs and maintenance	173 436	90 070	173 436	90 070
	Salaries and wages	297 677	240 872	297 677	240 872
	Security	45 707	41 263	45 707	41 263
	Sundry expenses	8 594	4 801	8 594	4 118
	Telephone	11 082	10 858	11 082	10 858
	Travel	11 038	8 489	11 038	7 108
	Lease rental	51 121	-	51 121	-
	Water	44 092	39 536	44 092	39 556
	Total	1 888 567	1 739 026	1 868 071	1 479 569
23.b	Bad debt provision	5 434	420	5 434	420

	Group 2022 K'000	Group 2021 K'000	Company 2022 K'000	Company 2021 K'000
23.1 Fees payable to Management Company				
Management fees	109 806	57 813	109 806	57 813
Marketing fees	50 680	30 487	50 680	30 487
Incentive fees	45 114	(1736)	45 114	(1 736)
Provident service fund	36 724	24 645	36 724	24 645
	242 324	111 209	242 324	111 209
24. Finance income/(costs)				
Interest income	156 993	57 308	287 805	314 329
Exchange gains (net)	-	-	15 912	4 640
	156 993	57 308	303 717	318 969
Interest expense and other finance costs				
Realised exchange losses	**(**36 986)	**-**	**-**	**-**
Unrealised exchange losses	-	(150 660)	-	-
Interest on loan and other bank charges	(715 503)	(100 936)	(864 819)	(379 737)
	(752 489)	(251 596)	(864 819)	(379 737)
Net finance (cost)/ income	(595 496**)**	(194 288)	(561 102)	(60 768)

25. Loss per share

The calculation of basic and diluted (loss) per share is based on loss attributable to shareholders of the Company of K136 million (2021: K752 million) and the weighted average number of ordinary shares during the year of 839 750 705 (2021**:** 839 750 705).

Loss per Share is as below:-

	Group 2022 K'000	Group 2021 K'000
Loss for the year (MK'000)	(135 909)	(751 839)
Weighted average number of shares ('000)	839 750	839 750
Basic and diluted loss per Share (tambala)	(16)	(90)

26. Dividends

No dividends were declared and paid (2021: Nil) due to the Group's financial performance.

27. Capital commitments and contingent liabilities

The board approved capital commitments relating to refurbishment and equipment costs amounting to K426 million at the end of the year (2021: K300 million). These costs are to be funded wholly by funds generated internally.

As detailed in note 18 to the financial statements, in 2021, Blantyre Hotels Plc provided a Corporate Guarantee of the loan totaling K2 billion for Oasis Hospitality Limited as the majority shareholder of the subsidiary.

The development costs of the hotel by Oasis Hospitality Limited are estimated at US$36.522 million (K37.8 billion) and Blantyre Hotels Plc is expected to invest an additional US$9.514 million (K9.9 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 Group have chosen to organise the Group around differences in services provided. No operating segments have been aggregated in arriving at the reportable segments of the Group. Specifically, the Group's reportable segments under IFRS 8 are accommodation and food and beverage.

	Group and Company			
	Accommodation		Food and beverage	
	2022	2021	2022	2021
	K'000	K'000	K'000	K'000
Revenue	1 661 751	842 214	1 642 424	1 086 047
Operating expenses	314 820	243 752	1 045 132	737 091
Segment profit	1 346 931	598 462	597 292	348 956

Revenue reported above represents revenue generated from external customers.

The segments do not have separately reportable assets and liabilities.

29. Going concern

The Group and the Company have incurred a net loss of K136 million (2021: K752 million) and K466 million (2021: K477 million), respectively, during the year ended 31 December 2022. The Company's current liabilities exceeded current assets by K2 billion.

The Group 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. The Company's current liabilities exceeded the current assets because of the loan repayment instalment due subsequent to year end. The Directors have not been able to measure reliably the amount expected from the rights issue to aid in repayment of the National Bank of Malawi loan repayment expected subsequent to year end.

Even though these conditions may cast significant doubts on the Company's ability to continue as a going concern, the Group and Company financial statements have been prepared on a going concern basis as the Directors believe the Group and Company are a going concern because financial resources have been assured through shareholders who have committed to provide a shareholders' loan of about K2.1 billion to the Company before end of August 2023 which, together with the cash expected to be generated from operations, will be adequate to facilitate the loan repayment instalments due in the next 12 months.

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 Group are stated below, together with the increase in the National Consumer Price Index, which represents an official measure of inflation.

	2022	**2021**
Kwacha/Rand	62	57
Kwacha/US Dollar	1 028	817
Kwacha / British Pound	1 274	1 102
Inflation rate (%)	25.8	9.8

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

Kwacha/Rand	59
Kwacha/USD	1 084
Kwacha /British Pound	1 426
Inflation rate (%) (June 2023)	27.3

31. Events after reporting year

As detailed in note 18 to the financial statements, subsequent to the reporting date, the moratorium for commencement of repaying the loan from National Bank of Malawi Plc was extended for another 3 months so that repayments should commence from August 2023 instead of the previously scheduled repayment start date of 30 April 2023.

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