

ASILIA LODGES AND CAMPS LIMITED  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023

ASILIA LODGES AND CAMPS LIMITED  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2023

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ASILIA LODGES AND CAMPS LIMITED  
CORPORATE INFORMATION

DIRECTORS	Name	Position	Nationality
	Jeroen Harderwijk*	Director	Dutch
	Damian Bell	Director	British
	Jane Ngwatu*	Director	Tanzanian
	Paul Ole Kirimbai	Director	Tanzanian
	Cosmas Kisela*	Director	Tanzanian
	Brandon Kemp	Director	South African

\*Executive Director

REGISTERED OFFICE  
AND PRINCIPAL PLACE OF  
BUSINESS

Asilia Lodges and Camps Limited  
P.O. Box 1111  
Olasiti, Mbauda  
Arusha

COMPANY SECRETARY AND  
LAWYER

Deogratias Urassa  
Plot No. 80 Jandu Street  
Corridor Area  
P.O. Box 14765  
Arusha

MAIN BANKERS

Stanbic Bank Tanzania Limited Sokoine Road P.O. Box 3062 Arusha	CRDB Bank Plc Arusha Branch, Sokoine Road P.O. Box 1350 Arusha
Absa Bank Tanzania Limited Sopa Plaza, Serengeti Road P.O. Box 14652 Arusha	NMB Bank Plc. Arusha Business Centre P.O. Box 632 Arusha
Exim Bank Tanzania Limited Subzail Building, Goliendoi Road P.O. Box 1906 Arusha	

AUDITORS

Deloitte & Touche  
Certified Public Accountants (Tanzania)  
3<sup>rd</sup> Floor, ARIS House  
Plot 152, Haile Selassie Road, Oysterbay  
P.O. Box 1559  
Dar es Salaam

ASILIA LODGES AND CAMPS LIMITED  
REPORT BY THOSE CHARGED WITH COVERNANCE  
FOR THE YEAR ENDED 31 MAY 2023

The Directors present their report together with the audited financial statements of Asilia Lodges and Camps Limited (the "Company") for the year ended 31 May 2023 which disclose the state of affairs of the Company.

**1. INCORPORATION**

The Company is incorporated in Tanzania under the Companies Act, CAP 212 Act No. 12 of 2002 as a private limited liability company.

**2. COMPANY OUTLOOK**

**a. VISION**

To become the best run and most respected tourism company in Tanzania by its customers, employees, communities and other stakeholders building sustainable conservation economies.

**b. MISSION**

The Company's mission is to provide highly tailored small-scale high-end safaris and accommodation services to wildlife lovers around the world with its portfolio of up market lodges and motor vehicles.

**3. PRINCIPAL ACTIVITIES**

The principal activities of the Company is provision of high-end safari and accommodation services to local and international client base.

**4. DIRECTORS AND COMPANY SECRETARY**

The Directors who held office during the year and to the date of this report were as indicated in the corporate information on page 1.

The Company Secretary at the date of this report who has served throughout the year was Deogratias Urassa.

**5. CORPORATE GOVERNANCE**

The Board of Directors consists of six (6) Directors. Three (3) Directors hold executive position in the Company. The Board takes overall responsibility for the Company including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters and reviewing the performance of management business plans and budgets.

The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative and for compliance with sound corporate governance principles.

ASILIA LODGES AND CAMPS LIMITED  
REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

6. SHAREHOLDERS OF THE COMPANY

As at the date of this report, issued, authorised and fully paid ordinary shares were 169,230 (2022: 169,230 shares) of TZS 100,000 each. The Company has only ordinary share capital at the date of this report.

Shareholders of the Company at the date of this report are as follows:

Name	2023		2022	
	Number of shares	% of holding	Number of shares	% of holding
Nawiri Group Limited (formerly African Spirit Limited)	168,673	99.671	168,673	99.671
Jane Ngwatu	368	0.217	368	0.217
Paul Ole Kirimbai	169	0.100	169	0.100
Jeroen Harderwijk	10	0.006	10	0.006
Brandon Kemp	10	0.006	10	0.006
	<u>169,230</u>	<u>100.000</u>	<u>169,230</u>	<u>100.000</u>

7. DIRECTORS' INTERESTS

The Directors' interests in the issued and fully paid shares of the Company were as follows:

Name	2023		2022	
	Number of shares	% of holding	Number of shares	% of holding
Jane Ngwatu	368	0.217	368	0.217
Paul Ole Kirimbai	169	0.100	169	0.100
Jeroen Harderwijk	10	0.006	10	0.006
Brandon Kemp	10	0.006	10	0.006

8. RESULTS AND DIVIDEND

The financial results for the year are set out on page 12. The Directors do not recommend payment of a dividend (2022: Nil).

9. OPERATING AND FINANCIAL REVIEW

Financial results

*Overall result*

The Company's overall financial result was a Profit Before Interest, Tax, Depreciation and Amortisation (EBITDA) of US\$ 2.3 million compared to loss of US\$ 1.1 in 2022 mainly due to increase in revenue during the year. The Company has noted a positive and increasing trend of arrivals of the guests.

The Company business is expected to improve during 2023-24 financial year due to improved selling strategies and costs controls implemented and opening of the global markets as more population has gained confidence in travel.

ASILIA LODGES AND CAMPS LIMITED  
 REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

10. OPERATING AND FINANCIAL REVIEW (CONTINUED)

Reconciliation of operating EBITDA to the reported result (in US\$ millions, differences due to rounding):

	2023 US\$ Millions	2022 US\$ Millions
EBITDA as reported	2.3	(1.1)
Business development expenses	0.0	0.0
Company related expense and legal	<u>0.1</u>	<u>0.0</u>
<b>Operating EBITDA</b>	<u><u>2.4</u></u>	<u><u>(1.1)</u></u>

*Business development*

The Company has a medium-term strategy to expand its footprint well beyond the current selection of lodges. As such, certain one-off expenses are incurred to streamline structures and prepare new development projects. The operating result of the Company can only be analysed taking that into consideration.

For the year 2022-23 the total business development charges amounted to US\$ 10,800. This consists of business development managers' salaries, legal and travel expenses (2021-22: US\$ 8,104).

*Intercompany charges*

The Company is part of Nawiri Group Limited (formerly African Spirit Limited) with operations in Kenya, South Africa and Mauritius. Several intercompany relationships exist.

The Company has an externally verified transfer pricing policy based on verifiable transactions in place that governs the key commercial relationships between its entities.

**Bank loan covenants**

The covenants agreed as part of the loan documentation have been reviewed and amended for the loans with Stanbic Bank Tanzania Limited as listed below:

<i>Covenant</i>	<i>Rule</i>	<i>Current</i>
• Net Debt/EBITDA	< 2.75 times	1.95 times
• Debt Service Cover Ratio	> 1.25 times	> 0.51 times

**10. OPERATING AND FINANCIAL REVIEW (CONTINUED)**

**Changes in business environment**

During the year, there is a strong rebound in tourism spending and reestablishment of travel flows in destinations. Tourism plays a significant role in the national economy and is an important source for foreign exchange for the country. Government of Tanzania has increased focus in supporting tourism in the Tanzania that will improve margins due to increase in bed nights in future.

**11. EMPLOYEES' WELFARE**

**11.1 Management and employees' relationship**

There were continued good relation between employees and management during the year. There were no unresolved complaints received by management from employees during the year. A healthy relationship continues to exist between management and employees.

The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, religion and disability which does not impair ability to discharge duties.

**11.2 Training facilities**

Training programs have been and are continually being developed to ensure employees are adequately trained at all levels, all employees have some form of annual training to upgrade skills and enhance development. During the year, the company incurred USD 69,607 for staff training (2021-22: USD 52,114)

**11.3 Medical assistance**

All members of staff were availed medical insurance guaranteed by the Board of Directors.

**11.4 Financial assistance to staff**

Loans are available to all confirmed employees depending on the assessment of and the discretion of management as to the need and circumstances. The Management established a revolving fund and influence staff to join Company Savings and Credit Cooperative Society (SACCOS) to assist in promoting the welfare of its employees or a system with comparable characteristics.

**11.5 Persons with disabilities**

Applications for employment by disabled persons are always considered bearing in mind the aptitudes of applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and appropriate training is arranged. It is the policy of the Company that training, career development and disabled persons should as far as possible be identical to that of other employees.

**11.6 Employees' benefits plan**

The Company pays contributions to a public administered pensions fund in Tanzania (National Social Security Fund) on mandatory basis which qualifies to be a defined contribution plan.

**12. RELATED PARTY TRANSACTIONS AND BALANCES**

Details of transactions and balances with related parties are disclosed in note 29 to the financial statements.

The Company is part of a larger group of entities with operations in Kenya, South Africa and Mauritius. The Company has an externally verified transfer pricing policy based on verifiable transactions in place that governs the key commercial relationships between its entities.

**13. POLITICAL AND CHARITABLE DONATIONS**

The Company did not make any political donations during the year (2021-22: Nil).

Positive impact projects and donations made to charitable organizations during the year amounted to US\$ 35,202 (2021-22: US\$ 19,862).

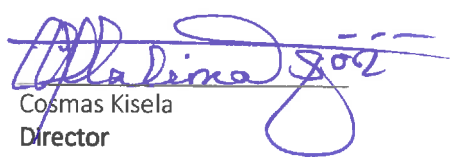
**14. AUDITORS**

The auditors, Deloitte & Touche, having expressed their willingness, continue in office in accordance with section 170 (2) of the Companies Act, 2002.

Deloitte & Touche with PF No 025 and Taxpayer Identification Number (TIN) 100-148-692 is an audit firm registered with the National Board of Accountants and Auditors of Tanzania (NBAA).

**BY ORDER OF THE BOARD**

  
\_\_\_\_\_  
Jeroen Harderwijk  
Managing Director

  
Cosmas Kisela  
Director

25/10/2023  
..... 2023

ASILIA LODGES AND CAMPS LIMITED  
STATEMENT OF DIRECTORS' RESPONSIBILITIES

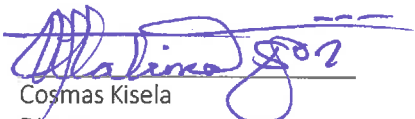
The Companies Act, 2002 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results of the Company for the year. It also requires the Directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act, 2002. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of their operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

As disclosed in note 28 to these financial statements, the Directors acknowledge that the continued existence of the Company as a going concern depends on the continued support of its ultimate parent company.

Signed on behalf of the Board of Directors by:

  
\_\_\_\_\_  
Jeroen Harderwijk  
Managing Director  
\_\_\_\_\_  
Cosmas Kisela  
Director

25/10/2023

ASILIA LODGES AND CAMPS LIMITED  
DECLARATION OF THE HEAD OF FINANCE

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a Statement of Declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of the Company showing true and fair view position in accordance with International Financial Reporting Standards and statutory requirements. Full legal responsibility for financial statements rests with the Board of Directors as under Directors Responsibility statement on an earlier page.

I, Aniceth M. Alchard, being the Finance Manager of Asilia Lodges and Camps Limited hereby acknowledge my responsibility of ensuring that the Company's financial statements for the year ended 31 May 2023 have been prepared in compliance with International Financial Reporting Standards and statutory requirements.

I thus confirm that the Company financial statements comply with International Financial Reporting Standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.



\_\_\_\_\_  
Aniceth M. Alchard

**Finance Manager**

NBAA Membership No. ACPA 4045

25/10/.....2023

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASILIA LODGES AND CAMPS LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Asilia Lodges and Camps Limited (the "Company"), set out on pages 12 to 49 which comprise of the statement of financial position as at 31 May 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 May 2023 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Companies Act, 2002.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with other ethical requirements that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

We draw attention to Note 28 to the financial statements, which indicates that the Company incurred loss of US\$ 865,000 during the year ended 31 May 2023 (2022: US\$ 2,940,000) and, as of that date its current liabilities exceeded its current assets by US\$ 8,460,000 (2022: US\$ 5,105,000) and its accumulated losses amounted to US\$ 10,030,000 (2022: US\$ 9,352,000). The Directors have set forth a plan as indicated in Note 28 remediate the position. Our opinion is not modified in respect of this matter.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### **Other Information**

The Directors are responsible for the other information, including the report by Those Charged With Governance and memorandum statements as per Appendix A.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard, except for the matter below in respect of Tanzania Financial Reporting Standards No.1.

We have concluded that the report by Those Charged With Governance, has not disclosed all information as required by the Tanzania Financial Reporting Standards No.1 – The report by Those Charged With Governance ("TFRS 1").

### **Responsibilities of the Directors for the Financial Statements**

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with (IFRSs) and the requirements of the Companies Act, 2002; and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with ISA, we exercise professional 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;

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

### Report on other legal requirements

As required by the Companies Act, 2002 we report to you, based on our audit, that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii) the Company's statement of financial position (balance sheet) and statement of profit or loss and other comprehensive income (profit and loss account) are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is F.J. Kibiki.

**Deloitte & Touche**

Certified Public Accountants (Tanzania)



Signed by: F.J. Kibiki

NBAA Registration No. ACPA 3214

Dar es Salaam

30 Oct 2023

ASILIA LODGES AND CAMPS LIMITED  
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED 31 MAY 2023

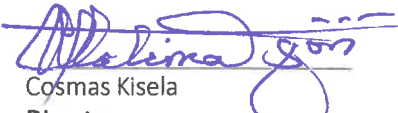
	Note	2023 US\$'000	2022 US\$'000
Revenue		16,322	7,975
Direct costs		<u>(4,997)</u>	<u>(2,640)</u>
Gross profit		11,325	5,335
Employee expenses		(4,955)	(3,758)
General administrative expenses		(4,411)	(2,794)
Other income	6	<u>389</u>	<u>155</u>
Earnings before interest, tax, depreciation and amortisation (EBITDA)		2,348	(1,062)
Depreciation, impairment and amortisation		(1,800)	(1,840)
Interest income	9 (a)	102	89
Finance costs	9 (b)	<u>(1,038)</u>	<u>(1,005)</u>
Loss before tax		(388)	(3,818)
Income tax (charge)/credit	10 (a)	<u>(477)</u>	<u>878</u>
Loss for the year	7	(865)	(2,940)
Other comprehensive income:			
Gain on revaluation of property, plant and equipment		-	3,360
Tax expense on revaluation gain		<u>-</u>	<u>(1,008)</u>
		<u>-</u>	<u>2,352</u>
<b>Total comprehensive loss for the year</b>		<u><b>(865)</b></u>	<u><b>(588)</b></u>

ASILIA LODGES AND CAMPS LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 MAY 2023

	Note	2023 US\$'000	2022 US\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	11	16,493	14,818
Right of use assets	17(i)	484	537
Intangible assets	12	10	17
Deferred tax assets	18	556	893
Investment in subsidiaries	13	968	1,779
Goodwill	14	-	253
Non-current receivables	16	-	1,343
		<u>18,511</u>	<u>19,640</u>
<b>Current assets</b>			
Inventories	19	547	435
Trade and other receivables	20	2,271	3,441
Receivable from subsidiary	16	438	-
Current tax asset	10 (c)	171	161
Cash and bank balances	21	212	179
		<u>3,639</u>	<u>4,216</u>
Non-current assets held for sale	15	3,253	-
<b>Total assets</b>		<u>25,403</u>	<u>23,856</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	22	9,516	9,516
Accumulated losses		(10,030)	(9,352)
Revaluation reserve		3,970	4,101
<b>Total equity</b>		<u>3,456</u>	<u>4,265</u>
<b>Non-current liabilities</b>			
Borrowings	23	9,432	9,808
Lease liability	17(ii)	416	462
		<u>9,848</u>	<u>10,270</u>
<b>Current liabilities</b>			
Borrowings	23	3,158	3,957
Trade and other payables	24	8,021	4,518
Deferred revenue	25	871	798
Lease liability	17(ii)	49	48
		<u>12,099</u>	<u>9,321</u>
<b>Total liabilities</b>		<u>21,947</u>	<u>19,591</u>
<b>Total equity and liabilities</b>		<u>25,403</u>	<u>23,856</u>

The financial statements on pages 12 to 49 were approved and authorised for issue by the Board of Directors on 25/10/2023 2023 and were signed on its behalf by:

  
Jeroen Harderwijk  
Managing Director

  
Cosmas Kisela  
Director

ASILIA LODGES AND CAMPS LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MAY 2023

	Share capital US\$'000	Accumulated losses US\$'000	Revaluation reserve <sup>1</sup> US\$'000	Total US\$'000
At 1 June 2021	9,516	(6,531)	1,832	4,817
Loss for the year	-	(2,940)	-	(2,940)
Release of excess depreciation	-	119	(119)	-
Deferred tax charge on excess depreciation	-	-	36	36
Gain on revaluation of property, plant and equipment – net of tax	-	-	2,352	2,352
At 31 May 2022	9,516	(9,352)	4,101	4,265
At 1 June 2022	9,516	(9,352)	4,101	4,265
Loss for the year	-	(865)	-	(865)
Release of excess depreciation	-	187	(187)	-
Deferred tax charge on excess depreciation	-	-	56	56
At 31 May 2023	9,516	(10,030)	3,970	3,456

<sup>1</sup> The revaluation reserve represents solely the surplus on the revaluation of buildings and tented properties, net of deferred tax and is non-distributable.

ASILIA LODGES AND CAMPS LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MAY 2023

	Note	2023 US\$'000	2022 US\$'000
<b>Cash flows from operating activities</b>			
Loss before tax		(388)	(3,818)
<i>Adjustments for:</i>			
Depreciation of property and equipment	11	1,740	1,748
Amortization of intangible assets	12	7	16
Depreciation of right of use assets	17(i)	53	76
Interest expense on borrowing	9 (b)	1,002	962
Interest expense on lease	9 (b)	36	43
Interest income	9 (a)	(102)	(89)
(Gain)/loss on disposal of property and equipment	7	(51)	52
Write off of amount due from related parties through profit or loss	7	1,174	-
		<u>3,471</u>	<u>(1,010)</u>
<i>Movements in working capital:</i>			
(Increase)/decrease in inventories		(112)	99
Increase in trade and other receivables (excluding related parties balance converted to investment)	20	(480)	(1,944)
Increase in trade and other payables excluding tax provision		3,503	382
Increase in deferred revenue		<u>73</u>	<u>297</u>
Cash generated by /(used in) operations		6,455	(2,176)
Interest paid	23	(1,002)	(930)
Interest received	9 (a)	102	89
Tax paid	10 (c)	<u>(94)</u>	<u>(15)</u>
Cash flow generated by/(used in) operating activities		<u>5,461</u>	<u>(3,032)</u>
<b>Cash flows from investing activities</b>			
Loan disbursed to subsidiary	16	(269)	(290)
Purchase of shares in subsidiaries		(539)	-
Proceed from disposal of property and equipment		59	-
Purchase of property and equipment	11	<u>(3,423)</u>	<u>(669)</u>
Cash flow from investing activities		<u>(4,172)</u>	<u>(959)</u>
<b>Cash flows from financing activities</b>			
Lease rental payment	17(ii)	(81)	(94)
Proceeds from shareholder loan	23	-	5,562
Proceeds from term loan	23	1,170	1,082
Repayment of borrowings	23	<u>(4,005)</u>	<u>(1,830)</u>
Cash flow from financing activities		<u>(2,916)</u>	<u>4,720</u>
(Decrease)/increase in cash and cash equivalents		(1,627)	729
Cash and cash equivalents at the beginning of the year		<u>114</u>	<u>(615)</u>
Cash and cash equivalents at the end of the year	21	<u>(1,513)</u>	<u>114</u>

## ASILIA LODGES AND CAMPS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2023

#### 1. GENERAL INFORMATION

Asilia Lodges and Camps Limited (the "Company") is a leading eco-tourism organisation in Tanzania. Its principal activity is offering high-end safaris and accommodation services to upmarket international client base. The Company is incorporated in Tanzania under the Tanzania Companies Act 2002 as a private limited liability company and is domiciled in Tanzania. The address of the Company's registered office is disclosed on page 1 of these financial statements.

#### 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

##### (i) New and amended standards and interpretations effective for the year ended 31 May 2023

The following were new and revised IFRSs that have been effective in the current year. The Company's application of the new and revised standards did not have significant impact to these financial statements.

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.
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.
Annual Improvements to IFRS Standards 2018–2020 (May 2020)	Makes amendments to the following standards: <ul style="list-style-type: none"><li>• 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.</li><li>• 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.</li><li>• 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.</li><li>• 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.</li></ul>
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 (May 2020))	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 (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
Reference to the Conceptual Framework (Amendments to IFRS 3 (May 2020))	The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

## 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

**(ii) New standards and amendments and interpretation in issue but not effective for the year ended 31 May 2023**

		Effective date
Amendments to IFRS 17	IFRS 17 Insurance contracts	1 January 2023
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 8	Definition of accounting estimates	1 January 2023
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 — Comparative Information	1 January 2023
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024

**(iii) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 May 2023****IFRS 17 Insurance Contracts**

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

IFRS 17 is effective for accounting periods beginning on or after 1 January 2023 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

**Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)**

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an Company will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

(iii) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 May 2023 (continued)

**Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)**

Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

The amendments to IFRS 4 are effective for accounting periods beginning on or after 1 January 2023 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

**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.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements. The Directors do not anticipate that its adoption will result into material impact on the financial statements.

**Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)**

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The amendments to IAS 12 are effective for accounting periods beginning on or after 1 January 2023 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

**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.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

The amendments to IAS 8 are effective for accounting periods beginning on or after 1 January 2023 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

**(iii) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 May 2023 (continued)**

**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

Amendments to IFRS 17 is effective for accounting periods beginning on or after 1 January 2023 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

**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.

Amendments to IFRS 16 is effective for accounting periods beginning on or after 1 January 2024 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

**(iv) Early adoption of standards**

The Company did not early-adopt any new or amended standards in the year ended 31 May 2023.

### 3. PRINCIPAL ACCOUNTING POLICIES

#### Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

For the Companies Act 2002 reporting purposes, in these financial statements the balance sheet is represented by the statement of financial position and the profit or loss account is presented in the financial statements as statement of profit or loss and other comprehensive income.

#### Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

#### Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services and goods in the ordinary course of the Company's activities. Revenue is shown net of value-added tax (VAT), rebates and discounts.

The Company recognises revenue from the sale of services and goods to customers. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue as it discharges its performance obligation as per the contract with the customers.

- (i) Revenue for sales of services to customers is recognised in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided;
- (ii) Revenue for sales of goods to customers is recognised when control of the goods has transferred to customer, being the point of customer collection of goods.

The Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

#### Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or Companies of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

### 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

#### Intangible assets - computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortized on straight line basis over their estimated useful lives (five years).

#### Property and equipment

All categories of property and equipment are initially recorded at cost. Buildings are subsequently shown at market value, based on triennial valuations by external independent valuers, less subsequent depreciation for buildings. All other property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit or loss account during the financial period in which they are incurred.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Increases in the carrying amount arising on revaluation of buildings are credited to a revaluation reserve account in the statement of changes in shareholders equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to the profit or loss account. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the profit or loss account) and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings. When revalued assets are sold, it is Company policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Depreciation is calculated using the straight line method to write down their cost to their residual values over their estimated useful lives, as follows:

	Years	
Buildings	20-50	depending on the period of the lease
Buildings wooden	10-15	
Tented properties	6	
Fixtures, fittings and camping equipment	4	
Machinery	8	
Motor vehicles	8	
Computers	3	

The above reflect changes in useful lives of the assets was made on 1 June 2018 mainly for classes of buildings and motor vehicles. The buildings under leased areas will be depreciated based on lease period. The residual values and useful lives of all assets of the Company are reviewed, and adjusted if appropriate, at each financial reporting date. Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposal of property and equipment are determined comparing the proceeds with carrying amounts and are taken into account in determining operating profit.

### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### Leases

The company has changed its accounting policy for leases where the Company is the lessee. The company leases properties. Rental contracts are typically made for fixed periods of 2 to 10 years, but may have extension options. Extension and termination options are included in a property lease. These are used to maximise operational flexibility in terms of managing the assets used in the company's operations. The majority of extension and termination options held are exercisable only by the company and not by the respective lessor.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

From 1 June 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### Leases (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the company revalues its land and buildings that are presented within property and equipment, it has chosen not to do so for the right-of-use buildings held by the company.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Variable lease payments: Property leases contain variable payment terms that are linked to sales generated from a bednights at the Camp. For bed nights sales, up to 100% of lease payments are on the basis of variable payment terms with percentages up to 10% of bed night sales. Variable payment terms are used for a variety of reasons, including minimising the fixed costs. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease. Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

#### Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

#### Inventories

Inventories which comprise food, beverages, fuel, stationery, camping equipment's, workshop items, housekeeping, and general supplies are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. Net realisable value is the estimate of the selling price in the open market, less the applicable variable selling expenses. Full provision is made for all excess, obsolete and damaged stock.

### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### Functional currency and translation of foreign currencies

##### *(i) Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States dollars, which is the Company's functional and presentation currency.

##### *(ii) Transactions and balances*

Foreign currency transactions are translated into the United States dollars using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities at the financial reporting date, which are expressed in foreign currencies, are translated in United States dollars at the rate ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss account.

#### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the raising of new equity are shown in equity as a deduction, net of tax, from the proceeds.

#### Deferred revenues

Cash received in advance for services not yet rendered is treated as deferred revenue. Deferred revenue is released to profit or loss when services are rendered to customers.

#### Employee benefits

##### *(i) Retirement benefit obligations*

The Company and all its employees contribute to the National Social Security Fund, which is a compulsory defined contribution scheme. A defined contribution scheme is a pension plan under which the Company pays fixed contributions into the funds of a separate entity. The Company has no legal or constructive obligations to pay further contributions if that fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company's contributions to the defined contribution scheme are charged to the profit or loss account in the period to which they relate.

##### *(i) Other entitlements*

The estimated monetary liability for employees' accrued annual leave entitlement at the financial reporting date is recognised as an expense accrual.

#### Income Tax

Income tax expense represents the sum of the current tax and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit and loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the end of the reporting period.

### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the determination of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

#### **Dividends**

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

#### **Financial assets**

##### *Initial recognition*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### Financial assets (continued)

##### *Subsequent measurement*

Financial assets are classified into the following specified 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.

The Company's principal financial assets are trade and other receivables, and cash and cash equivalents.

Financial assets are recognised and derecognised on trade-date where the purchase or sale of the financial asset is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned.

All financial assets are initially measured at amortised cost or fair value, depending on the classification of financial assets.

##### *Cash and cash equivalents*

For the purposes of the cash flows statement, cash and cash equivalents include cash on hand, in banks and investments in money market instruments and duly reconciled to the related items in the statement of financial position.

##### *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 period. 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 period, to the gross carrying amount of the debt instrument on initial recognition.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

##### *Trade and other receivables*

Trade and other receivables are stated at invoice amounts less provision for impairment. A provision for impairment is established using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the trade and other receivables.

**3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

**Financial assets (continued)**

*Impairment of financial assets*

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. 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 Company applies a simplified approach in calculating ECLs for trade and other receivables. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

*De-recognition of financial assets*

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

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

### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### **Financial liabilities**

Financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

The Company's financial liabilities include trade and other payables (Value Added Tax, accruals and provisions excluded), related party payables and borrowings. The measurement of financial liabilities depends on their classification, as described below:

#### *Financial liabilities at FVTPL*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss

#### *Financial liabilities measured subsequently at amortised cost*

Financial liabilities that are not contingent consideration of an acquirer in a business, held-for-trading, or designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

#### *De-recognition of financial liabilities*

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in profit or loss.

#### **Offset**

Where a legally enforceable right of offset exists for recognized financial assets and financial liabilities and there is an intention to settle the liability and realize the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

#### **Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in current year.

#### 4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The activities of the Company expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates and interest rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the Company does not hedge any risks. The Company's programmes include insurance against exchange fluctuations.

Risk management is carried out by the finance department under policies approved by the Board of Directors. A description of the significant risks is given below together with the risk management policies applicable.

##### 4.1 Financial risk factors

###### a) Market risk

###### (i) Foreign exchange risk

The Company transacts a part of its revenue transactions other than its functional currency of United States dollars, in other currencies, mainly Euros, British Pounds and Tanzanian shillings. The Company is therefore exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities.

Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies.

At 31 May 2023, if the Tanzanian shilling had weakened/strengthened by 10% against the United States dollar with all other variables held constant, post-tax profit for the year would have been US\$ 78,604 (2022: US\$ 69,349) higher/lower, mainly as a result of Tanzanian shillings denominated trade payables and bank balances.

###### (ii) Price risk

The Company did not hold any financial instruments subject to price risk.

###### (iii) Interest rate risk

At 31 May 2023, the Company had the following interest bearing financial liabilities:

- A secured revolving term loan with the Stanbic Bank Tanzania Limited, for US dollars 3 million which carries an interest rate of 7.5% per year; (balance outstanding at year end: US\$ 2.473 million);
- A secured vehicle and asset financing loans with the Stanbic Bank Tanzania Limited, for US dollars 0.33 million which carries an interest rate of 8.5% per year; (balance outstanding at year end: US\$ 0.1 million);
- A secured term loan with the Stanbic Bank Tanzania Limited, for US dollars 1.5 million which carries an interest rate of 7.5% per year; (balance outstanding at year end: US\$ 0.291 million); and
- An overdraft of US\$ 2,000,000 with Stanbic Bank Tanzania Limited which also carries an interest rate of 7.5% per year (balance outstanding at year end: US\$ 1.725 million).

The Company also regularly monitors financing options available to ensure optimum interest rates are obtained. Since all instruments bear fixed interest rates, the Company is not exposed to interest rate risk.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

4.1 Financial risk factors (continued)

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Potential concentrations of credit risk consist principally of trade and other receivables, short-term cash and bank balances and fixed deposits. However, the significant risk is with trade and other receivables. Trade receivables comprise a large and widespread customer base and the Company performs on going credit evaluations based on the internally developed credit ratings of its customers.

Credit rating is an estimate of the ability of a person or organization to fulfil their financial commitments, based on previous dealings. The amounts presented in the statement of financial position are net of expected credit loss receivables, estimated by the Company's management based on prior experience and the current economic environment. The carrying amount of financial assets represents the maximum credit exposure.

The amount that best represents Company maximum exposure to credit risk at 31 May 2023 without taking account of the value of any collateral obtained is made up as follows:-

	12-month or lifetime ECL	Internal credit rating	Gross carrying amount US\$'000	Loss allowance US\$'000	Net carrying amount US\$'000
Cash at bank (Note 21)	Lifetime ECL	Performing	192	-	192
Receivables from related parties (Note 29)	Lifetime ECL	Performing	786	-	786
Other receivables	Lifetime ECL	Performing	1,360	-	1,360
Loan to subsidiary	Lifetime ECL	Performing	418	-	418
Receivable from Director	Lifetime ECL	Performing	20	-	20
			<u>2,776</u>	<u>-</u>	<u>2,776</u>

The amount that best represents the Company's maximum exposure to credit risk as at 31 May 2022 is made up as follows:-

	12-month or lifetime ECL	Internal credit rating	Gross carrying amount US\$'000	Loss allowance US\$'000	Net carrying amount US\$'000
Cash at bank (Note 21)	Lifetime ECL	Performing	166	-	166
Receivables from related parties (Note 29)	Lifetime ECL	Performing	1,980	-	1,980
Other receivables	Lifetime ECL	Performing	1,385	-	1,385
Loan to subsidiary	Lifetime ECL	Performing	1,323	-	1,323
Receivable from Director	Lifetime ECL	Performing	20	-	20
			<u>4,874</u>	<u>-</u>	<u>4,874</u>

#### 4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

##### 4.1 Financial risk factors (continued)

###### b) Credit risk (continued)

No collateral is held for any of the above assets. The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

###### c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow.

The table below analyses the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the financial reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year US\$'000	Between 1 and 2 years US\$'000	Between 2 and 5 years US\$'000	Over 5 years US\$'000	Total
<b>At 31 May 2023:</b>					
Trade and other payables (Note 24)	7,502	-	-	-	7,502
Leases (Note 17)	49	52	160	233	494
Borrowings:					
Bank borrowing (Note 23)	1,433	686	746	-	2,865
Bank overdraft (Note 23)	1,725	-	-	-	1,725
Shareholders' borrowing (Note 23)	-	-	8,000	-	8,000
Interest payments	799	721	1,973	-	3,494
	<u>11,508</u>	<u>1,459</u>	<u>10,879</u>	<u>233</u>	<u>24,080</u>
<b>At 31 May 2022:</b>					
Trade and other payables (Note 24)	3,934	-	-	-	3,934
Leases (Note 17)	57	57	171	290	575
Borrowings:					
Bank borrowing (Note 23)	1,642	1,148	660	-	3,450
Bank overdraft (Note 23)	65	-	-	-	65
Shareholders' borrowing (Note 23)	-	-	10,250	-	10,250
Interest payments	938	733	1,971	-	3,642
	<u>6,636</u>	<u>1,938</u>	<u>13,052</u>	<u>290</u>	<u>21,916</u>

##### 4.2 Capital Management

The Board's policy is to maintain strong capital base so as to maintain investor, creditor and market confidence and to sustain future developments of the business. The Board seek to maintain a balance between higher returns that might be possible with the optimum level of borrowings and the security afforded by the sound capital position. Consistent with others in the industry, the Board monitors capital on the basis of the gearing ratio. This ratio is calculated as net external borrowings divided by total capital. Net external borrowings are calculated as total borrowings less cash and cash equivalents.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

4.2 Capital Management (continued)

Total capital is calculated as equity, as shown in the statement of financial position, plus net external borrowings.

	2023 US\$'000	2022 US\$'000
Total debt excluding bank overdraft	10,865	13,700
Less: Cash and cash equivalents	<u>1,513</u>	<u>(114)</u>
Net debt	12,378	13,586
Total equity	<u>3,456</u>	<u>4,265</u>
Total capital	<u>15,834</u>	<u>17,851</u>
Gearing ratio	<u>78%</u>	<u>76%</u>

4.3 Fair value estimation

The carrying values of accounts receivables and payables are assumed to approximate their fair values due to the short-term maturity of accounts receivables and payables.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the entity's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities within the next financial year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year:

The Company reviews its asset portfolios regularly to assess impairment. In determining whether an impairment loss should be recorded in the profit or loss, the Company's directors make judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of assets, before a decrease can be identified with an individual asset in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of the borrowers, or national or local economic conditions that correlate with defaults on assets in the Company.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

*Calculation of loss allowance*

When measuring expected credit losses (ECL), the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

*Receivables*

At the end of each reporting period, the Company reviews the carrying amounts of its trade receivables (The total receivables are made up of due from related party, prepayments, VAT receivable and withholding tax) and estimates the loss allowance specific to this asset class as using the calculation of loss allowance approach mentioned above.

*Income tax*

Significant judgement is required in determining the Company's overall income tax provision or estimated future recovery of income tax losses. There are many transactions and calculations, for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues, based on estimates of whether additional taxes will be due. Where the final outcome of tax matters is different from the amounts that were initially recorded, such differences will have an impact on the income tax and any deferred tax provisions in the period in which the determination is made.

*Property and equipment*

Critical estimates are made by Directors in determining the useful lives and residual values to property and equipment based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

*Impairment losses*

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

*Contingent liabilities*

The Directors evaluate the status of legal and litigation exposures on a regular basis to assess the probability of the Company incurring related liabilities. However, provisions are only made in the financial statements where, based on the Directors' evaluation, a present obligation has been established

ASILIA LODGES AND CAMPS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023 US\$'000	2022 US\$'000
<b>6. OTHER INCOME</b>		
Foreign exchange gains	107	20
Management fees	232	126
Insurance recoveries	<u>50</u>	<u>9</u>
	<u>389</u>	<u>155</u>
<b>7. LOSS BEFORE TAX</b>		
Loss before tax has been arrived at after charging the following:		
Depreciation on property and equipment (Note 11)	1,740	1,748
Depreciation on right of use assets (Note 17(i))	53	76
Amortization of intangible assets (Note 12)	7	16
(Gain)/loss on disposal of property and equipment	(51)	52
Write off of receivables from related parties through profit or loss	1,174	-
Key management remuneration	342	206
Employee benefit expenses (Note 8)	4,955	3,757
Auditors' remuneration	<u>24</u>	<u>23</u>
<b>8. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and wages	2,842	2,328
Pension costs - defined contribution scheme	286	235
Skills Development Levy (SDL)	126	98
Workers' Compensation Fund (WCF)	15	14
Other staff related costs	<u>1,686</u>	<u>1,082</u>
	<u>4,955</u>	<u>3,757</u>
<b>9. FINANCE INCOME/COSTS</b>		
<b>(a) Interest income</b>		
Interest income on related party loan	<u>102</u>	<u>89</u>
<b>(b) Finance costs</b>		
Interest and finance charges on borrowings	1,002	962
Interest and finance charges on lease liabilities	<u>36</u>	<u>43</u>
	<u>1,038</u>	<u>1,005</u>

ASILIA LODGES AND CAMPS LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. INCOME TAX

	2023 US\$'000	2022 US\$'000
(a) Income tax charge/(credit)		
Alternative Minimum Tax	84	-
Deferred tax credit – current year (Note 18)	(2)	(728)
Deferred tax charge/(credit) – prior years (Note 18)	<u>395</u>	<u>(150)</u>
	<u>477</u>	<u>(878)</u>
(b) Reconciliation of tax charge/(credit) based on accounting loss to tax charge/(credit):		
Accounting loss before income tax	<u>(388)</u>	<u>(3,818)</u>
Tax calculated at appropriate tax rate of 30%	(116)	(1,145)
<i>Tax effect on:</i>		
Tax effect on items disallowed for tax purposes	58	201
Alternative Minimum Tax	84	-
Prior year omitted allowance	-	(6)
Deferred tax credit – prior years (Note 18)	395	(150)
Other tax adjustments	-	186
Deferred tax on unwinding excess depreciation on revaluation	<u>56</u>	<u>36</u>
Tax charge/(credit)	<u>477</u>	<u>(878)</u>
(c) Current tax asset		
Tax receivable at beginning of year	161	146
Charge to the profit and loss (note 10(a))	(84)	-
Tax paid	<u>94</u>	<u>15</u>
Current tax asset at end of year	<u>171</u>	<u>161</u>

ASILIA LODGES AND CAMPS LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. PROPERTY AND EQUIPMENT

Cost/revaluation	Building and immobile tents US\$'000	Mobile tented properties & construction US\$'000	Furniture, fittings and camp/office equipment US\$'000	Machinery US\$'000	Motor vehicles, and boats US\$'000	Capital work in progress US\$'000	Total US\$'000
<b>Net book value</b>							
At 1 June 2022	11,512	211	534	742	1,300	519	14,818
Additions	5	203	296	183	43	2,693	3,423
Transfers in/(out) - cost	274	225	165	10	283	(957)	-
Write off through profit or loss	-	-	(1)	(7)	-	-	(8)
Depreciation charge	(455)	(358)	(402)	(181)	(344)	-	(1,740)
At 31 May 2023	<u>11,336</u>	<u>281</u>	<u>592</u>	<u>747</u>	<u>1,282</u>	<u>2,255</u>	<u>16,493</u>
At 31 May 2023							
Cost/revaluation	17,919	3,747	5,525	2,393	5,235	2,255	37,075
Accumulated depreciation	(6,583)	(3,466)	(4,933)	(1,646)	(3,953)	-	(20,582)
Net book value	<u>11,336</u>	<u>281</u>	<u>592</u>	<u>747</u>	<u>1,282</u>	<u>2,255</u>	<u>16,493</u>

ASILIA LODGES AND CAMPS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. PROPERTY AND EQUIPMENT (CONTINUED)

	Building and immobile tents US\$'000	Mobile tented properties & construction US\$'000	Furniture, fittings and camp/office equipment US\$'000	Machinery US\$'000	Motor vehicles, and boats US\$'000	Capital work in progress US\$'000	Total US\$'000
<b>Cost/revaluation</b>							
<b>Net book value</b>							
At 1 June 2021	8,260	664	822	787	1,452	604	12,589
Additions	-	21	83	70	-	495	669
Transfers in/(out) - cost	210	4	87	61	218	(580)	-
Revaluation gain	3,360	-	-	-	-	-	3,360
Write off through profit or loss	(11)	(41)	-	-	-	-	(52)
Depreciation charge	(307)	(437)	(458)	(176)	(370)	-	(1,748)
At 31 May 2022	<u>11,512</u>	<u>211</u>	<u>534</u>	<u>742</u>	<u>1,300</u>	<u>519</u>	<u>14,818</u>
At 31 May 2022							
Cost/revaluation	17,640	3,319	5,066	2,208	4,909	519	33,661
Accumulated depreciation	<u>(6,128)</u>	<u>(3,108)</u>	<u>(4,532)</u>	<u>(1,466)</u>	<u>(3,609)</u>	<u>-</u>	<u>(18,843)</u>
Net book value	<u>11,512</u>	<u>211</u>	<u>534</u>	<u>742</u>	<u>1,300</u>	<u>519</u>	<u>14,818</u>

Buildings and tented properties are recognised at fair values based on periodic, but at least triennial, valuations performed in May 2023, by ACE Consultants Limited, independent valuers. Valuations were made on the basis of open market values. The book values of the buildings and tented properties as at 31 May 2023 were adjusted to the revaluations and the resultant surplus was credited to the revaluation reserve account in shareholders' equity account. All other property and equipment are recognised at historical cost less depreciation.

The immovable assets have been pledged as security against the borrowings from Stanbic Bank Tanzania Limited, as set out in note 23. If the buildings and tented properties were stated on the historical cost basis, the amounts would be as follows:

	2023 US\$ '000	2022 US\$ '000
Cost	10,293	10,162
Accumulated depreciation	<u>(5,398)</u>	<u>(4,938)</u>
Net book value	<u>4,895</u>	<u>5,224</u>

ASILIA LODGES AND CAMPS LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023 US\$'000	2022 US\$'000
<b>12. INTANGIBLE ASSETS</b>		
<b>Cost</b>		
At 1 June	163	163
Additions	<u>-</u>	<u>-</u>
	<u>163</u>	<u>163</u>
<b>Amortisation:</b>		
At 1 June	(146)	(130)
Charge for the year	<u>(7)</u>	<u>(16)</u>
At 31 May	<u>(153)</u>	<u>(146)</u>
<b>Net book value</b>		
At 31 May	<u>10</u>	<u>17</u>

Intangible assets relate to computer software.

**13. INVESTMENT IN SUBSIDIARIES**

Name of undertaking	Investment	Investment	Place of incorporation	Principal activity	% of issued shares held
	at cost	at cost			
	2023 US\$'000	2022 US\$'000			
Rubondo Island Camp Limited	968	480	Tanzania	Tourism services	98%
Matemwe Bungalows Zaswi (Z) Limited	<u>3,000</u>	<u>1,299</u>	Tanzania	Tourism services	100%
	<u>3,968</u>	<u>1,779</u>			

As at reporting date the Directors have resolved to sale the subsidiary, Matemwe Bungalow Zaswi (Z) Limited. The sale process was not yet finalised consequently investment has been classified as non-current asset held for sale. Further details have been disclosed under note 15.

Asilia Lodges and Camps Limited own 98% (2022: 48%) equity interest in Rubondo Island Camp Limited. Based on the contractual arrangements between the Asilia Lodges and Camps Limited (ALC) and other investors, ALC has the power to appoint and remove the majority of the Board of Directors of Rubondo Island Camp Limited. ALC therefore acquired effective control of the Rubondo Island Camp Limited based on the majority voting rights. ALC also manages the operations of Rubondo Island Camp Limited.

ASILIA LODGES AND CAMPS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The movement during the year was as follows:

	Rubondo Island Camp Limited		Matemwe Bungalows Zaswi (Z) Limited	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
At 1 June	480	480	1,299	1,299
Investment in subsidiaries during the year	488	-	1,701	-
Transfer to non-current asset held for sale (Note 15)	-	-	(3,000)	-
At 31 May	<u>968</u>	<u>480</u>	<u>-</u>	<u>1,299</u>

For purpose of cashflow investment in subsidiaries during the year comprise of the following:

	Rubondo Island Camp Limited		Matemwe Bungalows Zaswi (Z) Limited	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Balances due from subsidiaries converted to investment (note 20)	-	-	1,650	-
Cash payments to acquire investment	488	-	51	-
At 31 May	<u>488</u>	<u>-</u>	<u>1,701</u>	<u>-</u>

14. GOODWILL

	2023 US\$'000	2022 US\$'000
Cost	253	253
Less: accumulated impairment losses	-	-
Transfer to non-current held for sale (Note 15)	(253)	-
	<u>-</u>	<u>253</u>

The Directors assessed the recoverable amount of goodwill of Matemwe Bungalows Zaswi (Z) Limited and have determined that the goodwill is not impaired.

15. NON-CURRENT ASSET HELD FOR SALE

	2023 US\$'000	2022 US\$'000
Transfer from goodwill (note 14)	253	-
Transfer from investment in subsidiaries (note 13)	<u>3,000</u>	<u>-</u>
	<u>3,253</u>	<u>-</u>

As at reporting date, the Directors resolved to dispose all shares held for Matemwe Bungalows Zaswi (Z) and negotiations with several interested parties have taken place. The investment, which is expected to be sold within 12 months, has been classified as non-current asset held for sale and presented separately in the statement of financial position. The proceeds of disposal are expected to substantially exceed the carrying amount of the related net assets and accordingly, no impairment losses have been recognised on the classification of these assets as held for sale.

ASILIA LODGES AND CAMPS LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. NON-CURRENT RECEIVABLES

	2023 US\$'000	2022 US\$'000
Loan to subsidiaries (i)	418	1,323
Receivable from Director (ii)	<u>20</u>	<u>20</u>
Non-current portion	<u>438</u>	<u>1,343</u>
<b>Movement</b>		
At 1 June	1,343	1,053
Loan disbursed during the year	269	290
Loan written off	<u>(1,174)</u>	<u>-</u>
At 31 May	<u>438</u>	<u>1,343</u>

**(i) Loan to subsidiary**

A total of USD 905,292 of the loan was issued as at 31 May 2022 based on the loan agreement between the Company and its subsidiary, Matemwe Bungalows Zaswi (Z) Limited. The loan is unsecured with an interest rate of 7% per annum. Interest is payable annually in arrears.

Loan to Rubondo Island Camp Limited was renewed on 1 June 2018 for the period of 5 years and other renewal will have to be agreed upon between the parties one year prior to lapse of the loan agreement. The loan is unsecured with an interest rate of 7% per annum. Interest is payable annually in arrears. The accrued interest has been fully paid by the subsidiary during the year. The loan is repayable at the end of the 5 years from renewal date.

**(ii) Receivable from Director**

Asilia Lodges and Camps Limited paid US\$ 20,000 on behalf of one of the Company Directors. The latest possible repayment date is 31 May 2024.

ASILIA LODGES AND CAMPS LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. LEASES

(i) Right of Use Asset

	2023 US\$'000	2022 US\$'000
<i>Cost</i>		
At 1 June	693	546
Initial IFRS 16 Adjustment on lease of Sayari brewery	-	147
At 31 May	<u>693</u>	<u>693</u>
<i>Accumulated depreciation</i>		
At 1 June	156	80
Charge for the year	53	76
31 May	<u>209</u>	<u>156</u>
<i>Carrying amount</i>		
Net book value at 31 May	<u>484</u>	<u>537</u>

(ii) Lease liabilities

*Movement:*

At 1 June	510	414
Present value of leased Sayari brewery as per IFRS 16	-	147
	<u>510</u>	<u>561</u>
During the year		
Interest expense (included in finance cost)	36	43
Lease rental paid	(81)	(94)
	<u>(45)</u>	<u>(51)</u>
At 31 May	<u>465</u>	<u>510</u>

*Maturity analysis:*

Due within 1 year	49	57
Due in more than 1 year and no later than 2 years	52	57
Due in more than 2 year and no later than 3 years	53	57
Due in more than 3 year and no later than 4 years	54	57
Due in more than 4 year and no later than 5 years	53	57
Due in more than 5 years	233	290
	<u>494</u>	<u>575</u>
Less: Discount (unearned interest)	(29)	(65)
Present value of lease liability	<u>465</u>	<u>510</u>

*Classification:*

Current	49	48
Non-current	<u>416</u>	<u>462</u>
	<u>465</u>	<u>510</u>

ASILIA LODGES AND CAMPS LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. DEFERRED TAX ASSET

Deferred income tax is calculated using the enacted income tax rate of 30% (2022: 30%). The movement on the deferred income tax liabilities is as follows:

	2023 US\$'000	2022 US\$'000
The deferred tax liability is made up as follows:		
Accelerated capital allowances	732	702
Revaluation of property and equipment	(1,940)	(1,996)
Tax losses	1,618	2,112
Provisions	<u>146</u>	<u>75</u>
Deferred tax asset - Net	<u>556</u>	<u>893</u>

The movement in deferred tax asset account for the year ended 31 May is as follows:

At start of year	893	987
Credit to profit or loss – with respect of current year (Note 10(a))	2	728
(Charge)/credit to profit or loss – with respect of prior years (Note 10(a))	(395)	150
Credit/(charge) to the statement of changes in equity	<u>56</u>	<u>(972)</u>
	<u>556</u>	<u>893</u>

19. INVENTORIES

	2023 US\$'000	2022 US\$'000
Food and beverage	120	116
Camping equipment	120	72
Workshop spares and fuel	180	122
Consumables	<u>127</u>	<u>125</u>
	<u>547</u>	<u>435</u>

20. TRADE AND OTHER RECEIVABLES

Amounts due from related companies (Note 29)	786	1,980
Other receivables	1,360	1,385
Value added tax receivable	<u>125</u>	<u>76</u>
	<u>2,271</u>	<u>3,441</u>

For purpose of statement of cash flow, balances converted to investment were excluded.

Total trade and other receivable	2,271	3,441
Amount due to related parties converted to investments (note 13)	<u>-</u>	<u>(1,650)</u>
	<u>2,271</u>	<u>1,791</u>

ASILIA LODGES AND CAMPS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. CASH AND CASH EQUIVALENTS

Cash in hand	20	13
Cash at bank	192	166
	<u>212</u>	<u>179</u>
Cash and bank balances	212	179
Bank overdraft (Note 23)	(1,725)	(65)
	<u>(1,513)</u>	<u>114</u>
Cash and cash equivalents	(1,513)	114

22. SHARE CAPITAL

	Number of issued ordinary shares	Nominal value per share TZS'000	Total issued TZS'000	Share capital US\$'000
At 31 May 2023	<u>169,230</u>	<u>100</u>	<u>16,923,000</u>	<u>9,516</u>
At 31 May 2022	<u>169,230</u>	<u>100</u>	<u>16,923,000</u>	<u>9,516</u>

The total authorised number of ordinary shares is 169,230 (2022: 169,230). A total of 169,230 (2022: 169,230) issued shares are fully paid and were translated at the rate ruling on the share issue date.

23. BORROWINGS

	2023 US\$'000	2022 US\$'000
Shareholders' borrowing (i)	8,000	10,250
Bank borrowing (secured) (ii)	4,590	3,515
Term loan	2,865	3,450
Bank overdraft (Note 21)	1,725	65
Total	12,590	13,765
Less: current portion	<u>(3,158)</u>	<u>(3,957)</u>
Non-current portion	<u>9,432</u>	<u>9,808</u>

(i) Shareholders/related party' borrowing

*Nawiri Group*

The Company has US \$ denominated shareholder loan amounting to US \$ 8 million registered with Bank of Tanzania. The term of the borrowing was agreed to be five (5) years from 1 June 2021 and other renewal will have to be agreed upon between the parties one year prior to the lapse of the borrowing agreement. The borrowing is unsecured and carries interest rate of 8% per annum.

*Asilia Africa (AA)*

During the year, the Company repaid US\$ denominated from Asilia Africa Limited amounting to US \$ 2,250,000 that was paid during the year.

23. BORROWINGS (CONTINUED)

(ii) Bank borrowings and overdraft facility

*Stanbic Bank Tanzania Limited*

The bank borrowings from Stanbic Bank Tanzania Limited were granted in March 2022 (US\$ 0.826 million revolving loan), May 2020 (US\$ 0.329 million vehicle loan), February 2020 (US\$ 0.348 million vehicle loan), February 2020 (US\$ 1.0 million revolving loan), May 2018 (US\$ 1.5 million term loan), September 2016 (US\$ 2.0 million revolving term loan, US\$ 1.0 million term loan and US\$ 0.75 million vehicle loan), October 2022 (US\$ 0.7 million revolving term loan) and January 2023 (US\$ 0.4 million revolving term loan). The loans and an overdraft facility of US\$ 2.0 million are secured by a fixed charge over certain of the Company's leasehold land and landed properties and by a floating charge over certain Company's asset. In addition, the subsidiaries have given cross - guarantees in respect of the facilities. The loans and the bank overdraft facilities carry a fixed interest rate of 7.5% per annum. The vehicle loan of US\$ 0.75 million are repayable over four years and the rest are repayable over five years.

Debt covenants on these borrowings amongst others were as follows at the reporting date:

- Debt Service Cover Ratio (DSCR) should be kept at a minimum of 1.25. This is defined as Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) divided by annual loan servicing payments.
- Net Leverage (Net Debt to EBITDA) must be less than 2.75 times.
- Gross borrowings / Net equity must be smaller than 100%.

All the covenants were complied with and reported to the bank on quarterly basis. No issues are foreseen based on Company performance currently.

The borrowings are denominated in US Dollar.

The movement in borrowings is as follows:

	2023 US\$'000	2022 US\$'000
At 1 June	13,765	9,542
Proceeds from shareholder loan	-	5,562
Proceeds from term loan	1,170	1,082
Proceeds from overdraft	1,725	65
Interest expense	963	962
Repayment of borrowings	(4,005)	(1,830)
Repayment of overdraft	(65)	(688)
Interest repayment	(963)	(930)
	<u>12,590</u>	<u>13,765</u>
At 31 May		

ASILIA LODGES AND CAMPS LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. TRADE AND OTHER PAYABLES

	2023 US\$'000	2022 US\$'000
Trade payables	967	924
Amounts due to related companies (Note 29 (iv))	5,091	1,559
Accrued expenses	1,126	1,137
Provisions	519	584
Other payables	318	314
	<u>8,021</u>	<u>4,518</u>

The carrying amounts of the above payables and accrued expenses approximate to their fair values.

25. DEFERRED REVENUE

	2023 US\$'000	2022 US\$'000
Deferred revenue	<u>871</u>	<u>798</u>

Deferred revenue comprise cash received in advance for services not yet rendered.

26. FINANCIAL INSTRUMENTS

By category

The financial instruments for have been categorised as follows: Other financial assets at amortised cost

(i) Financial assets at amortised cost

	Cash and bank balances US\$'000	Other financial assets at amortised cost US\$'000	Trade and receivables US\$'000	Total US\$'000
31 May 2023	<u>212</u>	<u>438</u>	<u>2,146</u>	<u>2,796</u>
31 May 2022	<u>179</u>	<u>1,323</u>	<u>3,365</u>	<u>4,867</u>

(ii) Financial liabilities at amortised cost

	Trade and other payables US\$ '000	Lease US\$ '000	Borrowings US\$ '000	Total US\$ '000
31 May 2023	<u>7,502</u>	<u>465</u>	<u>12,590</u>	<u>20,557</u>
31 May 2022	<u>3,934</u>	<u>510</u>	<u>13,765</u>	<u>18,209</u>

**27. FAIR VALUE MEASUREMENT**

The directors consider that there is no material difference between the fair value and carrying value of the Company's financial assets and liabilities where fair value details have not been presented.

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significant of the inputs used in making the measurements.

The Company specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

Fair value of the Company financial assets and financial liabilities that are measured at fair value on recurring basis. The Company had no financial assets or financial liabilities that are measured at fair value on recurring basis (2022: nil).

## 28. GOING CONCERN

The Company reported a loss after tax of US\$ 865,000 (2022: loss after tax 2,940,000); due to strong rebound in tourism spending and reestablishment travel flows in destinations the Company operates, and as of 31 May 2023, the current liabilities exceeded its current assets by US\$ 8,460,000 (2022: US\$ 5,105,000) and its accumulated losses amounted to US\$ 10,030,000 (2022: US\$ 9,352,000).

Although the liquidity position at year end is negative, it should be noted that majority of the short-term liability is deferred revenue relating to both own bed nights and third party sales. Over the history of the Company, cancellations have been minimal and as such the deferred revenue elements are recognised as revenue within few months after year end. .

During the year 2022-23, Covid-19 related risks to tourism reduced significantly as most governments in key destinations and source markets continued to lift travel restrictions and saw a reestablishment of travel flows and increase in number of international travellers. The ongoing Russia-Ukraine war has so far had a limited impact on booking trends. There are however few factors of concern, including high inflation and increase in interest rates, which have increased financial costs, disruption in supply chain leading to higher food and energy prices, resulting in lower purchasing power and weaker consumer confidence. The directors have considered the risks posed by ongoing war in Ukraine and its potential impact on future performance and on the measurement of some assets and liabilities or on liquidity, and it has determined that it does not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

The outlook for the 2023-24 year and beyond shows a strong booking trend. Performance for the first quarter has exceeded the prior year and pre-covid levels as many tourists continue to aspire to travel again to enjoy the beauty of wildlife in destinations the Company operates. The Company generated revenue of US\$ 9.2 million for the first quarter ending 31 August 2023 compared to US\$ 6.7 million for the same period during the 2022-23 year under review and compared to US\$ 6.2 million for the same period in 2019-20, a pre-covid year.

During the year, the Company finalised discussions and negotiations with Stanbic Bank Tanzania Limited to enhance the existing facilities by additional US\$ 3 million. The Company has concluded negotiations with Attitude Holdings, an operator in Mauritius, to dispose its investment in Matemwe Bungalows in Zanzibar and deposit of 20% of the agreed purchase price of US\$ 0.6 million has been received after year end, significantly improving the liquidity position of the Company. During the year under review, the Company complied with all loans covenant ratios and other funding obligations and commitments.

Based on the circumstances described above, the directors have reasonable grounds to believe that the Company will be able to meet their working capital requirements and other obligations as and when they become due and payable in the normal course of the business; and has therefore prepared the Company financial statements on the assumption that the Company will continue to operate as a going concern for the foreseeable future

## 29. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The ultimate holding company of the Company is Nawiri Group Limited incorporated in Mauritius. There are other companies that are related to the Company through common shareholdings or common directorships.

ASILIA LODGES AND CAMPS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

The following transactions were carried out with related parties:	2023 US\$'000	2022 US\$'000
<b>(i) Sale of goods and services</b>		
Asilia Africa Limited - Bed nights sales	10,496	5,210
Asilia Africa Limited - Administration fee charged	105	144
Asilia Lodges and Camps Southern Tanzania Limited - management fee	200	116
Rubondo Islands Camps Limited - management fee	32	10
Asilia Africa Limited - Safari sales	<u>2,048</u>	<u>880</u>
<b>(ii) Key management compensation</b>		
Salaries and other short-term employment benefits	<u>342</u>	<u>206</u>
<b>(iii) Amounts due from related companies</b>		
Matemwe Bungalows Zaswi (Z) Limited	-	1,650
Rubondo Island Camp Limited	93	99
Asilia Lodges and Camps Southern Tanzania Limited	632	231
Asilia Giving	<u>61</u>	<u>-</u>
	<u>786</u>	<u>1,980</u>
<b>(iv) Amounts due to related companies (Note 24)</b>		
Asilia Africa Limited	3,576	784
Matemwe Bungalows Zaswi (Zanzibar) Limited	85	-
Nawiri Group Limited (formerly Africa Spirit Limited)	1,185	609
Asilia Kenya Limited	<u>245</u>	<u>166</u>
	<u>5,091</u>	<u>1,559</u>
<b>(v) Loan due from related companies</b>		
Loan due from Rubondo Island Camp Limited (Note 16)	418	418
Loan due from Matemwe Bungalows Zaswi Limited (Note 16)	-	905
Receivable from Director (Note 16 (iii))	<u>20</u>	<u>20</u>
	<u>438</u>	<u>1,343</u>

30. CONTINGENT LIABILITIES

The Directors evaluate the status of legal and litigation exposures on a regular basis to assess the probability of the Company incurring related liabilities. However, provisions are only made in the financial statements where, based on the Directors' evaluation, a present obligation has been established. In the opinion of the Directors, there were no known contingent liabilities for the Company as at 31 May 2023.

31. CURRENCY

The financial statements are presented in United States Dollars (US\$) rounded to the nearest thousands (US\$'000).

ASILIA LODGES AND CAMPS LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**32. ULTIMATE HOLDING COMPANY**

The ultimate holding Company is Nawiri Group Limited (formerly African Spirit Limited) incorporated and domiciled in Mauritius.

**33. EVENTS AFTER THE REPORTING PERIOD**

At the date of signing the financial statements, the Directors are not aware of any matter or circumstance arising since the end of the financial period, not otherwise dealt with in these financial statements, which significantly affected the financial position of the Company and results of its operations.

ASILIA LODGES AND CAMPS LIMITED

APPENDIX A: MEMORANDUM STATEMENTS

MEMORANDUM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MAY 2023

	2023 TZS'000	2022 TZS'000
Revenue	38,156,640	18,643,500
Direct costs	<u>(11,681,701)</u>	<u>(6,171,641)</u>
Gross profit	26,474,939	12,471,859
Employee expenses	(11,583,516)	(8,785,238)
General administrative expenses	(10,311,784)	(6,531,654)
Other income	<u>909,382</u>	<u>362,350</u>
Earnings before interest, tax, depreciation and amortisation (EBITDA)	5,489,021	(2,482,684)
Depreciation, impairment and amortisation	(4,207,937)	(4,301,447)
Amortisation of intangible assets	-	-
Interest income	238,449	208,059
Finance costs	<u>(2,426,577)</u>	<u>(2,349,432)</u>
Loss before tax	(907,044)	(8,925,504)
Income tax credit/ (expense)	<u>(1,115,103)</u>	<u>2,052,538</u>
Loss for the year	(2,022,147)	(6,872,966)
Other comprehensive income:		
Gain on revaluation of property, plant and equipment	-	7,854,816
Tax expense on revaluation gain	<u>-</u>	<u>(2,356,445)</u>
<b>Total comprehensive loss for the year</b>	<u>(2,022,147)</u>	<u>(1,374,595)</u>

**NOTE:**

The Tanzania Shillings (TZS) amounts have been presented for memorandum purposes only and have been arrived at by translating the United States Dollar amounts using the following basis:

- Assets and liabilities at the year-end have been translated at the rate ruling at reporting date.
- Income and expenses for the period have been translated at an average rate for the period.
- All exchange differences are recognised as a separate component of equity in the memorandum TZS amounts.

ASILIA LODGES AND CAMPS LIMITED

APPENDIX A: MEMORANDUM STATEMENTS  
MEMORANDUM STATEMENT OF FINANCIAL POSITION  
AS AT 31 MAY 2023

	2023 TZS'000	2022 TZS'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property and equipment	39,001,822	34,475,411
Right of use assets	1,144,539	1,249,379
Investment in associate	-	-
Intangible assets	23,648	39,552
Deferred tax assets	1,314,801	2,077,645
Investment in subsidiaries	2,289,078	4,139,004
Goodwill	-	588,327
Non-current receivables	1,035,761	3,124,910
	<u>44,809,649</u>	<u>45,694,228</u>
<b>Current assets</b>		
Inventories	1,293,518	1,012,067
Trade and other receivables	5,370,347	8,005,796
Current tax asset	404,372	374,581
Cash and bank balances	501,327	416,460
	<u>7,569,564</u>	<u>9,808,904</u>
Non-current asset held for sale	7,692,532	-
<b>Total assets</b>	<u>60,071,745</u>	<u>55,503,132</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	16,923,000	16,923,000
Accumulated losses	(23,192,538)	(21,607,548)
Revaluation reserve	9,210,777	9,517,021
Foreign currency translation reserve	5,231,337	5,090,433
<b>Total equity</b>	<u>8,172,576</u>	<u>9,922,906</u>
<b>Non-current liabilities</b>		
Borrowings	22,304,322	22,819,195
Lease liability	983,736	1,074,885
	<u>23,288,058</u>	<u>23,894,080</u>
<b>Current liabilities</b>		
Borrowings	7,467,881	9,206,317
Trade and other payables	18,967,660	10,511,534
Deferred revenue	2,059,697	1,856,619
Lease liability	115,873	111,676
	<u>28,611,111</u>	<u>21,686,146</u>
<b>Total liabilities</b>	<u>51,899,169</u>	<u>45,580,226</u>
<b>Total equity and liabilities</b>	<u>60,071,745</u>	<u>55,503,132</u>

ASILIA LODGES AND CAMPS LIMITED

APPENDIX A: MEMORANDUM STATEMENTS  
MEMORANDUM STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MAY 2023

	Share capital TZS'000	Accumulated losses TZS'000	Revaluation reserve TZS'000	Foreign currency translation reserve TZS'000	Total TZS'000
At 1 June 2021	16,923,000	(15,011,448)	4,211,757	4,948,425	11,071,734
Loss for the year	-	(6,872,964)	-	-	(6,872,964)
Release of excess depreciation	-	276,864	(276,864)	-	-
Foreign currency translation	-	-	-	142,008	142,008
Deferred tax charge on excess depreciation	-	-	83,757	-	83,757
Gain on revaluation of property, plant and equipment – net of tax	-	-	5,498,371	-	5,498,371
At 31 May 2022	<u>16,923,000</u>	<u>(21,607,548)</u>	<u>9,517,021</u>	<u>5,090,433</u>	<u>9,922,906</u>
At 1 June 2022	16,923,000	(21,607,548)	9,517,021	5,090,433	9,922,906
Loss for the year	-	(2,022,147)	-	-	(2,022,147)
Release of excess depreciation	-	437,157	(437,157)	-	-
Foreign currency translation	-	-	-	140,904	140,904
Deferred tax charge on excess depreciation	-	-	130,913	-	130,913
Gain on revaluation of property, plant and equipment - net of tax	-	-	-	-	-
At 31 May 2023	<u>16,923,000</u>	<u>(23,192,538)</u>	<u>9,210,777</u>	<u>5,231,337</u>	<u>8,172,576</u>

ASILIA LODGES AND CAMPS LIMITED

APPENDIX A: MEMORANDUM STATEMENTS

MEMORANDUM STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MAY 2023

	2023	2022
	TZS'000	TZS'000
<b>Cash flows from operating activities</b>		
Loss before tax	(907,043)	(8,925,502)
<i>Adjustments for:</i>		
Depreciation of property and equipment	4,067,668	4,045,752
Amortization of intangible assets	16,364	37,032
Depreciation of right of use assets	123,900	175,902
Interest expense on borrowing	2,342,415	2,226,552
Interest expense on lease	84,159	98,524
Interest income	(238,499)	(205,991)
(Gain)/loss on disposal of property and equipment	(119,225)	120,354
Write off balance due from related parties through profit and loss	2,744,507	-
	<u>(8,114,246)</u>	<u>(2,427,377)</u>
<i>Movements in working capital:</i>		
(Increase)/decrease in inventories	(261,827)	229,136
Increase in trade and other receivables excluding balance converted to investments	(1,122,115)	(4,499,394)
Increase in trade and other payables excluding tax provision	8,189,103	884,140
Increase in deferred revenue	170,655	687,407
Cash used in operations	15,090,062	(5,126,088)
Interest paid	(2,342,415)	(2,152,488)
Interest received	238,449	205,991
Tax paid	(219,748)	(34,718)
Cash flow generated by/(used in) operating activities	<u>12,766,348</u>	<u>(7,107,303)</u>
<b>Cash flows from investing activities</b>		
Loan disbursed to subsidiary	(628,852)	(671,206)
Purchase of shares in subsidiaries	(1,260,042)	-
Proceed form disposal	137,927	-
Purchase of property and equipment	(8,002,084)	(1,548,403)
Cash flow used in investing activities	<u>(9,753,051)</u>	<u>(2,219,609)</u>
<b>Cash flows from financing activities</b>		
Lease rental payment	(189,357)	(217,563)
Proceeds from shareholder loan	-	12,873,268
Proceeds from term loan	2,735,156	2,504,293
Repayment of borrowings	(9,362,649)	(4,235,541)
Cash flow from financing activities	<u>(6,816,850)</u>	<u>10,924,457</u>
(Decrease)/increase in cash and cash equivalents	(3,803,553)	1,597,545
Foreign exchange difference	(39,554)	201,508
Cash and cash equivalents at the beginning of the year	265,231	(1,533,822)
Cash and cash equivalents at the end of the year	<u>(3,577,866)</u>	<u>265,231</u>