

**CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED**

**ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

# CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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# **CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED**

## **REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023**

The Members charged with governance of Consolidated Tourist & Hotels Investment Limited ("the Company") and its subsidiary Sopa Management Limited (together "the Group") present their report together with the audited financial statements for the year ended 31 December 2023 which disclose the state of affairs of the Group and the Company.

### **1 INCORPORATION**

The Company was incorporated in the United Republic of Tanzania as a limited liability company with Certificate of Incorporation number 14992 and is domiciled in Tanzania.

### **2 PRINCIPAL ACTIVITY**

The Company owns and operates three upscale lodges in northern Tanzania, providing exclusive accommodation facilities to tourists. These properties are:

- i. Ngorongoro Sopa Lodge located in Ngorongoro Conservation Area
- ii. Serengeti Sopa Lodge located in Serengeti National Park
- iii. Tarangire Sopa Lodge located in Tarangire National Park

### **3 RESULTS AND DIVIDEND**

During the year, the Group recorded a net loss after tax of TShs 18,200 million (2022: TShs 8,828 million), an increase of net loss by 106% as compared to the previous year. The performance of the Group continued to be impacted by the ongoing major renovations at Ngorongoro Sopa Lodge and Serengeti Sopa Lodge. As a result of the ongoing renovations, the above mentioned lodges did not operate during the year.

Revenue has increased by 156% from the prior year following recovery of tourist arrivals after the COVID-19 pandemic. Further, the increase in other income by 34% is attributed to the increase in the supply of lodge consumed stock by the Company to its related entities. In line with increase in revenue, cost of sales slightly reduced by 4% in comparison to the prior year. Administrative expenses have increased by 182% from prior year with major costs being interest written back on a related party loan.

Finance costs continue to form a significant proportion of costs that the Company incurs, due to borrowing facilities in place with I&M Bank Tanzania Limited.

Cash generated from operations amounted to TShs 10,026 million (2022: TShs 12,193 million). Of this, TShs 189 million (2022: TShs 51million) was used to pay tax and TShs 2,505 million (2022: TShs 1,641 million) was used to pay interest).

No dividend was proposed or paid during the year. The directors do not propose a dividend for the year ended 31 December 2023 (2022: TShs Nil).

The directors continue to be optimistic with the Group's future given the outlook for the Tourism Sector in Tanzania that remains highly positive, with the expectation of achieving increasing volumes in forthcoming years. Top line revenues projected after the refurbishment of Serengeti & Ngorongoro Lodges will play a key role towards improving financial performance, net assets & the resultant liquidity position.

## CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

### REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

#### 4 PERFORMANCE FOR THE YEAR

A summary of key ratios shown as below

Performance Indicator	Definition and calculation method	2023	2022
Income growth	Measures a percentage movement of revenue from contracts with tour operators and guests year on year ( <b>Calculation:</b> Current year revenue less prior year divided by prior year).	156%	33%
Gross loss margin	Measures excess margin from sales after deducting cost of goods sold ( <b>Calculation:</b> Gross profit /Total revenue).	(28%)	(233%)
Net loss margin	Measures the percentage of net loss a Company produces from its operations ( <b>Calculation:</b> Net loss/ Total revenue).	(488%)	(606%)
Current ratio	A liquidity ratio, which measures whether a Company has enough resources to meet its short-term obligations (current liabilities) ( <b>Calculation:</b> Current assets / current liabilities excl. related party balances).	0.37	0.25

#### 5 BUSINESS OBJECTIVES AND STRATEGIES

The Group's mission is to increase awareness of the direct benefits generated by wildlife and ecology conservation that will contribute towards long term sustainability and local prosperity.

Further, it is the Group's mission to enhance and improve international understanding of Africa and her people and to create and support sustainable living in harmony with the environment and wildlife amongst communities.

The primary objective of the Group is guest satisfaction in providing superior accommodation facilities, whilst maintaining strategic relationships with tour agents as most preferred partners. Additional objectives include:

- To craft authentic and memorable safari experiences, providing the highest quality of luxury and comfort.
- To attract diverse guest profiles with a view to increase loyalty to the Company's brand.
- To maximize shareholders' value through profit maximization.
- To strive to leave as little impact as possible on the surrounding environment.
- To be a sustainability leader in achieving a net positive impact.
- To deliver reliably hassle-free services with maximum efficiency fostering.

## CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

### REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

#### 6 FUTURE PROSPECTS AND DEVELOPMENT

Management will continue to be cautious in its development plans, by reference to tourist arrivals expected for forthcoming years and formulate development plans accordingly. Among the short-term plans, completion of the refurbishment of its lodges in Serengeti and Ngorongoro are key priorities.

#### 7 CAPITAL STRUCTURE AND SHAREHOLDERS

The Company has 375,000 authorised shares of TShs 1,000 each. As at the date of this report, all authorised shares were issued and fully paid. The Company had only ordinary share capital at the date of this report.

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

<b>Name</b>	<b>Number of shares</b>
Consolidated Tourist And Hotels Investments Limited (Jersey)	374,998
Mr S M W Murji's estate	1
Mrs G S Wissanji	1
	<hr/>
	<b>375,000</b>

#### 8 COMPOSITION OF THE BOARD OF DIRECTORS

The directors of the Company at the date of this report, all of whom have served since 1 January 2023 are:

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Nationality</u></b>	<b><u>Date of resignation</u></b>
Mr Karim S. Wissanji	Chairman and Managing Director	Canadian	
Mrs G S Wissanji	Member	Canadian	
Mr Mehdi Janmohamed	Finance Director	Canadian	
Mr Shahnawaz Mohamedali	Director	Canadian	9 June 2022

In accordance with the Company's Articles of Association, the directors are not required to retire by rotation.

Mrs G S Wissanji owns one ordinary share in the Company. The deceased Mr. Shahnawaz Mohamedali was removed as the member of the board on 9 June 2022.

The company secretary at the date of this report, who also served the position throughout the year, was Mr. Elvaison Erasmo Maro.

## CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

### REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

#### 9 CORPORATE GOVERNANCE

The Board of directors consists of three directors, two of whom hold executive positions in the Company being Managing Director and Finance Director. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, 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.

The Board is required to meet at least once a year. The Board delegates the day to day management of the business to the Managing Director assisted by senior management. Senior management is invited to attend board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all the various business units.

The Company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability. Due to the Company's operations not being complex, the Board of directors does not have any sub-committees.

#### **Remuneration**

Directors' remuneration (i.e. fees and sitting allowance) is ordinarily approved by shareholders at the Annual General Meeting. No fee was paid to directors during the year under review.

#### **Risk management and internal control**

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding;

- The effectiveness and efficiency of operations;
- The safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behavior towards all stakeholders.

The efficiency of any internal control system is dependent upon the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The internal control systems have been designed to manage, rather than eliminate, the risk of failure to achieve business objectives and provide reasonable assurance against material misstatement or loss.

## **CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED**

### **REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **10 SOLVENCY AND GOING CONCERN**

The Board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of directors confirms that the Company has adequate resources to continue in operational existence for the foreseeable future.

#### **11 STAKEHOLDERS RELATIONSHIP**

During the year, the Company continued to maintain cordial relationships with its key stakeholders.

#### **12 COMMERCIAL AND OPERATIONAL RISK**

Financial risk and its management are disclosed under Note 5 of the financial statements.

#### **13 RELATED PARTY TRANSACTIONS**

All related party transactions and balances are disclosed in Note 30 to the financial statements.

#### **14 POLITICAL AND CHARITABLE DONATIONS**

The Group's charitable donations for the year amounted to TShs 700,000 (2022: TShs nil).

#### **15 EMPLOYEES WELFARE**

There were sustained cordial relations between employees and management during the year under review. 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 any regard to factors such as gender, marital status, tribes, religion and disability (which does not impair ability to discharge duties).

##### **Medical Assistance**

Members of staff were availed medical cover, with costs paid for by the Company. The Company is registered with the National Health Insurance Fund, other medical insurance providers and with selected hospitals where staff can access medical treatment with the resultant costs charged to the Company.

##### **Health and Safety**

A safe working environment is maintained for all employees and contractors via the provision of adequate and proper personal protective equipment, training, risk awareness and supervision as necessary.

##### **Financial Assistance to Staff**

Loans and advances are made available to confirmed employees depending on the assessment of and the discretion of management as to the need and circumstances.

**CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED**

**REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**15 EMPLOYEE WELFARE (CONTINUED)**

**Employee benefit plan**

The Company pays contributions to publicly administered pension plans on mandatory basis which qualifies as a defined contribution plan.

**Gender parity**

As at 31 December 2023, the Company had 282 employees, out of which 71 were female and 211 were male (2022: 282 employees, out of which 71 were female and 211 were male).

**16 AUDITORS**

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office and are eligible for re-appointment. A resolution proposing the re-appointment of PricewaterhouseCoopers as auditors of the Group for year 2024 will be put to the Annual General Meeting.

**17 STATEMENT OF COMPLIANCE**

The members charged with governance accept responsibility for preparing these financial statements which show true and fair view of the Company to the date of approval of the audited financial statements, in accordance with applicable standards, rules, regulations and legal provisions. The members also confirm compliance with the provision of the requirements of TFRS 1 and all other statutory legislation relevant to the Company.

**BY ORDER OF THE BOARD**



**Karim S. Wissanji**  
Director

24<sup>TH</sup> DECEMBER 2024

Date

## CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

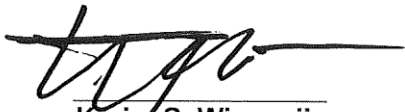
### STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2023

The Companies Act, No.12 of 2002 requires directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the year. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No.12 of 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 its profit or loss in accordance with IFRS Accounting Standards. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

The going concern basis of preparing financial statements has been adopted in line with explanations provided in Note 2.

Signed on behalf of the Board of directors by:

  
\_\_\_\_\_  
Karim S. Wissanji  
Director

24<sup>TH</sup> DECEMBER 2024

\_\_\_\_\_  
Date

**CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED**

**DECLARATION OF THE HEAD OF FINANCE  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 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 an entity showing true and fair view of the entity's position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of directors as under directors' responsibility statement on an earlier page.

I, **Carol Silveira**, being the Financial Controller, on behalf of the Head of Finance of Consolidated Tourist & Hotels Investment Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2023 have been prepared in compliance with International Financial Reporting Standards and the requirements of the Companies Act, No 12 of 2002.

I thus confirm that the financial statements give a true and fair view position of Consolidated Tourist & Hotels Investment Limited as on that date and that they have been prepared based on properly maintained financial records.

Signed by:



**Carol Silveira**  
**Financial Controller**

24<sup>TH</sup>DECEMBER 2024

**Date**

**NBAA Membership No: AFCA 2606**

## *Independent auditor's report*

To the shareholders of Consolidated Tourist & Hotels Investment Limited

### *Report on the audit of the financial statements*

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#### *Our opinion*

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Consolidated Tourist & Hotels Investment Limited (the Company) and its subsidiary Sopa Management Limited (together the Group) as at 31 December 2023, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, No. 12 of 2002.

#### ***What we have audited***

The consolidated financial statements of Consolidated Tourist & Hotels Investment Limited as set out on pages 13 to 44 comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policies and other explanatory information.

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#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

#### ***Independence***

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the consolidated financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA.

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#### *Material uncertainty relating to going concern*

We draw attention to Note 2 in the financial statements which indicates that during the year ended 31 December 2023 the Group and Company's current liabilities exceeded its current assets by Tshs 13,165 million and 13,163 million (2022: Tshs 13,600 million and Tshs 13,624 million). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Our opinion is not modified in respect of the above matters.

## *Independent auditor's report*

To the shareholders of Consolidated Tourist & Hotels Investment Limited

### *Report on the audit of the financial statements (continued)*

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#### *Other information*

The directors are responsible for the other information. The other information comprises general information, Report by those charged with governance, Statement of directors' responsibilities and Declaration of the head of finance but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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, 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.

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#### *Responsibilities of the directors for the financial statements*

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Companies Act, No. 12 of 2002, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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#### *Auditor's responsibilities for the audit of the financial statements*

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

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

## *Independent auditor's report*

To the shareholders of Consolidated Tourist & Hotels Investment Limited

### *Report on the audit of the financial statements (continued)*

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#### *Auditor's responsibilities for the audit of the financial statements (continued)*

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 Group's and 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 Group and Company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

## *Independent auditor's report*

To the shareholders of Consolidated Tourist & Hotels Investment Limited

### *Report on other legal and regulatory requirements.*

This report, including the opinion, has been prepared for, and only for, the Company's members as a body in accordance with the Companies Act, No. 12 of 2002 and for no other purposes.

As required by the Companies Act, No. 12 of 2002, we are also required to report to you if, in our opinion, The report by those charged with governance is not consistent with the consolidated financial statements, if the Company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed. In respect of the foregoing requirements, we have no matter to report.

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Cletus Kiyuga, ACPA 1981

**For and on behalf of PricewaterhouseCoopers**

Certified Public Accountants

Dar es Salaam

27-12-2024 | 22:06 EAT

Date: \_\_\_\_\_

CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME

	Note	Group		Company	
		2023	2022	2023	2022
		TShs '000	TShs '000	TShs '000	TShs '000
Revenue	6	3,728,020	1,455,692	3,728,020	1,455,692
Less: Concession fees and service charge		(165,299)	(75,207)	(165,299)	(75,207)
<b>Net revenue</b>		<b>3,562,721</b>	<b>1,380,485</b>	<b>3,562,721</b>	<b>1,380,485</b>
Cost of sales	7	(4,592,043)	(4,767,165)	(4,592,043)	(4,767,165)
<b>Gross loss</b>		<b>(1,029,322)</b>	<b>(3,386,680)</b>	<b>(1,029,322)</b>	<b>(3,386,680)</b>
Other income	8	10,884,945	8,146,325	10,884,945	8,146,325
Administrative expenses	9	(31,435,232)	(11,149,193)	(31,387,508)	(11,458,202)
<b>Operating loss</b>		<b>(21,579,609)</b>	<b>(6,389,548)</b>	<b>(21,531,885)</b>	<b>(6,698,557)</b>
Finance income	11	914,587	3,064,352	889,016	3,063,683
Finance costs	12	(4,051,478)	(1,940,507)	(4,051,478)	(1,940,508)
<b>Loss before income tax</b>		<b>(24,716,500)</b>	<b>(5,265,704)</b>	<b>(24,694,347)</b>	<b>(5,575,382)</b>
Income tax credit/(expense)	13	6,516,589	(3,562,301)	6,521,023	(3,888,091)
<b>Loss for the year</b>		<b>(18,199,911)</b>	<b>(8,828,005)</b>	<b>(18,173,324)</b>	<b>(9,463,473)</b>
<b>Loss is attributable to:</b>					
Equity holders of the Company		(18,199,903)	(8,828,190)	-	-
Non-controlling interest		(8)	185	-	-
<b>Loss for the year</b>		<b>(18,199,911)</b>	<b>(8,828,005)</b>	<b>(18,173,324)</b>	<b>(9,463,473)</b>
<b>Other comprehensive income</b>					
Revaluation gains, net of tax		-	6,058,343	-	6,058,343
Release of excess depreciation, net of tax	23	(170,458)	-	(170,458)	-
Total comprehensive loss for the year		<b>(18,370,369)</b>	<b>(2,769,662)</b>	<b>(18,343,782)</b>	<b>(3,405,130)</b>
<b>Total comprehensive loss for the year attributable to:</b>					
Equity holders of the Company		(18,370,369)	(2,769,662)	-	-
Non-controlling interest		-	-	-	-
Total comprehensive loss for the year		<b>(18,370,369)</b>	<b>(2,769,662)</b>	<b>(18,343,782)</b>	<b>(3,405,130)</b>

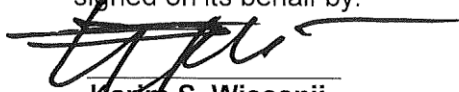
CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	Group		Company	
		2023	2022	2023	2022
		TShs '000	TShs '000	TShs '000	TShs '000
<b>Non-current assets</b>					
Investment	16	-	-	102,960	102,960
Property, plant and equipment	14	57,766,119	38,011,186	57,766,119	38,011,186
Right of use of asset	15	-	97,208	-	97,208
Notes receivable	19	18,365,575	31,860,150	18,365,575	31,860,150
Trade and other receivables	18	2,772,311	4,221,882	2,772,311	4,221,883
Deferred income tax asset	27	3,831,116	-	3,831,116	-
		<b>82,735,121</b>	<b>74,190,426</b>	<b>82,838,081</b>	<b>74,293,387</b>
<b>Current assets</b>					
Inventories	17	2,388,884	2,391,877	2,388,884	2,391,877
Trade and other receivables	18	4,710,902	1,810,276	4,710,902	1,804,396
Cash and cash equivalent	21	678,142	404,826	598,148	251,638
		<b>7,777,928</b>	<b>4,606,979</b>	<b>7,697,934</b>	<b>4,447,911</b>
<b>TOTAL ASSETS</b>		<b>90,513,049</b>	<b>78,797,405</b>	<b>90,536,015</b>	<b>78,741,298</b>
<b>EQUITY</b>					
<b>Capital and reserves</b>					
Share capital	22	375,000	375,000	375,000	375,000
Advance towards share capital	30	4,633,760	-	4,633,760	-
Revaluation reserves		5,664,622	6,058,343	5,664,622	6,058,343
Accumulated losses)/ Retained earnings		(2,609,960)	15,346,431	(2,505,060)	15,424,752
		<b>8,063,422</b>	<b>21,779,774</b>	<b>8,168,322</b>	<b>21,858,095</b>
Non-controlling interest		(32)	(24)	-	-
<b>Total equity</b>		<b>8,063,390</b>	<b>21,779,750</b>	<b>8,168,322</b>	<b>21,858,095</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Deferred income tax liabilities	27	-	2,737,510	-	2,737,510
Borrowings	25	19,418,630	17,891,048	19,418,630	17,891,048
Trade and other payables	24	41,878,726	17,951,394	41,878,726	17,951,394
Lease liabilities	28	209,386	230,746	209,386	230,746
		<b>61,506,742</b>	<b>38,810,698</b>	<b>61,506,742</b>	<b>38,810,698</b>
<b>Current liabilities</b>					
Borrowings	25	14,689,106	4,413,553	14,689,106	4,413,553
Trade and other payables	24	4,014,179	11,567,120	3,907,496	11,437,354
Corporate tax payable	26	2,239,632	2,226,284	2,264,349	2,221,598
		<b>20,942,917</b>	<b>18,206,957</b>	<b>20,860,951</b>	<b>18,072,505</b>
<b>Total liabilities</b>		<b>82,449,659</b>	<b>57,017,655</b>	<b>82,367,693</b>	<b>56,883,203</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>90,513,049</b>	<b>78,797,405</b>	<b>90,536,015</b>	<b>78,741,298</b>

The financial statements on page 13 to 44 were approved by those charged with governance and signed on its behalf by:

  
Karim S. Wissanji  
Director

24<sup>TH</sup> DECEMBER 2024

Date

CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP	Share capital TShs '000	Advance towards share capital TShs '000	Revaluation reserves TShs '000	Retained earnings TShs '000	Total TShs '000	Non-Controlling Interest TShs '000	Total TShs '000
<b>Year ended 31 December 2023</b>							
At start of the year	375,000	-	6,058,343	15,346,431	21,779,774	(24)	21,779,750
Transaction with owners:							
Additions	-	4,633,760	-	-	4,633,760	-	4,633,760
Comprehensive income:							
Loss for the year	-	-	-	(18,199,903)	(18,199,903)	(8)	(18,199,911)
Release of excess depreciation (Note 23)	-	-	(243,512)	243,512	-	-	-
Deferred tax impact on release of excess depreciation	-	-	73,054	-	73,054	-	73,054
Over provision of deferred tax on Revaluation reserves - prior year	-	-	(223,263)	-	(223,263)	-	(223,263)
<b>At end of year</b>	<b>375,000</b>	<b>4,633,760</b>	<b>5,664,622</b>	<b>(2,609,960)</b>	<b>8,063,422</b>	<b>(32)</b>	<b>8,063,390</b>
<b>Year ended 31 December 2022</b>							
At start of the year	375,000	-	-	24,174,621	24,549,621	(209)	24,549,412
Comprehensive income:							
Loss for the year	-	-	-	(8,828,190)	(8,828,190)	185	(8,828,005)
Other comprehensive income:							
Revaluation gain net of tax (Note 23)	-	-	6,058,343	-	6,058,343	-	6,058,343
<b>At end of year</b>	<b>375,000</b>	<b>-</b>	<b>6,058,343</b>	<b>15,346,431</b>	<b>21,779,774</b>	<b>(24)</b>	<b>21,779,750</b>

CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

COMPANY	Share capital TShs '000	Advance Share capital TShs '000	Revaluation reserves TShs '000	Retained earnings TShs '000	Total TShs '000
<b>Year ended 31 December 2023</b>					
At start of the year	375,000	-	6,058,343	15,424,752	21,858,095
Additions	-	4,633,760	-	-	4,633,760
<i>Comprehensive income:</i>					
Revaluation surplus (net of tax)	-	-	-	-	-
Loss for the year	-	-	-	(18,173,324)	(18,173,324)
Release of revaluation gains net of tax (Note 23)	-	-	(393,721)	243,512	(150,209)
<b>At end of year</b>	<b>375,000</b>	<b>4,633,760</b>	<b>5,664,622</b>	<b>(2,505,060)</b>	<b>8,168,322</b>
<b>Year ended 31 December 2022</b>					
At start of the year	375,000	-	-	24,888,225	25,263,225
<i>Comprehensive income:</i>					
Revaluation surplus net of tax (Note 23)	-	-	6,058,343	-	6,058,343
Loss for the year	-	-	-	(9,463,473)	(9,463,473)
<b>At end of year</b>	<b>375,000</b>	<b>-</b>	<b>6,058,343</b>	<b>15,424,752</b>	<b>21,858,095</b>

CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group		Company	
		2023 TShs '000	2022 TShs '000	2023 TShs '000	2022 TShs '000
<b>Cash flow from operating activities</b>					
Profit before income tax		(24,716,500)	(5,265,704)	(24,694,347)	(5,575,382)
<i>Adjustment for non-cash items</i>					
Depreciation	14	2,156,218	2,018,131	2,156,218	2,018,131
Interest expense on lease liability		18,784	71,196	18,784	71,196
Interest income		-	(669)	-	(207,820)
Interest expense on borrowings	12	2,505,113	1,641,232	2,505,113	1,641,232
Depreciation – Right of use of asset	15	97,208	99,905	97,208	99,905
Write off withholding tax asset		-	53,390	-	53,386
Foreign exchange loss on borrowings	25	1,527,581	(207,820)	1,527,581	-
Foreign exchange loss on lease liability	28	16,597	2,710	16,597	2,710
		(18,394,999)	(1,587,629)	(18,372,846)	(1,896,642)
<i>Change in working capital items</i>					
Inventories		2,993	3,898	2,993	3,898
Trade, notes and other receivables		12,043,520	(3,173,873)	12,037,641	(3,173,091)
Trade and other payables		16,374,391	16,950,717	16,397,474	17,366,489
Cash generated from operations		10,025,905	12,193,113	10,065,262	12,300,654
Interest paid	25	(2,505,113)	(1,641,232)	(2,505,113)	(1,641,232)
Income tax paid	26	(188,899)	(50,541)	(155,062)	(50,541)
<b>Net cash generated from operations</b>		<b>7,331,893</b>	<b>10,501,340</b>	<b>7,405,087</b>	<b>10,608,881</b>
<b>Investing activities</b>					
Purchase of property and equipment	14	(21,911,151)	(10,546,630)	(21,911,151)	(10,546,630)
Interest income		-	669	-	-
<b>Net cash used in investing activities</b>		<b>(21,911,151)</b>	<b>(10,545,961)</b>	<b>(21,911,151)</b>	<b>(10,546,630)</b>
<b>Financing activities</b>					
Lease payments	28	(56,740)	(55,137)	(56,740)	(55,137)
Advance towards share capital		4,633,760	-	4,633,760	-
Proceeds from borrowings	25	10,275,554	16,903	10,275,554	16,903
<b>Net cash outflow from financing activities</b>		<b>14,852,574</b>	<b>(38,234)</b>	<b>14,852,574</b>	<b>(38,234)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>273,316</b>	<b>(82,855)</b>	<b>346,510</b>	<b>24,017</b>
<b>Movement in cash and cash equivalents</b>					
At beginning of the year		404,826	487,681	251,638	227,621
Net increase in cash and cash equivalents		273,316	(82,855)	346,510	24,017
<b>At end of the year</b>		<b>678,142</b>	<b>404,826</b>	<b>598,148</b>	<b>251,638</b>

# CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### NOTES

#### 1 GENERAL INFORMATION

Consolidated Tourist & Hotels Investment Limited was incorporated in the United Republic of Tanzania as a limited liability Company and is domiciled in Tanzania. The principal activities of the Company are disclosed in the directors' report.

The address of its registered office is:  
99 Serengeti Road  
PO Box 1823  
Arusha, Tanzania

#### 2 GOING CONCERN BASIS

During the year ended 31 December 2023, the Group and Company incurred a net loss of TShs 18,200 million and TShs 18,173 million (2022: TShs 8,828 million and TShs 9,463 million) respectively. Furthermore, the Group and Company have a net current liability position as at year end of TShs (13,165) million and TShs (13,163) million respectively (2022: TShs (13,600) million and TShs (13,625) million) respectively.

The financial statements have been prepared on a going concern basis given the relationship with financial institutions and the capacity of the Company's shareholders and sister company to support the financing requirements of the business. The Company has term loans with financial institutions that mature in 2027 and thereafter. During the year end, the Company obtained an additional overdraft facilities of TShs 3.9 million. Given the relationship with financial institutions and with the support of the Company's shareholders and sister company, the directors consider the Group will secure all required financing and when such financing is required. Based on that, nothing has come to the attention of the directors to indicate that the Company will not remain a going concern.

#### 3 MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### (a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis except where otherwise stated in the accounting policies below. The financial statements are presented in Tanzanian Shillings (TShs), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES (CONTINUED)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policy and disclosures (continued)

(i) New and amended standards adopted by the Company

There are no new or amended accounting standards that require the Company to change its accounting policies nor have material impact to the Company's financial statements.

(ii) New standards and amendments not yet effective and have not been adopted by the Company

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts—Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2023	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.
Annual improvements cycle 2018-2022	Annual periods beginning on or after 1 January 2023	These amendments include minor changes to: <ul style="list-style-type: none"> <li>IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for recognition of a financial liability. Fees paid to third parties are excluded from this calculation.</li> <li>IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.</li> </ul>
Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

# CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### NOTES (CONTINUED)

#### 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

##### (c) Principles of consolidation and equity accounting

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

##### (d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied or services provided, stated net of value-added tax (VAT) and discounts.

The Group and the Company recognise revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Accommodation revenue is recognised when a room has been occupied as per the agreed rates per night/day. At this point, control is deemed to have passed to the third party.

For other goods and services provided (such as beverage, food, spa services), revenue is recognised when goods and services have been supplied and accepted by customer.

##### (e) Property and equipment

Property and equipment are initially recorded at cost. Subsequent to initial recognition, land and land developments are measured at fair value, all other items are measured at cost less accumulated depreciation. Except for land, which is not depreciated, depreciation is calculated on the straight-line method to write down the cost of each asset to their residual values over their expected useful life as follows:

Buildings	33 - 67 years
Machinery and equipment	4 - 8 years
Motor vehicles	3 - 4 years
Furniture and fittings	6 years

# CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### NOTES (CONTINUED)

#### 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

##### (e) Property and equipment

Subsequent to revaluation, amount of revaluation gain is be released over the remaining lease period using the excess depreciation approach.

Property and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating results.

During the year, management reviewed the life span of buildings and increased the estimated useful life to 67 years from 50 years.

Repairs and maintenance expenditure are charged to profit or loss during the financial period in which they are incurred. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

##### (f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

The Group and the Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Refer to note 2(m) below for further details about Group's and the Company's impairment policies.

# CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### NOTES (CONTINUED)

#### 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

##### **(g) Income and deferred tax**

Income tax expense for the period comprises of current income tax and deferred income tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that the directors consider that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is recognised as income tax benefit or expense in the year in which it arises.

##### **(h) Provisions**

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

Where the Group and the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

##### **(i) Foreign currency translation**

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

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

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

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

# CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### NOTES (CONTINUED)

#### 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

##### (j) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets (if any) that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis

##### (k) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowing costs are expensed in the period they accrue unless they can be related, with certainty, to fixed assets construction projects, in which case they are capitalized as part of the asset's cost. Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

##### (l) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

# CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### NOTES (CONTINUED)

#### 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

##### (m) Financial assets

###### Classification:

The Group classifies its financial assets as measured at amortised cost. The classification is based on the Group's and the Company's business model for managing the financial assets and the contractual terms of the cash flows.

###### Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

###### Measurement

At initial recognition, the Group and the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Cash and cash equivalents comprise cash and bank balances. Bank overdrafts that are repayable on demand and form an integral part of the Group's and the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

###### Impairment

The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3(f) for further details.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

# CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### NOTES (CONTINUED)

#### 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

##### (n) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### (o) Leases

Future lease payments are discounted using the Group's and the Company's incremental borrowing rate being the rate that the Group and the Company 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. 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.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received and any initial direct 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.

##### (p) Employee benefits

The Group has defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group and the Company contributes to the publicly administered pension plans on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefits expense when they are due.

##### (q) Comparatives

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

##### (r) Share capital

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

# CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### NOTES (CONTINUED)

#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

##### **Critical accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

##### Useful lives of property, plant and equipment

Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment and their residual values. The rates used are set out in note 2(e) above.

##### Impairment of financial assets

Management carries out a regular review of the status of trade receivables and other financial assets to determine whether there is any indication that these assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, which is then dealt with in the profit or loss. In determining whether an impairment loss should be recognized in the profit or loss, management checks whether there is objective evidence that the assets are impaired and that the fair values have declined. Management estimates of the required provisions are based on critical evaluation of the economic circumstances involved, historical experience and other factors that are considered to be relevant.

##### Determination of the lease term:

In determining the lease term for the leased godown, management has considered the maximum agreed lease term, other facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

##### Determination of fair value of land and buildings:

In determining the fair value of land development and buildings, Management applied significant assumptions and estimates. The fair valuation was performed by an independent valuer i.e Fello Consultant Limited a certified valuer. To ensure the value of land and building do not differ materially with their carrying value, the valuation exercise will be performed frequently.

# CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### NOTES (CONTINUED)

#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

##### Fair Method used

In determining the fair values, management uses the average of replacement cost and comparable market value. The replacement cost indicates values by calculating the cost of similar assets offering equivalent utility.

##### Fair value measurement

The different levels in assessing the input used in the determining the fair value of the biological assets and those of property, plant and equipment have been defined as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

##### **Fair value Hierarchy**

At 31 December 2023	Notes	Level 1 TShs '000	Level 2 TShs '000	Level 3 TShs '000	Total TShs '000
Land development	14	-	2,262,960	-	2,262,960
Buildings	14	-	-	20,498,662	20,498,661
		-	<b>2,262,960</b>	<b>20,498,662</b>	<b>22,761,622</b>

There were no transfers between different levels during the year.

# CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### NOTES (CONTINUED)

#### 5 FINANCIAL RISK MANAGEMENT

##### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effect on the Group's profit or loss. Risk management is carried out by the management on behalf of the board of directors.

##### (a) Market risk

###### *(i) Foreign currency exchange risk*

The Group earns rental income and incurs some of its expenses in United States dollars. Furthermore, the Group has borrowings denominated in United States dollars from its sister company, shareholder and banks. Foreign exchange risk arises from commercial transactions, and recognised assets and liabilities.

At 31 December 2023, if the functional currency had strengthened/weakened by 5% against the US dollar with all other variables held constant, post-tax loss for the year would have been TShs 1,761 million (2022: TShs 1,169 million) lower/higher, mainly as a result in translation of US dollar denominated current assets and borrowings.

###### *(i) Price risk*

The Group is not exposed to any price risk.

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

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2023 and 2022, the Group's borrowings at fixed rate were denominated in the US dollar.

At 31 December 2023, if interest rates on US dollar denominated borrowings had been 0.5% higher/lower with all other variables held constant, post-tax loss for the year would have been TShs 0.5 million (2022: TShs 0.5 million) lower/higher, mainly as a result of higher/lower interest expense on borrowings.

##### b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

# CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### NOTES (CONTINUED)

#### 5 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### 5.1 Financial risk factors (continued)

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

###### Exposure:

The amount that represents the Group's exposure to credit risk at 31 December is made up as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	TShs '000	TShs '000	TShs '000	TShs '000
Cash at bank	593,214	314,021	521,802	169,416
Trade receivables	625,563	553,659	625,563	547,783
Notes receivable	18,365,575	31,860,150	18,365,575	31,860,150
Due from related parties	2,772,311	4,302,512	2,772,311	4,221,883
Other receivables (excluding deposits and prepayments)	3,827,274	1,207,938	3,827,274	1,207,938
	<u>26,183,937</u>	<u>38,238,280</u>	<u>26,112,525</u>	<u>38,007,170</u>

###### Risk Management:

The Group has policies in place to ensure that the exposure to credit risk is monitored on an ongoing basis. Credit limits of tour operators are monitored on regular basis. At the beginning of each year, the Company enters into agreements with tour operators stipulating the rates and agreed credit terms.

Sales to walk-in customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

###### Impairment of financial assets:

The Group financial assets are measured at amortised cost and are subject to credit loss model. The Group has two types of financial assets that are subject to IFRS 9 impairment requirements (expected credit losses):

- Trade and other receivables (excluding prepayments and deposits); and
- Cash at bank.

While cash at bank is also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

###### Trade and other receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the trade receivables.

CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES (CONTINUED)

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Financial risk factors (continued)

(b) Credit risk (continued)

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2023 or 31 December 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables based on the country's economy and tourism trends in the foreseeable future.

On that basis, the loss allowance as at 31 December 2023 and 31 December 2022 was determined as follows for both trade receivables.

<b>31 December 2023</b>	<b>Current</b>	<b>More than 30 days past due</b>	<b>More than 60 days past due</b>	<b>More than 90 days past due</b>	<b>Total</b>
Expected loss rate	0.2%	1.5%	5%	15%	
Gross receivables (TShs million)	348	130	87	60	<b>625</b>
<b>Loss allowance* (TShs million)</b>	<b>0.70</b>	<b>1.95</b>	<b>4.36</b>	<b>8.97</b>	<b>15.97</b>
<b>31 December 2022</b>	<b>Current</b>	<b>More than 30 days past due</b>	<b>More than 60 days past due</b>	<b>More than 90 days past due</b>	<b>Total</b>
Expected loss rate	0.2%	1.5%	5%	15%	
Gross receivables (TShs million)	342	32	24	149	<b>547</b>
<b>Loss allowance* (TShs million)</b>	<b>0.68</b>	<b>0.5</b>	<b>1.14</b>	<b>22.2</b>	<b>24.52</b>

*\*No adjustments have been made in the financial statements as the amounts are immaterial and balances have been subsequently recovered.*

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of the customer to meet the agreed monthly purchase targets and severe financial difficulties faced by the customer. This assessment is performed on a case by case basis.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES (CONTINUED)

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 Financial risk factors (continued)

(b) Credit risk (continued)

Bank balances

There is no independent credit rating for banks operating in Tanzania. However, the Group banks with reputable local and international banks. In the view of the directors, risk of non-performance by the counterparties is insignificant. The balance held at bank by type of counterparty as at 31 December each year was:

<u>Cash at Bank</u>	<u>Group</u>		<u>Company</u>	
	<u>2023</u> TShs '000	<u>2022</u> TShs '000	<u>2023</u> TShs '000	<u>2022</u> TShs'000
NBC Bank Limited	397,537	57,461	395,298	55,481
Exim Bank Limited	88,858	92,273	88,858	92,273
Diamond Trust Bank T Limited	14,712	13,701	-	-
ABSA Bank Tanzania Limited	62,303	131,964	7,842	3,040
Azania Bank Limited	1,392	1,713	1,392	1,713
NMB Bank PLC	28,412	16,909	28,412	16,909
	<u>593,214</u>	<u>314,021</u>	<u>521,802</u>	<u>169,416</u>

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the ability to meet all its obligations. The Group aims at maintaining flexibility in funding its major operations. Management monitors forecasts of the Group's liquidity on the basis of expected cash flows.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying balances as the impact of discounting is not significant.

	<u>Less than 1</u> <u>year</u> TShs '000	<u>Between 1</u> <u>and 2 years</u> TShs '000	<u>Between</u> <u>2 and 5 years</u> TShs '000
<b>At 31 December 2023</b>			
Borrowings	14,689,106	12,068,261	7,627,418
Trade and other payables	4,014,181	-	-
	<u>18,703,2876</u>	<u>12,068,261</u>	<u>7,627,418</u>

CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

FINANCIAL STATEMENTS  
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NOTES (CONTINUED)

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	<u>Less than 1 year</u> TShs '000	<u>Between 1 and 2 years</u> TShs '000	<u>Between 2 and 5 years</u> TShs '000
<b>At 31 December 2022</b>			
Borrowings	4,413,553	8,357,907	11,415,876
Trade and other payables	<u>11,567,120</u>	<u>-</u>	<u>-</u>
	<b><u>15,980,673</u></b>	<b><u>8,357,907</u></b>	<b><u>11,415,876</u></b>

5.2 Capital risk management

The Group's capital management objectives are to maintain liquidity to ensure its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, gearing ratio is calculated as net external borrowings divided by total capital. Net external borrowings are calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net external borrowings. The Group utilises borrowing facilities to finance its investment and working capital requirements. The gearing ratios at 31 December 2023 and 31 December 2022 were as follows:

	<u>2023</u> TShs '000	<u>2022</u> TShs '000	<u>2023</u> TShs '000	<u>2022</u> TShs '000
Borrowings	<b>34,107,736</b>	22,304,601	<b>34,107,736</b>	22,304,601
Less: cash and cash equivalents	<b><u>(678,142)</u></b>	<u>(404,826)</u>	<b><u>(598,148)</u></b>	<u>(251,638)</u>
Net debt	<b>33,429,594</b>	21,899,775	<b>33,509,588</b>	22,052,963
Total equity	<b><u>8,063,390</u></b>	<u>21,779,750</u>	<b><u>8,168,322</u></b>	<u>21,858,095</u>
Total capital	<b><u>41,492,984</u></b>	<u>43,679,525</u>	<b><u>41,677,910</u></b>	<u>43,911,058</u>
Gearing ratio	<b><u>81%</u></b>	<u>50%</u>	<b><u>80%</u></b>	<u>50%</u>

CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

FINANCIAL STATEMENTS  
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NOTES (CONTINUED)

6	REVENUE	<u>Group</u>		<u>Company</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		TShs '000	TShs '000	TShs '000	TShs '000
	Accommodation	5,405,091	2,650,376	5,405,091	2,650,376
	Food	177,058	99,964	177,058	99,964
	Beverage	368,554	192,474	368,554	192,474
	Other sales	400,445	239,867	400,445	239,867
		<u>6,351,148</u>	<u>3,182,681</u>	<u>6,351,148</u>	<u>3,182,681</u>
	Less: VAT on sales	<u>(2,623,128)</u>	<u>(1,726,989)</u>	<u>(2,623,128)</u>	<u>(1,726,989)</u>
		<u>3,728,020</u>	<u>1,455,692</u>	<u>3,728,020</u>	<u>1,455,692</u>
<b>7</b>	<b>COST OF SALES</b>				
	Food consumption	897,560	487,236	897,560	487,236
	Beverage consumption	77,857	37,876	77,857	37,876
	Fuel and oil consumption	490,279	355,635	490,279	355,635
	Housekeeping stock consumption	93,287	59,258	93,287	59,258
	Other inventory consumption	1,039,747	1,288,361	1,039,747	1,288,361
	Stock losses	(6,097)	26,747	(6,097)	26,747
	Employee benefit expense (Note 10)	1,117,543	1,421,298	1,117,543	1,421,298
	Other direct costs	881,867	1,090,755	881,867	1,090,754
		<u>4,592,043</u>	<u>4,767,165</u>	<u>4,592,043</u>	<u>4,767,165</u>
<b>8</b>	<b>OTHER INCOME</b>				
	Service fee – Elewana Afrika (T) Limited	793,723	596,624	793,723	596,624
	Rental income	295,812	244,616	295,812	244,616
	Sale of inventory items*	7,103,310	5,186,866	7,103,310	5,186,866
	Other miscellaneous income**	2,692,100	2,118,219	2,692,100	2,118,219
		<u>10,884,945</u>	<u>8,146,325</u>	<u>10,884,945</u>	<u>8,146,325</u>

\* The Company has a centralised procurement unit that purchases inventory and service items within the Group. To comply with transfer pricing regulations, sale of these items to its related entities is transacted at cost plus an appropriate margin.

\*\* The miscellaneous income represents management fees and other charges to other related entities.

CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES (CONTINUED)

9 ADMINISTRATIVE EXPENSES

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	TShs '000	TShs '000	TShs '000	TShs '000
Repairs and maintenance	216,629	182,781	216,629	182,781
Audit fees	80,439	51,685	71,690	44,793
Consultancy fees	80,318	67,579	70,206	61,582
Insurance	134,712	207,078	134,712	207,078
Advertising and marketing	48,822	20,771	48,822	20,771
Depreciation – right of use of asset	97,208	99,906	97,208	99,906
Depreciation	2,156,218	2,018,130	2,156,218	2,018,130
Employee benefit expense (Note 10)	2,921,994	1,949,329	2,921,994	1,949,329
Bank charges	287,142	419,966	287,143	419,966
Telephone charges	15,889	13,299	15,889	13,299
Cost of inventory items sold	6,010,129	4,395,649	6,010,129	4,395,649
Cost incurred in generating other income	2,347,375	1,499,502	2,347,375	1,499,502
Interest write-off (Note 19)	16,573,117	-	16,573,117	-
Other expenses	465,240	223,518	436,376	545,416
	<u>31,435,232</u>	<u>11,149,193</u>	<u>31,387,508</u>	<u>11,458,202</u>

10 EMPLOYEE BENEFIT EXPENSE

Salaries and wages	2,730,758	2,165,351	2,730,758	2,165,351
Social security contributions	298,643	213,528	298,643	213,528
NHIF contributions	45,140	20,210	45,140	20,210
Skills & Development Levy	119,842	91,010	119,842	91,010
Workmen's Compensation Fund	16,167	12,551	16,167	12,551
Staff terminal benefits	9,500	293,661	9,500	293,661
Staff employment related expenses	819,487	583,316	819,487	583,316
	<u>4,039,537</u>	<u>3,370,627</u>	<u>4,039,537</u>	<u>3,370,627</u>
<i>Classified under:</i>				
Cost of sales	1,117,543	1,421,298	1,117,543	1,421,298
Administrative expenses	2,921,994	1,949,329	2,921,994	1,949,329
	<u>4,039,537</u>	<u>3,370,627</u>	<u>4,039,537</u>	<u>3,370,627</u>

11 FINANCE INCOME

Interest income on related party loan	105,435	2,856,532	105,435	2,855,863
Exchange gain on borrowings	-	207,820	-	207,820
Exchange gain on related party loan	809,152	-	783,581	-
	<u>914,587</u>	<u>3,064,352</u>	<u>889,016</u>	<u>3,063,683</u>

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NOTES (CONTINUED)

12 FINANCE COSTS	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	TShs '000	TShs '000	TShs '000	TShs '000
Exchange gain on related party loan	-	228,079	-	228,079
Exchange gain on borrowings	<b>1,527,581</b>	-	<b>1,527,581</b>	-
Interest on lease liability	<b>18,784</b>	71,196	<b>18,784</b>	71,196
Interest on borrowings from the bank	<b>2,505,113</b>	1,641,232	<b>2,505,113</b>	1,641,233
	<b>4,051,478</b>	1,940,507	<b>4,051,478</b>	1,940,508
<b>13 INCOME TAX (CREDIT)/EXPENSE</b>				
Current income tax - current year	<b>75,469</b>	92,318	<b>75,469</b>	62,914
- prior periods	<b>126,778</b>	(366,528)	<b>122,344</b>	-
Deferred income tax - current year	<b>(6,814,519)</b>	(1,505,781)	<b>(6,814,519)</b>	(1,505,781)
- prior periods	<b>95,683</b>	5,342,292	<b>95,683</b>	5,330,958
	<b>(6,516,589)</b>	3,562,301	<b>(6,521,023)</b>	3,888,091

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	TShs '000	TShs '000	TShs '000	TShs '000
Loss before tax	<b>(24,716,500)</b>	(5,265,704)	<b>(24,694,347)</b>	(5,575,382)
Tax calculated at the rate of 30%	<b>(7,335,172)</b>	(1,579,712)	<b>(7,335,172)</b>	(1,672,615)
Tax effect of:				
- Items not allowable for tax purposes	<b>600,431</b>	183,264	<b>593,785</b>	183,110
- Alternative minimum tax	<b>72,238</b>	62,525	<b>72,238</b>	62,525
- Realised forex loss on borrowings	-	(16,277)	-	(16,277)
- Over provision in prior years current tax	<b>126,778</b>	(343,860)	<b>122,344</b>	-
- Under provision in prior year deferred tax	<b>95,683</b>	5,330,958	<b>95,683</b>	5,330,958
- Deferred tax not recognised	-	(64,913)	-	-
- Release of prior year deferred tax liability	-	(11,334)	-	-
- Penalties	<b>3,231</b>	1,649	<b>3,231</b>	390
<b>Income tax (credit)/expense</b>	<b>(6,516,589)</b>	3,562,301	<b>(6,521,023)</b>	3,888,091

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NOTES (CONTINUED)

14 PROPERTY AND EQUIPMENT

Group and Company	Land development and buildings TShs '000	Machinery and equipment TShs '000	Furniture and fittings TShs '000	Motor Capital work- vehicle TShs '000	in-progress TShs '000	Total TShs '000
<b>Year ended 31 December 2023</b>						
Opening net book amount	24,622,878	35,463	3,404	30,396	13,319,045	38,011,186
Additions	-	4,081	49,013	1,657,569	20,200,488	21,911,151
Revaluation reserves	-	-	-	-	-	-
Depreciation charge	(1,861,256)	(16,415)	(6,974)	(271,573)	-	(2,156,218)
Closing net book amount	<b>22,761,622</b>	<b>23,129</b>	<b>45,443</b>	<b>1,416,392</b>	<b>33,519,533</b>	<b>57,766,119</b>
<b>At 31 December 2023</b>						
Cost	67,345,195	3,552,044	2,032,615	3,897,339	33,519,533	110,346,726
Accumulated depreciation	(44,583,573)	(3,528,915)	(1,987,172)	(2,480,947)	-	(52,580,607)
<b>Net book amount</b>	<b>22,761,622</b>	<b>23,129</b>	<b>45,443</b>	<b>1,416,392</b>	<b>33,519,533</b>	<b>57,766,119</b>
<b>Year ended 31 December 2022</b>						
Opening net book amount	18,180,655	57,639	4,779	104,387	2,799,397	21,146,857
Additions	-	24,890	-	2,092	10,519,648	10,546,630
Revaluation reserves	8,335,830	-	-	-	-	8,335,830
Depreciation charge	(1,893,607)	(47,066)	(1,375)	(76,083)	-	(2,018,131)
Closing net book amount	<b>24,622,878</b>	<b>35,463</b>	<b>3,404</b>	<b>30,396</b>	<b>13,319,045</b>	<b>38,011,186</b>
<b>At 31 December 2022</b>						
Cost	59,009,365	3,547,963	1,983,602	2,239,770	13,319,045	88,435,575
Revaluation	8,335,830	-	-	-	-	8,335,830
Accumulated depreciation	(42,722,317)	(3,512,500)	(1,980,198)	(2,209,374)	-	(50,424,389)
<b>Net book amount</b>	<b>24,622,878</b>	<b>35,463</b>	<b>3,404</b>	<b>30,396</b>	<b>13,319,045</b>	<b>38,011,186</b>

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NOTES (CONTINUED)

15 RIGHT OF USE OF ASSET

	<u>Group</u>		<u>Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	TShs '000	TShs '000	TShs '000	TShs '000
Opening balance	97,208	197,113	97,208	197,113
Additions	-	-	-	-
Depreciation	(97,208)	(99,905)	(97,208)	(99,905)
Closing balance	-	97,208	-	97,208

16 INVESTMENT IN SUBSIDIARY

	<u>2023</u>	<u>2022</u>
	TShs '000	TShs '000
<b>Entity</b>		
Sopa Management Limited	<u>102,960</u>	<u>102,960</u>

The Company's investment in Sopa Management Limited represents a 99% equity interest.

(i) Summarised financial information for investments

The table below provide summarised financial information for the investment. The information disclosed reflects the amounts presented in the financial statements of the relevant investment and not the Company's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

**Summarised statement of financial position**

	<u>2023</u>	<u>2022</u>
	TShs '000	TShs '000
<u>Current assets</u>		
Cash and cash equivalents	79,994	153,188
Other current assets	<u>24,718</u>	<u>5,876</u>
Total current assets	<u>104,712</u>	<u>159,068</u>
<u>Current liabilities</u>		
Financial liabilities (excluding trade payables)	-	-
Other current liabilities	<u>106,691</u>	<u>134,452</u>
Total current liabilities	<u>106,691</u>	<u>134,452</u>
<u>Non-current liabilities</u>		
Financial liabilities (excluding trade payables)	-	-
Other non-current liabilities	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>-</u>	<u>-</u>
<b>Net liability</b>	<u>(1,979)</u>	<u>(24,612)</u>

CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

FINANCIAL STATEMENTS  
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NOTES (CONTINUED)

16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Summarised statement of comprehensive income	<u>2023</u> TShs '000	<u>2022</u> TShs '000
Other income	-	-
(Loss)/Profit for the period	<u>(26,591)</u>	<u>635,468</u>
Other comprehensive income	-	-
Total comprehensive loss	<u>(26,591)</u>	<u>635,468</u>
(Loss)/Profit allocated to NCI	<u>(8)</u>	<u>185</u>
Dividends paid to NCI	-	-

17 INVENTORIES

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> TShs '000	<u>2022</u> TShs '000	<u>2023</u> TShs '000	<u>2022</u> TShs '000
Consumables	2,369,029	2,352,501	2,369,029	2,352,501
Stock in transit	19,855	39,376	19,855	39,376
	<u>2,388,884</u>	<u>2,391,877</u>	<u>2,388,884</u>	<u>2,391,877</u>

18 TRADE AND OTHER RECEIVABLES

Trade receivables	625,563	553,659	625,563	547,783
Due from related parties (Note 28)	2,772,311	4,302,512	2,772,311	4,302,512
Withholding tax and VAT receivable	2,452,727	661,574	2,452,727	661,574
Prepayments and deposits	258,065	48,678	258,065	48,675
Other receivable	1,374,547	465,735	1,374,547	465,735
	<u>7,483,213</u>	<u>6,032,158</u>	<u>7,483,213</u>	<u>6,026,279</u>
Classified as:				
Current Assets	4,710,902	1,810,276	4,710,902	1,804,396
Non-Current Assets	2,772,311	4,221,882	2,772,311	4,221,883
	<u>7,483,213</u>	<u>6,032,158</u>	<u>7,483,213</u>	<u>6,026,279</u>

\* No provision for doubtful debts has been made in the financial statements as the trade receivables balances have been subsequently recovered or are recoverable in full.

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NOTES (CONTINUED)

18 TRADE AND OTHER RECEIVABLES (CONTINUED)

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

Currency	Group		Company	
	2023	2022	2023	2022
	TShs '000	TShs '000	TShs '000	TShs '000
US Dollars	3,397,874	4,856,171	3,397,874	4,850,295
Tanzanian Shillings	4,085,339	1,175,987	4,085,339	1,175,984
	<u>7,483,213</u>	<u>6,032,158</u>	<u>7,483,213</u>	<u>6,026,279</u>

19 NOTES RECEIVABLE

Opening balance	31,860,150	28,992,034	31,860,150	28,992,034
Interest income	-	2,855,863	-	2,855,863
Payment	(118,113)	-	(118,113)	-
Interest written off	(16,573,117)	-	(16,573,117)	-
Foreign exchange gain	3,196,655	12,253	3,196,655	12,253
	<u>18,365,575</u>	<u>31,860,150</u>	<u>18,365,575</u>	<u>31,860,150</u>

In 2013, the Company entered into a loan agreement with Lionsgate Limited (a related party) in the amount of USD 6 million to enable Lionsgate Limited fund its business transactions. The loan was issued at an interest rate of 8% plus 2% payable on the amount outstanding. During the year, management have agreed to reduce the interest rate on the loan to a more appropriate commercial rate, resulting in write back of prior year accrued interest income amounting to TShs 16 billion.

20 FINANCIAL INSTRUMENTS

(a) By category

Financial assets at amortised cost

Trade receivables	625,563	553,659	625,563	547,783
Notes receivable	18,365,575	31,860,150	18,365,575	31,860,150
Due from related parties	2,772,311	4,221,882	2,772,311	4,221,883
Other receivables (excluding deposits and prepayments)	3,827,274	1,207,938	3,827,274	1,207,938
Cash at bank	593,214	314,021	521,803	169,416
	<u>26,183,937</u>	<u>38,157,650</u>	<u>26,112,526</u>	<u>38,007,170</u>

Other financial liabilities at amortised cost

Trade and other payables (excluding statutory obligations)	45,608,618	29,366,988	45,501,938	29,237,222
Borrowings	34,107,736	22,304,601	34,107,736	22,304,601
	<u>79,716,354</u>	<u>51,671,589</u>	<u>79,609,674</u>	<u>51,541,823</u>

CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED

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NOTES (CONTINUED)

21 CASH AND CASH EQUIVALENTS

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> TShs '000	<u>2022</u> TShs '000	<u>2023</u> TShs '000	<u>2022</u> TShs '000
Cash at bank	<b>593,214</b>	314,021	<b>521,802</b>	169,416
Cash in hand	<b>76,346</b>	82,223	<b>76,346</b>	82,222
Deposit held at call with banks	<b>8,582</b>	8,582	-	-
	<b>678,142</b>	404,826	<b>598,148</b>	251,638

22 SHARE CAPITAL

	<u>2023</u> TShs '000	<u>2022</u> TShs '000
Authorised, issued, subscribed, and fully paid share capital 375,000 shares (per value of TShs 1,000 per share) Value (TShs '000)	<b>375,000</b>	375,000

23 REVALUATION RESERVES

Opening balance	<b>6,058,343</b>	-
Addition to Revaluation reserves net of tax	-	6,058,343
Release of excess depreciation net of tax	<b>(170,458)</b>	-
Over provision of deferred tax on revaluation reserves - prior year	<b>(223,263)</b>	-
	<b>5,664,622</b>	6,058,343

During the year, there has been no release of excess depreciation from Revaluation reserves relating to revalued land.

24 TRADE AND OTHER PAYABLES

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> TShs '000	<u>2022</u> TShs '000	<u>2023</u> TShs '000	<u>2022</u> TShs '000
Trade payables	<b>2,652,330</b>	2,008,699	<b>2,652,330</b>	1,987,728
Due to related parties (Note 30 (iii))	<b>42,237,062</b>	26,805,707	<b>42,237,062</b>	26,805,708
Accrued expenses	<b>157,053</b>	147,506	<b>143,336</b>	134,870
Taxes and levies	<b>284,287</b>	151,526	<b>284,287</b>	151,526
Other payables	<b>562,173</b>	405,076	<b>469,207</b>	308,916
	<b>45,892,905</b>	29,518,514	<b>45,786,222</b>	29,388,748
Classified as:				
Current Liabilities	<b>4,014,179</b>	11,567,120	<b>3,907,496</b>	11,437,354
Non-Current Liabilities	<b>41,878,726</b>	17,951,394	<b>41,878,726</b>	17,951,394

**CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED**

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**NOTES (CONTINUED)**

<u>45,892,905</u>	<u>29,518,514</u>	<u>45,786,222</u>	<u>29,388,748</u>
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**CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**NOTES (CONTINUED)**

25	BORROWINGS	<u>Group</u>		<u>Company</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		TShs '000	TShs '000	TShs '000	TShs '000
	<b>Non-current</b>				
	I&M Bank term loan	19,418,630	17,891,048	19,418,630	17,891,048
		<u>19,418,630</u>	<u>17,891,048</u>	<u>19,418,630</u>	<u>17,891,048</u>
	<b>Current</b>				
	Consolidated Tourist and Hotels Investments Ltd (Jersey) loan	6,288,534	-	6,288,534	-
	Borrowings	8,400,572	4,413,553	8,400,572	4,413,553
		<u>8,400,572</u>	<u>4,413,553</u>	<u>8,400,572</u>	<u>4,413,553</u>
	<b>Total borrowings</b>	<u>34,107,736</u>	<u>22,304,601</u>	<u>34,107,736</u>	<u>22,304,601</u>

Movement in Borrowings is as follows

<u>Group and Company</u>	<u>2023</u>	<u>2022</u>
	TShs '000	TShs '000
At the start of the year	22,304,601	22,495,518
Additions during the year – Related party Loan (Note 30)	6,288,534	-
Additions during the year – Overdraft	3,987,020	16,903
Interest during the year	2,505,113	1,641,232
Payments:		
- Interest	(2,505,113)	(1,641,232)
Currency revaluation	1,527,581	(207,820)
	<u>1,527,581</u>	<u>(207,820)</u>
At end of the year	<u>34,107,736</u>	<u>22,304,601</u>

**(i) Term loan – I & M Bank Limited**

The term loan facility of USD 10 million (drawn down USD 8.9 million) was acquired from I&M Bank for working capital, capital expenditure and to take over existing facilities from Bank M Limited. The borrowing matures in February 2029 and bears interest at a rate of 9.84% pa. The loan is payable over 62 monthly installments commencing from January 2024. The loan is secured by legal mortgage over Sopa Plaza, assignment of lease hold rights between the Board of Trustees of the Tanzania National Parks and the Company over the Sopa Lodges properties, debenture charge over all fixed and floating assets of the Company and of Sopa Management Limited, personal guarantee of Karim Wissanji and corporate guarantee of Sopa Management Limited.

**(ii) Bank Overdraft – I & M Bank Limited**

The Company has overdraft facilities made available by I & M Bank Limited, available in USD and TShs. The facilities are used to meet working capital requirements of the Company. Interest in the facilities is charged at the bank's USD Prime Lending rate minus 1.5% effective 8.34% per annum for USD overdraft facility and the bank's TShs Prime Lending rate minus 1.5% effective 17.5% per annum for the TShs overdraft facility.

**CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED**

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**NOTES (CONTINUED)**

**25 BORROWINGS (CONTINUED)**

**(iii) Short term advance from Consolidated Tourist And Hotels Investments Limited (Parent Company)**

During the year, the Company's parent company made available a facility of USD 4,800,000 for the purpose of maintaining the Company's operations and for furtherance of the renovations of its properties. The loan attracts interest not exceeding the prime rate of USD denominated short term facilities available in Tanzania and the lender reserves the right to charge interest on outstanding balance of the facility. The facility shall be repaid not more than 364 days from the date of issuing facility. As at 31 December 2024, Company had utilised USD 2,521,931 from the available facility.

**26 INCOME TAX PAYABLE**

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> TShs '000	<u>2022</u> TShs '000	<u>2023</u> TShs '000	<u>2022</u> TShs '000
At beginning of the year	<b>2,226,284</b>	2,474,977	<b>2,221,598</b>	2,155,835
Income tax (credit)/charge	<b>202,247</b>	(251,542)	<b>197,813</b>	62,914
Write off withholding tax asset	-	53,390	-	53,390
Withholding tax asset	<b>(35,734)</b>	-	<b>(35,734)</b>	-
Payment during the year	<b>(153,165)</b>	(50,541)	<b>(119,328)</b>	(50,541)
At end of the year	<b>2,239,632</b>	2,226,284	<b>2,264,349</b>	2,221,598

**27 DEFERRED TAX ASSET/(LIABILITY)**

The gross movement on the deferred tax account is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2023</u> TShs '000	<u>2022</u> TShs '000	<u>2023</u> TShs '000	<u>2022</u> TShs '000
At beginning of the year	<b>(2,737,510)</b>	3,365,154	<b>(2,737,510)</b>	3,365,154
Income tax charge/(credit)	<b>6,718,836</b>	(3,836,511)	<b>6,718,836</b>	(3,825,177)
Deferred tax on Revaluation reserves	-	(2,266,153)	-	(2,277,487)
Deferred tax on released excess depreciation	<b>73,053</b>	-	<b>73,053</b>	-
Over provision of deferred tax on revaluation reserve - prior year	<b>(223,263)</b>	-	<b>(223,263)</b>	-
At end of the year	<b>3,831,116</b>	(2,737,510)	<b>3,831,116</b>	(2,737,510)
Accelerated tax depreciation	<b>(3,536,584)</b>	(3,920,942)	<b>(3,536,584)</b>	(3,920,942)
Other temporary differences	<b>232,744</b>	92,469	<b>232,744</b>	92,469
Revaluation reserves	<b>(2,427,696)</b>	(2,277,486)	<b>(2,427,696)</b>	(2,277,486)
Losses	<b>9,562,652</b>	3,368,449	<b>9,562,652</b>	3,368,449
Deferred tax (liability)/asset	<b>3,831,116</b>	(2,737,510)	<b>3,831,116</b>	(2,737,510)

**CONSOLIDATED TOURIST & HOTELS INVESTMENT LIMITED**

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**NOTES (CONTINUED)**

**28 LEASE LIABILITY**

In January 2019, the Company entered into a lease agreement for a godown for the purpose of storage of inventory and other items.

	<b>Group</b>		<b>Company</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
	<b>TShs '000</b>	<b>TShs '000</b>	<b>TShs '000</b>	<b>TShs '000</b>
At 1 January	<b>230,745</b>	211,977	<b>230,745</b>	211,977
Lease payment	<b>(56,740)</b>	(55,137)	<b>(56,740)</b>	(55,137)
Finance cost	<b>18,784</b>	71,196	<b>18,784</b>	71,196
Foreign exchange loss on translation	<b>16,597</b>	2,710	<b>16,597</b>	2,710
	<b><u>209,386</u></b>	<u>230,746</u>	<b><u>209,386</u></b>	<u>230,746</u>

**29 CONTINGENT LIABILITIES**

In the opinion of the directors, there were no contingent liabilities as at the statement of financial position date (2022: Nil).

**30 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties for the Group and the Company include its shareholders, other companies under common ownership and/or directorship. During the year, the following transactions were carried out with related parties:

**GROUP & COMPANY**

	<b><u>2023</u></b>	<b><u>2022</u></b>
	<b>TShs '000</b>	<b>TShs '000</b>
<b>i) Sale of services:</b>		
Rental income from Elewana Afrika (T) Limited (entity under common directorship)	<b>83,690</b>	81,106
Rental income from Elewana Travel Limited (entity under common directorship)	<b>20,508</b>	19,874
Rental income from Cheli & Peacock Safaris (T) Limited (entity under common directorship)	<b>62,266</b>	42,470
Management fees from Elewana Afrika (T) Limited & Moru Holdings Limited	<b>699,157</b>	596,624
	<b><u>865,621</u></b>	<u>740,074</u>
<b>ii) Amounts due from related parties</b>		
Akorn Investment Limited (entity under common directorship)	<b>1,868,682</b>	1,944,474
Moru Holdings Limited (entity under common directorship) (a)	-	78,198
Trilogy Limited (entity under common directorship)	<b>2,432</b>	2,432
Deep Water Limited (entity under common directorship)	-	1,713,272
Elewana Afrika (T) Limited (entity under common directorship)	<b>253,190</b>	-
Elewana Travel Limited (entity under common directorship)	<b>12,503</b>	-
Kingsbridge Limited (entity under common ownership)	<b>635,504</b>	564,136
	<b><u>2,772,311</u></b>	<u>4,302,512</u>

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NOTES (CONTINUED)

30 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

	<u>2023</u>	<u>2022</u>
	TShs '000	TShs '000
<b>iii) Amounts due to related parties</b>		
Masai Mara (Sopa) Lodge Limited (sister company) (a)	41,878,726	17,951,394
Deep Water Limited (entity under common directorship)	358,336	-
Elewana Afrika (T) Limited (entity under common directorship)	-	8,854,314
	<u>42,237,062</u>	<u>26,805,708</u>
<b>iv) Notes receivable from related parties</b>		
Lionsgate Limited (entity under common directorship)	<u>18,365,575</u>	31,860,150
<p>The Company has advanced funds to related companies which are unsecured, interest free except for Lionsgate Limited) and repayable on demand.</p>		
<b>v) Loan payable to related parties</b>		
Consolidated Tourist And Hotels Investments Limited (ultimate holding company incorporated in Jersey)	<u>6,288,534</u>	-
<b>vi) Directors' emolument</b>		
<p>No fees or remuneration were paid to directors during the year.</p>		
<b>vii) Advance towards share capital</b>		
Consolidated Tourist And Hotels Investments Limited	<u>4,633,760</u>	-
<b>viii) Key management compensation</b>		
Management compensation	<u>1,158,124</u>	<u>635,492</u>

31 ULTIMATE HOLDING COMPANY

The immediate and ultimate holding company is Consolidated Tourist and Hotels Investments Limited, a company incorporated in Jersey in the Channel Islands.

32 EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any subsequent event with material impact to the Group.