NASHERA LIMITED -MOROGORO

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

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Registered office

NASHERA LIMITED -MOROGORO
Plot No. 26 Boma Road LITI Area
P. O. Box 237
Morogoro
Tanzania

Auditors

Hekima Associates
Certified Public Accountant (In Public Practice)
Ubungo Urafiki Flats
P. O. Box 72861
Dar Es Salaam, Tanzania

Bankers

Diamond Trust Bank (T) Ltd
Morogoro Branch
Tanzania

The directors are pleased to present the report and the audited financial statements of NASHERA LIMITED -MOROGORO (the "The Company") for year ended 31 December 2023, which disclose the state of financial affairs of the Company.

1. NATURE OF BUSINESS

NASHERA LIMITED was incorporated in Tanzania under the provisions of the Companies Act 2002 of Tanzania as a private limited liability company with interest in hospitality industry. The Company is domiciled and operates in the United Republic of Tanzania.

The principal activity of the company is provision of hospitality services.

Mission

Nashera Hotel is a premiere business hotel in Morogoro, Tanzania. The property is the location of choice for business lodging, conferences, special events and upscale dining and the products assure guests that they are experiencing the best Morogoro has to offer.

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2. PRINCIPAL ACTIVITIES

The Company's principal activities are provision of hospitality services.

3. DIRECTORS OF THE COMPANY

The directors in office at the date of this report are:

Name	Position	Nationality	Appointment
Wilbur Colom	Chairman	American	10 September 2008
Xris Omotesa	Member	British	20 July 2013
Carl Davis	Member	American	20 July 2013
Benson Nabora	Member	Tanzanian	29 September 2018
Ellen Senkoro	Member	Tanzanian	20 August 2021
Andrew Colom	Member	American	20 August 2021
Davis Senkoro	Member	Tanzanian	20 August 2021

Except for Benson Nabora, General Manager; and Xris Omotesa, Managing Director; the other directors are non-executives.

4. SHAREHOLDERS OF THE COMPANY

SHAREHOLDERS NAME	% OF SHAREHOLDING 2023	2022
1. Colon Investment (T) Limited	49.50%	49.50%
2. Carl Davis	3.00%	3.00%
3. Dr Ellen Senkoro	11.80%	11.80%
4. Davis Senkoro	11.90%	11.90%
5. Glad Faraj	2.60%	2.60%
6. James W. Parkinson	2.60%	2.60%
7. Brett Parkinson	0.004%	0.004%
8. Xris Omotesa	18.80%	18.80%

9. CORPORATE GOVERNANCE

The Board of directors (“The Board”) consists of 7 directors. The Board take the overall responsibility for the Company, including responsibility for identifying key risk areas, considering, and monitoring investment decisions, considering significant financial matters, and reviewing the performance of business plans and budgets. The Board is also responsible for ensuring that the comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board required to meet at least three (3) times a year and they met 3 times in the current year. The Company is committed to the principles of effective corporate governance. The directors also recognise the importance of integrity, transparency, and accountability.

10. FINANCIAL PERFORMANCE AND GOING CONCERN

The Company made a pre-tax profit of TZS 188 million during the year ended 31 December 2023 (2022: profit TZS 68 million). The financial performance of the Company for the year is presented in the statement of profit or and comprehensive income on page 11.

The financial statements have been prepared based on accounting policies applicable to a going concern basis with reasonable expectation that the company will continue in operational existence and resources to do so for the foreseeable future. The financial statements have been prepared in accordance with International Financial Reporting Standards and in a manner required by the Company’s Act 2002.

11. EMPLOYEE WELFARE

a. **Management /Employee relationship**

The Management /employee relationship was cordial throughout the year. There were no unresolved complains received by the management from the employees during the year.

b. **Health and Safety**

The directors and management are committed to the principles of health safety to the work. A safe working environment is ensured for all employees and, where applicable, contractors by providing adequate and proper training and supervision as necessary.

c. **Employee benefit Plan**

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

d. **Persons with disabilities**

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

12. CORPORATE SOCIAL RESPONSIBILITY

The Company did participate actively in community activities during the year under review.

13. POLICAL AND CHARITABLE DONATION

The Company did not make any political or charitable donation during the year (2023: NIL)

14. DIVIDEND

The directors do not recommend declaration and payment of a dividend for the year (2023: NIL)

15. AUDITORS

The Auditors, Hekima Associates, were appointed during the year and have expressed their willingness to continue in office as auditors and are eligible for re-appointment.

Approved by the Board of Directors on 18th June 2024 signed on behalf by:

....	....
Xris Omotesa	Benson Nabora
Director	Director

DIRECTORS RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2023

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

The Company's directors are responsible for the preparation of financial statements that present fairly, the Company's financial results and position in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania, and for such internal controls as the directors determine are necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management.

The auditor is responsible for reporting on whether the audited financial statements are fairly presented, in all material respects, in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania.

The directors have assessed the ability of the Company to continue as going concern and have no reason to believe that the Company will not be a going concern for the foreseeable future.

BY ORDER OF THE BOARD

Xris Omotesa	Benson Nabora
Director	Director

NASHERA LIMITED -MOROGORO
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 to it under the Auditors and Accountants (Registration) Act, no 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a statement of declaration issued by the accountant responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the Directors to discharge the responsibility of preparing financial statements of an entity showing a true and fair view position of the entity in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania. Full legal responsibility for the financial statements rests with. the Board of Directors as stated under the Statement of Directors' Responsibilities on the previous page.

I, Ernest Mtokoma, being the Accountant of NASHERA LIMITED -MOROGORO, acknowledge my responsibility of ensuring that the financial statements for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania.

I thus confirm that the financial statements give a true and fair view position of NASHERA LIMITED -MOROGORO as on that date and that they have been prepared based on properly maintained financial records.

ACPA852 — 18/06/2024

Name: Ernest Mtokoma	Date
NBAA No. ACPA-PP852	
Position: Consultant	

REPORT OF THE INDEPENDENT AUDITORS TO DIRECTORS OF NASHERA LIMITED FOR THE YEAR ENDED 31ST DECEMBER 2023

We have audited the financial statements of NASHERA LIMITED -MOROGORO (the ''Company'') set out on pages 11 to 58, which comprise the statement of financial position as of 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of NASHERA LIMITED -MOROGORO as of 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania.

Basis of opinion

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

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

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, Directors' Report, Statement of Directors' Responsibilities, and the Declaration by the Head of Finance. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

Responsibility of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility for the audit of the financial statements

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

REPORT ON OTHER LEGAL 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, 2002 of Tanzania and for no other purposes.

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

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
- The Directors' Report is consistent with the financial statements.
- Information specified by law regarding directors' remuneration and transactions with the Company is disclosed; and,
- The Company's statement of financial position and statement of profit or loss and other comprehensive income agree with the books of account.

Benson Lyimo

HEKIMA ASSOCIATES
PF 263
Box 11814, DSM
CERTIFIED PUBLIC ACCOUNTANTS

Hekima Associates -Certified Public Accountant (T)

Dar es Salaam

NASHERA LIMITED -MOROGORO

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

	NOTES	2023 Tzs'000	2022 Tzs'000
Revenue	4	1,469,701	1,791,016
Cost of sales	5	(367,877)	(420,205)
Gross Profit		**1,101,824**	**1,370,811**
Other income	6	-	21,333
Personal expenses	7	(238,336)	(209,375)
Administration expenses	8	(343,007)	(485,798)
Marketing expenses	9	(11,023)	(27,557)
Depreciation expense	12	(213,259)	(224,777)
		(805,625)	**(947,507)**
Profit from operating activities		**296,199**	**444,637**
Finance expenses	10	(107,772)	(376,426)
Profit/(loss) before tax		**188,427**	**68,211**
Income tax charge	11	(41,782)	(38,254)
Net profit for the year		**146,645**	**29,957**
Other comprehensive income		-	-
Total comprehensive income for the year		**146,645**	**29,957**

NASHERA LIMITED -MOROGORO
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023 TZS'000	2022 TZS'000
ASSETS			
Non-current assets			
Property, Plant & Equipment	12	**5,511,565**	**5,724,823**
Current assets			
Inventories	14	23,406	25,896
Trade and other receivables	15	36,970	34,543
Cash and bank balances	16	55,911	69,146
		116,288	**129,585**
TOTAL ASSETS		**5,627,852**	**5,854,408**
Equity			
Share capital	17	1,000,000	1,000,000
Accumulated losses		(2,459,240)	(2,605,885)
		(1,459,240)	**(1,605,685)**
Non-current liabilities			
Deferred tax liabilities	13	413,148	413,148
Loan from related parties-	21	6,461,214	6,424,775
		6,874,362	**6,837,923**
Current liabilities			
Trade and other payables	18	81,098	81,445
Short term loan	20	-	360,140
Loan from related parties -current portion	21	-	-
Bank overdraft	19	86,128	152,063
Current tax liabilities	11(b)	45,504	28,722
		212,730	**622,370**
TOTAL EQUITY AND LIABILITIES		**5,627,852**	**5,854,408**

The financial statements were approved by the Board of Directors on 18th June 2024 and signed on its behalf by:

Xris Omotesa
Director

Benson Nabora
Director

NASHERA LIMITED -MOROGORO
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Share Capital	**Retained earnings**	**Total**
	TZS	TZS	TZS
As of 1 January 2023,	1,000,000	(2,605,885)	(1,605,885)
Net loss for the year	-	146,645	146,645
As of 31 December 2023,	**1,000,000**	**(2,459,240)**	**(1,459,240)**
As of 1 January 2022,	1,000,000	(2,635,842)	(1,635,842)
Net profit/(loss) for the year	-	29,957	29,957
Balance as of 31 December 2022	**1,000,000**	**(2,605,885)**	**(1,605,885)**

NASHERA LIMITED -MOROGORO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 TZS	2022 TZS
Profit before interest and tax		296,199	444,637
Adjustment for non-cash items			
Depreciation and amortisation	12	213,259	224,777
		509,458	**669,414**
Changes in working capital items			
Decrease/(Increase) in inventories		2,490	3,527
Decrease/(Increase) in trade and other receivables		(2,427)	(29,730)
Increase in trade and other payables		(347)	(222,929)
Income tax paid		(25,000)	(39,772)
Net cash flows from operating activities		**484,173**	**380,510**
Investing activities			
Purchase of property, plant, and equipment		-	(9,312)
Financing activities			
Increase in interest on related party loans		36,439	296,752
Loan principal paid		(360,140)	(311,706)
Loan interest paid		(107,772)	(376,426)
		(431,473)	**(391,380)**
Net increase in cash and cash equivalents		52,700	(20,182)
Cash and cash equivalents at the beginning of the year		(82,917)	(62,735)
Cash and cash equivalents at the end of the year	**16**	**(30,217)**	**(82,917)**

1 GENERAL INFORMATION

The financial statements of Nashera Limited for year ended 31 December 2023 were authorised for issue in accordance with resolution of the directors on 18th June 2024.

Nashira Limited ("The Company") was incorporate under requirement of the Company Act 2002 of Tanzania with interests in hospitality industry. The address of the Company, which is also the place of the principal place of business, is disclosed on page 1.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirement of the Tanzania Companies Act ,2002. The financial statements have been prepared under historical cost convention where otherwise stated and are presented in Tanzanian Shillings (TZS) rounded to the nearest thousands (TZS'000).

The preparation of financial statement is conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the processing of applying the Company's policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5. The accounting policies adopted are consistent with those in the previous year.

Going concern

The company reported a pre-tax profit of TZS 188 million (2023: (2022 TZS 68,211 million), and as of date, the Company's total liabilities exceeded total assets by TZS 1,459million (2022: TZS 1,605 million), and its current liabilities exceeded its current assets by TZS 96,443million (2022: TZS 492,785million). However, the Company directors have assessed the company ability to continues as concern and are satisfied that the company will have the resources necessary to continue its business for the foreseeable future. The assessment is based on the following factors:

- Restructuring the hotel management
- Increasing international advertisement and marketing
- Improving operational efficiency
- Restructuring the Company workforce to properly manage and reduce operational costs.
- The directors have received a letter of support from the shareholders of the Company's parent Company confirming that the shareholders will provide the necessary financial support to enable it to continue as a going concern for the foreseeable future.
- The directors are not aware of any other material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The directors acknowledge the economic challenges brought about by the new entrants in the industry and its impact on the Company's operations. Specifically, the decrease in guests which have impacted the Company cash flow.

The financial statements are prepared based on accounting policies applicable to a going concern. The basis presumes that the Company will continue to receive the support of the shareholders based on the letter of support received and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

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

New and amended standards and interpretations

The accounting policies applied are consistent with those used in the previous year except as indicated below:

(b) New and amended standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective are not expected to have a significant impact on the Company's financial statements. Consequently, the Company has not early adopted any new or amended standard and interpretation.

The accounting policies applied are consistent with those used in the previous year except as indicated below:

i. *IFRS 17 – Insurance Contracts* - This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features

ii. *Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8* - The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies

iii. *Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction* - These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

iv. *Amendment to IFRS 16 – Leases on sale and leaseback* - These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

v. *Amendment to IAS 12 - International tax reform - pillar two model rules* - These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

(b) New and amended standards and interpretations issued but not yet effective

i. *Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements* - *These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.*

ii. *Amendment to IAS 1 – Non-current liabilities with covenants* - These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Revenue

Revenue is recognised at the amount that reflects the consideration to which the Company express to be entitled in exchange for transferring goods or services to a customer and is stated net of value added tax (VAT).

Revenue is primarily derived from the accommodation, food, beverages, and other miscellaneous services.

Revenue represents income arising during an entity's ordinary activities, which leads to an increase of economic benefits during the accounting period. IFRS 15 guidance on the revenue recognition for all contracts with customers, except for those not in scope of IFRS 15 has been applied.

A five-step model stipulated in IFRS 15 is applied when accounting for revenue with customers only when the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations.
- The Company can identify each other's rights regarding the goods or services to be transferred.
- The Company can identify the payment terms for the goods or services to be transferred.
- The contract has commercial substance (i.e., the risk, timing or amount of future cash flow is expected to change because of the contract), and
- It is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Revenue from sales of accommodation, beverages and food is recognised at the point in time when services have been rendered to the customer, generally on delivery of services to the customer.

The Company considers whether there are other promises in the contract that are separate performance obligation to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points) in determining the transaction price for the sale of services, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to customer (if any).

Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of the funds. Borrowing costs are directly attributable to the acquisition or production of the asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing cost are expensed in the period they occur. The shareholder have agreed to waive interest on the outstanding loan balance in order to give relief to the business.

Property, Plant and Equipment

Property, Plant and Equipment are tangible assets, which the Company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably. Property, plant, and equipment is initially measured at cost. Costs include all the expenditure which is directly attributable to the acquisition or consideration of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustment in respect of hedge accounting where appropriate.

Expenditure incurred subsequently for major services, additions to or replacement of parts of property and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs is included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as Intended by the management. Depreciation is charged to write-off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the assets economic benefits are consumed by the Company. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

Depreciation is calculated using the straight-line method to allocate the cost of each asset less its residual value over its estimated useful life as follows:

Furniture and fixtures	8 years
Buildings	20 years
Machinery and equipment	5 years
IT equipment	5 years

Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

The cost of inventory comprises of all costs for purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs. The cost of inventories is assigned using the weighted.

average cost formula. The same cost formula is used for all inventories having similar nature and use to the entity.

Inventories includes a “right to returned goods asset” which represents the company right to recover products from customers where customers exercise their right of return under the company returns policy. The company uses its accumulated historical experience to estimate the number of returns on a portfolio level using expected value method. A corresponding adjustment is recognised against cost of sales.

Impairment of non-financial assets

Assets that are not subject to depreciation are reviewed at each reporting period date. An impairment loss is recognised immediately in the statement of profit or loss, for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separable identifiable cash flow (Cash generating units).

Non-financial assets, that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amounts, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset.

Leases

The company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys- the right to control and use of an identified asset for a period in exchange for consideration. The company has lease contracts for various buildings used in its operations. Leases of buildings generally have lease terms of two years

The company recognises right-of use assets at the commencement of the lease. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease< the company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of the purchase option, reasonably certain to be exercised by the company and payments of penalties for terminating the lease. If the lease term reflects exercising the option to terminate variable lease payments that do not depend on an index, or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Financial instruments

i. Financial assets

Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. Except for trade receivables that do not contain a significant financing component or for which the company has applied the practical experience, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

For a financial asset to be classified and measured at amortised cost of fair value through OCI, it needs to give rise to cash flows that are solely payments of the principal and interest (SPP) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The company's business model for managing financial assts refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by the regulation or convention in the marketplace (regular way trades) are recognised on the trade date i.e., the date that the Company commits to purchase or sale the asset.

Subsequent measurement

For subsequent measurement, financial assets are classified in four categories.

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

The Company's financial assets comprise financial assets at amortised cost (debt instruments)

Financial assets at amortised cost (Debt instruments)

The company measures the financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial asset to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

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

The Company's financial assets at amortised cost include trade receivables, due from related parties, salary loans and advances and bank balances.

Derecognition

A financial asset (or, where applicable, part of a financial asset, or part of a group of similar financial assets) is derecognised (i.e., removed from the Company's statement of financial position0 if and only if:

- The contractual rights to receive the cash flows from the financial asset have expired, or
- The Company has transferred its contractual rights to receive cash flows from the financial asset or retains to receive the contractual rights to receive cash flows from the financial asset, but has assumed an obligation to pay the received cash flows in full without delay to a third party under a pass-through arrangement, and either:
    - The company has transferred substantially all the risks and rewards of the asset, or
    - The company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred the control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL); unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of Default (PD): The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed year if the facility has not been previously derecognised and is still in the portfolio.

- Exposure at Default (EAD): The EAD is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- Loss Given Default (LGD): The LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or financial liabilities at amortised cost. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of financial liabilities at amortised cost, plus directly attributable transaction costs.

The Company's financial liabilities include amounts due to related parties, borrowings and trade and other payables, all of which are categorised as financial liabilities at amortised cost.

Subsequent measurement

After initial recognition, amounts due from related parties, trade and other payables and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest method (EIR) amortisation process. Amortised cost is calculated by considering any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in profit or loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

iii Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Iv Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

v. Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting year, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting year, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. FINANCIAL RISK MANAGEMENT

Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The Company monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt comprises external borrowings less cash and bank balances. Total capital comprises net debt plus equity attributable to equity holders of the Company, comprising issued capital and retained earnings. The Company's goal is to maintain a gearing ratio of less than 100%.

	2023	2022
	TZS '000	TZS '000
Share capital	1,000,000	1,000,000
Retained earnings	(2,459,240)	(2,605,885
Total equity	**(1,459,240)**	**(1,605,885)**
Add: Cash and Cash equivalent	(30,217)	(82,917)
Total Debt	**(2,489,457)**	**(1,688,802)**

The Company's financial instruments by category are as follows:

	Debt instruments at amortised cost	
Trade and other receivables[1]	36,970	34,545
5Cash and bank balances	55,911	61,146
	92,882	**95,681**

	Financial liabilities at amortized cost	
Due to related parties	6,461,214	6,424,775
Overdraft	86,128	152,063
Short term loan781	-	-
Trade and other payables[2]	81,098	81,445
	6,628,440	**6,658,283**

[1]Prepayments and tax related deposits are excluded from the trade and other receivables balances.

[2]Statutory liabilities are excluded from the trade and other payables balances.

Financial risks

The main risks arising from the Company's financial instruments are liquidity risk, market risk and credit risk. Market risk comprises interest rate risk, foreign exchange risk and price risk. The Company does not have significant exposure to price risk since no price sensitive financial instruments are held.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. Risk management is carried out by the Finance Department under policies approved by the Board of Directors. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions, and services offered. The Company, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees and stakeholders understand their roles and obligations.

Credit risk management

Credit risk consists of deposits held with banks, amounts due from related parties and trade and other receivables. The Company performs ongoing credit evaluations on the financial condition of its customers. The amounts presented in the statement of financial position are net of allowances for expected credit losses, estimated by management based on past loss experience and cognizant of the current and future economic conditions. The probability of default by the counter parties as at year-end was not significant.

Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities and commitments. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected.

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate financing facilities are maintained. The directors may from time to time, at their discretion, raise or borrow funds for the Company as they deem fit. There are no borrowing limits in the Articles of Association of the Company.

The table below presents the cash flows payable by the Company for non-derivative financial liabilities by the remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual cash flows, as the Company manages the inherent liquidity risk based on expected cash outflows.

4. REVENUE

	2023 TZS	2022 TZS
Lodging	956,499	977,852
Banquet and conference outlet	82,843	79,631
Poolside revenue	105,269	156,805
Restaurant	273,466	540,758
Beverages	48,925	33,325
Misc. sales	2,700	2,645
	1,469,701	**2,2301,239**

5 COST OF SALES

Inventory at 1 January	25,896	25,423
Purchases		
Beverages	45,846	49,275
Food	274,207	311,599
Laundry	2,748	3,523
Banquet and conference	21,770	21,770
Poolside chemicals	13,883	7,403
Kitchen supplies and materials	6,932	23,108
Total purchases	**391,283**	**416,678**
Less: Inventories at 31 December	(23,406)	(25,896)
Cost of goods sold	**367,877**	**420,205**

6 OTHER INCOME

Photograph and recording	-	3,726
Projector & PA	-	15,201
Rental fees	-	2,052
Exchange gain/(loss)	-	354
	-	**21,333**

7 PERSONAL EXPENSES

Salaries and wages	205,845	175,535
Pension -Employer	20,584	19,487
Skills Development levy	7,731	7,021
Workers' compensation Fund	1,657	1,356
Staff bonus	-	1,501
Medical expenses	2,519	2,065
Leave encashment	-	2,410
	238,336	**209,375**

	2023 TZS	2022 TZS

8 ADMINISTRATIVE EXPENSES

Electricity	100,543	111,324
Fuel, Gas, and lubricants	17,725	22,437
Water and sewages charges	25,327	25,327
Fumigation	3,048	4,354
Transportation	2,781	13,903
Travel & per diem	18,038	32,210
Repair and maintenance	7,635	34,518
Communication /internet costs	18,782	22,904
Auditor’s remuneration	5,800	5,800
Accountancy and tax consultancies	-	-
Board meetings	12,610	12,610
Security expenses	2,832	2,596
Service levy	4,409	-
Management fees	21,726	23,615
Land rent	12,449	-
Clearing and maintenance charges	0	16,500
Legal and professional	11,600	58,833
Insurance	14,135	3,799
Licence fee	2,882	7,5321
Printing and Stationaries	4,400	15,050
Fees and subscription	17,595	14,245
Software expenses	23,212	18,785
Staff welfare	-	29,759
Housekeeping issues	7,594	18,482
Property tax	7,884	-
Fines and penalties	-	-
	343,007	**485,798**

9 MARKETING EXPENSES

Advertising	-	-
Sales and distribution	11,023	27,557
	11,023	**27,557**

	2023 TZS	2022 TZS

10 FINANCE COSTS

Interest on overdraft	23,354	8,558
Interest on term loan	40,495	123,521
Interest on directors' loan	-	243,530
Bank charges and appraisal fee	6,818	817
Exchange loss /(gain)	37,104	-
	107,772	**376,426**

11 TAX CHARGE

Income tax -current year	37,387	18,482
Income tax -previous years	-	19,772
Deferred tax -current year	-	-
Deferred tax -previous years	-	-
	37,387	**38,254**

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

Profit before tax as per Income Statements	**188,427**	**68,211**
Tax there on @ 30%	56,528	20,463
Adjustments for:		
Permanent disallowance	(93,915)	(1,981)
Temporary difference	-	-
Income tax -prior years	-	19,772
Deferred tax	-	-
	(37,387)	**(153,628)**

(b) CURRENT TAX LIABILITY

As at 1 January	28,722	30,240
Prior year adjustments	-	-
As restated	**28,722**	**30,240**
Charge to profit or loss during the year	41,782	38,254
Tax paid during the year	(25,000)	(39,772)
As at 31 December	**45,504**	**28,722**

12 PROPERTY, PLANT AND EQUIPMENT

	0.0%	5.0%	12.5%	20.0%	20.0%	20.0%		
	Land	Buildings	Furnitures& Fittings	Plant & Machinery	ICT Equipment	Hotel Equipment	WIP	Total
COST								
As at January 2023	1,482,000	6,956,429	325205	100,432	116,197	243,643	0	9,223,906
Additions								0
As at 31 December 2023	**1,482,000**	**6,956,429**	**325,205**	**100,432**	**116,197**	**243,643**	**0**	**9,223,906**
DEPRECIATION								
As at January 2023	0	2,721,055	325205	100,432	116,197	236,193	0	3,499,083
Charge for the year	0	211,769	0	0	0	1,490	0	213,259
As at 31 December 2023	**0**	**2,932,824**	**325,205**	**100,432**	**116,197**	**237,683**	**0**	**3,712,341**
Net carrying value								
31/12/2023	**1,482,000**	**4,023,605**	**0**	**0**	**0**	**5,960**	**0**	**5,511,565**
COST								
As at January 2022	1,482,000	6,956,429	325205	100,432	116,197	234,331	0	9,214,594
Additions	0	0	0	0	0	9,312	0	9,312
As at 31 December 2022	**1,482,000**	**6,956,429**	**325,205**	**100,432**	**116,197**	**243,643**	**0**	**9,223,906**
DEPRECIATION								
As at January 2022	0	2,498,141	325,205	100,432	116,197	234,331	0	3,274,306
Charge for the year	0	222,914	0	0	0	1,862	0	224,777
As at 31 December 2022	**0**	**2,721,055**	**325,205**	**100,432**	**116,197**	**236,193**	**0**	**3,499,083**
Net carrying value								
31/12/2022	**1,482,000**	**4,235,374**	**0**	**0**	**0**	**7,450**	**0**	**5,724,823**

	2023 TZS	2022 TZS

13 DEFERRED TAX

	2023 TZS	2022 TZS
As at 1 January	413,148	413,148
Charge to profit or loss	-	-
HAs at 31 December	**413,148**	**413,148**

14 INVENTORIES

	2023 TZS	2022 TZS
At start 1 January	25,896	29,423
Purchases during the year	365,387	416,678
Less: Cost of sales	(367,877)	(420,205
	23,406	**25,896**

15 TRADE AND OTHER RECEIVABLES

	2023 TZS	2022 TZS
Trade receivable	36,970	34,543
Prepayments/deposits	-	-
	36,970	**34,543**

16 CASH AND BANK BALANCES

	2023 TZS	2022 TZS
Balances with Diamond trust Bank -Local currency	32,288	34,341
Balances with Diamond trust Bank -Local currency (USD)	23,624	2,359
Balances with Mobile Money (M-Pesa)	-	32,446
	55,911	**69,146**

For Cash flow statement, cash and cash equivalent includes the overdraft facilities with banks as follows:

	2023 TZS	2022 TZS
Bank balances	55,911	69,146
Outstanding balance in overdraft facility	(86,128)	(152,063)
Cash and cash equivalent at the year end	**(82,917)**	**(82,917)**

17 SHARE CAPITAL

	2023 TZS	2022 TZS
On 1 January	1,000,000	1,000,000
New issues	-	-
1,000 share each at TZS 10,000	**1,000,000**	**1,000,000**

During the year, there were NIL shares issued (2022: NIL).

	2023	2022
	TZS	TZS

18 TRADE AND OTHER PAYABLES

Trade and other payables	81,098	81,445
Current tax liabilities	45,504	28,722
	81,445	**81,445**

Trade and other payables are non-interest-bearing liabilities and are payable with 30 to 60 days.

19 OVERDRAFT FACILITY

DTB Bank	152,063	152,063

20 SHORT TERM LOAN

On 1 January	360,140	671,846
Accrued interest during the year	40,495	463,914
Payment for the principal	(360,140)	(668,832
Payment for the interest	(40,495)	(106,788)
On 31 December	**-**	**360,140**

Both loans are sourced from Diamond Trust Bank (Tanzania) Limited, Note 20 and 21 are secured by:

- Legal and continuous mortgage charge with the property CT no. 77980 at Plot, Mzinga Area within Morogoro Municipality, registered under the name of NASHERA LIMITED -MOROGORO, valued by Last Masters Limited in April 2020 with forced value sale of TZS 7.8bn (charged for TZS 1.5bn plus interest and other charges)..
- Fixed and floating debenture over all current and future assets owned by the company.
- Joint personal and several guarantees of the directors' debentures of the Company:
  - Davis Senkoro
  - Ellen Senkoro
- Corporate guarantee of Colon Investment (T) Limited

21 RELATED PARTIES DISCLOSURE

	2023 TZS	2022 TZS
Colom Investment (T) Limited	6,184,061	3,479,000
Senkoro	12,780	12,780
Davis Senkoro	36,312	36,312
WOC	134,215	134,215
CIL 2018	35,688	35,688
Colom Investment	24,548	24,548
Dr Ellen Senkoro	28,508	28,508
Carl Davis	561	561
-Carl Davis	104	104
Dr. Ellen Senkoro	820	820
Collon & Brant LLC	948	948
Xsecurex	3,334	3,334
Interest payable	-	2,667,957
	6,424,775	**6,424,775**
Current	-	-
Non-current	6,461,214	6,424,775
Total	**6,461,214**	**6,424,775**

These represent transactions with related parties i.e., shareholders and other senior management of the company of which, they are principal owners. Pricing policy and the terms of these transactions are approved by the company's management.

These amounts are cash flow funding and other expenses paid on behalf by the directors.

22 CAPITAL COMMITMENT

As at the end of year, there were NIL commitments (2023: NIL)

23 EVENT AFTER REPORTING PERIOD

There are no events after the reporting period which require adjustment to or disclosure in the financial statements.