CRESTA MARAKANELO LIMITED

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

CRESTA MARAKANELO LIMITED
GENERAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2024

COMPANY REGISTRATION NO: BW00001308618

NATURE OF BUSINESS

Cresta Marakanelo Limited ("the Company") is a public limited company listed on the Botswana Stock Exchange and primarily operates hotels and related services in Botswana. Of the 11 properties, 6 are owned (Mowana Safari and Spa, Marang Gardens, Thapama Hotel, President Hotel, Cresta Lodge, Bosele Hotel and Rileys Hotel), 5 are leased from different landlords (Maun Hotel, Mahalapye Hotel, Jwaneng Hotel, Botsalo Hotel and Marang Residency). A part of Cresta Marang Hotel is owned which is Marang Gardens and the other part Marang Residency is leased. All hotels are operated as business hotels and they offer accommodation and conferencing facilities except for Mowana Safari Resort and Spa which is a leisure property, offering accommodation and conferencing facilities, health and beauty spa, curio shop, game drives and boat cruises.

DIRECTORS

M K Lekaukau – Chairman
J Y Stevens
T G Ondoko
O Majuru
P Molefe
D C Mphoeng
W M Bojosi
J M Hundah
M Morulane *
*Executive

SECRETARY

Wise Leadership Proprietary Limited

TRANSFER SECRETARIES

Central Security Depository Botswana (CSDB)

REGISTERED OFFICE

2nd Floor, Marula House,
Prime Plaza, Plot 74538
Gaborone

INDEPENDENT AUDITORS

Deloitte & Touche

BANKERS

Absa Bank Botswana Limited
First National Bank of Botswana Limited
Stanbic Bank Botswana Limited

CURRENCY

Botswana Pula

CRESTA MARAKANELO LIMITED
COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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Directors' statement of responsibility

The Board of Directors of Cresta Marakanelo Limited ("the Company") is required by the Botswana Companies Act (CAP 42:01), to maintain adequate accounting records and to prepare financial statements for each financial year which show a true and fair view of the state of affairs of the Company at the end of the financial year and of the results and cash flows for the period. In preparing the accompanying Company financial statements, IFRS® Accounting Standards as issued by the International Accounting Standards Board have been followed, suitable accounting policies have been used, and reasonable and prudent judgements and estimates have been made. Any changes to accounting policies are approved by the Company's Board of Directors and the effects thereof are fully explained in the financial statements. The financial statements incorporate full and responsible disclosure in line with the material accounting policies of the Company.

For the financial year 2024, the Company achieved a net profit after tax of P2.4 million (2023: P26.9 million). The earnings before interest, taxation and depreciation stood at P90.2 million (2023: P106.8 million). The Company registered reduced occupancy at its business hotels, which coupled with the high operating leverage nature of the industry, saw a decline in profitability. The Company has since deployed measures to pivot the cost structure in line with the prevailing revenue generation capacity whilst working on market diversification strategies.

Based on the 2024 financial year performance and the forecast for the next 12 months, the Directors are satisfied that the Company has the ability to meet all obligations as they fall due and to trade as a going concern for a period of at least 12 months from the date of approval of these financial statements. The Directors have noted the net current liability position of the Company as at 31 December 2024. They have reviewed the expected timing of the settlement of the liabilities (Note 2.3) and are satisfied that the forecasted cash flows would be sufficient for the liabilities to be settled when due, while the P10 million overdraft facility would also be available for working capital requirements, which as at year end had a P9.05 million balance as P0.95 million was used.

The Directors are therefore of the opinion that the going concern assumption is appropriate in the preparation of the financial statements.

The Board of Directors recognises and acknowledges its responsibility for the Company's systems of internal financial control. Cresta Marakanelo Limited has adopted policies on business conduct, which cover ethical behaviour, compliance with legislation and sound accounting practice and which underpin the Company's internal financial control process. The control systems include written accounting and control policies and procedures, clearly defined lines of accountability and delegation of authority, and comprehensive financial reporting and analysis against approved budgets. The responsibility for operating these systems is delegated to the executive director and management, who have confirmed that they have reviewed the effectiveness thereof.

The Directors considered that the internal financial control systems are appropriately designed to provide reasonable assurance, as to the reliability of the financial statements, and that assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded.

The effectiveness of the internal financial control systems is monitored through management reviews, comprehensive reviews and testing by the internal auditors and the external auditors' review and testing of appropriate aspects of the internal financial control systems during the course of their statutory examinations of the Company. The Company's external auditors, Deloitte & Touche, have audited the financial statements and their audit report appears on pages 3 to 7 of the financial statements.

The Company's Directors have considered the results of these reviews, none of which indicate that the systems of internal control were inappropriate or operated unsatisfactorily. Additionally, no breakdowns involving material loss have been reported to the Directors in respect of the year under review.

Directors' statement of responsibility (continued)

Directors' approval of the financial statements

The financial statements for the year ended 31 December 2024, which appear on pages 8 to 56 were approved for issue by the Board of Directors on 28 March 2025 and are signed on its behalf by:

Chairman

Managing Director

Deloitte.

PO Box 778
Gaborone
Botswana

Deloitte & Touche
Assurance & Advisory Services
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF CRESTA MARAKANELO LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cresta Marakanelo Limited (the Company) set out on pages 8 to 56, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Botswana, 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.

Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
Impairment assessment of Goodwill attributed to Cresta Jwaneng Cash Generating Unit ("CGU") and assessment of impairment of loss-making CGUs.	
The Company has goodwill attributed to the Cresta Jwaneng CGU amounting to P5.3 million. Although the company made an overall profit before tax, several of the CGU's were loss making for the year ended 31 December 2024. Each hotel operates as a separate CGU. In terms of the requirements of IAS 36: Impairment of Assets ("IAS 36"), an annual impairment assessment should be performed for the recoverability of goodwill and a review for impairment be carried out if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Significant judgement and estimation are required by the directors in performing the impairment assessment of goodwill and loss-making CGU's which is determined with reference to the value in use, including the key assumptions in the discounted cash flow ("DCF") model for the CGU. The DCF Model relies on the accuracy of the budgeted and projected net cash flows and the appropriateness of the discount rate used for the CGU. Because of the level of judgement involved and the significance of the amount of goodwill and carrying values of loss-making CGU's, we identified the assessment of the recoverability of goodwill and the impairment assessment of loss-making CGU's as a Key Audit Matter. The assumptions with the most significant impact on the DCF were: • Occupancy rates • Average daily rates • Discount rates Related disclosures in the financial statements: • Note 1.7 a – Intangible assets, Goodwill • Note 1.8 – Impairment of non-financial assets • Note 3.1 –Accounting Estimates and Judgements, Estimated Impairment of Goodwill • Note 3.4 - Accounting Estimates and Judgements, Impairment of assets • Note 13 – Goodwill • Note 29 – Segmental information • Note 31 – Going concern	We performed the following procedures: • Tested the design and implementation of the controls associated with the directors' assessment of the recoverability of the CGU; • Assessed the appropriateness of the discounted cash flow models applied by management; • Involved our valuation specialists to assist with the testing of the discount rate based on the weighted average cost of capital. The specialist's procedures included evaluating the entity's current funding rates, funding structures and risk profile against relevant market data; • Challenged the "value in use" calculations prepared by the directors and assessed the reasonableness of the future projected cash flows and assumptions applied in the recoverability and impairment assessment; • Compared the projected cash flows against historical performance to test the reasonableness of the directors' projections; • Assessed the key inputs used in the computations, which include the occupancy rates, average room rates and the discount rate; • Performed independent sensitivity analysis of key inputs (cashflow and discount rate) used in the "value in use" computation; • Recalculated the "value in use" and compared the amount to the directors' computation; • Assessed the mathematical accuracy of the director's calculation of the value in use; • Obtained property valuations for land and buildings owned by the company for two CGU's as an alternative method to assess impairment; and • Reviewed the related disclosures for compliance with the requirements of IAS 36 with regards to the goodwill and impairment of assets. From a design and implementation of controls we have concluded that the review control over the goodwill and loss-making CGU calculations were designed appropriately but not implemented effectively. We considered the judgements and estimates used for the assessment of the recoverability of the CGUs and the goodwill impairment assessment and related disclosures to be appropriate except for the below: The assumptions used in determining the occupancy rates and average daily rates in the DCF calculations appeared optimistic and once adjusted the headroom decreased significantly on all models. Management's post tax discount rate of 9.99% was outside of the range calculated by the specialists at a low range of 11.7%. The headroom, however, was still sufficient and no impairment was required.

Key Audit Matter	How the matter was addressed in the audit
Going concern	

As disclosed in note 2.3, the company is in a negative liquidity position and the profit before tax has reduced from P34 million in 2023 to P3 million for 2024.
 	
The Company's ability to meet its obligations and continue as a going concern is underpinned by its future cash flows, which are dependent on the successful execution of its strategic plans, particularly the achievement of targeted occupancy levels and average daily rates, which are key drivers of EBITDA.
 	
As a result, it was important to understand the existence of any events that could impact the liquidity position of the company and in turn create significant doubt on the company's ability to continue as a going concern for the foreseeable future.
 	
The directors' assessment of the company's going concern assumptions contained significant judgements related to the amount and timing of contractual outflows, the availability and timing of funds and cash inflows under their control to discharge the obligations imposed by these outflows.
 	
Auditing the directors' assessment resulted in an increased extent of audit effort.
 	
Our consideration of the directors' going concern assessment included addressing the following risks:
• The incomplete consideration of contractual outflows for which the company is liable;
• The use of inappropriate assumptions by management relating to the existence and availability of the funds under their control to discharge the obligations imposed by contractual outflows; and
• The use of inappropriate judgments relating to the company's ability to realise funds to cover any potential cash flow shortfalls should they arise.
 	
As stated in note 31, the directors have concluded that the going concern basis of accounting is appropriate and in reaching their conclusions, they have taken into consideration the latest information, including new assumptions and judgements about forward-looking economic scenarios.
 	
The directors are confident that the market diversification strategy, their focus on cost containment, along with the reduction in capital spend and restructuring the debt will provide the Company with sufficient liquidity to successfully settle all liabilities as they fall due.
 	
The judgements applied with respect to the directors reaching their going concern conclusion are disclosed in note 2.3 and note 31 of the financial statements.
	We performed the following procedures on the assumptions of the directors in their assessment of the Company's ability to continue as a going concern:
	• Assessed the design and implementation of the company's controls relating to the preparation and approval of the cash flow forecasts to support the going concern assumption;
	• Obtained and evaluated management's assessment of going concern which included plans for future action in relation to its going concern;
	• Reviewed the directors' cash flow forecasts for the next 12 months from date of approval of the company financial statements and critically challenged the key inputs/assumptions into these forecasts including the following:
	  o Assessed the value and availability of facilities;
	  o Assessed the reasonability of the projected quarterly EBITDA, quarterly cash collections and quarterly cash outflows;
	  o For assumptions where audit evidence is inherently uncertain, considered contractual positions and stress tested the cash flows to consider the impact of downside scenarios;
	  o Considered the results of management's historical forecasting and performed scenario and sensitivity analyses to further stress test the going concern assumption;
	  o Assessed the impact of covenants and potential breaches;
	  o Assessed the timing of the loan facility repayments included in the cash flow forecasts; and
	  o Considered the potential mitigating actions that management may have available to manage cash flows and raise additional financing and assessed whether these were within the control of management and could be implemented in the period of assessment.
	• Assessed the appropriateness of the going concern assessment period and considered the existence of any significant events or conditions beyond this period based on our knowledge arising from the audit; and
	• Reviewed and assessed the disclosures made by the directors in the financial statements with respect to going concern and subsequent events.
	
	The assumptions used in determining the occupancy rates and average daily rates in the cashflow calculations appeared optimistic and once stress tested decreased significantly.
	
	The going concern assessment however remained reasonable and the overall assessment appropriate.
	
	We consider the disclosures in notes 2.3 and 31 to the financial statements to be appropriate and in accordance with the relevant accounting standards.

Other Information

The directors are responsible for the other information. The other information comprises the Statement of Directors' Responsibility and Approval of the Financial Statements, which we obtained prior to the date of this auditor's report and the Integrated Report will be made available after the date of our independent auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, 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.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

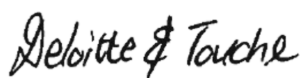
Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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



28 March 2025
Gaborone

Deloitte & Touche
Firm of Certified Auditors
Practicing Member: Magritha Juanita Wotherspoon (CAP 0032 2025)

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 P'000	2023 P'000
Revenue	4	**384 694**	400 204
Cost of sales	5	**(239 561)**	(231 100)
Gross profit		**145 133**	169 104
Sales and distribution expenses	5	**(10 723)**	(11 276)
Administration expenses	5	**(101 627)**	(100 515)
Impairment expense/(reversal) on trade receivables	5	**(525)**	1 046
Impairment on property, plant and equipment	11	**(1 034)**	-
Operating profit		**31 224**	58 359
Finance income	7	**198**	2 674
Finance expense	7	**(28 395)**	(27 078)
Profit before income tax		**3 027**	33 955
Income tax expense	8	**(644)**	(7 019)
Profit for the year		**2 383**	26 936
Other comprehensive income		**-**	-
Total profit for the year		**2 383**	26 936
Earnings per share			
Basic and diluted earnings per share (thebe)	9	**1.32**	14.89

CRESTA MARAKANELO LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024

	Notes	2024 P'000	2023 P'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	372 616	365 324
Right -of-use -assets	12	154 235	119 763
Intangible assets			
- Goodwill	13	5 274	5 274
- Lease rights/software	13	274	309
Deferred tax asset	19	12 902	13 111
Total non-current assets		545 301	503 781
Currents assets			
Inventories	15	3 931	3 802
Trade and other receivables	16	29 611	29 411
Current income tax assets	25.2	617	-
Short term investments	17.2	24	5 896
Cash and cash equivalents	17.1	7 552	30 487
Total current assets		41 735	69 596
Total assets		587 036	573 377
EQUITY			
Capital and reserves			
Stated capital	18	18 500	18 500
Treasury shares	14	(5 915)	(5 915)
Retained earnings		150 744	156 363
Total equity		163 329	168 948
LIABILITIES			
Non-current liabilities			
Lease liabilities	12	163 389	124 330
Borrowings	20	127 894	148 458
Total non-current liabilities		291 283	272 788
Current liabilities			
Trade and other payables	21	49 362	46 583
Current income tax liabilities	25	-	1 282
Borrowings	20	48 800	54 529
Lease liabilities	12	17 873	16 997
Contract liabilities	22	15 438	12 250
Bank overdraft	17.1	951	-
Total current liabilities		132 424	131 641
Total liabilities		423 707	404 429
Total equity and liabilities		587 036	573 377

CRESTA MARAKANELO LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Stated capital P'000	Treasury shares P'000 Restated	Retained earnings P'000 Restated	Total equity P'000 Restated
Balance at 1 January 2023	18 500	(5 915)	129 427	142 012
Total comprehensive income for the year	-	-	26 936	26 936
Balance at 31 December 2023	**18 500**	**(5 915)**	**156 363**	**168 948**
	P'000	**P'000**	**P'000**	**P'000**
Year ended 31 December 2024				
Balance at 1 January 2024	**18 500**	**(5 915)**	**156 363**	**168 948**
Total comprehensive income for the year	**-**	**-**	**2 383**	**2 383**
Gross dividends	**-**	**-**	**(8 002)**	**(8 002)**
Balance at 31 December 2024	**18 500**	**(5 915)**	**150 744**	**163 329**

	Notes	2024 P'000	2023 P'000
Cash flows from operating activities			
Cash generated from operations	**25**	**94 237**	115 050
Interest paid		**(18 812)**	(14 186)
Interest paid - finance lease	7	**(12 865)**	(8 982)
Tax paid	**25.2**	**(2 334)**	(3 325)
Net cash generated from operating activities		**60 226**	88 557
Cash flows utilised in investing activities			
Purchase of property, plant and equipment	**11**	**(46 275)**	(60 952)
Purchase of computer software	**13**	**(183)**	(16)
Proceeds on disposal of plant and equipment		**328**	52
Purchase of short term investments (Income Fund)		**-**	(30 000)
Redemption of short term investments (Income Fund)		**5 000**	25 000
Interest received	7	**198**	830
Net cash utilised in investing activities		**(40 932)**	**(65 086)**
Cash flows utilised in financing activities			
Repayment of lease liabilities		**(12 607)**	(14 283)
Repayment of borrowings		**(56 920)**	(35 778)
Proceeds from borrowings		**34 537**	-
Dividends paid to company's shareholders		**(8 002)**	-
Net cash utilised in financing activities		**(42 992)**	**(50 061)**
Net decrease in cash and cash equivalents		**(23 698)**	(26 590)
Cash and cash equivalents at beginning of year		**30 487**	56 129
Effect of exchange rate movement on cash and bank balances		**(188)**	948
Cash and cash equivalents at end of year	17	**6 601**	**30 487**

General information

Cresta Marakanelo Limited is a public limited Company listed on the Botswana Stock Exchange and primarily operates hotels and related services in Botswana. Of the 11 properties that the Company operates, 6 are owned (Mowana Safari and Spa, Marang Gardens, Thapama Hotel, President Hotel, Cresta Lodge, Bosele Hotel and Rileys Hotel), 5 are leased from different landlords (Maun Hotel, Mahalapye Hotel, Jwaneng Hotel, Botsalo Hotel and Marang Residency). A part of Cresta Marang Hotel is owned which is Marang Gardens and the other part Marang Residency is leased. All hotels are operated as business hotels and they offer accommodation and conferencing facilities except for Mowana Safari Resort and Spa which is a leisure property, offering accommodation and conferencing facilities, health and beauty spa, curio shop, game drives and boat cruises.

The Company financial statements for the year ended 31 December 2024 have been approved for issue by the Board of Directors on 28 March 2025.

Summary of Material Accounting Policies

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

Basis of preparation

The Company financial statements have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention as modified by certain financial assets and liabilities at fair value.

The preparation of financial statements in conformity with the IFRS Accounting Standards require the use of certain critical accounting estimates. They also require management to exercise its judgement in the process of applying the Company's accounting policies. These areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are disclosed in the "Critical estimates and assumptions" section of the financial statements.

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

1.1 New and amended IFRS Standards

New and amended IFRS Standards that are effective for the current year.

The Cresta Marakanelo Limited accounting policies are described in the notes to the financial statements. The accounting policies adopted by the Company are in line with IFRS Accounting Standards. In the current year, the following new or revised Standards issued by the International Accounting Standards Board (IASB) and effective for annual reporting periods beginning on or after 1 January 2024, applicable or relevant to the Company, were adopted by the Company. The Company has not early-adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lease liability in a sale and leaseback: Amendment to IFRS 16

The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The effective date of the amendment is for years beginning on or after January 1, 2024. The company has adopted the amendment in the current year and the impact of the amendment is not material.

1.1 New and amended IFRS Standards (continued)

New and amended IFRS Standards that are effective for the current year (continued)

Non-Current Liabilities with Covenants: Amendment to IAS 1

The IASB amends IAS 1 to specify that only covenants an entity must comply with on or before the reporting period should affect classification of the corresponding liability as current or non- current. An entity is therefore required to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. The company has adopted the amendment in the current year, and the impact of the amendments are material to the preparation of the annual financial statements, in instances where a covenant breach in the Company's existing borrowings may result in the respective loan balance being classified as a current liability.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- The meaning of a right to defer settlement.
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The company has adopted the amendment in the current year, and the impact of the amendments are not material to the preparation of the annual financial statements as the lender has unconditionally waived their legal right to enforce any event of default under the loan agreements due to the covenant breach in respect of the year ended 31 December 2024.

Supplier finance arrangements – amendments to IAS 7 and IFRS 7

The amendment applies to circumstances where supplier finance arrangements exist. These are arrangements whereby finance providers pay the suppliers of the entity, thus providing the entity with extended payment terms or the suppliers with early payment terms. The entity then pays the finance providers based on their specific terms and conditions. The amendment requires the disclosure of information about supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows as well as on the entity's exposure to liquidity risk.

The effective date of the amendment is for years beginning on or after January 1, 2024. The company has adopted the amendment in the current year and the impact of the amendment is not material.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and are relevant or applicable to the company:

Lack of exchangeability - amendments to IAS 21

The amendments apply to currencies which are not exchangeable. The definition of exchangeable is provided as being when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments require an entity to estimate the spot exchange rate at measurement date when a currency is not exchangeable into another currency. Additional disclosures are also required to enable users of financial statements to understand the impact of the non-exchangeability on financial performance, financial position and cash flow.

1.1 New and amended IFRS Standards (continued)

New and revised IFRS Standards in issue but not yet effective (continued)

Lack of exchangeability - amendments to IAS 21 (continued)

The effective date of the amendment is for years beginning on or after January 1, 2025. It is unlikely that the amendment will have a material impact on the Company's financial statements.

IFRS 18 - Presentation and Disclosure in Financial Statements

IFRS 18 aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows.

IFRS 18 aims to improve financial reporting by:

- Requiring additional defined subtotals in the statement of profit or loss;
- Requiring disclosures about management-defined performance measures; and
- Adding new principles for grouping (aggregation and disaggregation) of information.

The effective date of the amendment is for years beginning on or after January 1, 2027. The Company expects to adopt the amendment for the first time in the 2027 financial statements. It is unlikely that the amendment will have a material impact on the Company's financial statements.

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

IFRS 19 enables eligible entities to provide reduced disclosures compared to the requirements in other IFRS accounting standards. Entities that elect IFRS 19 are still required to apply recognition, measurement, and presentation requirements of other IFRS accounting standards.

The effective date of the amendment is for years beginning on or after January 1, 2027. The effective date of the amendment is for years beginning on or after January 1, 2027. It is unlikely that the amendment will have a material impact on the Company's financial statements.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures)

These amendments clarify financial assets and financial liabilities are recognised and derecognised at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for new exception. The new exception permits companies to elect to derecognise certain financial liabilities settled via electronic payment systems earlier than the settlement date. The amendments also provide guidelines to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social, and governance (ESG)-linked features.

The effective date of the amendment is for years beginning on or after January 1, 2026. The Company expects to adopt the amendment for the first time in the 2026 financial statements. It is unlikely that the amendment will have a material impact on the Company's financial statements.

1.2 Foreign currency translation

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

1.2 Foreign currency translation (continued)

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency 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 the statement of comprehensive income.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the statement of comprehensive income within finance income.

1.3 Revenue Recognition

The Company recognises revenue from the following major sources:

- Provision of services – accommodation revenue from the sale of bed nights at its hotels and lodges
- Food and bar revenue from the sale of food, beverages, curios and ancillary goods
- Other revenue from activities such as safaris, room hire and other services including spa, laundry and Cresta loyalty and connect Cards.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of the goods and services to the customers.

Revenue is recognised as follows:

(a) Provision of services – accommodation and other revenues
Provision of services is recognised when the Company satisfies its performance obligations, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. The Company sells bed nights at its hotels and lodges to guests and also provides guided safaris, room hire, laundry and other services including spa to guests. Revenue from these services is provided to the guest, usually over the period of the guests' stay at the hotels and lodges.

(b) Sale of goods – Food, Bar and other revenues
For sales of food, beverages and other ancillary goods, revenue is recognised when control of the goods has transferred, being at the point the customer purchases/consumes the goods. Payment of the transaction price is due immediately at the point the customers purchase/consume the goods.

(c) Interest Income
Interest income is recognized on a time-proportion basis using the effective interest method.

(d) *Dividend income*
Dividend income is recognised when the right to receive payment is established.

(e) Customer loyalty programme
The Company operates a loyalty programme where customers accumulate points for every paid (night) spent in the hotel. These points provide a discount to customers that they would not receive without spending paid nights in the hotels. The promise to provide a discount to the customer is therefore a separate performance obligation. The reward points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the services provided and the reward points. The reward points are initially recognised as contract liabilities at their fair value.

Revenue from the reward points is recognised at a point in time when the points are redeemed and the Company has satisfied its performance obligations in relation to providing the goods and services to the guest. Revenue for points that are not expected to be redeemed is recognised in proportion to the pattern of rights exercised by customers.

1.4 The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The finance costs included in the repayment of the lease liabilities are presented separately under operating activities in the statement of cash flows.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. The Company however will not have any dismantling or removal activity to be done at the end of its property leases.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

1.4 The Company as a lessee (continued)

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component based on the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company as lessor

The Company enters into lease agreements as a lessor with respect to some of its investment properties. The Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.5 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the Company's shareholders approve the dividends.

Withholding tax of 10% is payable on the gross value of dividends. The withholding tax is treated as once off tax in the hands of the shareholders.

1.6 Property, plant, and equipment

Property, plant, and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Capital work in progress is stated at cost less any recognised impairment. Depreciation of these assets, determined on the same basis as other assets, commences when the assets are ready for their intended use.

Land and buildings comprise mainly hotel properties. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

– Buildings: shorter of their useful life or the lease term.	50 years
– Improvements to leasehold premises: lower of lease period and useful lives	5 - 10 years
– Plant and equipment	6 – 7 years
– Furniture, fixtures, and fittings	4 – 7 years
– Motor vehicles	5 – 7 years
– Computers	3 years

1.6 Property, plant, and equipment (continued)

Operating equipment (which includes uniforms, kitchen utensils, crockery, cutlery, and linen) is recognised as an expense based on usage. The period of usage depends on the nature of the operating equipment and varies between two to five years. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses)/gains – net, in the statement of comprehensive income.

Impairment

Property, Plant, and equipment are reviewed annually for impairment indicators and whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, the latter being the higher of fair value less cost to sell of the asset and its value in use.

1.7 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill on acquisition of business is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or Companies of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Computer software

Acquired computer/other software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three years). Costs associated with maintaining computer software programmers are recognised as an expense as incurred.

Costs that are directly associated with the development of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

1.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

1.9 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

  - The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Currently, the Company does not have any financial assets that are measured at FVTPL or FVTOCI. The Company only has financial assets that are measured at amortised cost; hence the material accounting policies are disclosed for the financial assets at amortised cost.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

1.9 Financial Instruments (continued)

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

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

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

Interest income is recognised in profit or loss and is included in the "finance income” line item.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

(i) Definition of default

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

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(ii) Credit-impaired financial assets

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

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

(iii) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to

1.9 Financial Instruments (continued)

enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(iv) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(iv) Measurement and recognition of expected credit losses (continued)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The Company recognises an impairment gain or loss in profit or loss for all financial assets, with a corresponding adjustment to their carrying amount through a loss allowance account. The Company uses the simplified approach when determining impairment losses.

Derecognition of financial assets

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

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

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method. Currently and also in the prior year, the Company does not have any financial liabilities measured at FVTPL, hence the material accounting policies disclosed relates to only those financial liabilities at amortised cost.

Financial liabilities measured subsequently at amortised cost

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

1.9 Financial Instruments (continued)

Financial liabilities (continued)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

1.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to complete the sale. Provision is made for slow moving and obsolete inventories.

1.11 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost which approximates amortised cost. Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

1.12 Stated capital

Ordinary shares are classified as equity and stated at the fair value of the consideration received. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Company holds equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects and is included in equity attributable to the Company's equity holders.

1.13 Related Parties

Related parties consist of entities under common ownership and control. Related parties comprise the holding Company, subsidiary companies, directors and key management. Transactions with related parties are in the normal course of business.

1.14 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 the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Finance costs on borrowings related to the acquisition of hotel properties that were previously rented by the Company are classified under operating activities on the statement of cash flows.

1.15 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are financial liabilities, recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.16 Cost of sales

Cost of sales comprise direct cost incurred in the provision of goods and services and are recognised as incurred.

1.17 Income tax

a) Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in other comprehensive income. In this case the tax is also recognised in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

b) Deferred tax

Deferred income tax is recognised for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting 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 only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

1.18 Employee benefits

a) Pension obligations

The Company operates a defined contribution pension scheme. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity.

The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value. Contract staffs are paid terminal gratuities in accordance with their respective employment contract.

c) Other benefits

(i) Leave pay

The costs of paid leave is recognised as an expense based on basic pay, as the employee render services that increases the entitlement or, in the case of non-accumulating absence, when absence occurs.

(ii) Profit sharing and bonus plans

The Company recognises a liability and an expense for bonuses and profit sharing due to management and employees where contractually obliged or where there is past practice that has created a constructive obligation.

Employees of the Company receive remuneration in the form of a phantom share. This scheme is managed through an employee trust scheme. The objective of the scheme is to retain staff. Only employees who meet the required criteria of two years in continuous employment are eligible to share in the dividend distribution.

(*iii) Medical aid*

In terms of the employment contracts and the rules of relevant medical aid scheme, medical benefits are provided to employees. The Company subsidizes a portion of medical aid contribution for certain employees. Contributions in relation to Company’s obligations in respect of these benefits are charged against statement of comprehensive income in the period of payment.

1.19 Earnings per ordinary share

Earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the period and are based on the net (loss)/profit attributable to ordinary shareholders.

1.20 Segmental report

Business segments are distinguishable components of the Company that provide services that are subject to risks and rewards. The costs of shared services are accounted for in a separate ("unallocated") segment. Transactions between segments are generally accounted for in accordance with Company policies as if the segments were standalone businesses with intra segment revenue being eliminated through separate adjustment to revenue.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management that makes strategic decisions.

FINANCIAL RISK MANAGEMENT

2. Financial risk factors

The Company's activities expose it to a variety of financial risks:

a) Market risk (including currency risk, price risk, fair value interest rate risk, and cash flow interest rate risk),
b) Credit risk; and
c) Liquidity risk

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is conducted by Senior Management under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board of Directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

2.1 Market risk

i) Foreign currency risk

In the normal course of business, the Company may enter into transactions denominated in foreign currencies. In addition, the Company may have assets and liabilities in foreign currencies, which exposes it to fluctuations in foreign currency exchange rates. Foreign exchange risks arise when future commercial transactions or recognised assets and liabilities denominated in a currency that is not the entity's functional currency. Other than foreign bank balances, the Company had no other assets and liabilities, or significant committed future transactions denominated in foreign currencies at year end.

In the period under review, the Company did not have any material outstanding balances denominated in foreign currencies.

ii) Cash flow and fair value interest rate risk

The Company's interest rate risk arises from long-term borrowings, short-term bank deposits and bank overdrafts.

Bank overdrafts are obtained at, and short-term deposits are placed at, variable rates that expose the Company to cash flow interest rate risk. During the financial year, the Company's borrowings and deposits at variable rates were denominated in Botswana Pula.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, and alternative financing. Based on these scenarios, the Company calculates the impact on the statement of comprehensive income of a defined interest rate shift.

Interest rate sensitivity analysis

The Company is exposed to interest rate cash flow risks only. The sensitivity analysis has been determined on the exposure of financial instruments to interest rates at the reporting date. For floating rate liabilities denominated in the reporting currency, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If the rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profits for the year ended 31 December 2024 would increase/decrease by P76,710 (2023: P90 480) .

2.1 Market risk (continued)

In the current year, the Company had minimal funds in money market investments (2023: money market), with surplus funds primarily held in fluctuating interest-earning deposits that are adjusted on a short-term basis based on changes in prevailing market-related interest rates.

The cash resources are managed to ensure that surplus funds are invested in a manner to achieve maximum returns while minimising risks.

However, considering the short-term maturity for these deposits, these risks are minimised. The deposits at year end were as shown below:

2024

Financial Instrument	Name of the financial institution	Current interest Rate	Due in less than one year P'000
Money market short term income fund	Morula Capital Partners	3 - 7.5% (variable)	**24**

2023

Financial Instrument	Name of the financial institution	Current interest Rate	Due in less than one year P'000
Money market short term income fund	Morula Capital Partners	3 - 7.5% (variable)	**5 896**

2.2 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. For banks and financial institutions, only reputable parties are accepted.

The Company continuously monitors defaults of customers and other counter parties and incorporate the information into credit risk controls.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, credit control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. In accordance with standard practice within the industry, the Company may require prepayment of standard charges prior to booking confirmation thereby eliminating a significant portion of credit risk prior to rendering services. The balance of dues from guests is settled through bank transfer, in cash or using credit cards. The most significant dues from guests arise from transactions with agents.

The Company carefully vets new agents prior to extending credit terms and deals mostly with agents with whom it has established reliable long-term relationships. As a result of this, the Company historically has succeeded in minimising negative impacts of adverse credit risks events.

2.2 Credit risk (continued)

Credit trading relationship

Individual customer risk limits are set in accordance with limits set by the board.

Management evaluates the credit risk relating to customers on an on-going basis and where appropriate, makes adequate provision for bad and doubtful debts. Financial assets exposed to credit risk at year end were as follows:

	2024 P'000	2023 P'000
Trade and other receivables excluding prepayments & VAT	26 461	24 270
Amount due from related party (Note 26)	428	9
Absa Bank Limited	4 694	28 384
First National Bank of Botswana Limited	2 691	1 794
Stanbic Bank Botswana Limited	167	309
Morula Capital Partners	24	5 896

2.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Management monitors rolling forecasts of the Company's and Company's liquidity reserve on the basis of expected cash flows. Surplus cash held over and above balance required for working capital management are transferred to interest bearing assets. These are invested in interest bearing current accounts and time deposits, and money market deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

The Company's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

All financial instruments are measured at amortized cost. At the reporting date, the Company had the following assets that are expected to readily generate cash inflows for managing liquidity risk.

Financial assets at amortised cost

	2024 P'000	2023 P'000
Cash and cash equivalents	7 552	30 487
Short term investments	24	5 896
Trade and other receivables excluding prepayments & VAT	26 461	24 270
Amounts due from related parties	428	9
	34 465	60 662

2.3 Liquidity risk (continued)

Financial assets at amortised cost (continued)

	2024 P'000	2023 P'000
Cash at bank and short-term deposits		
Absa Bank Limited	**4 694**	**28 384**
First National Bank of Botswana Limited	**2 691**	**1 794**
Stanbic Bank Botswana Limited	**167**	**309**
Morula Capital Partners	**24**	**5 896**
	7 576	36 383

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Less than 1 year P'000	Between 1 and 2 Years P'000	Between 3 and 5 years P'000	Over 5 Years P'000	Total P'000
As at 31 December 2024					
Trade and other payables	40 064	-	-	-	40 064
Bank overdraft	951	-	-	-	951
Borrowings	58 218	52 239	96 651	9 600	216 708
Lease Liabilities	30 590	30 829	75 759	110 405	247 583
	129 823	83 068	172 410	120 005	505 306
As at 31 December 2023					
Trade and other payables	33 713	-	-	-	33 713
Borrowings	72 298	49 598	106 944	12 632	241 472
Lease Liabilities	27 487	28 629	61 933	73 964	192 013
	133 498	78 227	168 877	86 596	467 198

Further details of amounts due in less than one year as at 31 December 2024 are shown below:

	Due in Quarter 1 P'000	Due in Quarter 2 P'000	Due in Quarter 3 P'000	Due in Quarter 4 P'000	Total P'000
As at 31 December 2024					
Trade and other payables	26 939	3 585	1 999	7 541	40 064
Bank overdraft	951	-	-	-	951
Borrowings	16 227	14 159	13 982	13 850	58 218
Lease Liabilities	7 533	7 541	7 746	7 770	30 590
	51 650	25 285	23 727	29 161	129 823

2.3 Liquidity risk (continued)

The Company's current liabilities will be settled from cash and cash equivalents, cash received from trade and other receivables, as well as cash generated during the year. The Company's trade and other receivables' turnover is 3.6 months quicker than the trade and other payables, making available liquidity to fund any working capital gap. The working capital management and operational efficiencies of the Company saw it operating a negative working capital cycle as the trade and other receivables days plus inventory days are lesser than the trade and other payables days. The Company's business model has the greater part of its revenue being cash revenue whilst suppliers are predominantly on credit terms backed by the Company's economies of scale and sound relationships with the suppliers. The Company also has an overdraft facility of P10 million which is utilised for working capital shortfalls. As at year end, P0.95 million of the facility was utilised (Note 17).

The reduction in cash to P6.6 million (2023: P30.5 million) was driven by a dividend payout of P8.0 million, increase debt service to P75.7 million (2023: P50.0 million) and capital expenditure funded out of operations. The debt service increased in 2024 when compared to 2023 due to the increased capital repayments. These repayments will remain at the current level until 2027, after which they will decline. Despite the additional borrowings of P34.5 million during the year, interest-bearing borrowings recorded a net reduction to P176.7 million (2023: P203.0 million). This deleveraging is expected to contribute to a reduction in finance costs in 2025.

The Company reinvested into expansionary capital expenditure primarily the additional 49 rooms at Cresta Grande Jwaneng and refurbishment works at Cresta Thapama, Cresta Botsalo and Cresta Rileys. The capital expenditure spend strengthened the Company's sustainability on profitability and cash generation into the future. The expenditure is not contractually recurring which reduces cash outflows in the future and the budgeted capital expenditure for the year 2025 is not contractually binding and will be invested informed by availability of surplus cash.

The Company has pivoted the business model to grow the leisure markets, corporates, and online business over and above the traditional predominantly government market. In 2024, leveraging its size economies of scale, the Company launched a procurement backward integration strategy which has seen a reduction in costs and such cost optimisation will be consolidated in 2025 and beyond.

The business model of the Company has proven a consistently high cash generation capacity, with the EBITDA-Cash Conversion ratio on cash generated from operations for the year 2024 at 106% (2023: 107%). The fundamentals of the business model remain in place and will be enhanced by the procurement reengineering strategy.

2.4 Analysis of financial instruments

2.4.1 Financial instruments by category

	P'000	P'000
Trade and other payables (excluding related party balances)**	33 156	31 324
Bank overdraft	951	-
Borrowings	176 694	202 987
Amount due to related party	6 908	2 389
Lease Liabilities	181 262	141 327
	398 971	378 027

**Statutory liabilities, Employee Benefits and Value Added Tax ("VAT") are also excluded from trade and other payables.

2.3 Liquidity risk (continued)

2.4.1 Financial instruments by category (continued)

	2024 P'000	2023 P'000
Cash and cash equivalents	7 552	30 487
Short term investments	24	5 896
Trade and other receivables excluding prepayments & VAT	26 461	24 270
Amounts due from related parties	428	9
	34 465	60 662

All financial instruments are measured at amortised cost.

2.4.2 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

There are no credit ratings available in Botswana. The below financial institutions have reported sound financial results and continued compliance with minimum capital adequacy requirements set by the regulator.

None of the financial assets that are fully performing have been re-negotiated during the year.

	2024 P'000	2023 P'000
Trade and other receivables excluding prepayments & VAT	26 461	24 270
Amount due from related party (Note 26)	428	9
Absa Bank Limited	4 694	28 384
First National Bank of Botswana Limited	2 691	1 794
Stanbic Bank Botswana Limited	167	309
Morula Capital Partners	24	5 896

2.5 Capital risk management

The Board reviews the Company's capital allocation policy on a regular basis. The Company's capital allocation framework defines its priorities for uses of cash, underpinned by its principle to maintain a strong balance sheet.

The framework prioritises the use of cash generated from operations for re-investment in the business to drive organic growth and to maintain a progressive dividend policy.

While funding organic growth remains the Board's first priority, pressure on profit and cash in the short-term requires a reduction in operating and capital expenditure. With a focus on capital retention and sourcing of capital during the current period the Board has also reviewed the Company's access to funding including sources of debt and equity.

2.5 Capital risk management (continued)

The capital structure as at 31 December 2024 and 2023 was as follows:

	2024 P'000	2023 P'000
Total borrowings (note 20)	176 694	202 987
Bank overdraft	951	-
Less: Cash and cash equivalent and other short term deposits (Note 17)	(7 576)	(36 383)
Net debt	**170 069**	**166 604**
Total equity	163 329	168 948
Total capital	**333 398**	**335 552**

3 Accounting estimates and judgements

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions are discussed below.

3.1 Estimated impairment of goodwill

The Company tests annually whether the goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.8. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

3.2 Income taxes

The Company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future.

Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

3.3 Useful lives and residual values of property, plant and equipment

Property, plant and equipment are depreciated over its useful life taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re–assessing asset useful lives, factors such as technological innovation, product life cycles and maintenance and refurbishment programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

The Company continues to utilise some property, plant, and equipment that have been fully depreciated but remain operational. These assets are still in use as their economic value is not material, and their disposal value is insignificant. The Company incurs ongoing repairs and maintenance expenses to prolong their economic life and ensure their continued functionality. Management regularly assesses these assets for impairment and monitors their condition to determine the necessity for replacement or further investment.

3.4 Impairment of assets

Financial Assets

The Company follows the guidance of IFRS 9 to determine when a financial asset is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, the latter being the higher of fair value less cost to sell and the value in use.

Allowance for doubtful debts is created where there is objective evidence, such as probability of insolvency or significant financial difficulties of the debtor, that the Company will not be able to collect the amount under original terms of the invoice. An estimate is made with regards to the probability of insolvency and the estimated amount of debtors who will not be able to pay.

3 Accounting estimates and judgements (continued)

3.4 Impairment of assets (continued)

Non-financial Assets

In accordance with the accounting policy outlined in Note 1.8, the Company performed an impairment assessment of CGUs that exhibited indicators of impairment as at year end. The assessment was concluded in compliance with the requirements of IAS 36 – Impairment of Assets. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Key assumptions used in the calculation of recoverable amounts, discount rates and growth rates for the loss-making CGUs – Cresta Jwaneng, Cresta President, Cresta Lodge, Cresta Rileys, Cresta Botsalo, Cresta Bosele, Cresta Thapama and Cresta Mahalapye – were based on the following;

Recoverable amount: The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated on page 42. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. The following approaches were taken in determining the future cash flows:

Growth rate: Average annual growth rate over the five-year forecast period is based on past performance and management's expectations of market development.

Long-term growth rate: This is the weighted average growth rate used to extrapolate cash flows beyond the five-year forecast period. The rate used is consistent with forecasts included in industry reports.

Pre-tax discount rate: Reflects specific risks relating to Botswana, where the CGUs Hotel operate.

Budgeted cashflows: Based on past performance and management's expectations for the future, the budgeted cash flows for 2025 and forecasts for 2026 to 2029 were present valued using a discount rate reflective of the risk environment of the business.

Other operating costs: Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost saving measures.

Annual capital expenditure: Expected cash costs in the CGU. This is based on the historical experience of Management, and the planned maintenance capital expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.

Based on the results of the impairment testing, no impairment losses were recognized as all CGUs demonstrated positive cash flows with the recoverable amount being higher than the carrying amount, indicating their ability to generate sufficient economic benefits to support their carrying values.

3.5 Contract liabilities

The Company operates a loyalty programme through which guests accumulate points for every paid night spent in the Cresta hotel that entitles them to discounts on future purchases in form of a free meal and or free night of accommodation after reaching 500 points and 1,000 points respectively.

A guest needs to spend P1,000 to earn 100 points. These points provide a discount to guests that they would not receive without paying for a night at any Cresta Hotel (i.e. a material right). The promise to provide the discount to the customer is therefore a separate performance obligation. The points expire after two years.

The transaction price is allocated between the revenue and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated based on the discount to be given when the points are redeemed by the customer and the likelihood of redemption, as evidenced by the Company `s historical experience. A contract liability is recognised for revenue relating to the loyalty points at the time of the initial sales transaction.

3 Accounting estimates and judgements (continued)

3.5 Contract liabilities (continued)

Revenue from the loyalty points is recognised when the customer redeems the points. Revenue for points that are not expected to be redeemed is recognised in proportion to the pattern of rights exercised by the guests.

At 31 December 2024, the contract liabilities were estimated based on an expected redemption rate of 29% (2023: 39%) of total accumulated points. Had the estimated redemption rate been 10% higher/(lower), the contract liabilities recognised at the balance sheet date would have been P390,105 (2023: P265,024) higher/ (lower).

3.6 Leases

Key judgments and estimates are involved in the determination of the incremental borrowing rate and the assessment of the lease term considering the termination and renewal options, in the measurement of the right-of-use assets and the lease liabilities. The Company's incremental borrowing rate is assessed based on the current market rates of borrowing facilities for similar assets and similar tenure as the leases.

	2024 P'000	2023 P'000
4 Revenue		
Accommodation revenue	**198 967**	221 671
Food revenue	**134 079**	128 210
Bar revenue	**29 537**	29 853
Other*	**22 111**	20 470
	384 694	400 204
External revenue by timing:		
Services transferred at a point in time	**200 686**	223 335
Goods transferred at a point in time	**184 008**	176 869
	384 694	400 204

*Other revenue comprises Cresta card sales, curio shop sales, rental income, commissions received

5 Expenses by nature

	2024 P'000	2023 P'000
Inventory consumed (note 15)	**58 886**	58 183
Employee benefit expense (note 6)	**118 401**	114 023
Transport expenses	**404**	1 712
Depreciation of right-of-use assets (note 12)	**21 235**	16 436
Auditor's remuneration *		
- Statutory audit of financial statements	**1 539**	1 448
Depreciation of property, plant and equipment (note 11)	**33 528**	28 779
Amortisation of intangible assets (note 13)	**218**	223
Provision for impairment of trade debtors (note 16)	**525**	(1 046)
Internal audit costs	**72**	48
Directors' fees	**945**	829
Management fees (note 26)	**11 527**	11 944
Profit bonus payable to management company (note 26)	**6 571**	11 307
Water and electricity	**22 414**	22 084
Marketing and promotion	**6 875**	8 560
Repairs and maintenance	**11 640**	11 367
Other expenses **	**48 573**	46 646
Insurance	**3 551**	3 345
Legal	**499**	548
Telephone	**4 406**	4 085
Travel expenses	**1 662**	3 036
	353 471	341 845
Analysed as:		
Cost of sales	**239 561**	231 100
Sales and distribution expenses	**10 723**	11 276
Administration expenses	**101 627**	100 515
Impairment expense/(reversal) on trade receivables	**525**	(1 046)
Impairment of Casino at Cresta Marang	**1 034**	-
	353 471	341 845

* The audit fees represent amounts paid solely for the statutory audit of the annual financial statements, with no fees incurred for non-audit services in line with IAS 1 requirements.

** Other expenses consist of bank charges, usage of operating equipment, motor vehicle expenses, courier & postage charges, security charges, rates, regulatory & compliance expenses, outsourced activities, reseach & development costs, data processing charges and pre-opening expenses.

		2024 P'000	2023 P'000
6	**Staff costs**		
	Pension contributions	**4 256**	3 696
	Gross salaries and wages	**114 145**	110 327
		118 401	114 023
	Number of employees	**953**	972
7	**Finance income and expense**		
	Interest income	**(198)**	(1 726)
	Bank revaluation gains	**-**	(948)
	Finance income	**(198)**	(2 674)
	Interest income consists of:		
	Interest on investment in income fund	**(158)**	(896)
	Interest on cash and cash equivalents	**(40)**	(830)
		(198)	(1 726)
	Interest on borrowings and bank overdraft	**15 342**	18 096
	Interest expense on lease liabilities (note 12)	**12 865**	8 982
	Bank revaluation losses	**188**	-
	Finance expense	**28 395**	27 078
8	**Income tax expense**		
	Company tax	**435**	4 731
	Deferred tax charge (note 19)	**209**	2 288
	Tax expense	**644**	7 019

The tax on the profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the company as follows:

	2024	2023
Profit before income tax	**3 027**	33 955
Tax calculated at current tax rates - 22%	**666**	7 470
Expenses not deductible for taxation		
- Donations	**30**	-
Previously unrecognised deferred tax	**(52)**	(451)
Tax charge	**644**	7 019

9 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year (excluding Treasury Shares):

	2024	2023
	P'000	**P'000**
Total operating profit attributable to shareholders	**2 383**	**26 936**
Weighted average number of ordinary shares in issue ('000)	**180 934**	**180 934**
- *Total number of shares issued*	**185 000**	185 000
- *Less: Treasury shares (Note 14)*	(4 066)	(4 066)
Basic and diluted earnings per share (thebe)	**1.32**	14.89

There are no instruments in issue with a dilutive effect.

10 Cresta Employee Scheme

The Company operates an Employee Phantom Share Scheme which was approved at the Annual General Meeting held on the 26th June 2015. Only employees who have been with Cresta Marakanelo Limited for a period of not less than two years and who are not serving notice are eligible for participation in the scheme distributions. The persons who may participate in the Employee Phantom Share Scheme are such Qualifying Employees as the Board from time to time in its absolute discretion considers to be contributing to the growth and profitability of the Company and who have been employed by the Company for at least two years. Qualifying Employees who are entitled to benefit under the Scheme do not become shareholders in the Company and have no voting rights. The Scheme is a cash bonus payment which is determined on the dividends payable based on the Scheme Shares. 2% (3 700 000 shares) of the stated share capital of Cresta Marakanelo Limited is enjoyed by the Qualifying Employees through the Scheme. During the year the year dividends of P8 million were paid (2023: nil).

11 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings P'000	Furniture, fixtures and fittings P'000	Motor vehicles P'000	Computers P'000	Operating equipment P'000	Capital work in progress P'000	Total P'000
Year ended 31 December 2024							
Opening net book amount	**300 779**	**31 501**	**24**	**3 285**	**11 428**	**18 307**	**365 324**
Additions	**9 518**	**18 540**	**551**	**3 677**	**4 733**	**9 256**	**46 275**
Disposals - at cost	**(530)**	**(5 247)**	**-**	**(280)**	**(2 720)**	**-**	**(8 777)**
Depreciation on disposals	**195**	**5 180**	**-**	**252**	**2 726**	**-**	**8 353**
Transfers from capital work in progress	**5 790**	**10 879**	**-**	**-**	**-**	**(16 669)**	**-**
Depreciation	**(19 037)**	**(12 216)**	**(47)**	**(2 228)**		**-**	**(33 528)**
Impairment*	**(1 027)**	**-**	**-**	**-**	**(7)**	**-**	**(1 034)**
Usage of operating equipment	**-**	**-**	**-**	**-**	**(3 997)**	**-**	**(3 997)**
Closing net book amount	**295 688**	**48 636**	**528**	**4 706**	**12 163**	**10 894**	**372 616**
At 31 December 2024							
Cost	**447 414**	**214 060**	**1 961**	**17 576**	**21 491**	**10 894**	**713 396**
Accumulated depreciation	**(151 726)**	**(165 424)**	**(1 433)**	**(12 870)**	**(9 328)**	**-**	**(340 780)**
Net book amount	**295 688**	**48 636**	**528**	**4 706**	**12 163**	**10 894**	**372 616**
Year ended 31 December 2023							
Opening net book amount	**302 591**	**21 219**	**73**	**849**	**7 187**	**4 245**	**336 164**
Additions	**16 988**	**19 171**	**-**	**3 129**	**7 171**	**14 493**	**60 952**
Disposals - at cost	**(48)**	**(888)**	**-**	**(168)**	**(2 236)**	**-**	**(3 340)**
Depreciation on disposals	**48**	**866**	**-**	**156**	**2 236**	**-**	**3 306**
Transfers from capital work in progress	**170**	**-**	**-**	**212**	**49**	**(431)**	**-**
Depreciation	**(18 970)**	**(8 867)**	**(49)**	**(893)**	**-**	**-**	**(28 779)**
Usage of operating equipment	**-**	**-**	**-**	**-**	**(2 979)**	**-**	**(2 979)**
Closing net book amount	**300 779**	**31 501**	**24**	**3 285**	**11 428**	**18 307**	**365 324**
At 31 December 2023							
Cost	434 208	189 506	1 410	14 537	20 441	18 307	678 409
Accumulated depreciation	(133 429)	(158 005)	(1 385)	(11 252)	(9 013)	-	(313 085)
Net book amount	**300 779**	**31 501**	**24**	**3 285**	**11 428**	**18 307**	**365 324**

Leasehold and freehold land and buildings with a net book value of P208.4 million are secured as indicated in Note 20.

* On December 15, 2024, a fire outbreak at Cresta Marang Hotel resulted in the complete demolition of the casino block. The affected assets include the casino building, service stock (operating equipment) and other movable assets. The Company carries assets at cost. The carrying amount structures of the entire Casino block as at the fire outbreak date was P1 million, and P7,000 for service stock. The casino block and the respective service stocs were write offs and therefore fully impaired.

11 PROPERTY, PLANT AND EQUIPMENT (continued)

The Company owns the following properties:

Mowana Safari Lodge
Agreement through " Deeds of Fixed Period State Grant" between the Government of Botswana and Cresta Marakanelo Limited dated 22 January 1998 for lease over Lot 2239 - Kasane, measuring 34,2 Ha and another lease dated 10 February 1987 for Lot 872 -Kasane, measuring 21,9 Ha in the Chobe Administrative District. The state grants are for a period of 50 years, upon which the land together with all improvements thereon shall revert to the State absolutely without compensation payable for improvements or otherwise.

Cresta Marang Hotel
Agreement through a "Deed of Fixed Period State Grant" between the Government of Botswana and Cresta Marakanelo Limited dated 14 November 1996 for lease over plots 930, 931 and 21367 - Francistown, measuring 6.38 Ha in the North East Administrative District. The state grant is for a period of 50 years expiring on 14 November 2046 upon which the land together with all improvements thereon shall revert to the State absolutely without compensation payable for improvements or otherwise.

Cresta President Hotel
Lot 1168/9 - Freehold property, Plot measuring 2002 square meters, in Gaborone Extension No. 3 - The Mall.

Cresta Lodge

Lot 50719 - Plot measuring 3,57 Ha, in the Gaborone Administrative District with a 50 year "Deed of Fixed State Grant" No. 1613/90, first registered on the 6 December 1990.

Cresta Riley's Hotel
Tribal Lot 141 Maun - Plot measuring 2,48 Ha, in the Batawana Tribal Territory with a 50 year "Deed of Fixed State Grant" first registered on the 9 August 1998.

Cresta Thapama Hotel
Lot 6348 - Plot measuring 2,51 Ha, in the Francistown Administrative District with a 50 year "Deed of Fixed State Grant" No. 548/84, first registered on the 22 November 1984.

Cresta Bosele Hotel
Lot 19267 - Selebi Phikwe - Plot measuring 2,98 Ha, in the Selebi Phikwe Administrative district witha 50 year "Deed of Fixed State Grant" of 50 years, first registered on the 28 June 1973. The Company received an offer in January 2023 from the Department of Lands to purchase another 50 year fixed State Grant, for a consideration of P5.9 million, payable in instalments of a 24 months duration, ending in January 2025. The Company accepted the offer and continues to pay the instalments.

50 year "Deeds of Fixed State Grant" gives the purchaser (Cresta Marakanelo Limited) rights to cede, assign, transfer, lease, sell, mortgage or otherwise deal with the property during the period of ownership, provided that at the end of the 50-year period from the date of first registration the property together with all the improvements thereon (in whose name soever they may then be registered) shall revert to the State absolutely without compensation payable for improvements or otherwise.

12 RIGHT OF USE ASSETS AND LEASE LIABILITIES

Amounts recognised in the statements of financial position and profit or loss

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movement during the period.

	Right-of-use assets		
	Buildings P'000	**Motor vehicles P'000**	**Total P'000**
Cost			
As at 1 January 2023	118 232	3 871	122 103
Additions	32 631	802	33 433
Lease modifications	37 876	63	37 939
As at 31 December 2023	**188 739**	**4 736**	**193 475**
Additions	35 387	1 673	37 060
Lease modifications	18 926	185	19 111
Disposals	-	(465)	(465)
As at 31 December 2024	**243 052**	**6 129**	**249 181**
Accumulated depreciation			
As at 1 January 2023	54 591	2 684	57 275
Charge for the year (note 5)	15 713	723	16 436
As at 31 December 2023	**70 304**	**3 407**	**73 712**
Charge for the year (note 5)	20 194	1 041	21 235
At 31 December 2024	**90 498**	**4 448**	**94 947**
Carrying amount			
At 31 December 2024	**152 554**	**1 681**	**154 235**
At 31 December 2023	**118 435**	**1 329**	**119 763**

* Additions are inclusive of newly signed leases and any arising incremental lease remeasurements from lease extensions

The Company leases several assets including buildings and vehicles. The average lease term for buildings is 10 years while for vehicles is 3 years.

Cresta Mahalapye Hotel

Mahalapye South Wing - initial 10 year lease with Knights Bridge Proprietary Limited commenced 1 September 2022. Annual lease rentals amount to P3.5 million for the first year with annual escalations of 6%. Mahalapye North Wing- initial 10 year lease with Tora Properties Proprietary Limited commenced 1 December 2023, and its respective annual lease rentals amount to P3.3 million for the first year with annual escalations of 6%.

Cresta Jwaneng Hotels

Lot 5483 - Jwaneng - 10 year lease with Debswana Pension Fund (DPF) commenced 1 June 2023. Annual lease rentals amount to P4 million for the first year with annual escalations of 6%. The lease has been extended to May 2033.

Cresta Grande Jwaneng - initial 10 year lease with Debswana Pension Fund commenced 1 August 2024. Annual lease rentals amount to P3,960,000 for the first year with annual escalations of 6%.

Cresta Head office

Plot 74538, Marula House, 2nd floor, New CBD, Gaborone - 3 year lease with Primetime Property Holdings Limited commenced 1 April 2024. Annual lease rentals amount to P1.6 million for the first year with escalations of 5% per annum.

12 RIGHT OF USE ASSETS AND LEASE LIABILITIES (Continued)

Cresta Maun Resort

Lot 16719 - Maun - 10 year lease with BIFM Local Property Fund commenced 1 January 2024. Annual lease rentals amount to P4.1 million for the first year with annual escalations of CPI plus 1% with a floor of 5% and a cap of 7%. The execution of the 10 year new lease was executed before expiration of the preceding lease that was due to expire in May 2027, hence resulting in a lease modification.

Cresta Marang Gardens (Residency)

The company has a lease agreement with Knight Bridge Proprietary Limited in respect of a Hotel for plot 6218 portion of lot 931, Francistown. The lease is for 10 years commencing on 1 July 2017 to June 2027. Annual lease rentals amount to P2.2 million for the first year with annual escalation of 6%.

Cresta Botsalo Hotel

Lot 87 - Palapye - 7 year lease with Botsalo Hotel Proprietary Limited commenced 30 September 2019 and renewable at the option of Cresta Marakanelo Limited. Annual lease rentals amount to P3.2 million for the first year with annual escalation of 8%. In addition to the lease terms, there has been a negotiated 10% rental reduction from November 2024 to March 2025.

Motor vehicles

The Company has options to purchase certain vehicles for a nominal amount at the end of the lease term. The Company's obligations are secured by lessors title to the leased assets for such leases.

In the current year several vehicle leases expired. Some of the related leases were renewed. There were no disposals during the year. The maturity analysis of the liabilities is presented below:

	2024 P'000	2023 P'000
Lease liabilities		
Analysed as:		
Non Current	163 389	124 330
Current	17 873	16 997
	181 262	**141 327**
Maturity analysis		
Year 1	30 590	27 487
Year 2	30 829	28 629
Year 3	25 400	28 620
Year 4	24 470	18 731
Year 5	25 889	14 582
Onwards	110 405	73 963
	247 583	**192 012**
Less: Unearned interest	**(66 321)**	(50 685)
	181 262	**141 327**
The unearned interest analysed as:		
Non Current	53 166	40 091
Current	13 155	10 594
	66 321	**50 685**
Amounts recognised in the profit and loss		
Depreciation expense of right-of-use assets	21 235	16 436
Rent expense - short-term lease buildings & lease modifications	(2 362)	133
Interest expense on leased buildings	12 686	8 830
Interest expense on leased vehicles	179	152
Total interest expense (note 7)	**12 865**	**8 982**
Total amounts recognised in profit or loss	**31 738**	**25 551**

The total cash outflows for the leases in 2024 were P25.5 million (2023: P23.3 million), consisting of capital repayments of P12.6 million (2023: P14.3 million) and interest repayments of P12.9 million (2023: P8.9 million).

13 Intangible assets

	2024	2023
	P'000	P'000
Goodwill		
Opening and closing net book amount	**5 274**	5 274
Arising out of acquisition of business from United Promotional Enterprises (Proprietary) Limited T/A Cezar Hotel	**5 274**	5 274
Closing net book amount	**5 274**	5 274

In 2013, the Company entered into an agreement with United Promotional Enterprise (Proprietary) Limited (t/a Cezar Hotel), a company registered in Botswana, to acquire the hotel business which operated within Jwaneng township. As a result of the acquisition, the Company recognised goodwill arising from customer relationships related to the location of the hotel premises.

Impairment test of goodwill

For the purpose of impairment testing, goodwill is attached to the following Cash Generating Unit ("CGU"):

	2024	2023
Cresta Jwaneng Hotel opening and closing net book amount	**5 274**	5 274

The key assumptions use in the calculation of recoverable amounts are as follows:

	2024	2023
Growth rate beyond the budget period of 2024 to 2029 years (terminal value growth rate)	**3.50%**	2.00%
Discount rate (pre-tax)	**13.47%**	12.57%
Discount rate (after tax)	**9.99%**	11.57%
Headroom amount (P'000) *	**154 254**	27 959
Headroom %	**2925%**	530%

For the current year, if the discount rate is increased by 5%, headroom will reduce to 2,321%.

The headroom breaking point occurs when cashflows are reduced by 61%, which is unlikely.

* Headroom is the amount by which the recoverable amount is greater than carrying amount.

13 Intangible assets (continued)

Key assumptions used in the calculation of recoverable amounts, discount rates and growth rates for Cresta Jwaneng were based on the following:

Recoverable amount: The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated on page 42. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. The following approaches were taken in determining the future cash flows:

Growth rate: Average annual growth rate over the five-year forecast period is based on past performance and management's expectations of market development.

Long-term growth rate: This is the weighted average growth rate used to extrapolate cash flows beyond the five-year forecast period. The rate used is consistent with forecasts included in industry reports.

Pre-tax discount rate: Reflects specific risks relating to Botswana, where Cresta Jwaneng Hotel operates.

Budgeted cashflows: Budgeted cashflows: Based on past performance and management's expectations for the future, the budgeted cash flows for 2025 and forecasts for 2026 to 2029 were present valued using a discount rate reflective of the risk environment of the business.

Other operating costs: Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost saving measures.

Annual capital expenditure and working capital considerations: Expected cash costs in Cresta Jwaneng CGU. This is based on the historical experience of Management, and the planned maintenance capital expenditure, which also includes the expected lease replacement cost at the end of the CGU's lease term. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure. Expected working capital changes have also been factored, which are also based on the CGU's past working capital trends.

13 Intangible assets (continued)

	2024 **P'000**	2023 P'000
Software		
Opening net book amount	**309**	516
Additions	**183**	16
Disposal cost	**(133)**	-
Amortisation charge (note 5)	**(218)**	(223)
Closing net book amount	**141**	309
Cost	**4 913**	4 730
Accumulated amortisation	**(4 639)**	(4 421)
Net book amount	**274**	309
Net book amount of intangible assets (excluding goodwill)	**274**	309

14 Treasury Shares

	2024	2023
Opening and closing balance	**5 915**	5 915

The treasury shares consists of 365 056 shares which were bought back by the Company in 2011 from shareholders holding stocks between 100 and 2 000 shares, and 3 700 000 shares held by the Company for purposes of the Employee Phantom Share Scheme. The total value of the treasury shares was P5 915 000 (2023:P5 915 000). Refer to Note 10 for more detail on the Employee Phantom Share Scheme.

15 Inventories

	2024	2023
Foods, beverages and tobacco	**3 210**	3 131
Curio shop and stationery	**721**	671
	3 931	3 802
The cost of inventories recognised as expense included in 'cost of sales' amounted to (note 5)	**58 886**	58 183

	2024	2023
	P'000	P'000
16 Trade and other receivables		
Trade receivables	**24 948**	24 193
less: expected credit loss	**(1 712)**	(1 192)
Trade receivables - net	**23 236**	23 001
Prepayments	**2 096**	3 088
Amount due from related parties (note 26)	**428**	9
VAT receivable	**1 052**	1 027
Other receivables (sundry debtors, trade deposits and unpaid cheques)	**2 799**	2 286
	29 611	29 411

The carrying amount of trade and other receivables approximates the fair value due to their short-term nature. Trade debtors are unsecured and do not attract interest. Other receivables consist of sundry debtors and trade deposits whose credit risk is negligible.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

The following table details the risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer segments.

2024

Aging brackets (days)	**<30**	**30-90**	**>90**	**Total**
Average expected credit loss % as per age analysis*	14.2%	7.0%	78.8%	
Loss allowance	243	120	1 349	**1 712**

2023

Aging brackets (days)	**<30**	**30-90**	**>90**	**Total**
Average expected credit loss %	1.4%	3.3%	95.2%	
Loss allowance	17	40	1 135	**1 192**

The movement in the provision for impairment of trade receivables is as follows:

	2024	2023
Movement of impairment	**P'000**	P'000
Opening balance	**1 192**	2 183
Charge/(Release) for the year (note 5)	525	(1 046)
Bad debts (recovered)/written off	(5)	55
Closing balance	**1 712**	1 192

* The increase in the provision is primarily attributable to delayed receipts from major customers, driven by cash flow constraints faced by them. Notably, the ECL percentage for receivables aged less than 30 days increased significantly to 14.2% in the current year from 1.4% in the prior year. This rise reflects a reassessment of credit risk on recently invoiced amounts, particularly due to a higher incidence of delayed payments. The adjustment also considers updated historical default rates and forward-looking information indicating a heightened risk of non-payment in the short term.

The creation and release of provision for impaired receivables have been included in operating expenses in the statement of comprehensive income. The increase in the current year is as a result of delayed payments from credit customers, mainly arising from the general sub-dued economic climate.

Amounts charged to the allowance account are generally written-off when there is no expectation of recovering additional cash.

	2024 P'000	2023 P'000

17 Cash and cash equivalents and short term investments

17.1 Cash and cash equivalents

	2024 P'000	2023 P'000
Cash at bank and in hand	**7 552**	30 487
Unsecured bank overdraft	**(951)**	-
Cash and cash equivalents	**6 601**	30 487

Included within the cash and cash equivalent is P1.2 million held in a USD call account with ABSA Bank Botswana Limited (2023: P1.6 million) .

Bank overdraft

	2024 P'000	2023 P'000
Amount used	**951**	-

The banking overdraft facilities available to the Company as at year end is P10 million which P0.95 million (2023: P Nil) has been utilised by the Company during the trading period The bank overdraft is unsecured and bears interest at prime plus 0.5%. The prime rate at 31 December 2024 was 6.01% (2023: 6.51%).

17.2 Short term investments

	2024 P'000	2023 P'000
Short term investment in an Income Fund	**24**	5 896

18 Stated Capital

185,000,000 ordinary shares of no par value issued and fully paid:

	2024 P'000	2023 P'000
At the end of the year	**18 500**	18 500

19 Deferred tax

	2024 P'000	2023 P'000
Deferred tax assets/(liabilities)		
Beginning of the year	**13 111**	15 399
Income statement charge (note 8)	**(209)**	(2 288)
End of the year	**12 902**	13 111
Comprising:		
Deferred tax assets	**12 902**	13 111

The deferred tax arises from:

	2024 P'000	2023 P'000
Accelerated tax depreciation on property, plant, equipment and software, lease rights	**(8 080)**	(6 559)
Right of use assets	**33 932**	26 348
Operating equipment	**2 676**	2 514
Lease liabilities	**(39 878)**	(31 092)
Unrealised exchange gain	**(41)**	209
Provison for loyalty Points	**(260)**	(445)
Bonus provision	**(484)**	(1 395)
Interest restriction	**(390)**	(2 429)
General Provision bad debts	**(377)**	(262)
	(12 902)	(13 111)

Deferred tax assets of P0.4 million (2023: P2.4 million) have been recognised in respect of restricted interest on borrowings.

The deferred tax asset of P12.9 million was recognised as it is considered probable that there will be future taxable profits available.

20 Borrowings

Borrowings at amortised cost	**2024 P'000**	2023 P'000
Non-current		
Absa Bank of Botswana Limited	**105 350**	148 458
Absa Bank of Botswana Limited - Term Loan Facility	**22 544**	-
Total	**127 894**	148 458
Current *		
Absa Bank of Botswana Limited	**39 200**	49 000
Absa Bank of Botswana Limited - Term Loan Facility	**7 680**	-
Botswana Development Corporation Limited	**1 920**	5 529
Total	**48 800**	54 529
The carrying amount and fair value of the non- current borrowings is as follows:		
Bank borrowings	**127 894**	148 458

Facility 1: An unsecured loan of P25 million received from Botswana Development Corporation Limited ("BDC") in two tranches; P13 milion received in September 2021 and P12 million received in December 2021. This loan was acquired through the Botswana Government Industry Support Facility, which was a COVID-19 initiative to assist companies with their working capital. The loan has a 6 months moratorium on interest payments and capital repayments. Interest is charged at prime rate, which at 31 December 2024 was 6.01% (2023: 6.51%) and the loan term is 30 months. The total outstanding debt as at 31 December 2024 will be repaid within the first quarter of 2025.

Facility 2: A loan limit of P260 million to acquire properties from Letlole La Rona with the first drawdown of P251 million made in June 2019, second drawdown of P9 million in February 2020. The loan is repayable by 2029, with a 12 month moratorium on capital payments on the first year (2019), which then increases over the period of the loan.Interest rate - variable interest rate based on the profitability of the company, varying from Prime plus 1.75% to Prime plus 0.25%. The capital balance outstanding as at 31 December 2024 is P145 million (2023: P197 million).

Facility 3: A term loan of P40 million to refurbish the Company's existing properties, which was not fully drawn in the 2024 financial year. As at year end the Company had drawndown P34.6 million. The loan is repayable by 2030, and the Interest rate is the prevailing prime rate plus 2.15%. The capital balance outstanding as at 31 December 2024 is P30 million (2023: nil) after 3 repayments on the drawdown amount.

During the year, the Company was in breach of a leverage service ratio (Net Debt: EBITDA) financial covenant stipulated in the loan agreement. The leverage ratio stood at 3.97 against the required maximum of 3.0 times. In accordance with IAS 1 Presentation of Financial Statements, when an entity breaches a loan covenant on or before the reporting date, and the lender has the right to demand immediate repayment, the full ABSA loan balances (Facility 2 & 3) must be classified as a current liability, unless a waiver or modification is obtained before the reporting date. As at 31 December 2024, ABSA unconditionally waived their legal right to enforce any Event of Default due to this covenant breach, therefore the respective loan balances have been accordingly classified and aged between both current and non-current liabilities.

Security - First, second and third Covering Mortgage Bonds totalling P47 million of remaining Lots 930 in Francistown and remaining Extent of Lot 931 Francistown and Lot 21367 Francistown, Tribal lot 141 in Maun for P31.2 million, Lot 50719 in Gaborone for P84 million, Lot 634 in Francistown for P72.8 million, Lot 1169 in Gaborone for P76.7 million and Lot 19267 in Selebi-Phikwe for P21.2 million. The pledged properties have a total net book value of P208.4 million (note 11).

- Cession of material damage policies covering the properties listed above.
- Unlimited suretyship by Cresta Marakanelo Limited.

The bank has issued guarantees in favour of Botswana Power Corporation and Botswana Government amounting to P154,000 as security for the supply of power on credit to the company.

- Counter indemnity in respect of guarantees and bonds has been issued by the bank.

Secured loan facilities with various maturity dates

	2024	2023
Amount used	**294 537**	260 000
Amount unused	**5 463**	-

21 Trade and other payables

	2024 P'000	2023 P'000
Trade payables	**25 208**	18 829
Amount due to related parties (note 26)	**6 908**	2 389
Other accrued expenses	**3**	2
Payroll accruals (note 21.1)	**8 217**	11 706
Other payables *	**9 026**	13 657
	49 362	46 583

The average credit period on purchased goods and services is 30 days. The Company has financial risk policies in place to ensure that all payables are paid within the credit time-frame. The carrying amount of the trade and other payables approximate the fair value due to their short term nature.

* Other payables consist of sundry creditors, utility accruals, accrual for audit fees, accrual for corporate social responsibility and contractor retentions.

21.1 Payroll accruals

	2024	2023
Balance at beginning of the year	**11 706**	3 893
Accrued during the year	**4 290**	13 382
Payments made during the year	**(7 779)**	(5 569)
Balance at end of the year	**8 217**	11 706

22 Contract liabilities

	2024	2023
Arising from customer loyalty programme (i)	**1 183**	2 021
Amounts received in advance of provision of services and sale of goods (ii)	**14 255**	10 229
	15 438	12 250

(i) A contract liability arises in respect of the Company's customer loyalty programme as these points provide a benefit to customers that they would not receive without buying a Cresta Loyalty Card and using it to book for accommodation. This accommodation booking entitles the customer to loyalty points and the promise to provide loyalty points to the customer is therefore a separate performance obligation. A contract liability is recognised for revenue relating to the loyalty points at the time of the initial sales transaction.

(ii) In certain instances, customers are required to pay for a portion of the services and goods in advance to secure a booking. In such instances the amounts received at this point by the Company are recognised as contract liabilities until the services are provided to the customers.

23 Operating Lease Arrangements

The Company as a lessor

Operating leases, in which the Company is the lessor, relate to a property owned by the Company with lease terms of between 3 to 5 years, with extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Company, as they relate to property which is located in a location with a constant increase in value over the years. The Company did not identify any indications that this situation will change.

Maturity analysis of operating lease payments:

	2024	2023
	P'000	P'000
Year 1	**1 719**	1 664
Year 2	**1 016**	1 774
Year 3	**163**	1 875
Year 4	**-**	1 986
Total	**2 898**	7 299

The following tables presents amounts reported in profit or loss:

	2024	2023
	P'000	P'000
Gross expected rent income	**1 719**	1 664
Less: lease concessions	**-**	-
Net lease income on operating leases	**1 719**	1 664

As set out above net property rental income earned during the year is P1,718,904 and is included in other revenue. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

At the reporting date the, the Company has contracted with tenants for the following future minimum lease payments:

	2024	2023
	P'000	P'000
Within one year	**1 719**	1 664
Two to five years	**1 179**	5 635
After five yeas	**-**	-
	2 898	7 299

24 Operating Leases

The Company as a lessee

	2024	2023
	P'000	P'000
Minimum lease payments under operating leases recognised as an expense in the year	**174**	**(110)**

		2024 P'000	2023 P'000
25	**Cash flow statement notes**		
25.1	**Cash generated from operations**		
	Operating profit	**31 224**	58 359
	Adjustments:		
	- Depreciation	**33 528**	28 779
	- Operating equipment usage and write off	**3 997**	2 979
	- Amortisation of intangible assets	**218**	223
	- Right of use depreciation	**21 235**	16 436
	- Impairment on Property, Plant & Equipment	**1 034**	-
	- Loss on disposal of plant and equipment	**47**	(18)
	- Lease modifications	**(2 682)**	432
		88 601	107 190
	Changes in working capital:		
	- Inventories	**(130)**	(730)
	- Trade and other receivables	**(201)**	(9 270)
	- Trade and other payables	**2 779**	14 909
	- Movement in contract liabilities	**3 188**	2 951
	Cash generated from operations	**94 237**	**115 050**
25.2	**Taxation paid**		
	Opening balance	**1 282**	124
	Charge for the year (note 8)	**435**	(4 731)
	Closing balance		-
	Taxation paid during the year *	**(2 334)**	(3 325)
	- Prior year tax payments	(1 334)	-
	- Advance tax payments (SAT)	(900)	-
	- Withholding tax credits utilized	(100)	-
	Closing tax (receivable)/payable	**(617)**	1 282

* In the prior year, taxation paid was disclosed as a combined amount, and in the current year the paid amount has been segregated.

26 Related party transactions

Related companies are companies under common control, directors or ownership. The following are related parties: Botswana Development Corporation Limited ("BDC") - Shareholder with 26% interest. Cresta Holdings Proprietary Limited - Management company and shareholder with 24% interest. Cresta Holdings Proprietary Limited is part of the Masawara Holdings Group, which owns Cresta Lodge Harare Hotel and Cresta Hotels in Johannesburg, South Africa.

i) Purchase of services	**2024**	2023
	P'000	P'000
Management services - fees		
- Management fees - Cresta Holdings Proprietary Limited (note 5)	**11 527**	11 944
- Profit bonus - Cresta Holdings Proprietary Limited (note 5)	**6 571**	11 307

The Managing Director and Chief Financial Officer are employees of Cresta Holdings Proprietary Limited who are seconded to the Company in accordance with a management contract.

Interest Paid		
-BDC	**296**	900

ii) Year-end balances arising from sales/purchases of services:		
Amount due from related parties (note 16)		
-Masawara Holdings	**321**	9
-Cresta Lodge - Harare	**107**	-
	428	9
Amount due to related parties (note 21)		
-Cresta Lodge - Harare	-	242
-Cresta Holdings Proprietary Limited	**6 852**	2 097
-Cresta Hotels - Johannesburg	**56**	50
	6 908	2 389

Balances are interest free and there is no fixed repayment date.

iii) Year-end balances arising from Loans received:		
Amount due to related parties		
-BDC - Industry Support Loan	**1 920**	5 529

Refer Note 20 for details of the loan.

iv) Directors' fees and costs		
- Costs	**45**	**265**
- Fees	**945**	**829**
	990	**1 094**

v) Key management compensation

Key management for the Company includes the Group Operations Manager, Group ICT Manager, Group Internal Auditor and Group Human Resource Manager. The compensation paid or payable to key management for employee services is shown below:

Salaries and other short-term employee benefits	**7 079**	5 830
Terminal benefits	**-**	243

27 Contingent Assets

In December 2024, a fire broke out at Cresta Marang Hotel, burning down its casino building and furniture, fixtures and fittings, service stocks and trading stock to a total loss. The building was on full cover insurance. The Company lodged a claim with the insurer who are currently assessing the claim. The insurance assessment reports confirmed that the loss was a total loss and indications are that they will pay out the full value of the burned down casino building and furniture, fixtures and fittings. As at the date of the financial statements issue, the amount receivable from the insurer had not been determined.

28 Commitments

a) Capital commitments	**2024**	2023
	P'000	P'000
Authorised:		
Furniture and Fittings and leasehold improvements	**34 413**	80 699

The capital expenditure will be financed from internally generated cash flows.

Contracted (included as part of authorised):		
As at 31 December, contracted capital commitments which are financed from internal resources were:	**-**	14 583

29 Segmental information

While strategic decision making rights vests with the Board of Cresta Marakanelo Limited, operational and managerial responsibility vests with Executive Management, which includes the Managing Director, Chief Finacial Officer, Group Operations Manager, Group ICT Manager, Group Internal Auditor and Group Human Resources Manager. For the purpose of presenting segmental information, Executive management has been identified as the Chief Decision Maker as defined in IFRS 8 (Operating segments), based on the location and theme of the hotels and type of guests served. Revenue for all the segments is derived from a broad and diversified customer base, with no single customer accounting for more than 10% of the Company's revenues. The major sources of revenue are various Botswana Government departments, parastatals, standard tour operators as well as local corporate entities.

The main reporting segments reviewed by the Chief Operating Decision Maker are:

Cresta Urban Oasis
The hotels under this Gateway operate in major cities in Botswana primarily targeting business travellers. These properties are located close to the city centre and have lush gardens offering a more serene environment. The facilities available include meeting and conference rooms, wireless internet access and high-end restaurants, thereby meeting all business travellers' needs. The hotels under this Gateway are Cresta Lodge Gaborone and Cresta Marang Gardens.

Cresta Urban Heartbeat
Similar to Cresta Urban Oasis, the hotels in the Cresta Urban Heartbeat brand cater for business travellers as they are located in the city centres of the major cities (Gaborone and Francistown). These hotels offer a cosmopolitan setting with simple rooms and high quality restaurants ideal for business meals. Hotels under this Gateway are Cresta President Hotel and Cresta Thapama Hotel.

Cresta African Roots
These hotels offer modern and affordable accommodation, emphasising on value and comfort. They are located in the smaller cities within Botswana and have access to the surrounding areas. Hotels under this Gateway include Cresta Riley's Hotel, Cresta Bosele Hotel, Cresta Jwaneng Hotel, Cresta Mahalapye Hotel and Cresta Botsalo Hotel.

Cresta African fingerprint
Two Hotels, Mowana Resort and Spa and Cresta Maun Resort, are classified within this brand, and they are a signature destination offering a unique travel experience to guests. These Gateway hotels has a high rating and offers guests a travel experience, which includes safaris and other activities in addition to top class hotel rooms and restaurants.

Control unit
Control unit is the head office which manages the entire operation of 11 hotels.

The Chief Operating Decision Maker reviews performance of each segment based on operating profit achieved, total assets employed and net assets employed.

29 Segmental information

	Cresta Urban Oasis P'000	Cresta Urban Heartbeat P'000	Cresta African Roots P'000	Cresta African Fingerprint P'000	Control Unit P'000	Combined P'000
YEAR ENDED 31 DECEMBER 2024						
Revenue	**75 426**	**61 621**	**113 058**	**132 196**	**2 393**	**384 694**
Accommodation revenue	38 471	31 857	60 802	66 995	841	198 966
Food revenue	27 032	22 122	39 944	44 983	-	134 081
Bar revenue	6 233	4 686	9 068	9 550	-	29 537
Other revenue	3 690	2 956	3 244	10 668	1 552	22 110
Cost of sales	(42 035)	(34 089)	(76 919)	(55 587)	(30 930)	(239 561)
Gross profit/(loss)	33 390	27 532	36 139	76 609	(28 537)	145 133
Sales and distribution costs	(1 122)	(753)	(1 944)	(2 360)	(4 544)	(10 723)
Administration and operating expenses	(27 795)	(28 075)	(42 199)	(42 593)	39 034	(101 627)
Impairment loss on trade receivables	-	-	-	-	(525)	(525)
Impairment on property, plant and equipment	(1 034)	-	-	-	-	(1 034)
Operating profit	3 439	(1 297)	(8 004)	31 656	5 429	31 224
Finance income	-	-	-	-	198	198
Finance expense	(808)	(31)	(9 152)	(2 556)	(15 849)	(28 395)
Reportable segment profit before tax	2 632	(1 328)	(17 156)	29 100	(10 222)	3 027
Income tax expense						(644)
Profit for the year						2 383
Total assets	103 262	131 432	210 797	100 764	40 781	587 036
Total liabilities	15 258	4 075	144 435	56 881	203 058	423 707
Capital expenditure	4 055	8 665	28 059	5 290	206	46 275
Depreciation - Property, Plant & Equipment	6 953	10 481	9 484	6 219	390	33 528
Depreciation - Leases	2 225	205	14 310	3 089	1 406	21 235
Usage of operating equipment	942	729	1 337	989	-	3 997
Amortisation	-	2	49	34	133	218

29 Segmental information (continued)

	Cresta Urban Oasis P'000	Cresta Urban Heartbeat P'000	Cresta African Roots P'000	Cresta African Fingerprint P'000	Control Unit P'000	Combined P'000
YEAR ENDED 31 DECEMBER 2023						
Revenue	83 712	78 091	117 551	118 630	2 220	400 204
Accommodation revenue	45 850	43 914	70 297	60 805	805	221 671
Food revenue	28 518	25 815	36 888	36 989	-	128 210
Bar revenue	5 579	5 261	8 096	10 917	-	29 853
Other revenue	3 764	3 101	2 270	9 919	1 416	20 470
Cost of sales	(42 598)	(36 714)	(67 418)	(54 572)	(29 798)	(231 100)
Gross profit/(loss)	41 114	41 377	50 133	64 058	(27 578)	169 104
Sales and distribution costs	(1 136)	(829)	(1 708)	(2 616)	(4 988)	(11 276)
Administration and operating expenses	(34 816)	(39 403)	(41 882)	(38 469)	54 055	(100 515)
Impairment reversal/(loss) on trade receivables	-	-	-	-	1 046	1 046
Operating profit	5 162	1 145	6 543	22 974	22 535	58 359
Finance income	-	-	-	-	2 674	2 674
Finance expense	(990)	(29)	(6 118)	(1 710)	(18 232)	(27 078)
Reportable segment profit before tax	4 172	1 116	425	21 264	6 977	33 955
Income tax expense						(7 019)
Profit for the year						26 936
Total assets	108 212	136 850	176 284	85 452	66 579	573 377
Total liabilities	19 280	6 688	120 125	33 946	224 390	404 429
Capital expenditure	8 310	10 930	35 874	5 290	548	60 952
Depreciation - Property, Plant & Equipment	6 471	9 065	5 940	7 027	276	28 779
Depreciation - Leases	2 195	200	9 051	3 571	1 419	16 436
Amortisation	9	-	3	32	179	223

30 Events after the reporting period

Management is not aware of any material events that have occurred subsequent to the end of the reporting period that require adjustment and or disclosure in the financial statements.

31 Going concern

For the financial year 2024, the Company achieved a net profit after taxation of P2.4 million (2023: P26.9 million). The Company registered reduced occupancy at its business hotels, which coupled with the high operating leverage nature of the industry, saw a decline in profitability. The Company has since deployed measures to pivot the cost structure in line with the prevailing revenue generation capacity whilst working on market diversification strategies. In the second half of the year, the Company also intensified its digital marketing initiatives to attract corporate and international travellers, which yielded positive results in increasing foreign business. The Company will continue to consolidate on the gains thereof in the future.

The Company's ability to meet its obligations and continue as a going concern is underpinned by its future cash flows, which are dependent on the successful execution of its strategic plans—particularly the achievement of targeted occupancy levels and average room rates, which are key drivers of EBITDA. In the event of any shortfall in expected performance, management will reassess planned capital expenditure and intensify cost containment and cash preservation initiatives. These measures also include stringent working capital management, operational efficiencies, and disciplined cost controls aimed at sustaining liquidity and financial stability. The Company has interest-bearing borrowings and is actively engaging with its lenders to restructure the capital repayment terms. This initiative is aimed at enhancing the Company's cash flow flexibility and supporting its ongoing financial stability.

Management remains committed to proactively monitoring financial performance and taking necessary actions to support the Company's continued operations. Based on the 2024 financial year performance and the forecast for the next 12 months, the Directors are satisfied that the Company has the ability to meet all obligations as they fall due and to trade as a going concern for a period of at least 12 months from the date of approval of these financial statements. The Directors have noted the net current liability position of the Company as at 31 December 2024. They have reviewed the expected timing of the settlement of the liabilities and are satisfied that the forecasted cash flows would be sufficient for the liabilities to be settled when due. Quarterly analyses of liabilities have been performed, and from a quarterly view; current assets can meet the current liabilities. Refer to Note 2.3.

The Directors are therefore of the opinion that the going concern assumption is appropriate in the preparation of the Company financial statements.