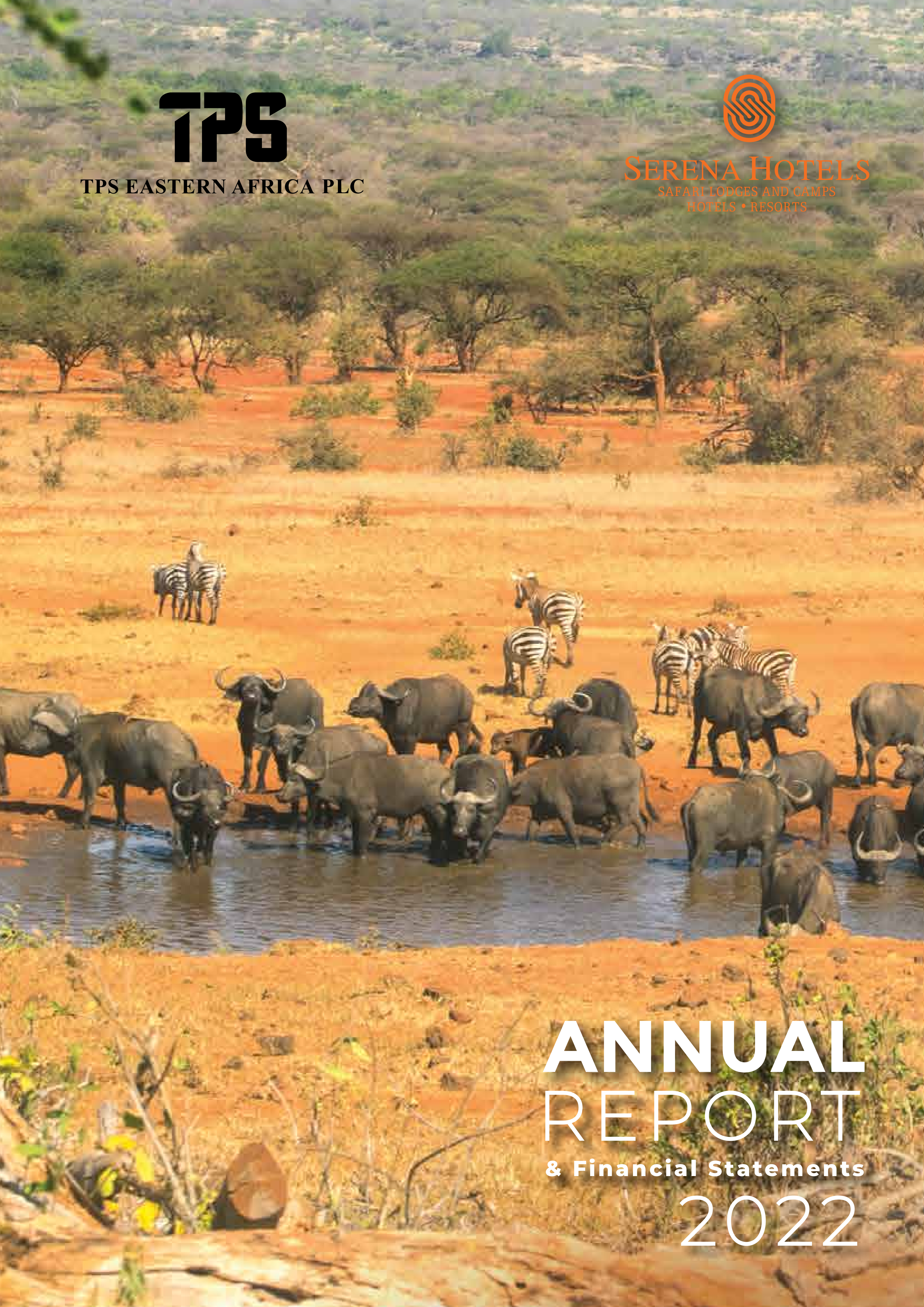

TPS

TPS EASTERN AFRICA PLC

SERENA HOTELS
SAFARI LODGES AND CAMPS
HOTELS • RESORTS

ANNUAL REPORT
& Financial Statements
2022

Content

Directors and Administration

BOARD OF DIRECTORS

Francis Okomo-Okello	(Chairman)
Mahmud Jan Mohamed	(Managing Director)
Nooren Hirjani**	(Chief Financial Officer)
Guedi Ainache*	
Mahmood Pyarali Manji	
Jean-Benoit Du Chalard*	(Resigned 02.12.22)
Alkarim Jiwa	(Appointed 20.01.22)
Audrey Maignan* (Mrs)	(Appointed 02.12.22)
Rachel Dumba (Mrs)***	(Appointed 22.05.23)

BOARD AUDIT COMMITTEE

Mahmood Pyarali Manji	(Chairman)
Guedi Ainache*	
Alkarim Jiwa	

BOARD NOMINATION AND REMUNERATION COMMITTEE

Guedi Ainache*	(Chairman)
Mahmood Pyarali Manji	

*French **British ***Ugandan

COMPANY SECRETARY

Dominic K. Ng'ang'a

Directors and Administration

PRINCIPAL OFFICERS

Catherine Waruhiu (Mrs)	Director of Human Resources E.A.
Christopher Karuru	Group Chief Accountant - TPS (M)
Mugo Maringa	Operations Director E.A.
Rosemary Mugambi (Ms)	Director of Sales and Marketing E.A.
Abhishek Negi	General Manager - TPS (T)
Surinder Sandhu	Director of Projects E.A.
Shenin Virji (Mrs)	Business Planning & Analysis Manager E.A.
Abdulkadir Rahim	Group Engineer E.A.
Wilfred Githinji	Internal Audit Manager E.A.
Hasnain Jagani	Group ICT Manager
Khilan Shah	Group Purchasing Manager
Nephig Wakhanu	Head of Risk & Compliance E.A.
Sarah Teko	Head of Legal E.A.

TOURISM PROMOTION SERVICES (KENYA) LIMITED [TPS (K)]

Anthony Chege	General Manager	- Nairobi Serena Hotel
Alphaxad Chege	General Manager	- Serena Beach Resort and Spa, Mombasa
David Shitakha	Manager	- Amboseli Serena Safari Lodge
Kathurima Mburugu	Manager	- Mara Serena Safari Lodge
Dan Chahenza	Manager	- Sweetwaters Serena Camp
Henrietta Mwangola (Mrs)	Manager	- Kilaguni Serena Safari Lodge
Elizabeth Njeri (Ms)	Manager	- Lake Elmenteita Serena Camp

TOURISM PROMOTION SERVICES (TANZANIA) LIMITED [TPS (T)]

Daniel Mkina	Manager	- Kirawira Serena Camp
Lameck Kimaru	Manager	- Lake Manyara Serena Safari Lodge
Vincent Matei	Manager	- Serengeti Serena Safari Lodge
Nickson Kanyika	Manager	- Ngorongoro Serena Safari Lodge
Dismas Simba	Manager	- Arusha Serena Hotel
Elietta Mbisse	Manager	- Mbuzi Mawe Serena Camp
Simon Magaigwa	Manager	- Serena Mivumo River Lodge and Selous Serena Camp

TOURISM PROMOTION SERVICES (ZANZIBAR) LIMITED [TPS (Z)]

Wilfred Shirima	General Manager	- Zanzibar Serena Hotel

TPS (UGANDA) LIMITED [TPS (U)]

Daniel Kangu	General Manager	- Kampala Serena Hotel, Uganda

OTHER PROPERTIES

Frankline Nyakundi	General Manager	- Lake Victoria Serena Resort, Uganda
Daniel Sambai	General Manager	- Kigali Serena Hotel, Rwanda
Herman Mwasaghua	Genera Manager	- Lake Kivu Serena Hotel, Rwanda
Anderson Mburugu	General Manager	- Polana Serena Hotel, Mozambique
Edwin Chemisto	General Manager	- Dar es Salaam Serena Hotel, Tanzania
James Nzavwala	General Manager	- Goma Serena Hotel, DRC

Operating Subsidiaries and Properties

TOURISM PROMOTION SERVICES (KENYA) LIMITED

Nairobi Serena Hotel
Serena Beach Resort and Spa, Mombasa
Amboseli Serena Safari Lodge
Mara Serena Safari Lodge
Kilaguni Serena Safari Lodge
Sweetwaters Serena Camp
Lake Elmenteita Serena Camp

TOURISM PROMOTION SERVICES (ZANZIBAR) LIMITED

Zanzibar Serena Hotel

Operating Associated Companies and Properties

TANRUSS INVESTMENT LIMITED / TPS (D) LIMITED (25%)

Dar es Salaam Serena Hotel

TOURISM PROMOTION SERVICES (RWANDA) LIMITED (20%)

Kigali Serena Hotel - Rwanda
Lake Kivu Serena Hotel - Rwanda

TOURISM PROMOTION SERVICES (TANZANIA) LIMITED

Kirawira Serena Camp
Lake Manyara Serena Safari Lodge
Serengeti Serena Safari Lodge
Ngorongoro Serena Safari Lodge
Arusha Serena Hotel
Mbuzi Mawe Serena Camp
Serena Mivumo River Lodge

TOURISM PROMOTION SERVICES (SOUTH AFRICA) (PROPRIETARY) LIMITED

Sales and Marketing office in Johannesburg, South Africa

TPS (UGANDA) LIMITED

Kampala Serena Hotel - Uganda

OTHER PROPERTIES MANAGED BY SERENA

Lake Victoria Serena Resort - Uganda
Polana Serena Hotel - Mozambique
Goma Serena Hotel - Democratic Republic of Congo

Elephants at Amboseli National Park

Other Corporate Information

REGISTERED OFFICE
4th Floor, Williamson House
4th Ngong Avenue
P.O. Box 48690-00100
Nairobi, Kenya
Telephone 254 (20) 2842000
E-mail: admin@serenahotels.com
Website: www.serenahotels.com

AUDITORS
PricewaterhouseCoopers LLP
PwC Tower
Waiyaki Way/Chiromo Road, Westlands
P.O. Box 43963-00100
Nairobi, Kenya

PRINCIPAL BANKERS
ABSA Bank Kenya PLC
P.O. Box 30120-00100
Nairobi, Kenya

REGISTRAR
Image Registrars Limited
5th Floor, ABSA Towers
Loita Street
P.O. Box 9287-00100
Nairobi, Kenya

Serena Hotels – Mission Statement

"Our Mission is to create outstanding facilities faithfully reflecting ethnic design that offer the highest standards of service and product and to provide management and our staff with an environment which enables all of us to deliver operating standards beyond the level of our guests' expectations, resulting in satisfactory returns to our stakeholders."

Notice of Annual General Meeting

Notice is hereby given that the Fifty-first Annual General Meeting of the Company will be held via electronic communication, on Tuesday 27th June 2023, at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Fiftieth Annual General Meeting held on 30th June 2022.
2. To receive, consider and, if thought fit, adopt the accounts for the year ended 31st December 2022, together with the Directors' and Auditors' Reports thereon.
3. To approve and note that Directors had not recommended payment of a dividend for the year 2022.
4. To elect Directors:
   a. Mrs. Audrey Maignan was appointed on 2nd December, 2022 to fill a casual vacancy. She retires by rotation in accordance with Article No. 111 of the Company's Articles of Association and being eligible, offers herself for re-election.

   b. Mrs. Rachel Dumba was appointed on 22nd May, 2023 to fill a casual vacancy. She retires by rotation in accordance with Article No. 111 of the Company's Articles of Association and being eligible, offers herself for re-election.

   C. Mr. Francis Okomo-Okello retires by rotation in accordance with Articles No. 112, 113 & 114 of the Company's Articles of Association. Special notices have been received by the Company pursuant to section 287 of the Companies Act 2015 and subject to section 131 of the Act that if thought fit, the following resolutions be passed

   "That Mr. Francis Okomo-Okello (a Director retiring by rotation) who is over 70 years, be and is hereby re-elected as a Director of the Company".
5. To note that there was no Directors' remuneration paid in 2022.
6. To appoint PricewaterhouseCoopers, the Company's Auditors, in accordance with Section 721 (2) of the Companies Act 2015. PricewaterhouseCoopers have indicated their willingness to continue in office.
7. To approve the Auditors' remuneration for 2022 and to authorise the Directors to fix the Auditors' remuneration for 2023.
8. To appoint the Audit Committee members which comprises Mr. Mahmood Manji, Mr. Guedi Ainache and Mr. Alkarim Jiwa in accordance with section 769 (1) of the Companies Act 2015.
9. To transact any other Ordinary Business of an Annual General Meeting.

By Order of the Board.

Dominic K. Ng'ang'a
COMPANY SECRETARY

Dated at Nairobi this 26 April, 2023

Notice of Annual General Meeting (continued)

NOTE:

1. TPSEAP has convened and is conducting this virtual Annual General Meeting following an amendment of its Articles of Association to allow the holding of the Annual General Meeting through Electronic Communication (Virtual meeting).
2. Shareholders wishing to participate in the AGM should register by dialling *483*806# on their Safaricom, Airtel or Telkom mobile telephone and following the various prompts regarding the registration process. Shareholders will not incur any charges by contacting the helpline number (+254) 709 170 000 from 9.00am to 4.00pm, Monday to Friday. Any shareholder outside Kenya should dial the helpline number to be assisted to register.
3. Registration for the AGM commences on 5th June, 2023 at 9.00am and will close on Sunday 25th June, 2023 at 12.00pm. Shareholders will not be able to register after Sunday 25th June, 2023 at 12.00pm.
4. In accordance with Section 283 (2) (c) of the Companies Act, 2015, the following documents may be viewed on the Company's website www.serenahotel.com (i) a copy of this notice and the proxy form, (ii) minutes of the last AGM held on 30th June, 2022, and (iii) the Company's audited financial statements and annual report for the year 2022.
5. Shareholders wishing to raise any questions or clarifications regarding the AGM may do so by:
   (a) Sending their written questions by email to agmquestions@serenahotels.com; or
   (b) To the extent possible, physically delivering their written questions with a return postal address number or email address to the registered office of the Company at Williamson House, 4th Floor, 4th Ngong Avenue, or to Image Registrars offices situated at 5th Floor, ABSA Towers (formerly, Barclays Plaza) Loita Street, Nairobi; or
   (c) Sending their written questions with a return postal address number or email address by registered post to the Company's address using P.O. Box 48690 0010 Nairobi.

   Shareholders must provide their full details (Full name, ID/Passport Number/CDSC Account Number when submitting their questions and/or clarifications.

   All questions and /or clarifications must reach the Company on or before Friday 23rd June, 2023 at 12.00pm.

   Following the receipt of the questions and /or clarifications, the directors of the Company shallbprovide written responses to the questions received to the return postal address number or email address provided by the shareholder not later than 12 hours before the start of the AGM. A full list of all questions received and the answers thereto will be published on the Company's website not later than 12 hours before the start of the AGM.
6. A Shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company. The appointed proxy will need to have access to a mobile telephone. A proxy form is attached to this Notice and is available on the Company's website www.serenahotels.com. Physical copies of the proxy form are also available at Image Registrars Limited's offices on 5th floor ABSA Towers (formerly, Barclays Plaza), Loita Street, P.O Box 9287 00100 Nairobi. To be valid, a proxy form must be duly signed by the member. If the member is a body corporate, the proxy form shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate. The completed proxy form should be emailed to info@image.co.ke or sent/delivered to Image Registrars Limited, 5th floor ABSA Towers (formerly, Barclays Plaza), Loita Street, Nairobi so as to be received not later than Friday, 23rd June, 2023 at 11.00am. Any person appointed as a proxy should submit his/her mobile telephone number to the Company not later than Sunday, 23rd June, 2023 at 11.00am. Any rejected proxy registration will be communicated to the shareholder concerned not later than Monday 26th June, 2023 to allow time to address any issues.
7. The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the AGM. Duly registered shareholders and proxies will receive a short message (SMS/USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second (SMS/USSD) prompt shall be sent one hour ahead of the AGM, reminding duly registered shareholders and proxies that the AGM will begin in an hours' time and providing a link to the livestream.
8. Duly registered shareholders and proxies may follow the proceedings of the AGM using the live stream platform and may access the Agenda and vote when prompted by the Chairman via the USSD prompts.
9. Results of the AGM shall be published within 24 hours following conclusion of the AGM.

Notisi ya Mkutano Mkuu Wa Pamoja Wa Mwaka

Notisi inatolewa hapa kwamba, mkutano wa 51 wa pamoja wa mwaka wa Kampuni utafanyika kwa mfumo wa mawasiliano ya kidijiteli Jumanne Juni 27, 2023 kuanzia saa tano asubuhi ili kuangazia maswala yafuatayo kibiashara;

SHUGHULI ZA KAWAIDA

1. Kuthibitisha kumbukumbu za mkutano wa 50 wa pamoja wa mwaka uliofanyika Juni 30, 2022
2. Kupokea, kuzingatia na endapo itakubalika kupitisha hesabu kwa kipindi cha mwaka uliomalizika Desemba 31, 2022 pamoja na ripoti kutoka kwa Wakurugenzi na Wakaguzi wa Pesa.
3. Kupitisha na kutambua kwamba, wakurugenzi hawakuwa wametoa pendekezo la malipo ya mgawo wa faida kwa kipindi cha mwaka 2022.
4. Kuchagua wakurugenzi;
   a. Bi. Audrey Maignan aliteuliwa Desemba 2 2022 kujaza nafasi. Atastaafu kwa zamu kwa mujibu wa kifungu nambari 111 cha sheria za kampuni na kwa kuwa hali inamruhusu amejitokeza ili kuchaguliwa tena.

   b. Bi. Rachel Dumba aliteuliwa mei 22 2023 kujaza nafasi. Atastaafu kwa zamu kwa mujibu wa kifungu nambari 111 cha sheria za kampuni na kwa kuwa hali inamruhusu amejitokeza ili kuchaguliwa tena.

   c. Mr. Francis Okomo-Okello anastaafu kwa zamu kwa mujibu wa vifungu nambari. 112, 113 na 114 vya sheria za makampuni. Notisi maalumu zimepokelewa na kampuni kufungamana na sehemu ya 287 ya sheria za makampuni ya mwaka 2015 na kwa mujibu wa sehemu ya 131 ya sheria na endapo itakubalika, kupitisha azimio ifuatayo.

   "Kwamba Bw. Francis Okomo-Okello (ambaye ni mkurugenzi anayestaafu kwa zamu) na aliye na umri wa zaidi ya miaka 70 awe na ateuliwe tena kama mkurugenzi katika kampuni".
5. Kutambua kuwa hakukuwa na marupurupu ya wakurugenzi yaliyolipwa mwaka 2022.
6. Kuteua PricewaterhouseCoopers, kama wakaguzi wa pesa za kampuni kwa mujibu wa sehemu 721 (2) ya sheria za makampuni ya mwaka 2015. PricewaterhouseCoopers wameonyesha nia yao kuendelea mbele na jukumu lao.
7. Kupitisha marupurupu ya wakaguzi wa pesa kwa kipindi cha mwaka 2022 na kuwapa uhuru wakurugeni kuamua kiwango cha malipo ya wahasibu mwaka 2023.
8. Kuteua kamati ya uhasibu ambayo itajumuisha Mabw.Mahmood Manji, Guedi Ainache na Alkarim Jiwa kwa mujibu wa sehemu ya 769 (1) ya sheria za makampuni ya mwaka 2015.
9. Kutekeleza shughuli nyingine za kibiashara za Mkutano Mkuu wa Pamoja wa Mwaka.

Kwa Amri ya Halmashauri.

Dominic K. Ng'ang'a
KATIBU WA KAMPUNI

Imenukuliwa Aprili,26 2023

Notisi ya Mkutano Mkuu Wa Pamoja Wa Mwaka (kuendelea)

NUKUU:

1. TPSEAP imeitisha na inaendesha Mkutano huu wa Pamoja wa Mwaka kufuatia kufanyiwa mabadiliko kwenye sheria ya ushirika ili kuruhusu kutekelezwa kwa hilo kupitia njia ya kielektroniki.

2. Wanahisa wanaotaka kushiriki Mkutano wa Pamoja wa Mwaka wajisajili kwa kupiga nambari *483*806# kupitia mtandao wa Safaricom , Airtel au Telkom na kufuata maagizo mbali mbali ya hatua za usajili. Wanahisa hawatozwa ada yoyote kwa kupiga simu kupitia nambari ya usaidizi (+254) 709 170 000) kuanzia saa tatu asubuhi hadi kumi jioni Jumatatu hadi Ijumaa. Mwanahisa yeyote aliye nje ya Kenya apige simu ya usaidizi ili kupata usadizi kuhusu usajili.

3. Usajili wa Mkutano wa Pamoja wa Mwaka utaanza Juni 5, 2023 saa tatu asubuhi na kufungwa Jumapili Juni 25, 2023 saa sita adhuhuri. Wanahisa hawataweza kusajiliwa baada ya Jumapili ya Mei 25, 2025 saa sita Adhuhuri.

4. Kwa mujibu wa sehemu 283 (2) (c) ya sheria za makampuni, ya mwaka 2015, stakabadhi zifuatazo zinaweza kukaguliwa kupitia wavuti wa kampuni ambao ni www.serenahotel.com (i) nakala ya notisi hii pamoja na fomu ya uwakala, (ii) kumbukumbu za mkutano uliopita wa pamoja wa mwaka tarehe Juni 30, 2022 na (iii) taarifa za kifedha za kampuni zilizofanyiwa ukaguzi pamoja na ripoti ya mwaka 2022.

5. Wanahisa wanaotaka kuuliza maswali yoyote au ufafanuzi kuhusiana na Mkutano wa Pamoja wa Mwaka wanaweza kufanya hivyo kwa;-

   (a) Kutuma maswali yao waliyoandika kupitia barua pepe kwa; agmquestions@serenahotels.com; au

   (b) Pale inapowezekana, kutuma moja kwa moja maswali yao na kuambatanisha na anwani ya kurudisha majibu au anwani ya barua pepe kwa ofisi ya Kampuni iliyosajiliwa katika jumba la Williamson House, Orofa ya nne , barabara ya 4th Ngong Avenue, au kwa ofisi za Image Registrars zilizoko orofa ya tano jumba la ABSA Towers (zamani Barclays Plaza) Loita Street, Nairobi; au;

   (c) Kutuma maswali yao waliyoandika na kuambatanisha na anwani ya kurudisha majibu au barua pepe kupitia Sanduku ya Posta lililosajiliwa SLP .48690 0010 Nairobi.

   Ni lazima kwa wanahisa kutoa maelezo yao kamili (Jina kamili, Kitambulisho/ nambari ya Paspoti/ Nambari ya akaunti ya CDSC wakati wa kutuma maswali au ufafanuzi.

   Maswali yote au ufafanuzi lazima yafike kwa ofisi ya Kampuni kabla au ifikiapo Ijumaa Juni 23, 2023 saa sita adhuhuri.

   Kufuatia kupokelewa kwa maswali/ ufafanuzi, wakurugenzi wa kampuni watatoa majibu yaliyoandikwa kuhusiana na maswali yaliyopokewa kupitia anwani ya kutuma majibu au kwa njia ya anwani ya barua pepe iliyotolewa na mwanahisa saa 12 kabla ya kufanyika kwa Mkutano Mkuu wa Pamoja wa Mwaka. Orodha kamili ya maswali yaliyopokewa na maswali yake zitachapishwa kupitia wavuti wa kampuni saa 12 kabla ya kuanza kwa Mkutano wa Pamoja wa Mwaka.

6. Mwanachama aliye na ruhusa kuhudhuria mkutano na kupiga kura ana uhuru kumteua wakala wake kumwakilisha na kupiga kura kwa niaba yake. Si lazima kwa wakala huyo kuwa mwanachama wa kampuni. Itabidi kwa wakala aliyeteuliwa kuwa na nambari ya simu ya mkononi. Fomu ya wakala imeambatanishwa na notisi hii na inaweza kupatikana kupitia wavuti wa kampuni www.serenahotels.com. Pia, nakala za fomu ya wakala inapatikana kupitia ofisi za Image Registrars Limited's orofa ya 5 jumba ABSA Towers (zamani , Barclays Plaza),barabara ya Loita Street, Slp 9287 00100 Nairobi. Ili kukubaliwa, fomu ya wakala iwe na sahihi kamilifu ya mwanachama. Endapo mwanachama ni shirika, fomu ya uwakala iwe imepigwa mhuri wa kawaida au iwe na sahihi ya afisa aliyeidhinishwa na mwanasheria wa shirika kama hilo. Fomu ya wakala itumwe kupitia barua pepe ;info@image.co.ke au itumwe / ipokelewe na Image Registrars Limited, orofa ya 5 jumba la ABSA Towers (zamani, Barclays Plaza), barabara ya Loita Street, Nairobi na kupokelewa kabla ya Ijumaa Juni 23 , 2023 saa tano asubuhi. Mtu yeyote aliyeteuliwa kama wakala awasilishe nambari yake ya simu ya mkononi kwa kampuni kabla ya Jumapili Juni 25, 2023 saa tano asubuhi. Usajili wowote wa wakala uliokataliwa utajulishwa kwa mwanahisa mhusika kabla ya Jumatatu Juni 26, 2023 ili kutoa nafasi ya kushughulikia swala lolote.

7. Mkutano wa pamoja wa mwaka utaendeshwa moja kwa moja kupitia njia ya kielektroniki (live stream) ambao kiunganishi chake kitatolewa kwa wanahisa ambao watakuwa wamejisajiliwa kuhudhuria. Wanahisa waliosajiliwa kikamilifu na mawakala watapokea ujumbe mfupi wa kuwakumbusha (SMS/USSD) kupitia nambari zao za simu za mkononi saa 24 kabla ya kuanza kwa mkutano. Ujumbe wa pili mfupi (SMS/USSD) utatumwa saa moja kabla ya kuanza kwa mkutano ili kuwakumbusha wanachama waliosajiliwa kikamilifu na mawakala kuwa mkutano wa pamoja wa mwaka utaanza chini ya muda wa saa moja na kuwapa kiunganishi cha kuwaruhusu kuufuatilia matukio kwa njia ya kielektroniki.

8. Wanahisa waliosajiliwa kikamilifu pamoja na mawakala wanaweza kufuatilia matukio ya mkutano moja kwa moja kwa njia ya kielektroni na kuweza kupata agenda na kupiga kura watakapoepwa ishara na mwenyekiti kupitia jumbe mfupi wa USSD.

9. Matokeo ya mkutano mkuu wa pamoja wa mwaka yatachapishwa chini ya muda wa saa 24 baada ya kukamilika kwake.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of TPS Eastern Africa PLC (TPSEAP/ the Company/ the Group), it is my pleasure, honour, and privilege to present to you the Annual Report and Financial Statements of the Company for the year ended 31 December 2022.

Your Company, has remained steadfast and determined in its efforts to 'get back on track' after 30 challenging months from the Covid-19 pandemic disruptions. The granting of exemptions by destinations Kenya, Tanzania, Uganda, and Rwanda for travellers who are fully vaccinated from the requirement of the Polymerase Chain Reaction (PCR) test for Covid-19; and success of vaccination rollout programmes combined with the re-opening of borders, did indeed provide the Board and Management with confidence that performance from the second half of the year 2022 would at least be on a much more positive trajectory.

In view of the above, renewed momentum and an encouraging rebound in business levels was indeed witnessed from the second half of the year 2022, which particularly recorded an assuring recovery from the foreign corporate segment. The Group's foreign leisure business segment for its safari portfolio also improved, complementing the growth trajectory in business levels from the domestic and regional markets that patronised our units for leisure, corporate travel, and events/functions. The Serena city hotels portfolio secured high profile events and diplomatic delegations, further reinforcing the regional rebound in bookings, a trend we expect to continue in 2023, and beyond.

From mid-October 2022, the Ebola outbreak negatively impacted TPS Uganda business levels although thankfully, as of 11 January 2023, Uganda was declared Ebola free.

During the year under review, TPSEAP achieved a turnover of Shs. 6.9 billion (2021: Shs. 3.3 billion), and 'Profit before unrealised exchange loss, interest, depreciation, results of associates and taxation' of Shs. 1.8 billion (2021: Profit of Shs. 284.5 million), an improvement of 548.6%. This improved performance was attributed to: the strength and regional presence of the Serena brand; refining our strategy to anticipate, connect and respond to our customers' expectations, whilst driving resilience towards volatile markets; carefully managing and mitigating risks across the business; our continued financial discipline; and the concerted efforts of our teams who remained determined and committed throughout the year.

Various reports including that from our suppliers of business indicate that the recovery of Tourism and Travel is expected to continue throughout 2023, even as the sector faces up to emerging economic, health, climate change and geopolitical challenges. Whilst these risks inevitably weigh on the global tourism sector's recovery in the months ahead, to safeguard the anticipated 'margin squeeze', Management is pursuing its yield maximisation strategy with renewed product standards; whilst cost efficiency, supply logistics and cash management all remain a critical focus.

Given the evolving nature of the challenges stated above, the Board of Directors does not recommend the payment of a dividend for the year ended 31 December 2022; notably whilst the Company concentrates on its strategy to enhance investments in product improvements and business recovery.

The Company and its subsidiaries contributed to the revenues of the Governments of Kenya, Tanzania, and Uganda in 2022. During the year, the Group contributed in aggregate the equivalent of: Shs. 2.2 billion (2021: Shs. 783 million) in direct and indirect taxes as well as Shs. 374 million (2021: Shs. 105 million) in royalties and rents to the revenues of counties and local authorities in the various jurisdictions in which we have a presence within the Eastern Africa region.

The tourism industry constitutes an important pillar in the realization of East Africa's economic growth potential. As long-term investors, the Board and Management have reviewed the TPSEAP mid-term strategy and plans to continuously assess, adapt, and improve Serena's operating model just as we return to and hopefully surpass pre-pandemic business levels during 2023. The Group is progressing its product improvement strategy across the Serena portfolio. As the recovery gathers pace in 2023 and beyond, the Group will resume its expansion plans including actively pursuing management contracts in strategic locations to further complement Serena's established regional brand presence and portfolio in Africa.

The Group will continue to nurture its Human Resource Management (HRM) practices; and promote sound Corporate Social Responsibility (CSR) programs which complement our

short to medium term strategic focus. The Company continues to pursue new business opportunities aligned to its diversification strategy, including enhancing its marketing and sales outreach to the traditional and non-traditional source markets. Additional details on the CSR programs and initiatives are incorporated in the Managing Director's Statement included at pages 16 to 17 of this Annual Report.

During the year 2022, Serena Hotels were proud recipients of several national and international awards and accolades as included on pages 33 and 34 of this Annual Report.

On behalf of the Board and Management, I wish to express our appreciation to the respective East African Governments for formulating the appropriate economic stimulus programs to stabilize the tourism sector in the short and medium-term.

The journey over the last 30 months has undoubtedly demonstrated that Serena Hotels cannot navigate its path to recovery alone. To this end, the Board and Management recognise with gratitude the vital support, confidence, loyalty, and trust that Serena Hotels has received, and continues to receive from its: shareholders, staff, customers, various regulatory authorities; other industry stakeholders as well as other related ancillary sectors. Without such loyalty and self-sacrifice, our situation would have been even more challenging. We look forward to this support continuing during 2023 and beyond.

I would also like to acknowledge, with appreciation, the invaluable support that I received from my colleagues on the Board in successfully steering the Group's business activities and strategies during the year 2022. To this end it would be appropriate to note that Mr. Jean-Benoit Du Chalard resigned as Director of TPSEAP with effect from 2nd December 2022. The TPSEAP Board wishes to thank Mr. Chalard for his valuable contribution to the Company whilst he served as a Board member and wishes him success in his future undertakings.

May I take this opportunity to welcome Mrs. Audrey Maignan and Mrs. Rachel Dumba as new members of the TPSEAP Board. Mrs. Maignan holds a Masters in Management and Finance from ESCP Business School in Paris. She is currently the Regional Head of PROPARCO in East Africa. Mrs. Dumba holds a Masters in Strategic Human Resources Management from Manchester Metropolitan University and a member of the UK Chartered Institute of Personnel and Development. She is currently the Chief Executive Officer and Partner in charge of Strategy and Human Capital Management at Steadman Global.

Lastly, our remarkable Management and Staff deserve special recognition for enduring an extremely difficult 30 months. I would therefore like to especially thank them for their continued diligence, commitment, and dedication during these most challenging times.

FRANCIS OKOMO-OKELLO
CHAIRMAN

Zanzibar Serena Hotel

TAARIFA YA MWENYEKITI

Kwa niaba ya Halmashauri ya wakurugenzi wa TPS Eastern Africa PLC (TPSEAP/kampuni, ni furaha yangu kuwaletea ripoti ya mwaka na taarifa za matumizi ya pesa za kampuni kwa kipindi cha mwaka uliokamilika Desemba 31, 2022.

Kampuni yenu, kama zilivyo kampuni nyingine zilizoko kwenye sekta ya utalii wa kimataifa na biashara ya hoteli imesalia imara na kujiamini kufanya kila juhudi zinazowezekana kurejelea hali yake baada ya miezi 30 ya changamoto kutokana na matatizo yaliyosababishwa na virusi vya Covid-19. Kutolewa kwa masharti dhidi ya wasafiri ambao wamepokea chanjo ya Ploymerase Chain Reaction (PCR) ya Covid-19 mataifa ya Kenya, Tanzania, Uganda na Rwanda na kufaulu kwa mipango ya kutolewa chanjo pamoja na kufunguliwa kwa mipaka kulipelekea Halmashauri na usimamizi kuwa na imani kwamba kuanzia kipindi cha pili cha mwaka 2022 matokeo yatakuwa kwenye mkondo mzuri.

Kutokana na mtazamo ulioko hapo juu, kurejea kwa kasi kwa viwango vya biashara kulitoa ushuhuda wa matumaini yenye uhakika kipindi cha pili cha mwaka 2022. Hali hii ilitoa hakikisho la kweli la kuinuka tena kwa kitengo cha usafiri wa mashirika kutoka mataifa ya nje. Kitengo cha biashara za starehe kutoka mataifa ya nje kwenye safari pia kiliimarika na kuchangia kwenye mkondo wa ukuaji wa viwango vya biashara kwa masoko ya humu nchini na kanda ambavyo vilisimamia vitengo vyetu vya starehe, usafiri wa mashirika na mikutano. Kitengo cha hoteli za Serena katika miji mikuu kiliendesha mikutano ya viwango vya juu vya wajumbe wa kidplomasia na kuchangia zaidi kufufuka tena kwa maombi ya vyumba hali tunayoratajia kuendelea mwaka 2023 na hata siku za usoni.

Kuanzia kati kati mwa Oktoba 2022, mlipuko wa Ebola uliathiri viwango vya biashara za TPS Uganda ingawa kuanzia Januari 11, 2023 Uganda ilitangazwa kuwa huru dhidi ya virusi hivi.

Wakati wa kipindi cha mwaka unaoangaziwa, TPSEAP ilipata mapato ya jumla ya Kshs.bilioni 6.9 (2021 Kshs bilioni 3.3) na faida kabla ya hasara isiyotarajiwa kutokana na ubadilishanaji wa fedha, riba, kushuka kwa thamani , matokeo ya washirika tanzu na ushuru ya Kshs.bilioni 1.8 (2021; faida ya Kshs milioni 284.5) na kuwakilisha imariko la asilimia 548.6%. Matokeo haya yaliyoimarika yalichangiwa na: nguvu na uwepo wa bidhaa za Serena kanda, kupiga msasa mkakati wetu ili kutarajia, kuunganisha na kujibu matarajio ya wateja huku tukijihami dhidi ya masoko tata; kwa taratibu kuthibiti na kupunguza athari kote za biashara; nidhamu yetu ya kifedha na juhudi kubwa kutoka kwa timu zetu zilizoendelea kujiamini na kujitolea kipindi chote cha mwaka.

Ripoti mbali mbali zikiwemo kutoka kwa wadau wa biashara zinaonyesha kwamba, kuinuka tena kwa biashara ya utalii na usafiri kunatarajiwa kuendelea kipindi chote cha mwaka 2023 hata kama sekta inakabiliwa na maswala ibuka ya kiuchumi, afya, mabadiliko ya hali ya anga na changamoto za kisiasa. Huku athari hizi zikiegemea ufufuzi wa sekta ya utalii ulimwenguni miezi inayokuja, ili kulinda nafasi chanya ya viwango vinavyotarajiwa, usimamizi unatafuta mkakati wa matumizi ya mapato yake kikamilifu kwa kuzindua upya bidhaa zake, kuthibiti vyema gharama, mbinu za usambazaji huku usimamizi wa pesa ukisalia kuwa eneo linaloangaiwa sana.

Kutokana na hali ya changamoto ibuka zilizotajwa hapa awali, halmashauri ya wakurugenzi haitoi pendekezo la malipo yoyote ya mgawo wa faida kipindi cha mwaka 2022. TPSEAP itaangazia mkakati wake wa kutumia vyema nafasi mpya zinazotarajiwa na kuimarika tena kwa biashara mwaka 2023 huku ikiendelea kuzindua mipango ya uhifadhi wa pesa.

Kampuni na washirika wake tanzu walichangia pakubwa mapato ya serikali za mataifa ya Kenya, Tanzania na Uganda mwaka 2022. Wakati wa kipindi hiki cha mwaka, kundi lilitoa malipo sawa na Kshs. bilioni 2.2 (2021 zilikuwa Kshs.milioni 783) kama ushuru wa moja kwa moja au usio wa moja kwa moja na Kshs milioni 374 (mwaka 2021 ulikuwa Kshs milioni 105) kama nia njema na mapato kwa serikali za kaunti na halmashauri za utawala katika maeneo mbali mbali ya usimamizi ambako tunatekeleza shughuli kanda ya Arika Mashariki.

Sekta ya utalii inajumuisha nguzo muhimu ya kufanikisha ndoto ya ukuaji wa uchumi Afrika Mashariki. Kama wawekezaji wa muda mrefu, halmashauri wa wakurugenzi imefanyia tathmini mkakati wa TPSEAP wa muda wa kadri na mpango ili kuendelea kukagua, kuzindua na kuimarisha muundo wa utekelezaji wa Serena tunaporejea na kwa matumaini kupitisha viwango vya biashara baada ya janga mwaka 2023. Kwa sababu hiyo, kundi litaendelea kuwekeza kwenye udumishaji na uimarishaji wa raslimali muhimu

Taarifa ya Mwenyekiti (kuendelea)

kokote lilipowekeza. Huku hali ya kureje shughuli inapoendelea kwa kasi mwaka 2023 na mbele, kundi litarejelea mipango yake ya upanuzi ikiwemo kufuatilia kandarasi za usimamizi maeneo muhimu na kuongeza zaidi upeo wa bidhaa za Serena Afrika.

Kundi litaendelea kuimarisha mpango wake wa usimamizi wa wafanyakazi (HRM) na kusaidia mipango ya kuwajibikia maslahi ya jamii (CSR) ambayo inachangia mtazamo wetu wa mkakati wa muda mfupi na wa kadri. Wakati huo huo, kampuni inazidi kutafuta nafasi mpya za kibiashara ambazo zinaenda sambamba na mkakati wake wa upanuzi ikiwemo kuimarisha upeo wake wa uvumishaji na mauzo kwenye masoko ya kawaida na yasiyo ya kawaida. Maelezo zaidi kuhusu mipango ya maslahi ya jamii (CSR) na mikakati imeorodheshwa kupitia taarifa ya Meneja Mkurgenzi iliyoko kurasa 16 hadi 17 ya za ripoti hii ya mwaka.

Wakati wa kipindi cha mwaka 2022, Hoteli za Serena zilipata fahari kupotea matuzo mbali mbali ya kitaifa na kimataifa kama ilivyoonyeshwa kupitia ukurasa 33 na 34 wa ripoti hii ya mwaka.

Kwa niaba ya Halmashauri ya bodi na wakurugenzi, ningependa kutoa shukrani za dhati kwa Serikali husika za Afrika Mashariki kwa kubuni mipango madhubuti ya kuchochea ukuaji wa uchumi ili kuimarisha sekta ya utalii kwa kipindi cha muda mfupi na wa kadri.

Kwa muda wa Kipindi cha miezi 30 iliyopita imedhihirisha kwamba, hatuwezi kutembea safari hii pekee yetu au kwenye mkondo tuliokuwa tukitumia. Hadi sasa, Halmashauri na Usimamizi zinatambua kwa dhati mchango mahsusi, imani, umaininfu ambao kundi limepokea na kuendelea kupata kutoka kwa ; wanahisa, wafanyakazi, wateja, halmashauri mbali mbali za utawala, wadau wengine kwenye biashara pamoja na sekta nyingine husika. Bila ya uaminfu na kujitoa mhanga, hali yetu ingekuwa na changamoto zaidi. Kwa sababu hiyo tunatazamia kuendelea kupata uungwaji huu kipindi cha mwaka 2023 na hapo mbele.

Pia,ningependa kutambua kwa dhati msaada ninaozidi kupokea kutoka kwa wanahalmashauri wenzangu ambao umechangia pakubwa shughuli na mikakati ya biashara ya kundi wakati wa kipindi cha mwaka 2022. Kufikia sasa, itakuwa bora kumtambua Bw. Jean-Benoit Du Chalard aliyestaafu kama Mkurugenzi kuanzia Desemba 2, 2022. Halmashauri ya TPSEAP inatoa shukrani zake kwa Bw. Chalard kutokana na mchango wake kwenye kampuni alipotekeleza wajibu kama mwanachama wa Halmashauri na kumtakia ufanisi kwa shughuli zake za siku za usoni.

Nachukua fursa hii kumkaribisha Bi.Audrey Maignan na na Bi. Rachel Dumba kama wanachama wapya wa Halmashauri ya TPSEAP. Bi. Maignan ana shahada ya uzamili kuhusu usimamizi wa fedha kutoka chuo cha ESCP Business School mjini Paris. Kwa sasa, yeye ni msimamizi wa kanda wa PROPARCO Afrika Mashariki. Bi. Dumba ana shahada ya uzamili kuhusu wafanya kazi kutoka chuo cha Manchester Metropolitan University na ni mwanachama wa UK Chartered Institute of Personnel and Development. Kwa sasa, yeye ni meneja mkurugenzi katika kampuni ya Steadman Global.

Mwisho,usimamizi na wafanyakazi wanahitaji kutambuliwa kwa dhati kutokana na huduma zao wakati wa kipindi hiki kigumu cha muda wa miezi 30. Kwa sababu hiyo, ningependa kuwashukuru kwa kuendeleza bidii yao, kujitolea na kuwajibika wakati wa kipindi hiki chenye changamoto.

FRANCIS OKOMO-OKELLO
MWENYEKITI

Horse riding at Lake Elmenteita Serena Camp

THE MANAGING DIRECTOR'S REPORT

Fortunately, despite the turbulent start to the year 2022 given the Omicron Covid-19 variant outbreak, the second half of the year witnessed re-assuring 'green-shoots' of improvement in business enquiries across most of the Group's market segments.

As the Covid-19 pandemic evolved, there continued to be a series of unavoidable setbacks for the third consecutive year, as indicated in the Chairman's Statement. In response, TPS Eastern Africa PLC (TPSEAP/ the Company/ the Group) implemented several safeguards that enabled a positive performance to be delivered for the year 2022 when compared to the previous year.

During the year under review, the world experienced an uneven recovery from the pandemic due to the varied global distribution of vaccines and progressive ease of travel restrictions. The Group was therefore required to demonstrate continued agility on various fronts in response to the rapidly changing regional and international circumstances impacting our business recovery. Thus, the Group continued to implement its innovative, 'pandemic-strengthened' business model, taking a balanced risk management approach with prudent, yet flexible and decisive monitoring of the financial health of the Group. These actions have to date been delivered without compromising Serena's highest standards of safety, comfort, product, and service across all our operations.

Throughout this business recovery phase, we have recognised an evolution in our guests' expectations, particularly towards greater life enriching safari and eco-experiences, as well as blending of business and leisure travel. To this end, our refined and flexible strategy to anticipate, connect and respond to our customers' expectations is attracting an increasing number of repeat and new guests, a trend that we anticipate will result in further growth during 2023.

The vital support from our local and regional market segments patronizing our units for leisure and corporate travel, is much appreciated. The Group will continue to attract this important market segment for a diversified mix of core domestic and regional business, even as both our traditional and emerging international source markets open to travel to pre-pandemic levels hopefully by the end of 2023.

International leisure business levels that materialized in Serena Tanzania were buoyant from the second half of year 2022 and recovery from the foreign corporate segment and the increased interest in leisure bookings from July 2022 for the Serena Kenya Safari portfolio are indeed encouraging trends that we expect to continue in 2023.

Whilst the Ebola outbreak did impact business levels for Serena Uganda from mid-October 2022, the Company did nevertheless record improved bookings as compared to the previous year. Thankfully, it is notable that on 11th January 2023, Uganda declared the Ebola disease outbreak to have ceased.

Our Associate Companies, Tourism Promotion Services (Rwanda) Limited (which operates Kigali Serena and Lake Kivu Serena Hotels); and TPS (D) Limited, (which operates the Dar es salaam Serena Hotel), also delivered encouraging results in 2022.

During the period under review, the economic consequences of the Russia-Ukraine conflict materially impacted energy and commodity prices, adding to the existing inflationary pressures from supply chain disruptions caused by the Covid-19 pandemic. Management diligently and to the extent possible pursued its effort to contain costs in line with business recovery levels.

Uncertainty in the world economy continues to challenge the tourism and hospitality industry internationally and on various fronts as noted above. Nevertheless, Serena's broad and diversified portfolio of twenty-two properties in Eastern Africa remains well positioned to address these evolving market conditions and the current environment. With our solid brand reputation and extensive industry relations, it is gratifying to note that TPSEAP has recorded satisfactory performance during the year 2022. This performance has notably been achieved due to the combined efforts of our Shareholders, the Board of Directors, our employees, suppliers of business across source markets, healthcare workers, research scientists, and not least the Governments and Regulatory Authorities within the Eastern Africa region.

For the year 2022 TPSEAP recorded turnover of Shs. 6.9 billion (2021: Shs. 3.3 billion), and 'Profit before unrealised exchange loss, interest, depreciation, results of associates and taxation' of Shs. 1.8 billion (2021: Profit of Shs. 284.5 million), an improvement of 548.6%.

During the year 2023, the Group will continue to deliver engaging sales and marketing campaigns, implement its creative and pro-active sales and marketing strategy in response to the rapid changes in market dynamics and customer trends / preferences. This is imperative in our pursuit of retaining our valued existing clients, winning new business opportunities, building on new source markets potential, increasing our brand outreach; and so, drive repeat and incremental business.

The Managing Director's Report (continued)

The recent lifting of Covid-19 related travel restrictions in China is a further important and significant step for the recovery of the tourism sector worldwide. However, this will be shaped by the availability and cost of air travel, visa regulations and Covid-19 related restrictions in the destinations. Management has earnestly re-established its engagement with the Group's Chinese travel trade agents accordingly.

As we look ahead, and whilst concerns about the macroeconomic environment that covers economic, health, climate change and geopolitical challenges persist globally and could weigh on the recovery of global tourism in the months ahead, the Group will hopefully return to pre-pandemic performance levels during year 2023; certainly, to the extent that the current booking trends for the year 2023 materialize. The Board and Management therefore remain cautiously confident that the Company is well-positioned for credible growth beyond 2023.

The Company continues to believe that its employees constitute a key determinant for mutual long-term sustainable success, growth, and reputation of its brand values. Furthermore, in anticipation of evolving guest expectations, we will continue to enhance and sustain the trust and confidence of our guests; as well as Serena's quality service standards as synonymous with the Serena brand being the destination of choice for our guests. In this regard, we will further invest in our Group Productivity Improvement Strategy, through carefully targeted resource planning to deliver our Staff / Management training, development, and welfare programs.

The Group actively adopts Environmental, Social, Economic and Governance practices through daily interactions of its business processes, necessary to achieve our medium to long-term business strategy. Integration of the United Nations Sustainable Development Goals has enabled the Group across the Eastern Africa region to create meaningful impact in support of: eco-tourism; climate change; water and energy conservation; re-afforestation; installation of solar plants; conservation of biodiversity; respect for local traditions, culture and heritage; education; public health and essentially, community development. Please refer to pages 27 to 32 of this Annual Report for more details on Serena Hotels' Corporate Social Responsibility (CSR) and sustainable business practices.

I wish to recognize and thank the respective Governments of East Africa for their tireless efforts in responding to the Covid -19 pandemic. We look forward to the materialization of the existing promotion efforts on various platforms aimed at restoring confidence for travel and ensuring that the regional tourism industry repositions and strengthens destination East Africa.

On behalf of the Staff and Management, may I express our sincere appreciation to the Board of Directors for their guidance, diligence, invaluable support, and encouragement during the year 2022; as I also recognise with gratitude the support and sacrifices, confidence, loyalty, and trust that Serena Hotels have continued to receive from its shareholders, staff, customers, various regulatory authorities and other stakeholders during this exceptionally challenging period. Indeed, we remain stronger together, and wish you continued safety and good health.

MAHMUD JAN MOHAMED
MANAGING DIRECTOR

Lake Kivu Serena Hotel

THE MANAGING DIRECTOR'S REPORT

Kwa bahati nzuri, licha ya kutatizika mwanzo wa mwaka 2022 kutokana na mlipuko wa virusi vya Omicron Covid-19, kipindi cha pili cha mwaka kilishuhudia hakikisho la kuchipuka kwa mafanikio ya maswali kuhusiana na biashara kote katika vitengo vingi vya masoko ya kundi.

Huku janga la Covid-19 likindelea, kulikuwa na changamoto mseto zisizoweza kuepukika zilizoturudisha nyuma kwa mwaka wa tatu mfululizo kama ilivyoonyeshwa kupitia taarifa ya mwenyekiti. Ili kukabiliana na hali hii, TPS Eastern Africa PLC (TPSEAP/ kundi ilizindua mbinu mbali mbali za kujihami ambazo ziliwesesha kupatikana kwa matokeo bora ambayo yangepatikana kipindi cha mwaka 2022 ikilinganishwa na mwaka uliotangulia.

Wakati wa kipindi cha mwaka unaoangaziwa, ulimwengu ulishuhudia ufufuzi usio sawa kutokana na janga kwa sababu ya usambazaji wa chanjo mbali mbali duniani na kulegezwa kwa masharti ya usafiri. Kwa sababu hiyo, kundi lilihitajika kudhihirisha wepesi wake katika vitengo mbali mbali kukabiliana na mabadiliko ya hali ya kanda na kimataifa ambayo yangetoa athari zuri kwenye ufufuzi wa biashara yetu. Kwa hivyo,kundi liliendelea na uzinduzi wa mfumo wake wa uvumbuzi huku likichukua tahadhari ya usawa ya usimamizi yenye maamuzi bora na mepesi huku ikitathmini uthabiti wa fedha wa kampuni. Hadi sasa, hatua hizi zimeweza kusawasishwa bila kuathiri viwango vya hali ya juu vya usalama wa Serena, utulivu , bidhaa na huduma kwenye shughuli zetu zote.

Katika awamu hii ya ufufuzi wa biashara, tumetambua mabadiliko katika matarajio ya wateja wetu na hasa kwenye safari, mazingira pamoja na mchanganyiko wa safari za biashara na starehe. Kufikia sasa, mkakati wetu uliosafishwa na rahisi kuunganisha na kujibu matarajio ya wateja unaendelea kuvutia na kuongeza idadi ya wateja wa kila mara na wapya. Tuntarajia mkondo ambao utaleta ukuaji zaidi kipindi cha mwaka 2023.

Mchango maalumu kutoka vitengo vya masoko ya humu nchini na kanda vinavyosimamia masoko ya starehe na usafiri wa mashirika unatambuliwa sana. Kundi litazidi kuvutia kitengo hiki muhimu cha masoko kwa kuzindua mchanganyiko wa biashara za nyumbani na kanda hata kama masoko yetu ya kawaida na mapya ya kimataifa yanayochipuka yatafunguka kwa usafiri baada ya janga ifikiapo mwisho wa mwaka 2023.

Viwango vya biashara za starehe za kimataifa ambavyo vilifanyika Serena Tanzania vilitia moyo mwanzo wa kipindi cha pili cha mwaka 2022. Kufufuka kwa vitengo vya mashirika ya kimataifa na kuzidi kuongezeka kwa hamu ya mauzo ya starehe kuanzia Julai 2022 katika Safari za Serena nchini Kenya kwa hakika ni mkondo unaotia moyo na unaotarajia kuendelea mwaka 2023.

Huku mlipuko wa Ebola ukiathiri viwango vya biashara katika Serena Uganda kuanzia kati kati mwa Oktoba 2022, kampuni ilisajili ukuaji wa maombi ikilinganishwa na mwaka uliotangulia. Inatambuliwa kwamba, kuanzia Januari 11 2023, Uganda ilitangaza mlipuko wa maradhi ya Ebola kuwa umeisha.

Kampuni zetu tanzu Tourism Promotion Services (Rwanda) Limited (ambayo inasimamia Kigali Serena na hoteli za Lake Kivu); na TPS (D) Limited (ambayo inasimamia Dar es Salaam Hotel) pia zilisajili matokeo ya kuvutia mwaka 2022.

Wakati wa kipindi hiki kinachoangaziwa, athari za kiuchumi kutokana na mzozo wa Russia na Ukraine, uliathiri bei za kawi na bidhaa na kuchangia kwenye mfumuko wa bei za bidhaa unaoendelea na kupelekea kubadilika kwa mikondo ya usambazaji iliyosababishwa na janga la Covid-19. Kwa ukakamavu, kwa hali inayowezekana , usimamizi ulitumia juhudi zake kukabiliana na gharama kufungamana na viwango vya kuokoa biashara.

Taharuki kwenye uchumi wa dunia inazidi kuleta changamoto kwa sekta za biashara ya utalii na mahoteli na kwenye majukwaa mbali mbali kama ilivyotangulia kutajwa hapo juu. Licha ya hayo, raslimali pana na mbali mbali za Serena ambazo ni 22 ukanda wa Afrika Mashariki zimejihami vyema kuangazia hali zinazoibuka kwenye masoko na mazingira ya sasa. Huku tukiwa na msingi thabiti wa bidhaa na uhusiano imara kibisahara, ni muhimu kufahamu kwamba TPSEAP imesajili matokeo ya kufana kipindi cha mwaka 2022. Matokeo haya yamepatikana kutokana na juhudi za pamoja kutoka kwa washika dau, halmashauri ya wakurugenzi, wafanya kazi wetu, wafanyabiashara kutoka masoko chimbuko, wahudumu wa afya, wanasayansi watafiti na zaidi Serikali na halmashauri za usimamizi kanda ya Afrika Mashariki.

Wakati wa kipindi cha mwaka 2022, TPSEAP ilirekodi mapato ya jumla ya Kshs.bilioni 6.9 (2021 Kshs. bilioni 3.3) na faida kabla ya hasara ya kubadilisha fedha isiyotambuliwa, riba, kushuka kwa thamani, matokeo yanayotokana na ushuru ya Kshs bilioni 1.8 (2021 Kshs. milioni 284.5) likiwa imariko la 548.6 %

Wakati wa kipindi cha mwaka 2023, kundi litaendeleza kampeini za uhusishaji na uvumishaji, kuzindua mkakati wake wa ubunifu

Taarifa Kutoka kwa Meneja Mkurugenzi (kuendelea)

na ulio makini kukabiliana na mabadiliko ya haraka ya masoko na mienendo ya wateja/ mapendeleo. Hii ni muhimu kwenye juhudi zetu za kudumisha wateja wetu , kupata nafasi za biashara mpya, kubuni masoko mapya muhimu, kupanua upeo wa bidhaa zetu na kupelekea kuongezeka kwa marudio.

Kuondolewa kwa masharti ya usafiri nchini China dhidi ya Covid-19 ni hatua muhimu sana ya kuinuka kwa sekta ya utalii ulimwenguni. Hata hivyo, hii itahamasishwa zaidi kutokana na kupatikana na pia gharama za usafiri wa angani, masharti ya visa na mengine yanayohusiana na Covid-19 katika vituo vya usafiri. Hivi karibuni, usimamizi imezindua upya ushirikiano wake ipasavyo na maajenti wa kundi la usafiri wa Kichina.

Huku tunapolenga mbele na wakati huo mashaka kuhusu mazingira ya chumi ndogo ambayo yanahusisha uchumi, afya, mabadiliko ya hali ya anga na changamoto za kijegrofia yakizidi ulimwenguni na kuweza kuongeza uzito kenye ufufuzi wa utali duniani miezi iliyo mbele, kundi lina imani ya kurejea kwenye viwango vya matokeo yake kabla ya kuingia kwa janga mwaka 2023 kama mkondo wa utumaji maombi hadi sasa ulivyo thabiti. Kwa sababu hiyo, halmashauri na usimamizi zina imani kwamba kampuni imejiweka kwenye nafasi zuri kwa ukuaji mkubwa miaka inayokuja.

Kampuni inaendelea kuamini kwamba wafanyakazi wake wanatekeleza wajibu mkubwa wa kufanikisha uthabiti wa ufanisi wa muda mrefu, ukuaji na sifa za thamani ya bidhaa zake. Zaidi ya hayo, kwa kuangalia matarajio ya wateja , tutaendelea kudumisha na kuimarisha uaminifu na imani ya wateja pamoja na ubora wa huduma ambazo ni sawia na Serena kuwa kituo teule kwa wateja wetu. Kwa sababu hiyo, tutawekeza zaidi kwenye uimarishaji wa mkakati wa kundi kupitia mipango iliyolengwa vyema ili kusadia utoaji mafunzo kwa wafanyakazi / usimamizi, uimarishaji na mipango ya kimaslahi.

Kundi linakumbatia kikamilifu unzigatiaji wa mazingira, jamii, uchumi na utawala kupitia ushirikiano wa kila siku wa hatua za biashara zinazohitajika ili kuafikia mkakati wake wa muda wa kadri na mrefu. Utangamano wa malengo ya maendeleo ya kudumu ya umoja wa mataifa (United Nations Sustainable Development Goals) umeliwezesha kundi katika kanda zima ya Afrika Mashariki kubuni athari za maana kusaidia utalii wa mimea, mabadiliko ya hali ya anga, maji na uhifadhi wa kawi, upanzi wa miti, uwekaji wa taa zinazotumia miale ya jua, uhifadhi wa viumbe hai, kuheshimu tamaduni za wenyeji, turathi, elimu, afya ya umma na mahitaji ya kimsingi na maendeleo ya jamii. Tafadhali agalia kurasa 27 hadi 32 za ripoti hii ya mwaka kwa maelezo ya kina kuhusu wajibu wa Serena kwa jamii (CSR) na mbinu za kudumu za udumishaji biashara.

Ningependa kutambua na kuzishukuru Serikali za Afrika Mashariki kwa juhudi zao zisizo kifani kukabiliana na janga la Covid-19. Tunatarajia kufaulu kwa juhudi za ukuzaji zinazoendelea kwenye majukwaa mbali mbali zenye na malengo ya kudumisha imani kwa usafiri na kuhakikisha kwamba biashara ya utalii katika kanda imejiweka katika nafasi nzuri na kuimarisha kituo cha Afrika Mashariki.

Kwa niaba ya Wafanyakazi na usimamizi natoa shukrani zetu za dhati kwa Halmashauri ya Wakurugenzi kwa mwongozo wao, msaada usio na kifani na himizo mwaka 2022 huku nikitambua pia kwa dhati msaada ,kujitolea, imani na uaminifu ambao hoteli za Serena inazidi kupokea kutoka kwa wanahisa, wafanyakazi, wateja, halmashauri mbali mbali za utawala na wadau wengine wakati huu wa kipindi hiki teule chenye changamoto. Hakika, tutasalia kuwa imara pamoja. Nawatakia usalama na afya nzuri.

MAHMUD JAN MOHAMED
MENEJA MKURUGENZI

Polana Serena Hotel

Board of Directors

(1)

(2)

(3)

(4)

MR. FRANCIS OKOMO-OKELLO – Chairman (1)

Mr. Okello (aged 73 yrs) is a qualified lawyer. He holds an LLB degree from the University of Dar-es- Salaam. He is an Albert Parvin Fellow of the Princeton University, Woodrow Wilson School of Public and International Affairs (USA) and a Fellow of The Kenya Institute of Bankers (FKIB). He is an independent Non-Executive Director of Absa Group Limited (formerly Barclays Africa Group Limited), Absa Bank Limited (South Africa) and the immediate former Chairman of Absa Bank Kenya PLC (formerly Barclays Bank of Kenya PLC). He is also a Director of the Nation Media Group Limited, among other Companies. He previously served as a member of the Advisory Board of Strathmore Business School, Strathmore University – Nairobi and also as a member of the Advisory Committee of the Aga Khan University, Faculty of Arts and Sciences – East Africa. He is currently an Executive Director at Industrial Promotion Services Group (East Africa).

MR. MAHMUD JAN MOHAMED – Managing Director (2)

Mr. Jan Mohamed (aged 70 yrs) has vast experience in the hotel industry in Europe, USA, Africa and Asia. He is the Chief Executive, TPS Group of Companies in Eastern Africa. He is the founder Chairman of the Kenya Tourism Federation, Trustee of the East African Wildlife Society, TPS Central Asia and a member of the East Africa Association advisory council. He is an associate member of the Hotel Catering Institutional Management Association (UK) and a member of the Cornell Hotel Society (USA).

MR. NOOREN HIRJANI - Chief Financial Officer (3)

Mr. Hirjani (Aged 56 yrs) is an Associate of the Institute of Chartered Accountants in England & Wales and holds a BA (Honors) degree from Manchester University. He is a senior finance executive with over 25 years' relevant experience from the United Kingdom, United Arab Emirates, Bahrain, Qatar and East Africa markets. Previously, Mr. Hirjani served in senior positions at Marston's PLC, Carlsberg UK, Merlin Entertainments PLC, Lagan Group, Dubai Holdings, Gulf Finance House; and Qatar Foundation. He is a member of ICPAK.

MR. MAHMOOD PYARALI MANJI - Non-executive Director (4)

Mr Manji (aged 69 yrs) is a Fellow of the Institute of Chartered Accountants in England and Wales and the Kenyan Institute of Bankers. He is the Chairman of Towertech Africa Limited and the Chairman of the Aga Khan Schools in Kenya. He is the former Chairman of The Diamond Trust Banks in East Africa and a Director of the Capital Markets Authority in Kenya. In December 2012, Mr Manji was awarded the Order of the Grand Warrior of Kenya (OGW) by His Excellency the President of the Republic of Kenya, in recognition of distinguished services rendered to the nation.

Board of Directors (continued)

MR. GUEDI AINACHE - Non-executive Director 5

Mr. Guédi Aïnaché (aged 47 yrs) holds a Masters Degree in Audit and Risk Management from the University of Angers, France and he is also a graduate of Economic Science, from the University of Le Mans, France. Currently he is the Corporate Finance Director at MMD Investments Limited. He has previously worked with PTA Bank as Head of Syndication, based in Nairobi, PROPARCO in Nairobi as Regional Head for East Africa and in Paris as Senior Investment Officer within the Corporate Division handling various large corporate financing transactions across various regions in Africa, Latin America & Asia and as an Associate Director with Crédit Agricole Corporate and Investment Bank in France.

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MRS. AUDREY MAIGNAN – Non-Executive Director 6

Mrs. Audrey Maignan (aged 35 yrs) holds a Masters in Management and Finance from ESCP Business School in Paris. She is currently the Regional Head of PROPARCO in East Africa. Previously, She was the Regional Head of PROPARCO in Central Africa, served as an Associate – Sovereign Advisory at LAZARD, an Associate – Financial Markets Advisory at BLACKROCK, worked in Financial Advisory and Banking at the WORLD BANK and in investment Banking – Nordic, Dutch & French Corporate Debt Capital Markets at BARCLAYS.

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MR. ALKARIM JIWA – Non-Executive Director 7

Mr. Alkarim Jiwa (aged 53 yrs) is a Fellow of the United Kingdom based Association of Chartered Certified Accountants (ACCA), a member of the Institute of Certified Public Accountants of Kenya (CPA, K), holds a certificate in Management Audits, London School of Economics (2008) and is a member of the Institute of Directors –Kenya. Currently, Mr. Jiwa is the Finance Director of Diamond Trust Bank Kenya Limited, as well as a Non-Executive Director of Diamond Trust Bank Burundi S.A., Diamond Trust Bancassurance Intermediary Limited (Kenya), Diamond Jubilee Investment Trust (Uganda) Limited, Network Insurance Agency Limited (Uganda).

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MRS. RACHEL DUMBA - Non-Executive Director 8

Mrs. Rachel Dumba (aged 46 yrs) holds a Masters Degree in Strategic Human Resources Management from Manchester Metropolitan University and is a member of the UK Chartered Institute of Personnel and Development. She is currently the Chief Executive Officer and Partner in charge of Strategy and Human Capital Management at Steadman Global. Mrs. Dumba has worked at senior Management levels at Kenol Kobil, DFCU Bank and Citibank. She is also a Board member of Uganda Breweries Limited (part of Diageo), Sanlam General Insurance Uganda, and Junior Achievement Uganda Boards, as well as several private investment Boards.

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MR. DOMINIC K. NG'ANG'A - Company Secretary 9

Mr. Ng'ang'a (aged 48 yrs) holds a Bachelor of Commerce (Accounting) Degree from KCA University. He is a CPA finalist and a Certified Public Secretary CPS (K). He is also a member of The Institute of Certified Public Secretaries of Kenya (ICPSK).

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Corporate Governance Statement

The Board of Directors of TPS Eastern Africa PLC (TPSEAP/ "the Company") is responsible for the formulation, implementation and oversight of the Company's policies, overall management of the Company's operations, strategic direction, and governance of the Company and its subsidiaries ("TPS Group"). The Board is thus accountable to the Group's shareholders for ensuring that the Company complies with the relevant laws and regulations. The TPS Group is founded on strong corporate governance principles underpinned by consistent application of ethical standards in its relationships with its clients, employees, suppliers and other stakeholders. This is consistent with the TPS Group's core values of effective corporate governance that has led to a strong commitment and resolve to conduct business in accordance with best business practices based on the principles of transparency, accountability, responsibility, sound risk management, and compliance with relevant laws and regulations, appropriate checks and balances, and delivery on its commitments to all stakeholders.

The Company has complied with the Nairobi Securities Exchange (NSE) requirements under the Continuing Listing Obligations and most of the provisions of the revised Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, as issued by the Capital Markets Authority (CMA) (the CMA Guidelines) and gazetted in 2017 save for the exception noted below. In this respect, the Directors of the Company have committed to ensuring that the integrity of internal systems remains sufficiently robust in enhancing the Group's financial performance and sustainability.

BOARD OF DIRECTORS

The Board consisted of seven substantive directors as at 31 December, 2022. The Chairman is a Non-Executive director. A majority of the directors are Non-Executive and independent, a manifestation that the interests of the minority shareholders are taken into consideration. There are two Executive directors, i.e. the Managing Director and Chief Financial Officer. Re-election and appointment of directors is subject to the provisions of the Company's Articles of Association and the CMA Guidelines. The directors have a wide breadth and depth of business and professional skills and experience, and each contributes independently and collectively to the Board's deliberations. The directors meet at least four (4) times a year in accordance with the Board's Charter. In addition, the Board holds special meetings to deliberate on issues of strategic importance, or as required by statute, or in compliance with the requirements of regulatory authorities.

The Board held five (5) scheduled Board meetings in 2022 attended by directors as indicated below:

	NAME OF DIRECTOR	NO. OF BOARD MEETINGS ATTENDED
1	Francis Okomo-Okello	5
2	Mahmud Jan Mohamed	5
3	Guedi Ainache	5
4	Mahmood Manji	5
5	Nooren Hirjani	4
6	Jean-Benoit Du Chalard	3
7	Alkarim Jiwa	4
8	Audrey Maignan	1

Notes:

1. Five (5) Board meetings were held in 2022 (2021: 3).
2. The first three Board meetings in 2022 were held virtually via electronic communication.
3. Mr. Jean-Benoit Du Chalard resigned on 29.11.2022.
4. Mrs. Audrey Maignan was appointed on 02.12.2022 and hence she could only attend one (1) Board meeting.

Management provides the directors with adequate notice of Board meetings and timely information so that the directors are duly informed and able to contribute constructively at Board meetings. This also enables the directors to maintain effective oversight and control over strategic, financial, operational, and compliance matters. The separation of the Board's Non-Executive, independent Chairman's role, from that of the Group's Management, obviates the possibility of conflict between the respective roles of the Chairman and those of the Executive Managing Director. This segregation strengthens the Board's independence and further ensures in-built checks and balances. Consequently, the Board continued to maximize shareholders' value whilst maintaining the long-term sustainability of the TPS Group through active leadership particularly during this most challenging period as occasioned by the Covid-19 pandemic.

The Company's shareholders re-elected Mr. Francis Okomo-Okello, and Mr. Alkarim Jiwa, as directors of TPSEAP Board at the last Annual General Meeting, held on 30th June, 2022.

Given his relocation to Paris, France, Mr. Jean-Benoit Du Chalard resigned as a director of the Company with effect from 29th November, 2022. Mr. Du Chalard had served the TPSEAP Board as a director for four (4) years.

BOARD OF DIRECTORS' OVERSIGHT ROLE

As noted above, the Board provides direction on policy and oversight in respect of the Group's internal controls, strategy, finance, operations, budgets and compliance matters in order to ensure sustainable returns to its shareholders. The Board, in collaboration with Management, carries out periodic reviews comparing actual performance with set targets and takes corrective measures where necessary, to ensure that the Company's business performance is optimized. As at the date of this report i.e. 31.12.2022, the Company had no known trends that would have material effect on the financial position and operations of the Company in the future.

BOARD COMMITTEES

The Board has set up two main Committees (the Committees) and has delegated specific mandates to each respectively. The Committees, namely, Board Audit Committee and Board Nomination and Remuneration Committee, function under specific written Terms of Reference (ToR). The Board reviews the number of Committees and their respective ToR from time to time so as to plan and proactively respond to the Group's dynamic business environment and comply with the ever-changing relevant legislation and regulations. The Committees meet at least quarterly each calendar year as stipulated in their respective ToR.

BOARD AUDIT COMMITTEE

Members of this Committee comprised: Mr. Mahmood Manji (Chairman), Mr. Guedi Ainache, and Mr. Alkarim Jiwa. The Committee engages closely with the Group's Internal Audit Department, External Auditors and Risk & Compliance function. The Committee plays a critical role in reviewing financial information and ensuring that the system of internal controls is sound, effectively administered and reviewed as necessary. During the year under review, the Committee evaluated significant audit findings identified by both internal and external auditors, and progressed implementation of necessary remedial, and continuous improvement measures.

The Board authorized the Committee to seek direct feedback from the Company's employees and independent professionals, whenever necessary, regarding important information or advice on matters pertaining to its work. The Board reviewed the membership of the Committee during the year under review in accordance with the CMA Guidelines as well as the Committee's own ToR. The Committee held two (2) scheduled meetings during the year under review. External auditors and the Management Team also attended the Committee's meetings as required, to discuss, assess and /or respond to specific matters under review. The Committee also meets with the external auditors independently of the Management Team in assessing key audit and risk management matters.

The Board has adopted the Enterprise Risk Management Policy. This Policy is aimed at addressing inherent business risks given the Company's fast paced operating environment across Eastern Africa. The Board and Management have rolled out a framework for the operationalization and implementation of the Policy and ensure its adherence across the business. This initiative is being spearheaded by the Board Audit Committee through the Risk and Compliance Officer.

The Company has a Whistle Blowing Protection and Fraud Prevention Policy which is a necessary Policy document in enhancing transparency and ethical / best practices. A copy of the Policy can be downloaded from the Company's website *www.serenahotels.com*.

BOARD NOMINATION AND REMUNERATION COMMITTEE

The Committee's membership comprised: Mr. Guedi Ainache (Chairman), and Mr. Mahmood Manji. The Board has mandated the Committee to consult independent experts, where necessary, to evaluate the Company's organizational structure and staff establishment and recommend to the Board appropriate Human Resources policies, senior employee's remuneration scales and general talent capacity enhancement. The Committee held two (2) scheduled meetings during 2022.

The Board mandates the Committee to propose nominees for appointment to the Board as may be required from time to time, and to assess the effectiveness of the Board, Committees of the Board, as well as individual directors and make necessary recommendations to the Board to enhance the overall effectiveness of the Board's governance. This is effectively undertaken in liaison with an external consultant. Upon recommendation by the Committee, Mrs. Audrey Maignan and Mrs. Rachel Dumba were appointed as TPSEAP directors.

The Committee liaises with an external Consultant to ensure that a Board evaluation exercise is undertaken every two years to independently assess the performance of the Board and its Committees, the Board Chairman, the Managing Director, individual directors and the Company Secretary. Any areas of improvement recommended in consequence of the evaluation are carefully addressed with a view to improving the Board's overall effectiveness and performance. The last Board evaluation exercise was undertaken in 2019 and thus the next similar exercise is now due.

The Committee engaged an external Consultant to undertake a Governance Audit as per the CMA requirement to assess TPSEAP's compliance with the revised Code of Corporate Governance Practices for Issuers of Securities to the Public 2015. Key recommendations from the Governance audit have been diligently assessed for necessary implementation so as to continuously improve the Group's best practice compliance.

Corporate Governance Statement (continued)

INTERNAL CONTROLS

The Company has an organizational structure with appropriate segregation of duties and responsibilities. The structure is complemented by detailed policies and procedures manuals, which provide the Management team with an effective and robust operational framework. The Company periodically updates its policies and procedures manuals to incorporate relevant changes for continuous improvement and to ensure that they remain relevant to the Group's operational requirements. The Company held monthly credit control, sales and marketing, and finance review meetings focusing on critical aspects of the Company's operations across all its presence markets in East Africa. The internal control function is largely complemented by the Internal Audit function, which undertakes an independent appraisal and review of operations. Key findings and recommendations are discussed at various levels across the Group and actions adopted for continuous improvement as necessary. The Company's ongoing investment in its long established audit software application – 'TeamMate Audit Management System' which underpins the Company's existing internal audit competencies, thereby harmonizing and strengthening the risk management function, and enhancing the effectiveness of internal control processes across the Group through automation.

COMMUNICATION WITH SHAREHOLDERS AND STAKEHOLDERS

The Company is committed to ensuring that Management provides shareholders, securities & bond markets, and other stakeholders with accurate and timely information as regards the Company's performance. This is achieved by electronic e-mail communication of the TPSEAP Annual Report & Financial Statements at least 21 days before the Annual General Meeting, release of half-year and year-end financial results through print media and regulatory bodies, and issuing of monthly disclosures of shareholding statistics to the Nairobi Securities Exchange (NSE) and the Capital Markets Authority (CMA).

Shareholders and other stakeholders have direct access to the Company's information through the internet and Management responds to all such enquiries in a thoughtful and timely manner. Management also regularly updates the Company's website so as to provide current information regarding the Company's affairs. During the year under review, the Company complied with its obligations under the NSE Continuing Listing Rules and the CMA Act.

The Company ensures that enquiries from shareholders and other stakeholders are addressed expeditiously through its longstanding 'open-door' communication policy both at Board and Management levels.

DIRECTORS' EMOLUMENTS AND LOANS

In consequence of the Covid-19 pandemic, the Non-Executive directors supported the Company's financial predicament by voluntarily suspending payment of Director's Fees and Sitting Allowances for three (3) years with effect from January 2020 until December 2022 inclusive. Neither at the end of the financial year 2022, nor at any time during the year, did there exist any arrangement under which the TPS Group was a party whereby directors might have acquired benefits to facilitate the acquisition of the Company's shares by such directors. There were no Non-Executive directors' loans during the year.

DIRECTORS' INTEREST

There were no material contracts involving directors' interests during the year ended 31st December 2022 nor indeed in the previous financial year (2021). However, some directors remain longstanding minority shareholders of the Company as at 31st December, 2022 (and 2021) as shown below:

Name of Director	No of Shares	% Shareholding
Francis Okomo-Okello	1,456	0.00080
Mahmood Manji	1,456	0.00080
Mahmud Jan Mohamed	6,720	0.0037

Corporate Governance Statement (continued)

CONFLICT OF INTEREST

In line with the established corporate governance best practice within the Company, the Directors were required to disclose any areas of conflict(s) of interest during the year 2022. The Directors are also required to refrain from contributing to discussions and voting on matters in which they have, or could have any such conflict. In addition, the directors are required, on an ongoing basis, to notify the Company Secretary of and declare in advance, any potential conflicts of interest whether from other directorships, shareholdings, associations, and/or conflicts arising from any specific transactions. The Company Secretary maintains and updates a register of such interests as part of the Company's corporate records. Management staff and employees involved in Group's procurement of goods and services are duly required to formally review and sign their annual conflict of interest declaration form.

OTHER DISCLOSURES

The Company has a Board Charter, Whistle Blowing Policy and Fraud Prevention Policy, Insider Trading Policy, HR Policy & Procedures Manual and Enterprise Risk Management Policy copies of which can be downloaded from the Company's website *www.serenahotels.com*.

The Company has an extensive Information and Communication Technology Policy in place that safeguards the Assets and data resource of the Company. Additionally, the Company has a robust and up to date Procurement Policy which ensures best practice corporate governance in procurement risk management, and supply chain operations.

As for insider trading dealings, the Board is not aware of any known or reported dealings pertaining to the Group during the year under review.

AREAS OF NON-COMPLIANCE WITH THE NEW CODE OF CORPORATE GOVERNANCE

The Company has complied with most of the provisions under the new code of corporate governance to maintain governance structures and processes that are fit for purpose and support good decision making by the Board, save for the legal audit which is under progress for implementation in 2023.

OTHER CORPORATE INFORMATION

The Company and its subsidiaries in Kenya, Uganda, Tanzania, Zanzibar and South Africa had a total of 2264 employees. TPSEAP is the Group's holding Company and did not own any land and buildings during the year under review.

The Company has a fully qualified and registered Company Secretary, Mr. Dominic K. Ng'ang'a, whose office is situated at the Company's registered office at Williamson House, 4th Floor, 4thNgong Avenue, Nairobi, Kenya.

Leopard at Mara National Reserve

SHAREHOLDERS' PROFILE AS AT 31 DECEMBER 2022

	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	Aga Khan Fund for Economic Development,S.A	182,525,097	64.58
2	Pyrus Investments Limited	12,509,300	4.43
3	Craysell Investments Limited	11,204,432	3.96
4	Standard Chartered Nominee Account 9292-GCS	10,892,900	3.85
5	The Jubilee Insurance Company of Kenya Limited	7,722,106	2.73
6	Industrial Promotion Services (Kenya) Limited	7,697,088	2.72
7	Aga Khan University Foundation	6,851,000	2.42
8	PDM (Holdings) Limited	6,607,440	2.34
9	Executive Healthcare Solutions Limited	3,294,700	1.17
10	Jamal, Farzeen Zaherali, Moledina, Nureen	2,408,349	0.85
11	Others	30,938,167	10.95
		282,650,579	100.00

DISTRIBUTION OF SHAREHOLDERS AS AT 31 DECEMBER 2021

	NO. OF SHAREHOLDERS	NO OF SHARES	% SHAREHOLDING
Less than 500 Shares	3,330	443,951	0.16
500 - 5000 shares	4,542	6,094,526	2.16
5001 - 10,000 shares	169	1,218,671	0.43
10,001 - 100,000	196	5,425,806	1.92
100,001 - 1,000,000	30	10,273,357	3.63
Over 1,000,000	14	259,194,268	91.70
	8,281	282,650,579	100.00

SHAREHOLDER CATEGORIES

	NO.OF SHAREHOLDERS	NO OF SHARES	% SHAREHOLDING
Foreign Investors	145	218,847,551	77.43
Local Institutions	433	46,582,207	16.48
Local Individuals	7,703	17,220,821	6.09
	8,281	282,650,579	100.00

SERENA HOTELS CORPORATE SOCIAL RESPONSIBILITY FOOTPRINT IN EAST AFRICA

Serena Hotels Programs and initiatives remain fully aligned to achieving the World Health Organization Sustainable Development Goals (SDGs) also adopted by the United Nations, and our efforts are aimed to inspire our various stakeholders to take a wider consideration encompassing a long-term view when making business decisions: SDG 1: No Poverty; SDG 2 – Zero Hunger; SDG 3: Good Health and Well-Being for people; SDG 4: Quality Education; SDG 5: Gender Equality; SDG 6: Clean Water and Sanitation; SDG 7: Affordable and Clean Energy; SDG 8: Decent Work and Economic Growth; SDG 9: Industry, Innovation and Infrastructure; SDG 10: Reduced Inequalities; SDG 11: Sustainable Cities and Communities; SDG 12: Responsible Consumption and Production; SDG 13: Climate Action; SDG 14: Life Below Water; SDG 15: Life on Land; SDG 16: Peace, Justice and Strong Institutions; SDG 17: Partnerships for the Goals.

OUR GUIDING PRINCIPALS

'Leave No One Behind' - The motto of the 2015 World Health Organization Sustainable Development Goals (SDGs)

In determining our policy towards ecological and social sustainability, we are guided by the 2015 World Health Organization Sustainable Development Goals (SDGs) which were developed to ensure the economic viability, environmental protection, and social equity of our planet in the centuries to come. We have also been guided by the tenets of the United Nations Millennium Development Goals (MDGs) which envisioned that, by the year 2030, the eradication of poverty and hunger might be within humanity's grasp; and that health, education, equality, peace, and environmental sustainability might be guaranteed for all. Similarly, we have been inspired by the African Union's vision of 'The Africa we Want' which calls for the harnessing of the power of Africa to ensure the long-term economic and environmental stability of the continent.

In formulating a policy that encompasses all these aims, Serena Hotels have adopted specific solutions for specific challenges, as laid out below:

PROTECTING THE WILDLIFE OF TODAY FOR THE GENERATIONS OF TOMORROW

'In our hands now lies not only our own future, but that of all other living creatures with whom we share the Earth.' - David Attenborough from the documentary series Life On Earth.

Prime amongst the goals of both the SDGs and MDGs is the protection of our planet's wildlife which, in Africa, has faced the depredations resulting from hunting, poaching, climate change, environmental degradation and the steady encroachment of humans into what was once the domain of the wild. Since the majority of our properties are located in areas of supreme ecological significance, this gives us a unique opportunity to make practical contributions towards planetary preservation. We are proficient, for instance, in offering our visitors a unique insight into the wilderness and its creatures by means of the provision of informed commentary, specialist tours and a range of touristic experiences ranging from guided bush walks to dining. We also partner with environmental specialists in such disciplines as species counts, Satellite/Radio-collar-tracking, raptor-rescue, and behavioural studies. We also play a part in the protection of endangered species by raising our guest's awareness to their ecological plight. At Lake Elmenteita Serena Camp on the Soysambu Conservancy, for instance, our guests can visit the only breeding ground for the Great White Pelican in East Africa. They can also encounter the endangered Rothschild's giraffe since this conservancy shelters 10% of the world's remaining population of Rothschild's giraffes. Similarly, Sweetwaters Serena Camp offers its visitors the chance to visit the last remaining Northern White Rhinos on the planet.

Serena Mivumo River Lodge, in Tanzania's Julius Nyerere National Park, meanwhile offers our guests the chance of encountering one of the world's most endangered creatures, the wild dog (as does Kilaguni Serena Safari Lodge in Tsavo West National Park). Serena Mivumo River Lodge has also been instrumental in attracting increasing numbers of visitors to this once largely unvisited region, which in 2014, was placed on the UNESCO Danger List as a result of losing 90% of its elephants to poaching. The presence of the Serena properties in Rwanda, the Democratic Republic of Congo and Uganda have also allowed thousands of visitors to encounter the endangered mountain gorillas of Volcanoes and Virunga National Parks while significant impetus has been given to the global protection of chimpanzees via the promotion of the Ngamba Island Chimpanzee Sanctuary close to Lake Victoria Serena Golf Resort & Spa and the Jane Goodall Chimpanzee Sanctuary adjacent to Sweetwaters Serena Camp. Finally, standing central to one of the planet's most popular reserves, our Mara Serena Safari Lodge has been instrumental in raising the awareness of literally millions of visitors to the ecological treasures of East Africa.

SERENA, A PRESENCE FOR THE GOOD IN OUR UNESCO WORLD HERITAGE SITES

'Our children may learn about the heroes of the past. Our task is to make ourselves the architects of the future.' - Jomo Kenyatta, First President of Kenya.

The preservation of human culture is key to ensuring the future of our planet. We are grateful, therefore, that several of our properties exist in close proximity to some of UNESCO's most treasured World Heritage Sites.

At the Zanzibar Serena Hotel, for instance we strive to build a showcase for Swahili architecture, arts and crafts - through the help of architects, engineers and the local craftsman, Zanzibar Serena Hotel was created by restoring and converting a 19th century Telecommunications Building and the adjacent 18th century Chinese Doctors Residence structures to meet the expectations of a 21st century beach front hotel in Zanzibar. As part of the visual fabric of Stone Town, this transformation was one of the factors that led to the declaration by UNESCO of Stone Town as a World Heritage site.

Corporate Social Responsibility (continued)

Sweetwaters Serena Camp offers one of the finest views of Kenya's most visible World Heritage Site, the magnificent Mount Kenya. Serena Beach Resort and Spa serves as a gateway to the splendors of Gedi Ruins, the finest example of a medieval Swahili settlement in the world; also to the Mijikenda Kaya Forests and Mombasa's 16th century Fort Jesus. Lake Elmenteita Serena Camp stands central to the wonders of the Rift Valley Lake System including Lake Elmenteita, a UNESCO World Heritage site, while the Serena Tanzanian properties allow our guests to experience the Ngorongoro Crater and Conservation Area, the Serengeti, Mount Kilimanjaro, the rock art of Kondoa and the birthplace of mankind at Olduvai Gorge.

PROTECTING THE WORLD'S WETLANDS

'Without wetlands, the planet is incomplete and incompetent.'

We place great value on ensuring the sustainability of the planet's wetlands of global importance (RAMSAR sites). Of the six Kenyan RAMSAR sites, both Lake Elmenteita and Lake Nakuru benefit from the tourism promotion derived from Lake Elmenteita Serena Camp. On a practical basis, the Camp organizes regular shoreline cleaning work parties, participates in bird counts, and works towards educating children and local community alike to the importance of wetlands.

CONSERVING OUR COASTLINES

'Far and away, the greatest threat to the ocean, and thus to ourselves, is ignorance. But we can do something about that.' - Sylvia Earle, Marine biologist.

We place particular emphasis on the conservation of those portions of coastline upon which our properties stand. In the case of our Zanzibar Serena Hotel, this takes the form, not only of ensuring that the beaches of Zanzibar remain free of plastic but also in promoting the exploration of the islands of the Menai Bay Conservation Area which is a sanctuary for bottlenose and humpback dolphins and dugongs. Here, tourism revenue has allowed the local fishermen to be educated against such destructive practices as dynamite fishing whilst also providing them with alternative employment in the tourism sector.

Our Kenyan property, the Serena Beach Resort and Spa, meanwhile, stands on a prime turtle nesting site which, prior to our stewardship, was placed in dire ecological danger by the local fishermen who maimed the turtles by entangling in their fishing nets, poached them for their meat and eggs. To combat this, we instigated a programme whereby the fishermen were financially rewarded for finding and protecting nests and educated in the use of turtle-friendly nets. We have also invited our guests to be involved in protecting the nests and in escorting the hatchlings to the sea. On a more general basis, we engage in regular beach cleanup exercises and work with the Kenya Wildlife Service to monitor access to the fragile coral reefs of the Mombasa Marine Reserve. We also cooperate with a number of local companies in the recycling of beach plastics into saleable tourist items. Serena Beach Resort and Spa also hosts one of Kenya's two butterfly sanctuaries where some 67 species of butterfly are bred in specially constructed enclosures before being released into the environment. The sanctuary also acts as an educational centre for local school children whilst providing information and enchantment to our guests.

Turtle Nests Protected [1993 - 2022]:	577
Number of Turtle hatchlings released into the Indian ocean [1993 - 2022]:	63,809
Monetary Incentives to Fisherman (previously poachers but now protectors) [1993 - 2022]:	$19,276
Number of Butterflies released into the environment [2002 -2022]:	401,293

PLANTING A TREE FOR TOMORROW

'Even if I knew that tomorrow the world would go to pieces, I would still plant my apple tree.' - Martin Luther King Jr.

As one of the earliest East African tourism groups to involve our guests in large-scale tree-planting, we believe that reafforestation is a key driver in ecological sustainability. Over the past 22 years we have ensured that, wherever possible, our properties maintain their own tree nurseries which serve to provide seedlings to local schools and community groups alike. We partner with governmental and non-governmental bodies alike in promoting large-scale tree planting programmes and we operate a wide-reaching educational programme dedicated towards eradicating deforestation, and charcoal production and the promotion of alternative cooking fuels. As well as providing forest tours and insights into the medicinal benefits of trees we also invite our guests to 'plant a tree for tomorrow.' Latterly we have instigated a programme enabling local communities to plant fruit-bearing trees and shrubs with a view to improving local diet and health as well as providing new income streams. Similarly, our chefs maintain their own organic gardens to ensure the ecological vibrancy of our menus.

Number of trees planted [1991 – 2022]:	6.7 million

Corporate Social Responsibility (continued)

CULTURE, THE SOCIAL AND ECONOMIC TREASURY OF THE PAST

'We need to build on existing vast African heritage and ensure the passing of knowledge and cultural traditions from one generation to the next.' - Extract from the African Union's Charter for African Cultural Renaissance.

Serena Hotels have long been committed to a policy of preserving and promoting the cultures of the nations in which we operate. Our approach includes the promotion of village and school visits, the showcasing of national cuisine, the adoption of local culture in interior design and the staging of a wide range of culturally inspired entertainment events and handicraft markets. At the Zanzibar Serena Hotel, for instance, we offer a traditional Swahili feast, tours of the historic Stone Town, performances by Taarab orchestras and insights into the ancient crafts of dhow-building, wood-carving and traditional Swahili plasterwork. The Serena Tanzania properties serve as a showcase of traditional Makonde wood carving while the Serena Ugandan properties showcase the ancient craft of Lubugo bark cloth and batik. At our Kigali Serena Hotel, we stage regular performances of the famous Intore traditional dance while our Lake Elmenteita Serena Camp works with a local group dedicated to preserving the dance traditions of East Africa as a whole. At our Nairobi Serena Hotel, Serena Beach Resort & Spa and Kampala Serena Hotel our guests are invited to experience a free cultural tour of an unrivalled collection of East African cultural treasures. We also offer a range of authentic cultural wedding options.

SUPPORTING THE COMMUNITIES AROUND OUR OPERATIONS

'Be the change you wish to see in the world.' - Mahatma Gandhi.

It is estimated that Africa will account for nearly half of global population growth over the next two decades. Provision of livelihoods is, therefore, integral to the achievement of sustainable peace and social solidarity. Wherever possible, we draw and train our employees from the local community; we also provide additional income for our neighbouring communities by choosing to source as much food, produce and crafts locally as is possible. In order that local suppliers might meet our exacting quality standards, we also offer training schemes and insights into the importance of best production, packaging, recycling, and biodegradable/reusable packaging. Similarly, we offer a wide range of training to our employees as well as internment opportunities to the youth of our neighbouring communities.

Jobs created as a result of our operations in Kenya, Tanzania, Uganda and Rwanda:	
Direct Jobs [2022]:	3,201 (Male: 69%; Female: 31%)
Average Direct Jobs [2013 – 2022]:	3,576
Average Indirect & Induced Jobs [2013 - 2022]:	13,207
Additional persons supported as a result of the above [2013 – 2022]:	73,900
Internship Hours [2022]:	253,614

THE PRECIOUS RESOURCE OF WATER

'Over 65% of the world's population still lacks access to clean water, with over 70% of this population living in Africa and the developing world.' - The Global Water Institute Report 2020.

We are wholly invested in the ecological benefits to be obtained from reducing water use and recycling wastewater. Across our properties we have installed technologically advanced laundry processes, hygiene protocols and bio-efficient waste-disposal systems. Wherever possible food waste is donated to local farmers, treated effluent water is re-used for irrigation and the excess effluent is let back into the environment. On a more proactive level, we actively encourage our guests to minimize water use by opting to re-use their towels and bed linen. Within the local community we provide educational programmes regarding the importance of clean drinking water whilst in many villages we have installed communal water pumps and solar-powered lighting.

Serena Hotels Ratio of water consumption in cubic meters per bed occupied [2022]:	2.3 [2021: 2.7]
Water for the local community and livestock - approximate [2022]:	5.4m litres

RECYCLING, RE-USING, REDUCING AND REFUSING WHAT WE DO NOT NEED

'An individual action, multiplied by millions, creates global change.' – Jack Johnson, Singer & Songwriter.

Since 2016, Serena Hotels implemented a rigorous programme designed to reduce our overall reliance on plastics in general and, in particular, single-use plastics. We also ensure that the Serena properties on lake or seashores take part in regular beach or shoreline clean-ups. We have also instigated Soap for Hope, a project whereby local schools are given the training and equipment needed to hygienically recycle residue bars of soap from our rooms for use in their local communities. This has both contributed to the health of the local communities and served as a practical illustration of the benefits of innovation.

Corporate Social Responsibility (continued)

Number of single-use plastic bottles eliminated from Serena bathrooms by transitioning to a re-fillable large format of guest amenities [per annum]:	536,525
Number of single-use plastic mineral water bottles removed from supply chain [per annum]:	540,000
Number of plastic straws removed from supply chain [per annum]:	193,780
Litter collected from monthly clean ups (beach and National Park) [2022]:	5,679 Kgs
Waste Recycled (Nairobi Serena and Dar es Salaam Serena) [2022]:	301,397 Kgs
Green House Gas emissions prevented from the environment as a result of above waste recycled [2022]:	413 Tons

HARNESSING THE POWER OF THE PLANET

'Africa's renewable energy potential is estimated at over 10 terawatts of solar power 350 gigawatts of hydro, 10 gigawatts of wind & more than 20 gigawatts of geothermal. Our challenge as a continent is to leverage available resources to produce clean and safe power.' - Rebecca Miano, CEO KenGen.

Whilst being committed to reducing our reliance on the accelerants of climate change, it is our conviction that the use of renewable energy not only reduces emissions but also creates jobs and improves public health. Since 2017, therefore, we have devoted our efforts towards converting our properties to using solar power. In 2017 Kilaguni Serena Safari Lodge became fully solar powered, in 2018 Amboseli Serena Safari Lodge did likewise and in 2019 Mara Serena Safari Lodge followed suit. Currently, Lake Elmenteita Serena Camp and Sweetwaters Serena Camp are on a grid-tied Solar PV system while the Serena Beach Resort and Spa, Lake Elmenteita Serena Camp, Sweetwaters Serena Camp, Kigali Serena Hotel, Lake Kivu Serena Hotel and Kampala Serena Hotel have Thermal Solar heating systems.

Our operations in Kenya, Tanzania, Uganda, and Rwanda cumulatively recorded carbon emissions [under Scope 1 (direct emissions from owned and controlled sources) and Scope 2 (indirect emissions from purchased electricity) as defined under the Greenhouse Gas Protocol]. Serena Hotels has established a decarbonization action plan for our operations (Scope 1 and Scope 2) that will align with the latest climate science on limiting global warming to 1.5°C. This is equivalent to a reduction in GHG emissions of at least 4.2% each year from year 2019 (baseline target setting year) until year 2030.

Greenhouse Gas Emissions (GHG) impact for Serena Hotels operations in East Africa (excludes impact of solar installation):

- Scope 1 & Scope 2 Emissions [2019 – Baseline Year]:	20,475 tCO2e
- Scope 1 & Scope 2 Emissions [2020]:	10,975 tCO2e
- Scope 1 & Scope 2 Emissions [2021]:	12,685 tCO2e
- Scope 1 & Scope 2 Emissions [2022]*:	17,152 tCO2e

*Year 2022 emissions are above year 2021 due to recovery in business levels from the pandemic.

In comparison with the baseline year of 2019, TPS operations in East Africa has surpassed the reduction in GHG emissions target of 4.2% per year in 2020 by 42.2%; 2021 by 33.8% and 2022 by 12%.

GHG Emissions per occupied bed:

- 2019 – Baseline year:	0.037 tCO2e
- 2021:	0.042 tCO2e
- 2022:	0.034 tCO2e

Solar Installations Impact:

- Clean Energy Generated [2017 – 2022]:	7.1m KWH
- Greenhouse Gas Emissions avoided [2017 – 2022]:	5,287 tCO2e
- Greenhouse Gas Emissions avoided [2022]:	1,402 tCO2e

Corporate Social Responsibility (continued)

HEALTH AND QUALITY OF LIFE

"It is one of the most beautiful conceptions of life that no man can sincerely try to help another without helping himself." – Ralph Waldo Emerson, American poet.

We are committed to maintaining the health of our staff and local communities alike. To this end every Serena property has its own 'Serena Clinic' where a complete range of medical services are offered free of charge (as well as counselling services on mental health and addiction). We work with several outreach programmes established to protect disabled, abused, or orphaned children, as well as abused women and girls facing unwanted pregnancies. In addition, we encourage our staff to identify members of the community who need specialist help, such as the blind student residing close to our Lake Elmenteita Serena Camp whose education, to university level, Serena Hotels helped fund. During the recent drought in Amboseli National Park, Serena Hotels worked with several suppliers to deliver shipments of food to the starving Masai families of the region. Finally, we embrace every opportunity that allows us to cooperate with others to improve the health of the East Africans. In 2022, for instance we joined with the Faraja Cancer Support Trust and Safari Lounge Coffee in contributing a percentage of all our coffee sales towards the supporting children and adults with cancer.

Serena Clinics available to guests, staff and local community [2022]:	22
Impact of free medical and wellness consultations to the local community:	
- Beneficiaries [2022]:	1,818
- Monetary savings (consultation and transport to a close medical facility) [2022]:	$16,293

EDUCATION, SECURING THE SUCCESS OF OUR TOMORROWS

"Knowledge is power. Information is liberating. Education is the premise of progress, in every society, in every family." – Kofi Annan, 7th Secretary-General of the United Nations.

We believe it is our duty to ensure that our children are adequately prepared for the future they will inherit. The provision of schools in wilderness areas can, however, prove a challenge. For this reason, a decade ago, we launched our 'Adopt a School' programme which allows all Serena properties to forge a relationship with their neighbouring schools. Interaction takes many forms, such as: the provision of classrooms, uniforms, shoes, health facilities, scholarships, and teaching aids. Latterly we have extended our programme to include the provision of libraries and eco-clubs that offer education on recycling and environmental protection. In the interests of promoting global understanding, we have also invited our guests to interact with the school children, particularly during festive periods. In other areas we have aimed to empower youth and women by providing education on alternative forms of livelihood as well as providing information as to the rights of children with regard to early marriage and forced labour; and the rights of women.

In-kind value of the charitable donations [2022]:	$35,016

THE ECONOMIC IMPACT OF SERENA HOTELS PRESENCE IN EAST AFRICA: YEAR 2013 TO 2022 (10 YEARS)

In the interests of standardizing the recording of TPS Serena Hotels economic footprint so as to align with internationally recognized protocols we have worked with Horwath HTL, the global leader in hotel and leisure consulting whose Development Impact Assessment System has allowed us to measure the total local economic activity generated in East Africa as a result of the presence of Serena Hotels.

Total Local Economic Activity Generated in East Africa by Serena Hotels presence in Kenya, Tanzania, Zanzibar, Uganda and Rwanda:	
Over the last decade (2013 to 2022):	Equivalent to approximately USD 2,377 Million

Corporate Social Responsibility (continued)

The economic impact of our TPS Serena Hotels East African properties over the last 10 Years i.e. year 2013 to 2022 is tabulated below:

	ECONOMIC IMPACT IN EAST AFRICA (10 Years)					
	Direct	Indirect	Induced	Spillover	TOTAL	Basis Used
Per Annum						
Jobs Created – average per annum	3,576	9,662	3,025	520	**16,782**	Headcount expressed in Full Time Equivalent (FTE) per annum.
Number of People Supported within the Households as a result of the Jobs Created – average per annum	15,465	42,765	13,386	2,285	**73,900**	Headcount multiplied by the Country's average number of people per household.
10 Years (2013 to 2022)						
TOTAL ECONOMIC IMPACT - Contribution to Gross Domestic Product in East Africa - $ Million (Note 1)	1,130	1,161	69	16	**2,377**	Direct, indirect, induced, spillover revenues and tax collection deriving from Serena Hotels operations.
Note 1: The ECONOMIC IMPACT in the line above has been derived from the below and covers 19 Serena properties:						
Value Creation by Guests - $ Million	195	546	-	-	**742**	Value creation at Serena Hotels and non-hotel expenditure during their visit.
Payroll & Related - $ Million	208	219	69	16	**513**	Amounts paid to Serena Direct employees and all along the value chain.
Local Procurement (food, beverage, utilities, repairs & maintenance and other operating costs)- $ Million	449	-	-	-	**449**	Consumption of non-imported goods and services by Serena Hotels operations.
Direct & Indirect Taxes (includes park/ conservancy fees, visas) - $ Million	229	395	-	-	**624**	Taxes collected from Serena Hotels and indirect tax through Serena Hotels supply chain.
Capital Expenditure (renovations, expansions, improvements) - $ Million	49	-	-	-	**49**	Capital investments by Serena Hotels for renovations, expansions or improvements.

The explanation below reveals how the figures in the table above was arrived at:

The impact of Serena Hotels operations in East Africa on the local economy is calculated using the Horwath HTL system with relevant quantitative indicators such as monetary amounts injected from each stakeholder (the Serena Properties, Suppliers, Employees, Guests, neighbouring communities) to the economic system and total number of jobs created. The several levels of impacts that the Development Impact Assessment system considers has been summarized below:

- Direct Impacts: Local Economic Impacts generated by the operations of Serena Hotels in East Africa. Measured through key indicators such as procurement; wages through direct employment; taxes; concession fees; park/conservancy fees; donations and capital expenditure.
- Indirect Impacts: Related to Serena Hotels value chain in East Africa and is the result of expenses incurred by the Serena Hotels direct stakeholders (based on specific macroeconomic and socio-demographic ratios, and limited to the revenues generated from Serena Hotels value chain) which includes: Wages paid by suppliers; average guest spending in the local economies; consumption by Serena Hotels employees in the local economies and the related impact on employment and taxes.
- Induced Impacts: Multiplier effect as a result of expenses incurred and jobs created by the indirect impacts described above related to Serena Hotels.
- Spillover Effect: This is the result of the various rounds of re-spending in the local economies. Following usual tourism economic principles, each previous impact generates successive waves of revenues for the local economies. Ultimately, this translates into the tourism expenditure multiplier.

National and International Awards and Accolades

Serena Hotels were proud recipients of a number of national and international awards and accolades during year 2022, details of which are below:

World Travel Awards 2022, Nairobi

The World Travel Awards Africa & Indian Ocean Gala Ceremony 2022 was held at the Kenyatta International Convention Centre, Nairobi where Serena Hotels emerged as winners in the below categories:

- DR Congo's Leading Hotel 2022: Goma Serena Hotel
- Mozambique's Leading Hotel 2022: Polana Serena Hotel
- Mozambique's Leading Hotel Suite 2022: Presidential Suite at Polana Serena Hotel
- Rwanda's Leading City Hotel 2022: Kigali Serena Hotel
- Uganda's Leading Hotel 2022: Kampala Serena Hotel
- Uganda's Leading Hotel Suite 2022: Royal Suite at Kampala Serena Hotel

Global Best Practices Awards 2022, Milan

During the 4th edition of the Global Best Practices Awards 2022, Mara Serena Safari Lodge received the "Country Best Practices Award 2022 Kenya". The independent international jury recognized the Lodge's solar power plant and its outstanding approach to professional textile care through eco-friendly, sustainable and energy efficient laundry services.

Skål International Sustainable Tourism Awards 2022, Croatia

Serena Beach Resort & Spa was ranked 3rd out of 10 entries in the "Marine & Coastal" category for its "Endangered Turtle Conservation" project and its carbon offsetting and climate change mitigation efforts.

Eco-Warrior Kenya Awards 2022, Nairobi

Serena Beach Resort & Spa was recognized for its exceptional leadership as the "Best Accommodation in Support of Marine Conservation" at the 15th Edition of the Eco Warrior Awards 2022.

Mombasa Business Awards 2022, Mombasa

Serena Beach Hotel & Spa was recognized for its outstanding Service for the fourth consecutive year and won the award for the "Best Service in Tourism and Hospitality".

Gold Eco-Rated Properties by Eco-Tourism Kenya

Designed to embrace innovation in responsible resource use, environmental conservation, community empowerment, cultural preservation and promotion; and holistic business practices.

The below six Serena Kenya properties retained their Gold Eco-rating Certification for year 2022 (the certification program is recognized by the Global Sustainable Tourism Council):

- Serena Beach Resort & Spa, Mombasa
- Mara Serena Safari Lodge
- Kilaguni Serena Safari Lodge
- Amboseli Serena Safari Lodge
- Lake Elmenteita Serena Camp
- Sweetwaters Serena Camp

Serena Hotels, Eastern Africa Management Team were presented with the "Best Accommodation in Support of Marine Conservation" Eco Warrior Award by Mr. Steve Itela (left), CEO of Conservation Alliance of Kenya. Ms. Edith Alusa (third from the right), CEO Eco-Tourism Kenya was also present.

Peter Wennekes (left), CINET President/CEO and Shenin Virji (right), Business Planning & Analysis Manager, Serena Hotels Africa at the Global Best Practices Awards 2022 Ceremony, Milan, Italy.

Directors' Report

The directors submit their report together with the audited financial statements of TPS Eastern Africa PLC (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2022 which disclose the state of affairs of the Company and the Group.

Business review

The principal activity of the Group continues to be to own and operate hotel and lodge facilities in East Africa, serving the business and tourist markets.

The Group's performance

The Group's profit before income tax for the year of Shs 677,885,000 (2021: restated loss before tax of Shs 712,856,000) improved 195% on year 2021. This was primarily due to a 111% increase in revenue.

The table below highlights some of the key performance indicators:

	2022 Shs 000	2021 Restated Shs 000
Revenue	6,944,306	3,287,798
EBITDA	1,845,283	284,513
*EBITDA to revenue ratio (%)	26.6%	8.7%
Profit/(Loss) before income tax	677,885	(712,856)
Profit/ (Loss) before tax (%)	9.8%	(21.7%)
Earnings / (Loss) per share (Shs)	1.45	(3.43)
Net current liabilities	(23,366)	(492,145)

*EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of: taxation, net finance costs, depreciation, amortisation, impairment losses; and reversals related to goodwill, intangible assets and property, plant and equipment and share of associates' results.

Dividend

The profit for the year attributable to equity shareholders of the Company of Shs 337,587,000 (2021: restated loss of Shs 624,878,000) has been added to retained earnings. The directors do not recommend a final dividend for the year (2021: Nil).

Directors

The directors who held office during the year and to the date of this report were:

Francis Okomo-Okello	Chairman
Mahmud Jan Mohamed	Managing Director
Nooren Hirjani**	Chief Financial Officer
Mahmood Pyarali Manji	
Guedi Ainache*	
Alkarim Jiwa	Appointed 20/01/2022
Audrey Maignan*	Appointed 02/12/2022
Jean-Benoit Du Chalard*	Resigned 02/12/2022
Rachel Dumba***	Appointed 22/05/2023

*French **British ***Ugandan

Statement as to Disclosure to The Company's Auditor

With respect to each director at the time this report was approved:

(a) there is, as far as the director is aware, no relevant audit information of which the Company's auditor is unaware; and

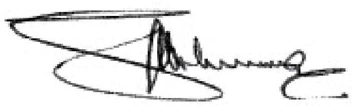
(b) the director has taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Terms of appointment of auditor

PricewaterhouseCoopers LLP continue in office in accordance with the Company's Articles of Association and Section 721 of the Companies Act, 2015.

The directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

By order of the Board



DOMINIC NG'ANG'A
COMPANY SECRETARY
26th April, 2023

Directors' Remuneration Report

Information not subject to audit

The Group and Company's remuneration policy and strategy for executive and non-executive Directors are set by the Board Nomination and Remuneration Committee. This Report has been prepared in accordance with the relevant provisions of both the CMA Code of Corporate Governance guidelines on Director's remuneration and the Kenyan Companies Act, 2015.

- The Group's and Company's overall policy and strategy for remuneration of Directors aims to fairly and objectively reward performance in the medium and longer term interests of shareholders. The remuneration structure is designed to recognise the requisite skills, expertise and experience of Directors given market competitive forces and demand.
- Executive Directors remuneration primarily comprises fixed elements including: salary and benefits. Benefits are largely fixed in nature comprising housing, travel, and pension. There is no variable element such as performance based incentive or bonus scheme.
- Terms of service for the directors include fixed term contacts ranging up to four years, with varying notice periods subject to requisite employment law requirements.
- There are no share option arrangements or long term incentive scheme methods used in assessing the performance conditions.
- During the year 2022, there were no significant amendments to the terms and conditions of any entitlement of a director to share options or under a long term incentive scheme.
- Non-Executive Directors receive fees and sitting allowances as shown in the table on the next page.

Significant changes to director's during the year

- There were no significant changes during the year.

Statement of voting on the Director's remuneration report at the previous Annual General Meeting

- In respect of a resolution to approve the director's remuneration, shareholders voted unanimously by a show of hands having received written notice of their right to vote before the AGM.
- A resolution to approve the director's remuneration policy will be put to a resolution of shareholders for approval at the forthcoming AGM.

Information subject to audit

The following table shows a single figure remuneration for the Executive Directors, Non-Executive Chairman and Non-Executive Directors in respect of qualifying services for the year ended 31 December 2022 together with the comparative figures for 2021. The aggregate Directors' emoluments are shown at Note 31 (iv).

For the year ended 31 December 2022	Salary Shs 000	Fees Shs 000	Bonus Shs 000	Expense allow-ances Shs 000	Loss of office/ Termina-tion Shs 000	Pension Shs 000	Esti-mated value for non-cash benefits Shs 000	Total Shs 000
F. Okomo-Okello, Non-Executive Chairman	-	-	-	-	-	-	-	-
M. Jan Mohamed, Managing Director	18,711	-	-	-	-	148	2,524	21,383
N. Hirjani, Chief Financial Officer	33,368	-	-	-	-	1,277	122	34,767
A. Jiwa, Non-Executive Director	-	-	-	-	-	-	-	-
M. Manji, Non-Executive Director	-	-	-	-	-	-	-	-
G. Ainache, Non-Executive Director	-	-	-	-	-	-	-	-
J-B Du Chalard, Non-Executive Director	-	-	-	-	-	-	-	-
A. Maignan, Non-Executive Director	-	-	-	-	-	-	-	-
	52,079	-	-	-	-	1,425	2,646	56,150

*The non-executive directors waived their fees for 2022 and 2021 in support of the Group during the Covid-19 pandemic.

Directors' Remuneration Report (continued)

Information subject to audit (continued)

For the year ended 31 December 2021	Salary Shs 000	Fees Shs 000	Bonus Shs 000	Expense allow-ances Shs 000	Loss of office/ Termina-tion Shs 000	Pension Shs 000	Esti-mated value for non-cash benefits Shs 000	Total Shs 000
F. Okomo-Okello, Non-Executive Chairman	-	-	-	-	-	-	-	-
M. Jan Mohamed, Managing Director	6,295	-	-	-	-	-	2,885	9,180
N. Hirjani, Chief Financial Officer	22,509	-	-	-	-	-	122	22,631
A. Kassim-Lakha, Non-Executive Director	-	-	-	-	-	-	-	-
T. Mapunda (Mrs.) Non-Executive Director	-	-	-	-	-	-	-	-
M. Manji, Non-Executive Director	-	-	-	-	-	-	-	-
G. Ainache, Non-Executive Director	-	-	-	-	-	-	-	-
J-B Du Chalard, Non-Executive Director	-	-	-	-	-	-	-	-
	28,804	-	-	-	-	-	3,007	31,811

On behalf of the Board

Mr. Nooren Hirjani
Director
26th April, 2023

Statement of Directors' Responsibilities

The Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and Company at the end of the financial year and their financial performance for the year then ended. The directors are responsible for ensuring that the Group and Company keep proper accounting records that are sufficient to show and explain the transactions of the Group and Company, disclose with reasonable accuracy at any time the financial position of the Group and Company; and that enables them to prepare financial statements of the Group and Company that comply with prescribed financial reporting standards and the requirements of the Companies Act, 2015. They are also responsible for safeguarding the assets of the Group and Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2015. They also accept responsibility for:

i. Designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
ii. Selecting suitable accounting policies and applying them consistently; and
iii. Making accounting estimates and judgements that are reasonable in the circumstances.

Having assessed the Company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern. The director's assessment is included in note 2(a).

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the board of directors on 26th April 2023 and signed on its behalf by:

Mr. Francis Okomo-Okello DIRECTOR	Mr. Mahmud Jan Mohamed DIRECTOR

Independent Auditor's Report to the Shareholders of TPS Eastern Africa PLC

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of TPS Eastern Africa Plc (the Company) and its subsidiaries (together, the Group) set out on pages 43 to 103, which comprise the consolidated statement of financial position at 31 December 2022 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 31 December 2022, and the Company statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2022 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015.

Basis for opinion

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

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers LLP. PwC Tower, Waiyaki Way/Chiromo Road, Westlands
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Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu B Ngunjiri R Njoroge S O Nobert's B Okundi K Saiti

Independent Auditor's Report to the Shareholders of TPS Eastern Africa PLC (continued)

Key audit matters (contiued)

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment As described in Note 21, the Group carries out a goodwill impairment assessment annually to determine if any impairment exists. The impairment assessment involves significant judgement on key assumptions such as earnings before interest, taxes, depreciation and amortisation (EBITDA) margin, long-term growth rates, pre-tax discount rates and future cash flows. This is an area of focus because the future cash flows are based on management's assessment of the future profitability of the cash generating units and involves significant estimation uncertainty and judgement.	We evaluated and challenged the composition of management's future cash flow forecasts and the underlying assumptions based on the historical performance of the business and the macro economic outlook. We assessed the projected cash flows against the approved budgets of the cash generating units. We assessed the reasonableness of management's assumptions in relation to the: - Long term growth rates by comparing them to economic forecasts. - Pre-tax discount rate by assessing the cost of capital for the company as well as considering country specific factors. - EBITDA assumption by comparing them with historical revenue and expenditure performance and the approved financial budgets of the business. We challenged management on the sensitivity of the assumptions used. We determined that the calculations were most sensitive to assumptions for EBITDA margin, long term growth rates and the pre-tax discount rates. We also assessed the adequacy of the disclosures in Note 21 of the financial statements.

Other information

The other information comprises the Directors' report, Chairman's statement, Managing Director's statement, Directors' Remuneration report, Statement of directors' responsibilities and Principal shareholders and share distribution report which we obtained prior to the date of this auditor's report, and the rest of the other information in the Annual Report which are expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information we have received 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.

When we read the rest of the other information in the Annual Report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group's 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.

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Independent Auditor's Report to the Shareholders of TPS Eastern Africa PLC (continued)

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

Report on other matters prescribed by the Companies Act, 2015

Report of the directors

In our opinion the information given in the directors' report on page 35 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on page 36 and 37 has been properly prepared in accordance with the Companies Act, 2015.

Bernice Kimacia

CPA Bernice Kimacia, Practising certificate Number 1457
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi
26th April, 2023

Consolidated statement of profit or loss

	Notes	2022 Shs'000	2021 Restated Shs'000
Revenue from contracts with customers	5	6,944,306	3,287,798
Other income	6	397,056	155,760
Inventory expensed		(1,066,206)	(563,330)
Employee benefits expense	8	(1,769,529)	(1,265,219)
Other operating expenses	9	(2,497,824)	(1,293,459)
Impairment losses	26	(162,520)	(37,037)
Profit before depreciation, finance income / (costs), results of associates and income tax credit / (expense)	5	1,845,283	284,513
Depreciation on right of use asset	22	(40,102)	(44,531)
Depreciation on property and equipment	20	(574,158)	(586,611)
Finance costs	10	(586,651)	(325,002)
Share of loss of associates accounted for using the equity accounting method	24	33,513	(41,225)
Profit/ (Loss) before income tax	7	677,885	(712,856)
Income tax (expense)/credit	11	(298,190)	73,707
Profit/ (Loss) for the year		379,695	(639,149)
Attributable to:			
Equity holders of the Company		337,587	(624,878)
Non-controlling interest	30	42,108	(14,271)
		379,695	(639,149)
Earnings/(Loss) per share attributable to the equity holders of the Company			
- basic (Shs per share)	12	1.45	(3.43)
- diluted (Shs per share)	12	1.45	(3.43)

Consolidated statement of comprehensive income

	Notes	2022 Shs'000	2021 Restated Shs'000
Profit /(loss) for the year		379,695	(639,149)
Other comprehensive income Items that may be subsequently reclassified to profit or loss			
Currency translation differences, net of tax		(82,525)	68,714
Items that will not be subsequently reclassified to profit or loss			
Actuarial losses	19	(17,711)	-
Deferred tax on actuarial losses		5,313	-
Total other comprehensive (loss) /profit for the year		(94,923)	68,714
Total comprehensive income /(loss) for the year		284,772	(570,435)
Attributable to:			
Equity holders of the Company		242,664	(556,164)
Non-controlling interest		42,108	(14,271)
Total comprehensive income /(loss) for the year		284,772	(570,435)

The restatement of the statement of profit or loss and other comprehensive income has been explained under note 20(b).

Company statement of profit or loss and other comprehensive income

	Notes	Year ended 31 December 2022 Shs'000	2021 Shs'000
Other operating expenses	9	(12,581)	(28,267)
Finance cost	10	(31,891)	(113,834)
Loss before income tax	7	(44,472)	(142,101)
Income tax expense	11	-	-
Total comprehensive loss for the year		(44,472)	(142,101)
Attributable to:			
Equity holders of the Company		(44,472)	(142,101)
Non-controlling interest		-	-
Total comprehensive loss for the year		(44,472)	(142,101)

Consolidated statement of financial position

	Notes	2022 Shs'000	2021 Shs'000	1 January 2021 Restated Shs'000
Non-current assets				
Land and buildings, property and equipment	20	12,696,055	12,942,513	13,308,475
Intangible assets	21	1,271,952	1,271,952	1,271,952
Right of use asset	22	387,431	318,271	345,293
Investment in associates	24	819,118	785,605	826,830
Deferred income tax asset	18	10,903	11,188	8,991
		15,185,459	15,329,529	15,761,541
Current assets				
Inventories	25	477,013	411,965	422,090
Receivables and prepayments	26	1,162,974	1,093,954	738,092
Current income tax		221,346	212,845	201,373
Cash and cash equivalents	27	660,846	310,805	122,711
		2,522,179	2,029,569	1,484,266
Total assets		17,707,638	17,359,098	17,245,807
Capital and reserves attributable to the Company's equity holders				
Share capital	14	282,651	182,174	182,174
Share premium	14	6,001,741	4,392,668	4,392,668
Revaluation reserve	15	2,282,094	2,314,606	2,332,251
Translation reserve		(912,059)	(829,534)	(898,248)
Retained earnings		1,206,461	848,760	1,456,000
		8,860,888	6,908,674	7,464,845
Non-controlling interest	30	781,327	739,219	753,490
Total equity		9,642,215	7,647,893	8,218,335
Non-current liabilities				
Borrowings	16	3,604,701	5,591,952	4,963,551
Deferred income tax liability	18	1,528,772	1,313,855	1,420,025
Lease liability	17	292,178	243,917	369,950
Retirement benefit obligation	19	94,227	39,767	44,158
Total equity non-current liabilities		5,519,878	7,189,491	6,797,684
Current liabilities				
Trade and other payables	28	1,713,203	1,884,648	1,420,403
Borrowings	16	727,195	602,540	766,048
Lease liability	17	105,147	30,517	43,337
Current income tax		-	4,009	-
Total current liabilities		2,545,545	2,521,714	2,229,788
Total equity and liabilities		17,707,638	17,359,098	17,245,807

The restatement of the statement of financial position has been explained under note 20(b).

The financial statements on pages 43 to 103 were approved and authorised for issue by the board of directors on 26th April 2023 and signed on its behalf by:

Francis Okomo-Okello
DIRECTOR

Mahmud Jan Mohamed
DIRECTOR

Company statement of financial position

	Notes	2022 Shs'000	2021 Shs'000
		Year ended 31 December	
Non-current assets			
Investment in subsidiaries	23	5,749,826	5,749,826
Investment in associates	24	840,330	840,330
		6,590,156	6,590,156
Current assets			
Receivables and prepayments	26	328,931	359,996
Cash and cash equivalents	27	-	188
		328,931	360,184
Total assets		6,919,087	6,950,340
Equity			
Share capital	14	282,651	182,174
Share premium	14	6,001,741	4,392,668
Retained earnings		633,173	679,520
Total equity		6,917,565	5,254,362
Non-Current liabilities			
Borrowing	16	-	1,640,675
Current liabilities			
Trade and other payables	28	1,306	55,303
Bank overdraft	27	216	-
		1,522	55,303
Total equity and liabilities		6,919,087	6,950,340

The financial statements on pages 43 to 103 were approved for issue by the board of directors on 26th April 2023 and signed on its behalf by:

Francis Okomo-Okello
DIRECTOR

Mahmud Jan Mohamed
DIRECTOR

Consolidated statement of changes in equity

	Notes	Share capital Shs'000	Share premium Shs'000	Revaluation reserves Shs'000	Translation reserves Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Non-controlling interest Shs'000	Total Shs'000
Year ended 31 December 2021									
At start of year - as previously reported		182,174	4,392,668	2,332,251	(898,248)	1,498,983	-	753,490	8,261,318
Prior year adjustment	20(b)	-	-	-	-	(42,983)	-	-	(42,983)
Restated 1 January 2021		182,174	4,392,668	2,332,251	(898,248)	1,456,000	-	753,490	8,218,335
Comprehensive (loss) / income for the year									
Loss for the year – as restated	20(b)	-	-	-	-	(624,878)	-	(14,271)	(639,149)
Other comprehensive (loss)/ income:									
Currency translation differences		-	-	-	68,714	-	-	-	68,714
Transfer of excess depreciation to retained earnings		-	-	(25,207)	-	25,207	-	-	-
Deferred income tax on transfer	18	-	-	7,562	-	(7,562)	-	-	-
Total other comprehensive income		-	-	(17,645)	68,714	17,645	-	-	68,714
Total comprehensive (loss) / income for the year		-	-	(17,645)	68,714	(607,233)	-	(14,271)	(570,435)
Transactions with owners									
Dividends:									
- final for 2020 paid	13	-	-	-	-	(7)	-	-	(7)
- proposed for 2021	13	-	-	-	-	-	-	-	-
At end of year		182,174	4,392,668	2,314,606	(829,534)	848,760	-	739,219	7,647,893

Consolidated statement of changes in equity (continued)

	Notes	Share capital Shs'000	Share premium Shs'000	Revaluation reserves Shs'000	Translation reserves Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Non-controlling interest Shs'000	Total Shs'000
Year ended 31 December 2022									
At start of year - as restated		182,174	4,392,668	2,314,606	(829,534)	848,760	-	739,219	7,647,893
Comprehensive (loss) / income for the year									
Profit for the year		-	-	-	-	337,587	-	42,108	379,695
Other comprehensive (loss)/ income:									
Currency translation differences		-	-	-	(82,525)	-	-	-	(82,525)
Actuarial losses	19	-	-	(17,711)	-	-	-	-	(17,711)
Deferred tax on actuarial losses		-	-	5,313	-	-	-	-	5,313
Transfer of excess depreciation to retained earnings		-	-	(28,734)	-	28,734	-	-	-
Deferred income tax on transfer	18	-	-	8,620	-	(8,620)	-	-	-
Total other comprehensive (loss) / income		-	-	(32,512)	(82,525)	20,114	-	-	(94,923)
Total comprehensive (loss) / income for the year		-	-	(32,512)	(82,525)	357,701	-	42,108	284,772
Transactions with owners									
Issue of shares		100,477	1,609,073	-	-	-	-	-	1,709,550
Dividends:		-	-	-	-	-	-	-	-
- final for 2021 paid	13	-	-	-	-	-	-	-	-
- proposed for 2022	13	-	-	-	-	-	-	-	-
		100,477	1,609,073	-	-	-	-	-	1,709,550
At end of year		282,651	6,001,741	2,282,094	(912,059)	1,206,461	-	781,327	9,642,215

Company statement of changes in equity

	Notes	Share capital Shs'000	Share premium Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Total Shs'000
Year ended 31 December 2021						
At start of year		182,174	4,392,668	822,321	-	5,397,163
Comprehensive loss for the year						
Loss for the year		-	-	(142,101)	-	(142,101)
Total comprehensive loss for the year						
Transactions with owners						
Dividends:						
- final for 2020 paid	13	-	-	(700)	-	(700)
- proposed for 2021	13	-	-	-	-	-
		-	-	(700)	-	(700)
At end of year		182,174	4,392,668	679,520	-	5,254,362

Company statement of changes in equity (continued)

	Notes	Share capital Shs'000	Share premium Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Total Shs'000
Year ended 31 December 2022						
At start of year		182,174	4,392,668	679,520	-	5,254,362
Comprehensive loss for the year						
Loss for the year		-	-	(44,472)	-	(44,472)
Total comprehensive loss for the year						
Transactions with owners						
Issue of shares		100,477	1,609,073	-	-	1,709,550
Dividends:						
- Prior year dividend paid	13	-	-	(1,875)	-	(1,875)
- proposed for 2022	13	-	-	-	-	-
		100,477	1,609,073	(1,875)	-	1,707,675
At end of year		282,651	6,001,741	633,173	-	6,917,565

Consolidated statement of cash flows

		Year ended 31 December	
	Notes	2022 Shs'000	2021 Restated Shs'000
Operating activities			
Cash generated from operations	29	1,684,679	207,044
Interest received	10	13,033	4,346
Interest paid		(237,030)	(43,130)
Income tax paid		(116,977)	(38,776)
Net cash generated from operating activities		1,343,705	129,484
Investing activities			
Purchase of property and equipment		(280,232)	(63,093)
Proceeds from disposal of property and equipment		2,674	35,466
Net cash utilised in investing activities		(277,558)	(27,627)
Financing activities			
Proceeds from long term borrowings		235,581	277,171
Payments of long term borrowings		(786,328)	-
Dividends paid to asset recovery		(1,875)	(700)
Lease payments		(37,915)	(147,264)
Net cash (used in)/ generated from financing activities		(590,537)	129,207
Net increase in cash and cash equivalents		475,610	231,064
Movement in cash and cash equivalents			
At start of year		93,234	(133,596)
Increase during the year		475,610	231,064
Effect of currency translation differences		6,449	(4,234)
At end of year	27	575,293	93,234

Company statement of cash flows

	Notes	Year ended 31 December 2022 Shs'000	2021 Shs'000
Loss before income tax		(44,472)	(142,101)
Add back			
Interest expense	10	(36,984)	36,984
Exchange loss	10	68,875	76,850
Adjustments for:			
Changes in working capital			
- receivables and prepayments		31,065	29,962
- payables and accrued expenses		(53,997)	37,593
Cash (used in)/ generated from operations		(35,513)	39,288
Interest capitalised		36,984	(36,984)
Net cash generated from operating activities		1,471	2,304
Financing activities			
Dividends paid to Company's shareholders		(1,875)	(700)
Net cash used in financing activities		(1,875)	(700)
Net (decrease) /increase in cash and cash equivalents		(404)	1,604
Movement in cash and cash equivalents			
At start of year		188	(1,416)
(Decrease)/ increase during the year		(404)	1,604
At end of year	27	(216)	188

Notes to Financial Statements

1. General information

TPS Eastern Africa PLC is incorporated in Kenya under the Companies Act as a public limited liability company and is domiciled in Kenya. The address of its registered office is:

Williamson House,
4th Ngong Avenue,
PO Box 48690 - 00100 Nairobi,
Kenya

The Company's shares are listed on the Nairobi Securities Exchange.For the Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and profit and loss account by the income statement in these financial statements.

2. Summary of significant accounting policies

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

(a) Going concern

The financial statements have been prepared on the assumption that the Group will continue operating as a going concern. The directors have considered the following matters relating to the use of the going concern basis in preparation of the financial statements.

Impact assessment

The Group's performance for year 2022 materially improved over prior year across all its financial and operating benchmarks, notably:

- Revenue from contracts with customers of Shs 6.9 billion was up 111%. Total Group Revenue as at 31 December 2022 was Shs 7.3 billion compared to Shs 3.4 billion as at 31 December 2021 and Shs 7.1 billion as at 31 December 2019 being the year just prior to the COVID-19 outbreak,
- EBITDA of Shs 1.84 billion improved 549% on material recovery of demand and improved US dollar denominated earnings, despite headwind inflation and supply chain challenges. This resulted in year 2022 operating EBITDA margin of 26.5% (2021: 8.7%),
- Profit Before Tax of Shs 677 million, increased 195%,
- Net Cash Generated from Operations of Shs 1.37 billion improved 10.6 times,
- Cash & Cash Equivalents of Shs 575.3 million improved 517%,
- Net Current Liabilities of Shs 23.4 million (to 0.99 ratio from 0.80) reducing 23.9% and
- Gearing (Note 4) also materially reduced to a more sustainable level of 30% from 45%, for the year prior with total borrowings down 30% and total equity increasing 26% partly driven by loan conversion into shares in 2022. All debt facilities refinanced and duly executed during the pandemic, re-commenced respective post-pandemic terms during 2022, with relevant covenant waivers duly in place by 31 December 2022.

Consequently, the return of post-pandemic demand for travel, meetings, conferences and events across the Group's source markets, together with the prudent and decisive pandemic debt and operating model restructuring in place provide a solid foundation for the foreseeable period ahead.

In looking further ahead, the business and industry outlook for the going concern period remains positive with international travel widely expected to sustain the upward trajectory beyond 2023.

2. Summary of significant accounting policies (continued)

(a) Going concern (continued)

Impact assessment (continued)

Furthermore, the expected gradual recovery of Asian source markets most notably India followed by China, presents the industry and Group with further incremental upside potential from mid-2023 onwards. Regional opportunities for resurgence in leisure travel and increasing cross border corporate activity also bode well for the Group in the period under review. Notwithstanding this continuing positive outlook, the Directors remain cautiously confident and steadfast in the Group's evolving pandemic strategy to keep delivering on the key and effective operating and financing actions undertaken to date; whilst executing those post-pandemic transition plans underway since H2 2022, for sustainable growth in the medium term. The Board of Directors are cognisant of new and emerging macroeconomic and geopolitical headwinds and have therefore formulated robust risk-management plans with management for year 2023, as duly supported by the Group's on target plans for: current and projected performance reviews, cash flow forecasts including liquidity assessments, capital investment plans duly sensitised to operating capability, supply chain delivery consistent with Serena's brand standards, debt refinancing already executed; and importantly, continued positive engagement with the Group's majority shareholder. Furthermore, critical credit facilities are in place across all operating units in East Africa, not least Kenya, Uganda and Tanzania for the foreseeable period. These actions will enable the Group to preserve essential cash flow as bookings demand fully recovers and perhaps even surpass pre-pandemic levels by the end of year 2023.

As at 31 December 2022 and 31 March 2023, the Group's overdraft facility was not utilised at all in Kenya and Uganda; and marginally so in Tanzania just prior to the traditional peak season bookings. Consequently, sufficiently material unutilised credit facilities remain available across the Group's operations for the going concern period, with all scheduled debt repayments for 2023 well planned. Further, the Group's performance for Q1 2023 ended 31 March, remains broadly in line with management's overall plans.

To this end, the Directors believe that the Group will have adequate financial resources to continue in operation for the foreseeable future and accordingly, the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Group is in a far more stable and sound financial position than during the pandemic; and that the Group has access to sufficient borrowing facilities, should such be required to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group, nor any material non-compliance with statutory or regulatory requirements; or any pending changes to legislation which may materially affect Group operations. The Group has adequate financing facilities and proactively monitors its covenants throughout the going concern period as it navigates the new normal operating environment under Serena's renewed business model across East Africa.

If for any reason, the Company is unable to continue as a going concern, then this could have an impact on the Company's ability to realise assets at their recognised values, in particular property and equipment; and to extinguish borrowings and other liabilities in the normal course of business, at the amounts stated in these financial statements.

(b) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Kenya Shillings (Shs), rounded to the nearest thousands, except where otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Notes to Financial Statements (continued)

2. Summary of significant accounting policies (continued)

(b) Basis of preparation (continued)

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Group

The following amendments applied for the first time to the Company and did not have a significant impact on the Company's financial statements:

Number	Executive summary	Effective date
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	1 January 2022
Annual Improvements to IFRS Standards 2018–2020	IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.	1 January 2022

None of these standards had a significant impact on the Company's financial statements.

Notes to Financial Statements (continued)

2. Summary of significant accounting policies (continued)

(b) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(ii) New and amended standards not yet adopted by the Group

Number	Executive summary	Effective date
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. ** Since approving these amendments, the IASB has issued an exposure draft proposing further changes and the deferral of the amendments until at least 1 January 2024.	1 January 2023 (deferred from 1 January 2022) **
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	1 January 2023

2. Summary of significant accounting policies (continued)

(b) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(ii) New and amended standards not yet adopted by the Group (continued)

Number	Executive summary	Effective date
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.	1 January 2023

2. Summary of significant accounting policies (continued)

(b) Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(ii) New and amended standards not yet adopted by the Group (continued)

Number	Executive summary	Effective date
Definition of Accounting Estimates – Amendments to IAS 8	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	1 January 2023

The directors do not plan to apply the above standards until they become effective. There are no other standards that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods and on near future transactions.

(c) Consolidation

(i) Subsidiaries

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies. Acquisition of entities under common control is accounted for using predecessor accounting.

Notes to Financial Statements (continued)

2. Summary of significant accounting policies (continued)

(c) Consolidation (continued)

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit / (loss) of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

(v) Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Notes to Financial Statements (continued)

2. Summary of significant accounting policies (continued)

(c) Consolidation (continued)

(v) Joint arrangements (continued)

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

(vi) Separate financial statements

In the separate financial statements, investments in subsidiaries and associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Dividend income is recognised when the right to receive payment is established.

(d) Functional currency and translation of foreign currencies

(i) Functional and Presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the Functional Currency'). The consolidated financial statements are presented in Kenya Shillings (Shs), which is the Company's Functional and Presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the Functional Currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 income statement.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other operating income' or 'other expenses'.

Translation differences related to changes in amortised cost are recognised in the income statement, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income are recognised under other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) income and expenses for each income statement amount are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income in the currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that are recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2. Summary of significant accounting policies (continued)

(e) Segment reporting

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

(f) Revenue recognition

The Group recognises revenue for direct sales of goods and rendering of services. Revenue is recognised as and when the Group satisfies a performance obligation by transferring control of a product or service to a customer. The amount of revenue recognised is the amount the Group expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax (VAT).

Room revenue is recognised on occupancy. Food and beverage revenue is recognized on billing, following consumption, whereas gift shop sales are recognized on transfer of goods. Revenue from other sources such as gym, bird walks, archery etc. is recognised based on the performance of the service.

For each of the revenue streams, the Group recognises revenue over time or at a point in time specifically after the performance obligation of transfer of goods or service to the customer has been fulfilled.

The Group policy is to allocate the total transaction price to the performance obligations in the product offer / contract by reference to their relative stand-alone selling prices, e.g. for Food & Beverage at standard cost price grossed up for industry margins. Where such a stand-alone selling price is not directly observable, e.g. Bird Walks, Archery etc., the Group undertakes reasoned standard estimates based on cost plus a margin. Contracts with tour operators stipulate the transaction price of the product offer which are recorded at gross as there is no agency relationship.

Interest income is recognised using the effective interest method.

Dividends are recognised as income in the period the right to receive payment is established.

(g) Land and buildings, property and equipment

All categories of land and buildings, property and equipment are initially recorded at cost. Land and buildings are subsequently shown at fair value, based on periodic, (at least once every five years), valuations by external independent valuers, less subsequent depreciation for leasehold land and buildings. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus reserve in equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings

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

	Useful life
Leasehold land and buildings	Over the period of the lease
Computers	3 - 4 years
Motor vehicles	4 years
Furniture and fittings	10 years
Lift installations	10 years
Laundry equipment	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

2. Summary of significant accounting policies (continued)

(g) Land and buildings, property and equipment (continued)

On opening of a new unit, initial purchases of operating equipment, such as crockery and beddings are capitalised at cost and subsequent replacements to maintain operating equipment at par stock level are expensed in the year of purchase. Carrying values are validated every three years.

An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are included in profit or loss. On disposal of revalued assets, amounts in the revaluation surplus relating to that asset are transferred to retained earnings.

(h) Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(i) Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to 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 to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Financial instruments

(i) Initial recognition

Financial instruments are recognised when, and only when, the Group becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the Group commits itself to the purchase or sale.

(ii) Classification

The Group classifies its financial instruments into the following categories:

a) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which 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, are classified and measured at amortised cost.

b) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which 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, are classified and measured at fair value through other comprehensive income.

c) All other financial assets are classified and measured at fair value through profit or loss.

2. Summary of significant accounting policies (continued)

(j) Financial instruments (continued)

(ii) Classification (continued)

d) Financial liabilities that are held for trading, financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The Group may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

e) All other financial liabilities are classified and measured at amortised cost.

Financial instruments held during the year were classified as follows:

- Trade and other receivables were classified as at amortised cost.
- Trade and other liabilities were classified as at amortised cost.
- Borrowings and lease liability are classified at amortised cost.
- Cash and cash equivalents are classified at amortised cost

(iii) Initial measurement

On initial recognition:

- Financial assets or financial liabilities classified as at fair value through profit or loss are measured at fair value.
- Trade receivables are measured at their transaction price.
- All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument.

(iv) Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss according to their classification.

Interest income, dividend income, and exchange gains and losses are recognised in profit or loss.

Fair value is determined as set out in *Note 4 fair value estimation*. Amortised cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

(v) Impairment

The Group recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). For cash and cash equivalents, the Group banks with reputable banking institutions and the assessed probability of default is low and the expected credit loss, if any, would be immaterial.

All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(vi) Presentation

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the reporting date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Group's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

2. Summary of significant accounting policies (continued)

(j) Financial instruments (continued)

(vii) De-recognition

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Group has transferred substantially all risks and rewards of ownership, or when the Group has no reasonable expectations of recovering the asset.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

When a financial asset measured at fair value through other comprehensive income, other than an equity instrument, is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. For equity investments for which an irrevocable election has been made to present changes in fair value in other comprehensive income, such changes are not subsequently transferred to profit or loss.

(viii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(k) Leases

The Group's leases majorly comprise of property leases which include office space, parks, land occupied by hotels and various camps.

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

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

Leases are recognised as a right-of-use asset and a corresponding liability recognised at the date at which the leased asset is available for use by the Group.

(i) Initial recognition

Assets and liabilities arising from a lease are initially measured on a present value basis..

(ii) Lease liabilities

Lease liabilities include the net present value of the following lease payments:

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

2. Summary of significant accounting policies (continued)

(k) Leases (continued)

(ii) Lease liabilities (continued)

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

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

(iii) Right of use asset

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

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

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

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

(iv) Variable lease payments

Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

(v) Extension and termination options

Extension and termination options are included in several property and equipment leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. Most of the extension and termination options held are exercisable only by the Company and not by the respective lessor. The Company takes into consideration the extension and termination options in determining the right of use asset and lease liability.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and computed as the cost of purchase plus any incidental costs incurred in bringing inventory items to their present location. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Inventories mainly comprise hotel consumables, food and beverage items.

(m) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

(n) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2. Summary of significant accounting policies (continued)

(o) Employee benefits

(i) Retirement benefit obligations

For unionised employees in two Subsidiaries, the Group has an unfunded obligation to pay terminal gratuities under its Collective Bargaining Agreement with the union. Employees who resign after serving for periods of between five years and ten years, receive eighteen days' salary and house allowance for each completed year of service at the rate of pay applicable at the date of resigning. Those who resign after serving for more than ten years receive twenty-four days' salary and house allowance for each completed year of service. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The Group operates a defined contribution benefit scheme for all its permanent employees after their first year of employment. The assets of the scheme are held in a separate trustee administered fund, which is funded by contributions from both the Group and the employees. The Group and all its permanent employees also contribute to the statutory National Social Security Funds, which are defined contribution schemes. The Group's contributions to both these defined contribution schemes are charged to the income statement in the year in which they fall due. The Group has no further obligation once the contributions have been paid.

(ii) Leave

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

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination; when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

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

(q) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which they are declared. Dividends are declared upon approval at the annual general meeting. Proposed dividends are disclosed separately within equity until declared.

(r) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. 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 substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

2. Summary of significant accounting policies (continued)

(r) Current and deferred income tax (continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets against deferred tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(s) Grants

Grants are recognised in the income statement on a systematic basis over the periods in which the related costs towards which they are intended to compensate are recognised as expenses.

(t) Comparatives

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

3. Critical accounting estimates and judgements

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

(i) Critical accounting estimates and assumptions

The Group and 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 that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(h). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions which are disclosed in detail under Note 21.

Trade receivables

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for the definition of default; and
- Choosing appropriate models and assumptions for the measurement of ECL.

Significant debtors, mainly relating to related party balance are assessed for impairment on an individual basis. As at 31 December 2022, certain key judgements and estimations were made regarding the above items, as they relate to the determination of expected credit losses on financial assets.

Fair value of land and buildings, property and equipment

The determination of the carrying value and the related depreciation of land and buildings, property and equipment requires use of judgements and assumptions. These are further disclosed in Note 20.

Income taxes

The Group is subject to income taxes in various jurisdictions. Judgement is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3. Critical accounting estimates and judgements (continued)

(i) Critical accounting estimates and assumptions (continued)

Incremental borrowing rate on leases

Critical estimates are made on the determination of the incremental borrowing rate as described under note 2(k). Sensitivity on the discount rate by 1% higher/lower with all other variables held constant, interest on lease liability for the year would have been Shs 2,973,387 higher or lower.

(ii) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made judgements in determining:

- the determination of whether the Group has control over an entity, which requires the consideration of several factors, as set out in note 2(c); and
- the measurement basis for financial assets under IFRS 9 depends on an assessment of the Group's business model for managing the financial assets and whether the cash flows represent solely payments of principal and interest. For financial liabilities, the measurement basis is amortised cost unless the liability is designated at FVTPL. Further detail is given in note 2(j).

4. Financial risk management

The Group's and the Company's activity expose it to a variety of financial risks comprising market risk (including foreign exchange risks, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects on its financial performance within the options available in East Africa to hedge against such risks.

Financial risk management is carried out by Management under the guidance of the Board of Directors. Board of directors identifies, evaluates and hedges financial risks. The Board of Directors provides guidance on principles for overall risk management covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises four types of risks: foreign exchange risk, price risk, interest rate risk and fair value risk.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Group aims to minimise volatility arising from fluctuations in exchange rates by adopting natural hedges such as holding cash balances in foreign currencies to hedge against any foreign currency denominated amounts payable.

The Group manages foreign exchange risk by converting its foreign currency collections into local currency on an ongoing basis to cater for its operational requirements. As a result, the Group does not hold large amounts of foreign currency deposits. In addition, the Group receives its collections in foreign currency and therefore any future foreign currency commercial transactions are settled in the same currency to avoid the effect of swinging currency exchange rates.

Currency exposure arising from the net assets of foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At 31 December 2022, if the Kenya Shilling had weakened/strengthened by 5% against the US Dollar with all other variables held constant, consolidated post tax profit/loss for the year would have been Shs 185,029,727 higher or lower (2021: post tax loss for the year would have been Shs 258,944,000 higher or lower), mainly as a result of US dollar receivables, payables, bank balances and borrowings.

(ii) Price risk

The Group does not have any assets subject to price risk as at 31 December 2022 (2021: nil).

4. Financial risk management (continued)

Market risk (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will vary as market rates of interest vary. The Group is exposed to cash flow interest rate risk on its variable rate borrowings resulting from changes in market interest rates. The Group manages this exposure by maintaining a high interest cover ratio, which is the extent to which profits are available to service borrowing costs. Management consider that a change in interest rates of 1% in the year ending 31st December 2022 is reasonably possible. No limits are placed on the ratio of variable rate borrowing to fixed rate borrowing. At 31 December 2022, an increase/decrease of 1% on interest rate would have resulted in an increase/decrease in consolidated post tax profit/loss of Shs 3,639,498 (2021: increase / decrease of Shs 4,943,326 in post-tax losses).

(iv) Fair value risk

The Group does not have any significant assets subject to fair value risk as at 31 December 2022 (2021: Nil).

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash at bank and short term deposits with banks, as well as trade and other receivables. The Group does not have any significant concentrations of credit risk.

The credit controller is responsible for managing and analysing credit risk for each new customer before standard payment and delivery terms are offered. The credit controller 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.

For banks and financial institutions, only reputable well established financial institutions are accepted. The amounts that represent the Group's maximum exposure to credit risk is equal to the carrying amount of financial assets in the statement of financial position.

The Group has adopted the Expected Credit Losses (ECL) model to determine the impairment of trade receivables. The Group opted to adopt the simplified approach of determining the impairment provision. This model includes some operational simplifications for trade receivables, contract assets and lease receivables, because they are often held by entities that do not have sophisticated credit risk management systems. These simplifications eliminate the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. Debts that are considered to be non-performing are impaired at 100%.

An expected credit loss is computed for the performing balances based on a loss rate computed as the average loss rate on credit sales over the preceding 5 years.

Related party receivable balances are assessed for impairment based on the counterparty's ability to settle on demand.

For cash at bank, management assesses the expected credit loss based on probability of default attached to the various banks by external rating agencies.

Notes to Financial Statements (continued)

4. Financial risk management (continued)

Credit risk (continued)

The age analysis of the trade receivables and loss allowance as at 31 December was as follows:

	Not past due	30 to 90 days	90 to 150 days	Over 150 days	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At 31st December 2022					
Gross trade debtors	192,520	130,512	88,935	317,056	729,023
Loss allowance	(160)	(962)	(6,896)	(39,370)	(47,388)
Net trade debtors	192,360	129,550	82,039	277,686	681,635
At 31st December 2021					
Gross trade debtors	161,276	109,332	74,502	265,602	610,712
Loss allowance	(368)	(2,209)	(15,823)	(90,337)	(108,737)
Net trade debtors	160,908	107,123	58,679	175,265	501,975

A further analysis of debtors by category and their related loss allowance is as follows:

GROUP

	Gross Carrying amount Shs'000	Expected Credit Loss Shs'000	Net Carrying amount Shs'000
At 31st December 2022			
Corporate debtors	339,345	(22,058)	317,287
Government	215,839	(14,030)	201,809
Tour operators	162,162	(10,541)	151,621
Other debtors	11,677	(759)	10,918
Total Trade Receivables	729,023	(47,388)	681,635
At 31st December 2021			
Corporate debtors	284,274	(50,615)	233,659
Government	180,811	(32,193)	148,618
Tour operators	135,845	(24,187)	111,658
Other debtors	9,782	(1,742)	8,040
Total Trade Receivables	610,712	(108,737)	501,975

4. Financial risk management (continued)

Credit risk (continued)

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

	Group		Company	
Trade receivables	2022 Shs'000	2021 Shs'000	2022 Shs'000	2021 Shs'000
Trade receivables (Note 26)	729,023	610,712	-	-
Loss allowance (Note 26)	(47,388)	(108,737)	-	-
Carrying amount	681,635	501,975	-	-
Other receivables				
Advances to related parties	658,439	629,671	412,625	435,862
Loss allowance	(274,172)	(130,928)	(87,869)	(80,041)
Other receivables	11,859	30,675	4,175	4,175
	396,126	529,418	328,931	359,996
Cash at bank	660,846	310,805	-	188

The Company does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due receivables.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Management has a framework for the management of the company's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The Company manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities to cover any shortfalls.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual discounted cash flows.

(a) Group	Less than 1 year Shs'000	Between 1 and 2 years Shs'000	Between 2 and 5 years Shs'000	Over 5 years Shs'000
At 31 December 2022:				
- borrowings and interest	1,079,647	681,673	2,305,715	945,349
- trade and other payables	1,713,202	-	-	-
- lease liability	105,147	105,147	187,031	-
	2,897,996	786,820	2,492,746	945,349
At 31 December 2021:				
- borrowings and interest	1,296,522	444,427	1,179,011	4,136,529
- trade and other payables	1,838,396	-	-	-
- lease liability	29,826	29,826	88,491	134,082
	3,164,744	474,253	1,267,502	4,270,611

4. Financial risk management (continued)

Liquidity risk (continued)

(b) Company	Less than 1 year Shs'000	Between 1 and 2 years Shs'000	Between 2 and 5 years Shs'000	Over 5 years Shs'000
At 31 December 2022:				
- borrowings and interest	216	-	-	-
- trade and other payables	1,306	-	-	-
	1,522	-	-	-
At 31 December 2021:				
- borrowings and interest	-	-	1,832,634	-
- trade and other payables	55,303	-	-	-
- trade and other payables	55,303	-	1,832,634	-

See further disclosures in relation to borrowings under Note 16

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt. During 2022 the Group's strategy, which was unchanged from 2021, was to maintain a gearing ratio below 40%.The gearing ratios at 31 December 2022 and 2021 are as follows:

	2022 Shs'000	2021 Shs'000
Total borrowings (Note 16)	4,331,896	6,194,492
Add: Lease liabilities (Note 17)	397,325	274,434
Less: Cash and bank balances (Note 27)	(660,846)	(310,805)
Net debt	4,068,375	6,158,121
Total equity	9,642,215	7,647,893
Total capital	13,710,590	13,806,014
Gearing ratio	30%	45%

4. Financial risk management (continued)

Fair value estimation

The different level of fair value measurement hierarchy is described as follows:

- Quoted prices (unadjusted) in active markets for identical assets (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset that are not based on observable market data (that is, unobservable data) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the year-end date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques such as discounted cash flow analysis. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Land and buildings under property and equipment disclosed under Note 20 represent the fair value estimation in these financial statements. Their fair valuation is determined using level 3 data.

Financial instruments not measured at fair value

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's statement of financial position at their fair value:

	Carrying Value		Fair Value	
	2022 Shs 000	2021 Shs 000	2022 Shs 000	2021 Shs 000
Financial assets				
Receivables	1,077,760	1,031,395	1,077,760	1,031,395
Cash and cash equivalents	660,846	310,805	660,846	310,805
	1,738,606	1,342,200	1,738,606	1,342,200
Financial liabilities				
Borrowings	4,331,896	6,194,492	5,011,935	7,056,489
Trade and other payables	1,713,203	1,884,648	1,713,203	1,884,648
Lease liability	397,325	274,433	397,325	282,225
	6,442,424	8,353,573	7,122,463	9,223,362
Company				
Financial assets				
Receivables and prepayments	328,931	359,996	328,931	359,996
Cash and cash equivalents	-	188	-	188
	328,931	360,184	328,931	360,184
Financial liabilities				
Borrowings	-	1,640,675	-	1,832,634
Trade and other payables	1,306	55,303	1,306	55,303
	1,306	1,695,978	1,306	1,887,937

5. Segment information

Management has determined the operating segments based on the reports reviewed by the Managing Director that are used to make strategic decisions.

Geographically, management considers the performance in Kenya, Uganda and Tanzania as the key operating segments. Zanzibar is included within the Tanzania segment as it has similar economic characteristics and is managed jointly.

The reportable operating segments derive their revenue primarily from accommodation, food and beverage sales.

The Managing Director assesses the performance of the operating segments based on profits before depreciation and amortisation, interest and tax, which is a measure of adjusted earnings before interest, tax, depreciation and amortisation (EBITDA). The measure also excludes the effects of unrealised gains / losses on financial instruments. Finance costs and income are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

The revenue from external parties reported to the Managing Director is measured in a manner consistent with that in the income statement. Segment assets are apportioned on a contractual basis. The measurement basis applied is consistent with Group accounting policies.

Intersegmental sales relate to management fees charged by Tourism Promotion Services (Management) Limited and are eliminated on consolidation.

Entity wide information

The Group derives revenue from the transfer of goods and services in the following categories:

	2022 Shs'000	2021 Shs'000
Room revenue	3,392,428	1,339,763
Food	2,454,672	1,332,406
Beverage	452,258	238,872
Others	644,948	376,757
	6,944,306	3,287,798
Timing of revenue recognition - Over time Room revenue	3,392,428	1,339,763
- At a point in time		
Food	2,454,672	1,332,406
Beverage	452,258	238,872
Others	644,948	376,757
	3,551,878	1,948,035

Notes to Financial Statements (continued)

5. Segment information (continued)

The segment information provided to the Managing Director for the reportable segments for the year ended 31 December 2022 is as follows:

	Kenya Hotels and Lodges Shs '000	Tanzania Lodges Shs '000	Uganda Hotel Shs '000	All other segments Shs '000	Total Shs '000
Revenue	3,469,274	1,961,679	1,513,353	327,256	7,271,562
Less inter segmental sales	-	-	-	(327,256)	(327,256)
Net revenue from third parties	3,469,274	1,961,679	1,513,353	-	6,944,306
EBITDA	1,039,915	360,512	378,534	66,322	1,845,283
Depreciation	(332,709)	(105,954)	(134,801)	(694)	(574,158)
Depreciation on right of use asset	(29,021)	(7,393)	-	(3,688)	(40,102)
Income tax (expense)	(71,744)	(94,274)	(97,729)	(34,443)	(298,190)
Share of loss from associate	-	-	-	33,513	33,513
Investment in associate	-	-	-	819,118	819,118
Additions to non-current assets	213,408	35,397	30,693	738	280,236
Total assets	9,634,667	3,325,797	3,384,418	1,362,756	17,707,638
Total liabilities	(5,394,373)	(2,159,648)	(1,241,335)	729,933	(8,065,423)
Goodwill	324,643	681,016	266,293	-	1,271,952

The segment information for the year ended 31 December 2021 is restated as follows:

	Kenya Hotels and Lodges Shs '000	Tanzania Lodges Shs '000	Uganda Hotel Shs '000	All other segments Shs '000	Total Shs '000
Revenue	1,865,608	672,546	749,644	223,015	3,510,813
Less inter segmental sales	-	-	-	(223,015)	(223,015)
Net revenue from third parties	1,865,608	672,546	749,644	-	3,287,798
EBITDA	561,736	(130,200)	84,726	(231,749)	284,513
Depreciation	(323,838)	(107,618)	(153,704)	(1,451)	(586,611)
Depreciation on right of use asset	(36,284)	(7,984)	-	(263)	(44,531)
Income tax credit/(expense)	(19,231)	91,774	15,844	(14,680)	73,707
Share of loss from associate	-	-	-	(41,225)	(41,225)
Investment in associate	-	-	-	786,956	786,956
Additions to non-current assets	41,910	9,857	11,280	46	63,093
Total assets	9,523,963	3,025,903	3,264,380	1,544,852	17,359,098
Total liabilities	(5,423,413)	(2,017,607)	(1,275,384)	(994,801)	(9,711,205)
Goodwill	324,643	681,016	266,293	-	1,271,952

5. Segment information (continued)

The Company has disclosed EBITDA because management believes that this measure is relevant to a better understanding of the financial performance. EBITDA is not a defined performance measure in IFRS. The Company's definition of EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities. This disclosure is provided for illustrative purposes only.

EBITDA is calculated by adjusting profit from the continuing operations to exclude share of associate results, the impact of taxation, net finance costs, depreciation, amortisation, impairment losses and reversals related to goodwill, intangible assets and property, plant and equipment. A reconciliation of adjusted EBITDA to profit before tax is provided as follows:

	2022 Shs'000	2021 Shs'000
EBITDA	1,845,283	284,513
Depreciation	(574,158)	(586,611)
Depreciation on right of use asset	(40,102)	(44,531)
Finance costs – net	(586,651)	(325,002)
Share of loss of associates accounted for using the equity method	33,513	(41,225)
Profit/(Loss) before income tax	677,885	(712,856)

There are no significant revenues derived from a single external customer.

6. Other income

Other income comprise income generated from all the non-principal activities of the Group.

	Group	
	2022 Shs'000	2021 Shs'000
Net foreign exchange gain	88,528	36,842
Ancillary income	75,715	48,970
Management fees	79,055	46,470
Other operating income	153,758	23,478
	397,056	155,760

Notes to Financial Statements (continued)

7. Loss before tax

The following items have been charged in arriving at loss before income tax:

	Group	
	2022 Shs'000	2021 Shs'000
Employee benefit expense (Note 8)	1,769,529	1,265,219
Advertising and promotion expenses (Note 9)	246,677	185,763
Repairs and maintenance of property and equipment (Note 9)	356,843	242,386
Receivables – provision for impairment losses (Note 26)	162,520	37,037
Auditors' remuneration (Company: 2022: Shs 3,236,632 (2021: Shs 2,620,131))	17,870	16,160
Loss on disposal of property, plant and equipment	(933)	(12,355)

8. Employee benefits expense

	2022 Shs'000	2020 Shs'000
Salaries, wages and other staff costs	1,644,659	1,213,706
Retirement benefits costs:		
- Defined benefit scheme (Note 19)	36,289	1,912
- Defined contribution scheme	8,005	2,095
- National Social Security Funds	80,576	47,506
	1,769,529	1,265,219
Average number of employees	2,270	2,339

Notes to Financial Statements (continued)

9. Other operating expenses

Group	2022 Shs'000	2021 Shs'000
Advertising and promotions	430,637	185,763
Heat, light, power and water	642,474	389,996
Insurance premiums	157,770	135,361
Operating supplies	240,837	103,301
Variable lease	192,259	103,028
Security	59,244	46,144
Repairs and maintenance	356,843	242,386
Auditor's remuneration	17,870	16,160
Bank charges	34,571	23,450
Other expenses	365,319	47,870
	2,497,824	1,293,459
Company		
Annual General Meeting expenses	122	1,364
Registry expenses	4,732	3,602
Audit fees	3,188	2,620
Trade publications	4,351	1,591
Other expenses	188	19,090
	12,581	28,267

Notes to Financial Statements (continued)

10. Finance income and costs

Group	2022 Shs'000	2021 Shs'000
Finance income:		
Fixed and call deposits	13,033	4,346
Finance costs:		
Interest expense on borrowings	(237,031)	(296,802)
Net foreign currency exchange loss on borrowings	(312,148)	(41,719)
Interest on lease liability	(50,505)	9,173
Finance costs	(599,684)	(329,348)
Net finance costs	(586,651)	(325,002)

Company		
Interest expense on borrowings	(36,984)	36,984
Net foreign currency exchange loss on borrowings	68,875	76,850
Finance costs	31,891	113,834

11. Income tax expense

	Group	
	2022 Shs'000	2021 Shs'000
Current income tax	100,462	26,674
Deferred income tax (Note 17)	197,728	(100,381)
Income tax expense /(credit)	298,190	(73,707)

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

Profit/ (Loss) before income tax	677,885	(703,987)
Restatement impact	-	8,869
Restated profit/ (loss) before tax	677,885	(712,856)
Tax calculated at domestic rates applicable to profits in the respective countries at 30%	203,366	(213,857)
Tax effect of:		
Income not subject to tax	(10,054)	(69,508)
Expenses not deductible for tax purposes	140,202	201,442
(Over)/Under provision of deferred income tax in prior year	(35,324)	8,216
Income tax expense /(credit)	298,190	(73,707)

The Company's income relates to dividend income which is not subject to Corporate Income Tax.

Notes to Financial Statements (continued)

12. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2022	2021
Profit / (Loss) attributable to equity holders of the Company (Shs 000s)	337,587	(624,871)
Weighted average number of ordinary shares in issue (thousands)	232,413	182,174
Basic earnings per share (Shs)	1.45	(3.43)
Diluted earnings per share (Shs)	1.45	(3.43)

There were no potentially dilutive shares outstanding at 31 December 2022.

13. Dividends per share

Proposed dividends are accounted for as a separate component of equity until they have been ratified at the Annual General Meeting. Qualifying shares for 2022 were 282,651,108 shares (2021: 182,174,108 shares) after the AKFED loan conversion. No dividend for the year ended 31 December 2022 is to be proposed at the forthcoming Annual General Meeting (2021: Nil)

Payment of dividends is subject to withholding tax at a rate of either 5% or 10% depending on the residence of the respective shareholders.

14. Share capital

	Number of shares (Thousands)	Ordinary shares Shs'000	Share premium Shs'000
Balance at 1 January 2022	182,174	182,174	4,392,668
Issue of shares	100,477	100,477	1,609,073
Balance at 31 December 2022	282,651	282,651	6,001,741

15. Revaluation reserve

The revaluation reserve represents solely the surplus on the revaluation of buildings net of deferred income tax and is non-distributable.

Notes to Financial Statements (continued)

16. Borrowings

The borrowings are made up as follows:	Group 2022 Shs'000	Group 2021 Shs'000	Company 2022 Shs'000	Company 2021 Shs'000
Non-current				
Term loans	3,604,701	5,591,952	-	1,640,675
Current				
Bank overdraft	85,553	217,571	(216)	-
Term loans	641,642	384,969	-	-
	727,195	602,540	(216)	-
Total borrowings	4,331,896	6,194,492	(216)	1,640,675

Reconciliation of liabilities arising from financing activities

Year ended 31 December	Group 2022 Shs'000	Group 2021 Shs'000	Company 2022 Shs'000	Company 2021 Shs'000
At start of year	6,194,492	5,729,598	1,640,675	1,416
Interest expense	237,030	296,802	-	-
Bank overdraft	85,553	217,571	(216)	(1,416)
Foreign exchange loss	312,148	41,719	68,875	-
Issue of shares	-	-	-	1,640,675
Debt converted to equity	(1,709,550)	-	(1,709,550)	-
Cash flows:				
Interest paid	(237,030)	(296,802)	-	-
Proceeds from borrowings	235,581	248,734	-	-
Repayments of borrowings	(786,328)	(43,130)	-	-
At end of year	4,331,896	6,194,492	(216)	1,640,675

Notes to Financial Statements (continued)

16. Borrowings (continued)

Bank loans and overdrafts are secured by legal charges over certain land, buildings and other assets of the Group and a certificate of shares in the name of TPS Eastern Africa PLC. for Tourism Promotion Services (Kenya) Limited, in addition to a floating debenture over all assets of Tourism Promotion Services (Kenya) Limited, Tourism Promotion Services (Tanzania) Limited; and Tourism Promotion Services (Zanzibar) Limited. The PROPARCO loans are guaranteed by TPS Eastern Africa PLC, the Parent Company.

Group Financial Institution Tanzania	Currency	Facility	Interest %	Effective date	Maturity Date	2022 Shs'000	2021 Shs'000
ABSA Bank Tanzania Limited- Overdraft	US$	1,700,000	4.25%	21/09/2022	20/09/2023	85,337	188,475
ABSA Bank Tanzania Limited - Term loan	US$	4,000,000	4.71%	17/05/2015	(Note i) 01/06/2023	-	28,270
ABSA Bank Tanzania Limited - Term loan	US$	1,500,000	4.50%	25/08/2019	(Note i) 25/03/2023	80,971	89,521
AKFED	US$	3,550,000	0.00%	30/04/2021	(Note ii) 31/12/2025	685,622	581,790
AKFED	US$	740,000	0.00%	30/04/2021	(Note ii) 31/12/2025	89,878	83,678
Kenya							
Bank overdraft - ABSA Bank Kenya PLC	Shs	300,000,000	10.87%	26/01/2021	25/01/2022	216	-
Bank overdraft - Equity Kenya Ltd	Shs	100,000,000	11.00%	9/09/2022	8/09/2023	-	-
PROPARCO - Term loan	US$	20,000,000	4.27%	24/08/2015	(Note iii) 15/06/2027	2,309,142	2,493,514
ABSA Bank Kenya PLC - Term loans	Shs	970,000,000	10.25%	13/02/2015	(Note i) 29/12/2026	524,238	603,353
AKFED	US$	14,500,000	0.00%	30/07/2017	(Note ii) 31/12/2025	154,313	1,640,675
Uganda							
Bank overdraft – Equity Bank Uganda Limited	US$	1,500,000	5.50%	3/12/2022	02/12/2023	-	29,096
PROPARCO - Long Term loan	US$	8,000,000	6.60%	15/06/2017	(Note iii) 15/06/2023	402,179	456,120
Total borrowings						4,331,896	6,194,492

Fair values of the borrowings are disclosed in Note 4.

16. Borrowings (continued)

Notes to the above table of borrowings:

(i) As at 31 December 2022, the Group met all covenants with Absa Bank and PROPARCO.

(ii) AKFED loans have no fixed maturity, however they are not payable within 12 months of the reporting date. During 2021, AKFED loans amounting to $14.5 million were novated from the subsidiary, Tourism Promotion Services (Kenya) Limited, to the Company and the resulting inter-company debt being converted to equity within the subsidiary (Note 23).

(iii) During the year, AKFED loans amounting to $14.5 million were converted to equity within the company (Note 14).

Borrowings in respective currencies were as follows:

	Group	
Currency	**2022 Shs'000**	**2021 Shs'000**
US Dollars	3,807,443	5,591,139
Kenya Shillings	524,453	603,353
Total borrowings	4,331,896	6,194,492

17. Lease liability

Opening balance	274,434	413,287
Addition	109,853	17,868
Interest charge	50,505	(9,173)
Lease payments during the year	(37,915)	(147,264)
Translation difference	448	(284)
	397,325	274,434
The lease liability is classified as follows:		
Non-current lease liability	292,178	243,917
Current lease liability	105,147	30,517
	397,325	274,434

18. Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30% (2021: 30%). The movement on the deferred income tax account is as follows:

	Group	
	2022	2021 Restated
Deferred income tax asset	Shs'000	Shs'000
At start of year	(11,188)	(8,991)
Charge to profit or loss (Note 11)	329	(2,440)
Charge to OCI	(44)	243
At end of year	(10,903)	(11,188)
Deferred income tax liability		
At start of year	1,313,855	1,420,025
Charge to profit or loss (Note 11)	197,399	(97,941)
Charge to OCI	17,518	(8,229)
At end of year	1,528,772	1,313,855

Deferred income tax asset

Deferred tax liabilities	1.1.2022 Shs'000	Charge/(credit) to profit or loss Shs'000	Charge/(credit) to OCI Shs'000	31.12.2022 Shs'000
Property, plant & equipment				
- on historical cost	107,094	46	-	107,140
	107,094	46	-	107,140
Deferred tax assets				
Other temporary differences	(118,282)	283	(44)	(118,043)
	(118,282)	283	(44)	(118,043
Net deferred tax asset	(11,188)	329	(44)	(10,903)

18. Deferred income tax (continued)

Deferred income tax liabilities	1.1.2022 Restated Shs'000	Charge/(credit) to profit or loss Shs'000	Charge/(credit) to OCI Shs'000	31.12.2022 Shs'000
Property, plant & equipment				
- on historical cost	1,443,091	(12,140)	21,082	1,452,033
- on revaluation surpluses	1,105,883	(22,817)	-	1,083,066
Other temporary differences	315,890	(98,949)	-	216,941
	2,864,864	(133,906)	21,082	2,752,040
Deferred tax assets				
Provisions	(74,907)	37,836	-	(37,071)
Tax losses carried forward	(1,473,285)	293,469	-	(1,179,816)
Exchange rate variance	(2,817)	-	(3,564)	(6,381)
	(1,551,009)	331,305	(3,564)	(1,223,268)
Net deferred tax liability	1,313,855	197,399	17,518	1,528,772

Deferred income tax asset

Deferred tax liabilities	1.1.2021 Shs'000	Charge/(credit) to profit or loss Shs'000	Charge/(credit) to OCI Shs'000	31.12.2021 Shs'000
Property, plant & equipment				
- on historical cost	107,256	(162)	-	107,094
	107,256	(162)	-	107,094
Deferred tax assets				
Other temporary differences	(116,247)	(2,278)	243	(118,282)
	(116,247)	(2,278)	243	(118,282)
Net deferred tax asset	(8,991)	(2,440)	243	(11,188)

18. Deferred income tax (continued)

Deferred income tax liabilities	1.1.2021 Restated Shs'000	Charge/(credit) to profit or loss Shs'000	Charged/ (credit) to OCI Shs'000	31.12.2021 Shs'000
Property, plant & equipment				
- on historical cost	1,484,709	(41,618)	-	1,443,091
- on revaluation surpluses	1,144,164	(38,281)	-	1,105,883
Other temporary differences	274,037	41,853	-	315,890
	2,902,910	(38,046)	-	2,864,864
Deferred tax assets				
Provisions	(58,972)	(15,935)	-	(74,907)
Tax losses carried forward	(1,340,963)	(132,322)	-	(1,473,285)
Exchange rate variance	(82,950)	88,362	(8,229)	(2,817)
	(1,482,885)	(59,895)	(8,229)	(1,551,009)
Net deferred tax liability	1,420,025	(97,941)	(8,229)	1,313,855

19. Retirement benefit obligations

For unionised employees in two subsidiaries, the Group has an unfunded obligation to pay terminal gratuities under its Collective Bargaining Agreement with the union. Employees who resign after serving for periods of between five years and ten years, receive eighteen days' salary and house allowance for each completed year of service at the rate of pay applicable at the date of resigning. Employees who resign after serving for more than ten years receive twenty-four days' salary and house allowance for each completed year of service. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Provision for employees' entitlement to gratuity is based on the number of years worked by individual employees up to the reporting date. The movement during the year is as follows:

	Group	
	2022 Shs'000	2021 Shs'000
At start of year	39,767	44,158
Additional provision (Note 8)	36,289	1,912
Actuarial losses	17,711	-
Benefits paid / (transferred) to pension scheme	460	(6,303)
At end of year	94,227	39,767

The scheme was last valued by an independent actuary as at 31 December 2022. The significant actuarial assumptions were as follows

- discount rate	11.0%	-
- future salary increases	6.0%	-
- withdrawal rate	4.0%	
- retirement age	60 years	

Notes to Financial Statements (continued)

19. Retirement benefit obligations (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is not significant for 2022 (2021: not significant).

Under IAS 19 revised, actuarial gains and losses are recognised in the other comprehensive income. Consistent with prior year, actuarial losses are charged to income statement on the basis of materiality. The charge to profit or loss is made up of interest charge and current service cost.

Assumptions regarding future mortality experience are set based on actuarial advice, published statistics and experience in the industry. The Directors do not anticipate variation of the assumptions to impact the obligations significantly.

In the opinion of the Directors, the provision for gratuity entitlement for employees fairly reflects the Group's future obligation under the terms of the Collective Bargaining Agreement. The scheme has no dedicated assets.

A marginal increase or reduction in the actuarial assumptions does not result in a material change in the liability and the Group adopted the most conservative resultant liability.

20. Property and equipment - Group

At 1 January 2021	Land & buildings Shs'000	Furniture, Fittings & equipment Shs'000	Vehicles Shs'000	Operating equipment Shs'000	Capital work in progress Shs'000	Total Shs'000
At cost/valuation	16,458,158	4,451,215	357,562	287,246	110,023	21,664,204
Transfer of restated assets (Note 20b)	-	119,382	-	(119,382)	-	-
Restated cost/ valuation	16,458,158	4,570,597	357,562	167,864	110,023	21,664,204
Accumulated depreciation	(3,641,304)	(2,980,015)	(325,708)	-	-	(6,947,027)
Depreciation on restatement (Note 20b)	-	(61,404)	-	-	-	(61,404)
Restated accumulated depreciation	(3,641,304)	(3,041,419)	(325,708)	-	-	(7,008,431)
Translation differences	(1,083,812)	(116,645)	(27,313)	-	(58,124)	(1,285,894)
Net book amount as reported	11,733,042	1,412,533	4,541	167,864	51,899	13,369,879
Restatement of depreciation	-	(61,404)	-	-	-	(61,404)
Restated net book amount	11,733,042	1,351,129	4,541	167,864	51,899	13,308,475
Year ended 31 December 2021						
Opening net book amount	11,733,042	1,351,129	4,541	167,864	51,899	13,308,475
Additions	30,606	19,779	316	8,247	4,145	63,093
Disposals	(49,865)	(59,817)	(2,677)	-	(3,768)	(116,127)
Transfers	(78,209)	87,073	(15)	-	(8,849)	-
Depreciation charge	(274,369)	(312,208)	(34)	-	-	(586,611)
Depreciation on disposal	1,631	14,266	2,677	-	-	18,574
Translation differences	238,487	15,720	2	-	900	255,109
Closing net book amount - as restated	11,601,323	1,115,942	4,810	176,111	44,327	12,942,513

Notes to Financial Statements (continued)

20. Property and equipment - Group (continued)

At 31 December 2021	Land & buildings Shs'000	Furniture, Fittings & equipment Shs'000	Vehicles Shs'000	Operating equipment Shs'000	Capital work in progress Shs'000	Total Shs'000
At cost	16,360,690	4,617,632	355,186	176,111	101,551	21,611,170
Accumulated depreciation	(3,914,042)	(3,400,765)	(323,065)	-	-	(7,637,872)
Translation differences	(845,325)	(100,925)	(27,311)	-	(57,224)	(1,030,785)
Net book amount	11,601,323	1,115,942	4,810	176,111	44,327	12,942,513
At 1 January 2022						
At cost/valuation	16,360,690	4,617,632	355,186	176,111	101,551	21,611,170
Accumulated depreciation	(3,914,042)	(3,400,765)	(323,065)	-	-	(7,637,872)
Translation differences	(845,325)	(100,925)	(27,311)	-	(57,224)	(1,030,785)
Net book amount as restated	11,601,323	1,115,942	4,810	176,111	44,327	12,942,513
Year ended 31 December 2022						
Opening net book amount	11,601,323	1,115,942	4,810	176,111	44,327	12,942,513
Additions	46,094	145,453	5,835	7,081	75,769	280,232
Disposals	393	(110,036)	(1,819)	(6,585)	-	(118,047)
Transfers	1,662	22,402	-	-	(24,064)	-
Reclassification	95,161	(144,766)	(4,622)	(35,291)	1	(89,517)
Depreciation charge	(279,372)	(292,884)	(1,902)	-	-	(574,158)
Depreciation on disposal	(17)	107,873	6,584	-	-	114,440
Revaluation	-	-	-	(1,048)	-	(1,048)
Translation differences	65,342	43,076	32,964	-	258	141,640
Closing net book amount	11,530,586	887,060	41,850	140,268	96,291	12,696,055
At 31 December 2022						
At cost	16,504,000	4,530,685	354,580	140,268	153,257	21,682,790
Accumulated depreciation	(4,193,431)	(3,585,776)	(318,383)	-	-	(8,097,590)
Translation differences	(779,983)	(57,849)	5,653	-	(56,966)	(889,145)
Net book amount	11,530,586	887,060	41,850	140,268	96,291	12,696,055

20. Property and equipment – Group (continued)

In the opinion of the directors, there is no impairment of Property and Equipment.

Land and Buildings for Tourism Promotion Services (Kenya) Limited, JAJA Limited, TPS (OP) Limited and TPS (Uganda) Limited were all revalued on 31 December 2020 by independent professional valuer C.P. Robertson-Dunn; whilst that for Tourism Promotion Services (Tanzania) Limited and Tourism Promotion Services (Zanzibar) Limited were revalued by H & R Consultancy Limited in Tanzania.

Revaluations of properties were made on the basis of earnings for existing use. The assumptions applied were as follows:

	Zanzibar	Tanzania	Uganda	Kenya
Discount rate	15%	15%	15%	14%
Long term growth rate	6%	6%	6%	6%
EBITDA margin	24%	25%	30%	18%

The resultant revaluation loss net of deferred income tax of Shs 47 million was recognised in the revaluation reserve through other comprehensive income.

As at 31 December 2022, if the discount rate had increased by 1% with all other variables held constant, the valuation would have been lower by Shs 759,026,000.

As at 31 December 2022, if the discount rate had decreased 1% with all other variables held constant, the valuation would have been higher by Shs 1,028,761,000.

As at 31 December 2022, if the gross margin rate had decreased / increased by 1% with all other variables held constant, the valuation would have been higher / lower by Shs 60,982,000.

As at 31 December 2022, if the growth rate had decreased / increased by 1% with all other variables held constant, the valuation would have been higher / lower by Shs 293,515,000.

Management has assessed the recoverable amount by calculating the value in use using a discounted cash flow model (DCF) and the fair value of the land and buildings are not materially different since the last valuation.

Capital work in progress is mainly in relation to capital projects being undertaken with respect to properties in Kenya, Uganda and Tanzania.

If the buildings, freehold and leasehold land were stated on the historical cost basis (adjusted for translation differences), the amounts would be as follows:

	Group	
	2022 Shs'000	2021 Shs'000
Cost	11,241,618	11,098,303
Accumulated depreciation	(2,869,581)	(2,590,191)
Net book amount	8,372,037	8,508,112

20(b). Restatement of depreciation

The comparative figures in the financial statements have been restated to correct an understatement of accumulated depreciation arising from incorrect classification of certain items of furniture and fittings. The impact of this restatement is as follows;:

Statement of Financial Position (extract)

Statement of Financial Position (extract)	31 December 2020 Shs'000	Increase/ (Decrease) Shs'000	31 December 2020 (Restated) Shs'000	31 December 2021 Shs'000	Increase/ (Decrease) Shs'000	31 December 2021 (Restated) Shs'000
Property and equipment	13,369,879	(61,404)	13,308,475	13,012,786	(70,273)	12,942,513
Deferred Income Tax Liability	(1,438,446)	18,421	(1,420,025)	(1,334,937)	21,082	(1,313,855)
Net Assets	11,931,433	(42,983)	11,888,450	11,677,849	(49,191)	11,628,658
Retained Earnings	1,498,982	(42,983)	1,455,999	897,951	(49,191)	848,760
Total Equity	8,261,318	(42,983)	8,218,335	7,697,086	(49,191)	7,647,895

Statement of profit or loss and other comprehensive income extract

	2021 Shs'000	Profit Increase/ Decrease Shs'000	2021 Restated Shs'000
Depreciation on land, buildings, property and equipment	(577,742)	(8,869)	(586,611)
Loss before income tax	(703,987)	(8,869)	(712,856)
Income tax credit	71,046	2,661	73,707
Loss for the year	(632,941)	(6,208)	(639,149)
Total comprehensive loss for the year	(564,227)	(6,208)	(570,435)
Earnings per share	3.40	0.03	3.43

21. Intangible assets - Goodwill

Intangible assets comprise of goodwill arising from acquisitions over the years. The allocation of goodwill by cash generating unit is as follows:

	Kenya Shs'000	Tanzania Shs'000	Zanzibar Shs'000	Uganda Shs'000	Total Shs'000
At start of year	324,643	576,345	104,671	266,293	1,271,952
At end of year	324,643	576,345	104,671	266,293	1,271,952

The directors monitor goodwill impairment at the segment level, being the cash generating unit (CGU). The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial projections approved by the management covering a five-year period. The Managing Director considers the business from a geographic perspective. Geographically, management considers the performance in Kenya, Uganda and Tanzania.

Notes to Financial Statements (continued)

21. Intangible assets – Goodwill (continued)

Management has made the following assumptions in assessing for goodwill impairment:

2022	Tanzania	Zanzibar	Uganda	Kenya
Budgeted average EBITDA margin (%)	24%	25%	30%	18%
Long term growth rate (%)	6%	6%	6%	6%
Pre-tax discount rate (%)	15%	15%	15%	14%
Annual capital expenditure as a % of revenue	4%	4%	4%	4%
2021				
Budgeted average EBITDA margin (%)	10%	16%	22%	21%
Long term growth rate (%)	6%	6%	6%	6%
Pre-tax discount rate (%)	15%	15%	15%	14%
Annual capital expenditure as a % of revenue	4%	4%	4%	4%

These assumptions have been used for the analysis of each operating unit within the business segment. Management determined budgeted EBITDA margin based on past performance and its expectations for the market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments

Management has determined the values assigned to each of the key assumptions used as follows:

Assumption	Approach used to determine values:
1. EBITDA growth as determined by : i) Room occupancy rates	Average room occupancy rate over the five-year forecast period; based on past performance and management expectations of market development.
ii) Room rates	Average annual growth rate over the five-year forecast period; based on current industry trends and including long term country inflation forecast.
iii) Projected average gross margins	Based on past performance and management expectations of the future.
2. Annual capital expenditure as a % of revenue	Expected cash costs in the CGUs. This is based on the historical experience of management, the planned refurbishment, or sustaining expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.
3. Long term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the forecast period. The rate is based on long term growth rate forecasts for the industry and Country.
4. Pre-tax discount rate	Based on specific risks relating to the industry and country. Factors considered for the industry include regulatory environment, market competition, and barriers to entry.

The Directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the CGU's to exceed its recoverable amount.

Tourism Promotion Services (Kenya) Limited goodwill

Based on the above assumptions, the recoverable value exceeded the carrying net asset amount (including the goodwill) of the CGU at 31 December 2022 by Shs 8.2 billion.

21. Intangible assets – Goodwill (continued)

Significant estimate: Impact of possible changes in key assumptions

If the budgeted EBITDA margin used in the value-in-use calculation had been 1% higher/ lower than the management estimates at 31 December 2022 with all other assumptions in the table above unchanged, the head room would have increased/ decreased by Shs 82 million.

The 1% change in forecast EBITDA margins represents a reasonably possible reduction in sales prices and/or increase in production and other costs over the 5 year forecast period.

If the pre-tax discount rate applied to the cash flow projection of the CGU had been 1% higher than management estimates and all other assumptions in the table above unchanged, the headroom would have decreased by Shs 1.05 billion.

If the pre-tax discount rate applied to the cash flow projection of the CGU had been 1% lower than management estimates and all other assumptions unchanged, the headroom would have increased by Shs 1.3 billion.

TPS (Uganda) Limited goodwill

Based on the above assumptions, the recoverable value exceeded the carrying net asset amount (including the goodwill) of the CGU at 31 December 2022 by Shs 3.2 billion

Significant estimate: Impact of possible changes in key assumptions

If the budgeted EBITDA margin used in the value-in-use calculation had been 1% higher/ lower than the management estimates at 31 December 2022 with all other assumptions in the table above unchanged, the head room would have increased/ decreased by Shs 32 million.

The 1% change in forecast EBITDA margins represents a reasonably possible reduction in sales prices and/or increase in production and other costs over the 5 year forecast period.

If the pre-tax discount rate applied to the cash flow projection of the CGU had been 1% higher than management estimates and all other assumptions in the table above unchanged, the headroom would have decreased by Shs 561 million.

If the pre-tax discount rate applied to the cash flow projection of the CGU had been 1% lower than management estimates and all other assumptions unchanged, the headroom would have increased by Shs 701 million.

Tourism Promotion Services (Tanzania) Limited goodwill

Based on the above assumptions, the recoverable value exceeded the carrying net asset amount (including the goodwill) of the CGU at 31 December 2022 by Shs 3 billion.

Significant estimate: Impact of possible changes in key assumptions

If the budgeted EBITDA margin used in the value-in-use calculation had been 1% higher/ lower than the management estimates at 31 December 2022 with all other assumptions in the table above unchanged, the head room would have increased/ decreased by Shs 30 million.

The 1% change in forecast EBIDTA margins represents a reasonably possible reduction in sales prices and/or increase in production and other costs over the 5 year forecast period.

If the pre-tax discount rate applied to the cash flow projection of the CGU had been 1% higher than management estimates and all other assumptions in the table above unchanged, the headroom would have decreased by Shs 396 million.

If the pre-tax discount rate applied to the cash flow projection of the CGU had been 1% lower than management estimates and all other assumptions unchanged, the headroom would have increased by Shs 496 million.

Tourism Promotion Services (Zanzibar) Limited goodwill

Based on the above assumptions, the recoverable value exceeded the carrying net asset amount (including the goodwill) of the CGU at 31 December 2022 by Shs 412 million.

If the budgeted EBITDA margin used in the value-in-use calculation had been 1% higher/ lower than the management estimates at 31 December 2022 with all other assumptions in the table above unchanged, the headroom would have increased/ decreased by Shs 4 million.

The 1% change in forecast EBITDA margins represents a reasonably possible reduction in sales prices and/or increase in production and other costs over the 5 year forecast period.

If the pre-tax discount rate applied to the cash flow projection of the CGU had been 1% higher than management estimates and all other assumptions in the table above unchanged, the headroom would have decreased by Shs 80 million.

If the pre-tax discount rate applied to the cash flow projection of the CGU had been 1% lower than management estimates and all other assumptions unchanged, the headroom would have increased by Shs 101 million.

22. Right of use asset

Right of use assets relates to property leases which include office space, parks, land occupied by hotels and camps as relevant.

	Group	
	2022 Shs'000	2021 Shs'000
Opening balance	318,271	345,293
Addition	109,833	17,768
Depreciation	(40,102)	(44,531)
Translation difference	(571)	(259)
	387,431	318,271

23. Investment in subsidiaries (at cost)

The Company's interest in its subsidiaries (Tourism Promotion Services (Kenya) Limited – TPS(K), Tourism Promotion Services (Tanzania) Limited – TPS(T), Tourism Promotion Services (Zanzibar) Limited – TPS(Z), Tourism Promotion Services (Mangapwani) Limited – TPS(Mgp), Tourism Promotion Services (South Africa)(Pty) Limited – TPS(SA), Tourism Promotion Services (Management) Limited – TPS(M) and TPS (Uganda) Limited – TPS(U)), none of which is listed on a stock exchange and all of which have the same year end as the Company, were as follows:

	TPS(K) Shs'000	TPS(T) Shs'000	TPS(Z) Shs'000	TPS(Mgp) Shs'000	TPS(SA) Shs'000	TPS(M) Shs'000	TPS(U) Shs'000	Total Shs'000
At 1 January 2020 and 31 December 2020	828,621	1,487,783	437,423	-	1	-	1,432,174	4,186,002
Investment during the year	1,563,824	-	-	-	-	-	-	1,563,824
At 31 December 2021	2,392,445	1,487,783	437,423	-	1	-	1,432,174	5,749,826
At 1 January 2022 and 31 December 2022	2,392,445	1,487,783	437,423	-	1	-	1,432,174	5,749,826
Country of Incorporation	Kenya	Tanzania	Tanzania	Tanzania	South Africa	Kenya	Uganda	
% interest held – 2021 and 2022	100.00%	100.00%	100.00%	100.00%	100.00%	75.00%	65.19%	

In 2021, advances totalling $14.5 Million received from AKFED by Tourism Promotion Services (Kenya) Limited in consequence of financial support for the Nairobi Serena Hotel refurbishment and subsequent COVID-19 pandemic, were all converted to equity.

Interests in subsidiaries are tested for impairment when there is an indicator of impairment by comparing the carrying value of the cash generating unit to the recoverable value of that cash generating unit. Recoverable amount for investment in subsidiaries is calculated on a consistent basis with that used for impairment testing of goodwill, as set out in Note 21.

Other indirect subsidiaries include JAJA Limited, which owns Lake Elementaita Serena Camp, and TPS (OP) Limited which owns Sweetwaters Tented Camp both of which are 100% subsidiaries of TPS(K); and Upekee Lodges Limited (100% subsidiary of TPS(T)) which is dormant.

In the opinion of the directors, there has been no impairment of any of the investments during the year under review.

23. Investment in subsidiaries (at cost) (continued)

Subsidiaries with significant non-controlling interest

The key financial data as at year end for TPS (Uganda) Limited incorporated in Uganda, is summarised below:

	% interest held	Non-current assets Shs'000	Current assets Shs'000	Total assets Shs'000	Non-current liabilities Shs'000	Current liabilities Shs'000	Total liabilities Shs'000	Revenues Shs'000	Profit/ (loss) Shs'000
2022									
TPS (Uganda) Limited	65	2,292,640	781,256	3,073,896	587,895	488,364	1,076,259	1,513,353	120,964
2021									
TPS (Uganda) Limited	65	2,514,843	612,648	2,996,341	669,102	434,914	1,104,016	749,644	(40,997)

Cash flows

	2022 Shs'000	2021 Shs'000
Cash flows from operating activities	285,314	133,639
Cash flows from investing activities	(30,232)	(9,343)
Cash flows from financing activities	(80,104)	-
Net increase / (decrease) in cash and cash equivalents	174,978	124,296

24. Investment in associates

	Group	
	2022 Shs'000	2021 Shs'000
At start of the year	785,605	826,830
Share of associate results before tax	37,346	(48,830)
Share of tax	(3,833)	7,605
Net share of results after tax	33,513	(41,225)
At end of year	819,118	785,605

	Company	
	2022 Shs'000	2021 Shs'000
At start and end of year	840,330	840,330

Notes to Financial Statements (continued)

24. Investment in associates (continued)

The Company holds 25.1% interest in TPS (D) Limited, a Kenyan domiciled entity which was established as the holding company to acquire the Movenpick Hotel (subsequently Dar es Salaam Serena Hotel) in Dar es Salaam, Tanzania. TPS (D) Limited owns 100% of an off- shore company, TPS (Cayman) Limited (previously Kingdom 5-KR-90 Limited), which owns the Tanzanian operating company, Tanruss Investment Limited the owner of Dar es Salaam Serena Hotel. Other shareholders in TPS (D) Limited include: The Aga Khan Fund for Economic Development, S.A and PDM Holdings Limited.

Other associates are Mountain Lodges Limited and Tourism Promotion Services (Rwanda) Limited.

The key financial data as at year end of Mountain Lodges Limited (incorporated in Kenya), Tourism Promotion Services (Rwanda) Limited (incorporated in Rwanda) and TPS (D) Limited (incorporated in Kenya) is as follows:

	% interest held	Current Assets Shs'000	Non-current Assets Shs'000	Current Liabilities Shs'000	Non-current Liabilities Shs'000	Revenues Shs'000	Profit/ (loss) Shs'000	Other comprehensive income Shs'000
2022								
TPS (Rwanda) Limited	20.15	409,265	1,030,686	295,011	312,343	1,483,476	230,353	-
TPS (D) Limited	25.10	158,489	3,900,752	775,073	506,877	1,110,089	(51,406)	-
Mountain Lodges Limited*	29.90	5,195	101,272	165,502	42,464	-	-	-
		572,949	5,032,710	1,235,586	861,684	2,593,565	178,947	-
2021								
TPS (Rwanda) Limited	20.15	210,498	1,024,045	278,993	353,304	624,832	(115,653)	-
TPS (D) Limited	25.10	237,077	3,699,157	846,582	488,681	665,653	(71,399)	(58,348)
Mountain Lodges Limited*	29.90	5,195	101,272	165,502	42,464	-	-	-
		452,770	4,824,474	1,291,077	884,449	1,290,485	(187,052)	(58,348)

*Mountain Lodges Limited has not traded since 2020 due to Covid-19.

25. Inventories

	Group		Company	
	2022 Shs'000	2021 Shs'000	2022 Shs'000	2021 Shs'000
Food, beverage and consumables	280,071	209,406	-	-
Other stock	196,942	202,559	-	-
	477,013	411,965	-	-

Inventory is stated at cost. The cost of inventories recognised as an expense and included in 'inventory expensed' amounted to Shs 563,330,000 (2021: Shs 363,245,000).

26. Receivables and prepayments

	Group		Company	
	2022 Shs'000	2021 Shs'000	2022 Shs'000	2021 Shs'000
Trade receivables – third parties	721,945	608,309	-	-
Less: Loss allowance	(47,388)	(108,737)	-	-
Trade receivables – other related companies (Note 31)	7,078	2,403	-	-
Net trade receivables	681,635	501,975	-	-
Prepayments	85,213	62,560	-	-
Advances to related companies (Note 31)	658,439	629,671	412,625	435,862
Less: Loss allowance of related party debts	(274,172)	(130,928)	(87,869)	(80,041)
Other receivables	11,859	30,676	4,175	4,175
	1,162,974	1,093,954	328,931	359,996

Movements on the provision for impairment of trade and other receivables are as follows:

	Group		Company	
	2022 Shs'000	2021 Shs'000	2022 Shs'000	2021 Shs'000
At start of year	239,664	202,627	80,041	63,004
Loss allowance in the year	162,520	37,037	7,828	17,037
Receivables written off during the year	(80,624)	-	-	-
At end of year	321,560	239,664	87,869	80,041

In the opinion of the Directors, the carrying amounts of the receivables and prepayments approximate to their fair value.

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

	Group		Company	
	2022 Shs'000	2021 Shs'000	2022 Shs'000	2021 Shs'000
US Dollar	282,643	186,415	-	-
Euro	1,222	1,222	-	-
Sterling Pound	256	256	-	-
Kenya Shillings	236,434	400,443	328,931	359,996
Tanzania Shillings	337,923	285,670	-	-
Uganda Shillings	304,496	219,948	-	-
	1,162,974	1,093,954	328,931	359,996

27. Cash and cash equivalents

	Group		Company	
	2022 Shs'000	2021 Shs'000	2022 Shs'000	2021 Shs'000
Cash at bank and in hand	660,846	310,805	-	188

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

Cash and bank balances as above	660,846	310,805	-	188
Bank overdrafts (Note 16)	(85,553)	(217,571)	(216)	-
	575,293	93,234	(216)	188

28. Payables and accrued expenses

Trade payables	719,553	801,220	-	-
Trade payables – related companies (Note 31)	8,311	8,277	-	-
Advances from related companies (Note 31)	17,255	32,089	-	-
Accrued expenses and other payables	968,084	1,043,062	1,306	55,303
	1,713,203	1,884,648	1,306	55,303

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

Notes to Financial Statements (continued)

29. Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations:

	Group	
	2022 Shs'000	2021 Restated Shs'000
Profit/ (loss) before income tax	677,885	(712,856)
Adjustments for:		
Interest expense (Note 10)	237,030	296,802
Interest income (Note 10)	(13,033)	(4,346)
Interest on lease liability (Note 10)	50,505	(9,173)
Depreciation (Note 20)	574,158	586,611
Depreciation on right of use asset (Note 22)	40,102	44,531
Loss on sale of property, plant and equipment	933	62,088
Property write-off (Note 20)	89,517	-
Unrealised foreign exchange loss	312,148	-
Share of (loss)/ profit from associates (Note 24)	(33,513)	41,225
Changes in working capital		
- receivables and prepayments	(69,020)	(289,112)
- inventories	(65,048)	23,662
- payables and accrued expenses	(171,445)	173,447
- retirement benefit obligation	54,460	(5,835)
Cash generated from operations	1,684,679	207,044

30. Non-controlling interest

	Group	
	2022 Shs'000	2021 Shs'000
At start of the year	739,219	753,490
Share of loss for the year	42,108	(14,271)
At end of year	781,327	739,219

TPS (Uganda) Limited's 34.8% shareholding is held by NSSF Uganda (13.99%) and the Aga Khan Fund for Economic Development, SA (20.81%).

31. Related party transactions

The group is controlled by Aga Khan Fund for Economic Development SA, incorporated in Switzerland. There are various other companies which are related to the Group through common shareholdings, common directorships or through management contracts.

The following transactions were carried out with related parties:

	Group	
i) Sale of goods and services to:	2022 Shs'000	2021 Shs'000
Diamond Trust Bank Kenya Limited	3,629	-
The Jubilee Insurance Company of Kenya Limited	1,468	-
Tourism Promotion Services (Rwanda) Limited	34,666	22,231
Hoteis Polana, S.A.	28,198	18,598
Industrial Promotion Services (Kenya) Limited	59	-
Tanruss Investment Limited	84,780	50,384
African Broadcasting (Uganda) Limited	24,350	-
Monitor Publication Limited	2,113	-
Pearl Development Group Limited	-	7,547
Goma Serena Hotel	37,526	39,195
	216,789	137,955

	2022 Shs'000	2021 Shs'000
ii) Purchase of goods and services from:		
Farmer's Choice Limited	75,749	48,043
Diamond Trust Bank Tanzania Limited	1,266	1,180
Nation Media Group	434	173
The Jubilee Insurance Company Tanzania Limited	4,178	3,908
Monitor Publication Limited	274	-
	130,135	53,304

iii) Key management compensation		
Salaries and other short term employment benefits	167,544	95,718

iv) Directors' remuneration		
Fees for services as a non-executive director	-	-
Emoluments to executive directors (included in key management compensation above)	56,150	31,811
Total remuneration of directors of the Company and Group	56,150	31,811

31. Related party transactions (continued)

v) Outstanding balances arising from sale and purchase of goods/ services from related parties

The trade receivables arise mainly from trading, are unsecured and bear no interest. Other receivables relate to management fees payable to the Group Companies. Other receivables are unsecured and bear no interest.

Trade receivables from related parties	2022 Shs'000	2021 Shs'000
Aga Khan Education Services (Uganda)	120	24
The Jubilee Insurance Company Limited	1,321	-
Aga Khan Foundation	1,130	309
Aga Khan University Hospital (Kenya & Uganda)	2,986	1,626
Diamond Trust Bank Kenya Limited	205	-
Industrial Promotion Services (Kenya) Limited	628	3
Nation Media Group	688	441
	7,078	2,403

	Group	
Other receivables from related parties	2022 Shs'000	2021 Shs'000
Hoteis Polana, S.A.	142,444	190,963
Mountain Lodges Limited	98,866	96,933
Pearl Development Group Limited	17,219	28,788
Tanruss Investment Limited	385,852	284,513
Tourism Promotion Services (Rwanda) Limited	6,356	1,671
TPS (Cayman) Limited	2,547	2,309
TPS (D) Limited	941	942
Goma Serena Hotel	4,214	23,552
	658,439	629,671
Trade and other receivables from related parties	665,517	632,074
Less: Loss allowance of related party debts	(282,197)	(130,928)
Net trade and other receivables from related parties	383,320	501,146

Expected credit losses on trade and other receivables from related parties are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

31. Related party transactions (continued)

v) Outstanding balances arising from sale and purchase of goods/services from related parties (continued)

	Company	
Other receivables from related parties	**2022 Shs'000**	**2021 Shs'000**
Tourism Promotion Services (Kenya) Limited	335,612	358,849
Tourism Promotion Services (Tanzania) Limited	57,446	57,446
Tanruss Investment Limited	19,567	19,567
Other receivables from related parties	412,625	435,862
Less: Loss allowance of related party debts	(87,869)	(80,041)
Net other receivables from related parties	324,756	355,821

	Group	
Trade payables to related parties	**2022 Shs'000**	**2021 Shs'000**
Farmer's Choice Limited	8,296	8,171
Nation Media Group	15	46
Diamond Trust Bank Kenya Limited	-	4
The Jubilee Insurance Company Limited	-	56
	8,311	8,277
Other payables to related parties		
Hoteis Polana, S.A.	868	9,705
Goma Serena Hotel	3,076	1,253
Pearl Development Group Limited	3,919	5,766
Tanruss Investment Limited	3,930	13,936
Tourism Promotion Services (Rwanda) Limited	4,923	1,429
TPS (D) Limited	539	-
	17,255	32,089
	25,566	40,366

31. Related party transactions (continued)

vi) Guarantees

TPS Eastern Africa PLC has provided corporate guarantees to the lenders of Tanruss Investment Limited (TIL), Tourism Promotion Services (Kenya) Limited (TPS K) and TPS (Uganda) Limited (TPS U). The table below summarises the corporate guarantees as at 31 December 2022:

Company	Facility	Initial Recognition Shs '000	Carrying Value Shs '000
TPS K	ABSA Loan	970,000	524,238
TPS K	ABSA OD	300,000	300,000
TPS K	EQUITY OD	100,000	100,000
TPS K	PROPARCO	2,493,514	2,309,142
TIL	ABSA Loan	169,725	55,910
TIL	ABSA OD	90,520	90,520
TPS U	PROPARCO	997,406	402,179

vii) Loans from related party

The Group has long term borrowing from the following related parties:

(i) Societe De Promotion Et De Participation Pour La Cooperation Economique (PROPARCO) of Shs 2,711,321,000 (2021; Shs 2,949,634,000) as disclosed at Note 16.

(ii) Aga Khan Fund for Economic Development, SA (AKFED) of Shs 929,813,000 (2021; Shs 2,306,143,000) as disclosed at Note 16.

32. Contingent liabilities

The subsidiaries in Kenya, Uganda and Tanzania are in various legal actions and claims made by third parties. In the opinion of the directors, after taking appropriate legal and other advice, no material liabilities are expected to crystallise from these claims. Consequently, no provision has been set against such claims in the books of accounts.

There are some open tax issues with tax authorities and local authorities in respect of some subsidiaries and an associate. In the view of directors there are no additional liabilities likely to arise from these matters. Consequently, no provision has been set against such matters in the books of accounts.

Notes

Notes

Proxy

TPS EASTERN AFRICA PLC

I/We ____________________

being a member/members of the above named Company, hereby appoint ____________________

of ____________________ and failing him, ____________________

of ____________________ as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday 27th June 2023 at 11:00 a.m. and at any adjournment thereof.

No. of shares held: ____________________ Account number: ____________________

Signed this ____________________ day of ____________________ 2023

Signature: ____________________

Signature: ____________________

NOTES:

1. If you so wish you may appoint the Chairman of the meeting as your proxy.
2. To be valid, this Form of Proxy MUST be returned to the Company's Share Registrars, Image Registrars, 5th floor, ABSA Towers, Loita Street, P.O. Box 9287-00100, GPO, Nairobi, Kenya, not later than 23rd June, 2023 at 11.00 a.m.
3. A person appointed as a proxy need not be a member of the Company.
4. In the case of a member being a limited liability Company/ Corporation, this Form of Proxy MUST be completed under its seal or under the hand of an officer or attorney duly authorized in writing.
5. In the case of joint holders, the signature of any one of them will suffice but the names of all joint holders should be stated.

Fomu ya Uwakilishi

Mimi/ sisi ____________________

Kama mwanachama/ wanachama wa kampuni iliyotajwa hapo juu, namteua/Twamteua ____________________

Kutoka ____________________ na akikosa kufika ____________________

Kutoka ____________________ kama wakala wangu/wetu kupiga kura kwangu/kwetu na kwa niaba yangu/ sisi wakati wa mkutano wa pamoja wa mwaka wa kampuni utakaofanyika Juni 27 2023 kuanzia saa tano au kuahirishwa kwake.

Idadi ya hisa zinazomilikiwa ____________________ nambari ya akaunti

Imetiwa sahihi ____________________ Tarehe ____________________ 2023

Sahihi ____________________

Sahihi ____________________

MUHIMU

1) Kwa hiari yako unaweza kumteua Mwenyekiti wa Mkutano kuwa wakala wako
2) Ili kuwa halali, fomu hii ya uwakilishi LAZIMA irudishwe kwa msajili wa hisa za kampuni, Image Registrars, orofa ya tano Jumba la ABSA Towers, barabara ya Loita Street SLP 9287-00100, GPO, Nairobi, Kenya kabla ya Juni 23 2023 saa tano asubuhi.
3) Si lazima kwa mtu aliyeteuliwa kama wakala kuwa mwanachama wa kampuni
4) Endapo mwanachama atakuwa kampuni/shirika, fomu hii ya uwakilishi LAZIMA ijazwe na kupigwa mhuri wake rasmi na afisa au kutiwa sahihi na wakili aliyeruhusiwa kwa njia ya kuandika.
5) Endapo umiliki utakuwa wa pamoja, sahihi ya mmoja wao itatosha lakini majina ya wamiliki wote yaonyeshwe.

SERENA HOTELS
SAFARI LODGES AND CAMPS
HOTELS • RESORTS

FOLD 1 / KUNJA 1

Please afix
Stamp
here

Bandika
Stampu Hapa

IMAGE REGISTRARS

5th Floor (Orofa ya Tano), ABSA Towers,
Loita Street (Barabara ya Loita)
P.O. Box (S.L.P.) 9287-00100 GPO
Nairobi, Kenya

FOLD 2 / KUNJA 2

SERENA HOTELS
SAFARI LODGES AND CAMPS
HOTELS • RESORTS