PAMODZI HOTELS PLC

REPORT AND FINANCIAL STATEMENTS
for the year ended 31 March 2017

PAMODZI HOTELS PLC
(Incorporated in Zambia)

REPORT AND FINANCIAL STATEMENTS
for the year ended 31 March 2017

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PAMODZI HOTELS PLC

CORPORATE INFORMATION

BOARD OF DIRECTORS

L. Kalala
R. C. Fundanga (Mrs)
B. Sabawala (Resigned on 5 December 2016)
S. Pandya
S. Gupta (Resigned on 16 June 2016)
R. M. Ramakers (Appointed on 6 February 2017)

COMPANY SECRETARY

Lewis Nathan Advocates
Independence Avenue
P.O. Box 37268
Lusaka

BANKERS

Indo Zambia Bank Limited
Lusaka Main Branch
Plot 6907, Cairo Road
P.O. Box 35411
Lusaka

Stanbic Bank Zambia Limited
Woodgate House
Cairo Road
P.O. Box 31955
Lusaka

Citibank Zambia Limited
Citi House
Cha Cha Cha Road, Southend
P.O. Box 30037
Lusaka

Barclays Bank Zambia Plc
Elunda Park
Plot 4644, Corner of Tito Road and
Addis Ababa Drive
P/ Bag E308
Lusaka

Standard Chartered Bank Zambia Plc
Standard House, Cairo Road
P.O. Box 32238
Lusaka

Access Bank Zambia Limited
Northend Branch
Cairo Road
P.O. Box 35273
Lusaka

AUDITORS

Deloitte & Touche
Abacus Square
Plot 2374/B
Thabo Mbeki Road
P.O. Box 30030
Lusaka

CORPORATE INFORMATION

LEGAL ADVISORS

Mulenga Mundashi Kasonde & Company
Zimbabwe House
Plot 11054, Haile Selassie Avenue
P.O. Box 34972
Lusaka

REGISTERED OFFICE ADDRESS

Taj Pamodzi Hotel
Stand No. 11864
Church Road
P.O. Box 35450
Lusaka

PAMODZI HOTELS PLC

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31 March 2017.

PRINCIPAL ACTIVITY

The Company's principal activity is the provision of hospitality services to the public.

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

The address of the Company's registered office and principal place of business is:

Taj Pamodzi Hotel
Stand No. 11864
Church Road
P.O. Box 35450
Lusaka

FINANCIAL RESULTS AND DIVIDENDS

The profit after tax for the year amounted to **K7,087,942** (2016: K6,650,705). Dividends paid during the year was **K2,500,000** (2016: K1,950,000). The Board has recommended a dividend of K3,750,000 for the year ended 31 March 2017, subject to approval of the shareholders at the next annual general meeting.

DIRECTORS

The Directors who held office during the year were:

B. Sabawala (Resigned on 5 December 2016)
S. Pandya
S. Gupta (Resigned on 16 June 2016)
L. Kalala
R. C. Fundanga (Mrs)
R. M. Ramakers (Appointed on 6 February 2017)

PROPERTY AND EQUIPMENT

The principal changes to property and equipment related to the following additions:

	2017	2 016
	K	K
Furniture, fittings and equipment	**4 706 009**	3 577 713
Leasehold land and buildings	**549 254**	138 707
Capital work in progress	**349 073**	20 444
Motor vehicles	**-**	200 000
	5 604 336	3 936 864

SHARE CAPITAL

There were no changes to the authorised and issued share capital during the year.

EMPLOYEES

The average number of employees during each month of the year was as follows:

April	329
May	335
June	339
July	340
August	339
September	340

EMPLOYEES (CONTINUED)

October	350
November	358
December	352
January	366
February	368
March	359

The total expense in relation to employees' remuneration and staff benefits during the year was **K29,167,730** (2016: K25,656,892).

HEALTH AND SAFETY OF EMPLOYEES

The Directors are aware of their responsibilities regarding the health and safety of employees and have put appropriate measures in place to safeguard the health and safety of employees.

RESEARCH AND DEVELOPMENT

The Company did not carry out any research and development activities during the year.

EXPORTS

The Company did not export any services during the year.

CORPORATE SOCIAL RESPONSIBILITY

The Company has donated linens, pillows, crockery and cutleries, brooms mops etc. to Kafue George Hospital, Matero Home for the aged, Jacaranda School etc during the year. The Company has also upgraded the classroom of Aisha Community School.

CORPORATE GOVERNANCE

The Directors continue to be committed to high standards of corporate governance, which are fundamental to discharging their leadership responsibilities. The Board has a finance and audit committee which applies integrity, principles of good governance and accountability throughout its activities.

GOING CONCERN

The Directors believe that the Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Directors have satisfied themselves that the Company is in a sound financial position to meet the foreseeable cash requirements. The Directors are not aware of any new material changes that may adversely impact the Company. The Directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Company.

SUBSEQUENT TO REPORTING DATE

There were no material facts or circumstances that have occurred between the reporting date and the date of this report that require disclosure in or adjustment to the financial statements.

AUDITORS

Messrs Deloitte & Touche's term of office comes to an end at the next Annual General Meeting. In accordance with the Company's Articles of Association, Messrs Deloitte & Touche will retire as auditors of the Company at the conclusion of the forthcoming Annual General Meeting.

By order of the Board

R. M. RAMAKERS
DIRECTOR
DATE: 16 MAY 2017

PAMODZI HOTELS PLC

STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

Section 164(6) of the Companies Act, 1994 (as amended) requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the profit or loss for that period.

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The independent external auditors, Messrs Deloitte & Touche, have audited the annual financial statements and their report is shown on pages 6, 7, 8 and 9.

The Directors are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern in the foreseeable future.

In the opinion of the Directors:

- the statement of profit or loss and other comprehensive income is drawn up so as to give a true and fair view of the results of the Company for the financial year ended 31 March 2017;
- the statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2017;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due; and
- the financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1994 (as amended).

Signed on behalf of the Board by:

R. M.RAMAKERS	**L. KALALA**	**R. C FUNDANGA (MRS)**
DIRECTOR	**DIRECTOR**	**DIRECTOR**

Deloitte.

PO Box 30030
Lusaka
Zambia

Deloitte & Touche
Registered Auditors
Abacus Square
Plot No 2374/B
Thabo Mbeki Road
Lusaka
Zambia

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INDEPENDENT AUDITOR'S REPORT

To the members of
Pamodzi Hotels Plc

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Pamodzi Hotels Plc ("the Company") set out on pages 10 to 35, which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Pamodzi Hotels Plc as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act, 1994 (as amended).

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code), together with the ethical requirements that are relevant to our audit of financial statement in Zambia. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	How the matter was addressed in the audit
Occurrence of revenue recorded in the financial statements	
There is a presumed fraud risk with regards to revenue recognition as guided by International Standards on Auditing. This risk has been pinpointed to the occurrence of room revenue and food and beverages revenue for the Company. Management Fees are partly based on profitability of the Company, therefore there is a risk that revenue may be deliberately misstated as a result of management override motivated by pressure management may feel to achieve planned results. Room revenue is processed in the OPERA reservation system for each night's stay and then posted to the Boss accounting system by way of a journal entry. Room revenue is therefore recorded at midnight for each night stayed by the guest in the hotel. Testing of controls around the OPERA system to track the accuracy of point of service delivery required significant amount of time in the audit.	Our audit procedures include testing of design, existence and operating effectiveness of (automated) internal control procedures implemented as well as test of details to ensure accurate processing of revenue transactions and whether the revenue recorded had occurred. Our substantive procedures included but were not limited to the following: • Obtained an understanding of the appropriateness of management's revenue recognition policies for the relevant revenue streams. • We assessed the design and implementation and operating effectiveness of the controls surrounding revenue recognition for the relevant revenue streams. • Performed a reconciliation of revenue recorded in reservation system and general ledger to ensure completeness of recorded revenue.

Partners: C Chungu F Nchimunya AJ Tembo H Mulenga A Njovu

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in the audit
Occurrence of revenue recorded in the financial statements (Continued)	
Based on the IT dependency in processing of night room revenue and the potential effects of manipulating revenue to achieve planned results, we have concluded that the occurrence of revenue is a key audit matter that will be addressed in our audit.	• Performed various sales analytical reviews to assess the reasonableness of the sales amount for the year. • Scrutinising manual journals related to revenue to assess the timing and fair values of revenues recorded. • Inspected the bills and guest register cards signed by guests and proof payments to ensure the service was provided. We further reviewed the room rates to ensure correct rates were billed to correct rooms. For discounts given on rooms, we examined evidence of approval by relevant personnel. • We reviewed the date on signed guest register cards and bills to that of recording in the ledger and ensuring that delivery took place and was recorded in the appropriate period. We found the Company to have appropriately recognised revenue in accordance with its policies, and the revenue recorded, had occurred and pertained to the entity.
Valuation of allowance for doubtful debts	
The Company reflected K5.65 million (2016: K5.86 million) worth of trade receivables as at 31 March 2017 as disclosed in note 15 to the financial statements against which an allowance for doubtful debts of K0.70 million (2016: K0.44 million) has been recognised. Where there is objective evidence of impairment, the Company is required to determine and recognise an appropriate allowance for doubtful debts. Due to the nature of the Company's business, debtors are expected to be settled within the month they arise and therefore debtors outstanding beyond this period would be at risk of non-recovery. Determining the value of provisioning required against the debtors' book requires a high degree of judgement and estimate especially where a debt has been past due. In determining the allowance for doubtful debts, the directors make a number of key judgements which include the discounting of debtors to present value, assessing the recoverability of debtors considering the local market conditions and repayment history for customers with long outstanding debts. Accordingly the determination of the allowance for doubtful debts is considered to be a key audit matter.	Our audit procedures focused on the evaluation of the key judgements and estimates used in the directors' determination of the allowance for doubtful debts. The procedures on key judgements included: • Review of historical collections as a reasonable basis for determining future collections; • Analysis of the provision at industry level as a proportion of total debtors and revenue to identify and investigate unusual fluctuations; • Comparison of the ageing of receivables over a period of time to identify unusual trends; • Analysing projected cash flows to determine if they are supportable given current macroeconomic conditions and future expected performance. • Testing the mathematical accuracy of the provision schedule based on provision determined by Company policy to ensure the ratio of historical collections per aging bracket of debt has been accurately applied to current year debt. • Performing a retrospective review of the prior period provision to determine the adequacy and quality of previous provisions. • We tested recoverability of the receivables through testing of current year and subsequent receipts and corroborative enquiry of management. We found the assumptions used by the directors to be appropriate based on historical performance, anticipated future outlook and current circumstances. We consider the disclosure of the allowance for doubtful debts as per note 16 to be adequate

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act, 1994 (as amended), which we obtained prior to the date of this auditors' report, and the annual report which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 1994 (as amended), and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

Report on other legal requirements

The Companies Act, 1994 (as amended) requires that in carrying out our audit, we consider and report to you on the following matter: We confirm that, the accounting and other records and registers have been properly kept in accordance with the Act.

Deloitte & Touche

DELOITTE & TOUCHE

ANDREW NJOVU
PARTNER
PC NO: AUD/F000802

DATE: 16 June 2017

PAMODZI HOTELS PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2017

	NOTES	2017 K	2016 K
Revenue	4	**88 259 462**	82 176 239
Cost of sales		**(11 624 600)**	(9 691 963)
Gross profit		**76 634 862**	72 484 276
Other operating income	5	**3 087 310**	2 604 497
Administrative expenses	6	**(9 544 336)**	(9 959 138)
Operating expenses	7	**(56 866 477)**	(53 168 904)
Finance income	8	**4 772**	7 570
Finance expense	9	**(273 044)**	(332 118)
Profit before tax		**13 043 087**	11 636 183
Income tax expense	10	**(5 955 145)**	(4 985 478)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**7 087 942**	6 650 705
Basic and diluted earnings per share (K)	11	**0.07**	0.07

There were no items of other comprehensive income during the year (2016: Nil).

PAMODZI HOTELS PLC

STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2017

	NOTES	2017 K	2016 K
ASSETS			
Non-current assets			
Property and equipment	12	**40 544 305**	38 554 505
Current assets			
Inventories	14	**5 420 207**	3 412 027
Trade receivables	15	**4 951 259**	5 415 116
Other receivables	16	**3 790 637**	2 386 359
Current tax assets	10	**337 802**	-
Cash and bank balances		**3 564 739**	7 876 738
Total current assets		**18 064 644**	19 090 240
TOTAL ASSETS		**58 608 949**	57 644 745
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	17	**1 000 000**	1 000 000
Share premium		**3 992 342**	3 992 342
Retained earnings		**30 424 295**	25 836 353
Total equity		**35 416 637**	30 828 695
Liabilities			
Non-current liabilities			
Employee benefits obligation	18	**702 032**	945 299
Deferred tax liabilities	19	**5 441 299**	4 152 713
Total non-current liabilities		**6 143 331**	5 098 012
Current liabilities			
Trade and other payables	20	**15 747 483**	17 247 994
Employee benefits obligation	18	**123 103**	194 901
Amounts due to related parties	21	**1 178 395**	1 743 210
Current tax liabilities	10	**-**	2 531 933
Total current liabilities		**17 048 981**	21 718 038
Total liabilities		**23 192 312**	26 816 050
TOTAL EQUITY AND LIABILITIES		**58 608 949**	57 644 745

The responsibilities of the Company's Directors with regard to the preparation of the financial statements are set out on page 5. The financial statements on pages 10 to 35 were approved by the Board of Directors and authorised for issue on **16 May 2017** and were signed on its behalf by:

R. M. RAMAKERS	**L. KALALA**	**R. C FUNDANGA (MRS)**
DIRECTOR	**DIRECTOR**	**DIRECTOR**

PAMODZI HOTELS PLC

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2017

	Share capital K	Share premium K	Retained earnings K	Total K
Balance at 1 April 2015	**1 000 000**	**3 992 342**	**21 135 648**	**26 127 990**
Total comprehensive income for the year	-	-	6 650 705	6 650 705
Dividends paid (K0.0195 per share)	-	-	(1 950 000)	(1 950 000)
Balance at 31 March 2016	**1 000 000**	**3 992 342**	**25 836 353**	**30 828 695**
Balance at 1 April 2016	1 000 000	3 992 342	25 836 353	30 828 695
Dividends paid (K0.025 per share)	-	-	(2 500 000)	(2 500 000)
Total comprehensive income for the year	-	-	7 087 942	7 087 942
Balance at 31 March 2017	**1 000 000**	**3 992 342**	**30 424 295**	**35 416 637**

The Directors have recommended payment of a dividend of K3,750,000 (2016: K2,500,000) equivalent to a dividend per share of K0.0375 (2016: K0.025), subject to approval of the shareholders at the next annual general meeting.

PAMODZI HOTELS PLC

STATEMENT OF CASH FLOWS
for the year ended 31 March 2017

	NOTES	2 017 K	2 016 K
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**7 087 942**	6 650 705
Adjustments for:			
Depreciation of property and equipment	12	**3 614 536**	3 239 639
Interest received		**(4 772)**	(7 570)
Interest paid		**273 044**	332 118
Allowance for obsolete inventories recognised in profit or loss	14	**-**	140 460
Impairment losses recognised on trade receivables	15	**261 383**	441 552
Provision for employee benefit obligation	18	**83 447**	330 239
(Gain) loss on disposal of property and equipment		**(4 483)**	10 409
Income tax expense	10	**5 955 145**	4 985 478
Operating income before working capital changes		**17 266 242**	16 123 030
Increase in inventories		**(2 008 180)**	(1 446 416)
Decrease (increase) in trade receivables		**202 474**	(998 163)
Increase in other receivables		**(1 404 278)**	(1 040 167)
Decrease in amounts due from a related party		**-**	7 436
(Decrease) increase in trade and other payables		**(1 500 511)**	6 468 016
(Decrease) increase in amounts owing to related parties		**(564 815)**	1 034 987
Cash generated from operations		**11 990 932**	20 148 723
Interest paid		**(273 044)**	(332 118)
Employee benefit obligation paid	18	**(398 512)**	(1 602 391)
Income tax paid	10	**(7 536 294)**	(198 672)
Net cash generated from operating activities		**3 783 082**	18 015 542
Cash flows from investing activities			
Acquisition of property and equipment	12	**(5 604 336)**	(3 936 864)
Proceeds from disposal of equipment		**4 483**	73 651
Interest received		**4 772**	7 570
Net cash used in investing activities		**(5 595 081)**	(3 855 643)
Cash flows from financing activities			
Dividends paid		**(2 500 000)**	(1 950 000)
Net cash used in financing activities		**(2 500 000)**	(1 950 000)
Net (decrease) increase in cash and cash equivalents		**(4 311 999)**	12 209 899
Cash and cash equivalents at beginning of year		**7 876 738**	(4 333 161)
Cash and cash equivalents at end of year		**3 564 739**	7 876 738
Comprising:			
Bank and cash balances		**3 564 739**	7 876 738

1. GENERAL INFORMATION

Pamodzi Hotels Plc is a Company incorporated and domiciled in the Republic of Zambia and listed on the Lusaka Stock Exchange. The address of its registered office and principal place of business is disclosed under the corporate information on page 1. The principal activity of the Company is the provision of hospitality services to the public.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Zambia.

2.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and value added tax during the year.

2.3.1 Rendering of hospitality services

Revenue consists of amounts receivable in respect of hotel accommodation, food and beverage and related services and is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of value added tax, during the year.

Revenue from hotel accommodation, food and beverage and related services is recognised at the point when the services are rendered.

2.3.2 Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

2.3.3 Interest income

Interest revenue is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.4 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders and the number of basic weighted average number of shares. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

2. SIGNIFICANT ACCOUNTING POLICIES

2.5 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.6 Retirement benefits

2.6.1 Pension scheme

The Company's employees are members of a separately administered defined contribution pension scheme. These payments to the defined contribution retirement benefit plan are recognised as an expense when employees have rendered service entitling them to the contributions. The Company's contributions are charged to the profit or loss as they become payable in accordance with the rules of the scheme.

2.6.2 Contract employees

For fixed term contract employees a gratuity is payable at the end of the contract period. Contract periods range from one to two years. Gratuity is expensed to profit or loss as the service is rendered.

2.6.3 National Pension Scheme Authority

The Company contributes to the National Pension Scheme for its eligible employees as provided for by law. Membership is compulsory and monthly contributions by both employer and employees are made. The employer's contribution is charged to the profit or loss in the year in which it arises.

2.6.4 Employee benefits obligation

Employee benefits obligation, as detailed in Note 19, comprise of amounts payable to employees on retirement or leaving the service before the age of retirement and the benefit is payable depending on the period of service provided to the Company as per the Company policy for permanent employees in executive grade. A liability is raised for past service on the basis of conditions of service and is charged to profit or loss in the year in which it arises.

2.7 Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operate (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in Zambian Kwacha ('K'), which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the year in which they arise.

2.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Taxation (continued)

2.8.1 Current tax

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

2.8.2 Deferred tax

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

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

2.8.3 Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

2.9 Property and equipment

2.9.1 Leasehold land and buildings

Leasehold land and buildings held for supply of goods or services or for administrative purposes, are stated in the statement of financial position at historical cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

2.9.2 Assets in the course of construction

Assets in the course of construction for production, rental or administrative purposes not yet determined are carried at cost, less any impairment loss. Cost includes professional fees and for qualifying assets borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets on the same basis as other assets, commences when the assets are ready for their intended use.

2.9.3 Motor vehicles, furniture, fittings and equipment

The initial cost of motor vehicles, furniture, fittings and equipment comprise its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use.

Expenditure incurred after the equipment have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the period in which the costs are incurred. Major overhaul expenditure is capitalised. Motor vehicles, furniture, fittings and equipment are stated in the statement of financial position at historical cost, less any accumulated depreciation and subsequent impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Property and equipment (continued)

2.9.4 Depreciation

Depreciation is recognised so as to write off the cost of assets (other than land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates used for this purpose are:

Leasehold land and buildings	2%
Furniture, fittings and equipment	12.5%
Motor vehicles	20%

Capital work in progress is not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between sales proceeds and the carrying amount of the asset and are recognised in profit or loss.

2.10 Impairment of tangible and intangible assets

At each financial reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.11 Financial assets

Financial assets are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value, plus transaction costs.

Financial assets are classified as 'receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

2.11.1 Effective interest method

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (Continued)

2.11.2 Receivables

Receivables that have fixed or determinable payments that are not quoted in an active market are classified as receivables. Receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

2.11.3 Impairment of financial assets

Financial assets that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.11.4 Derecognition of financial assets

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited as a reduction of the provision for loan losses.

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

2.12.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2.12.3 Financial liabilities

The Company's principal financial liabilities are borrowings, other payables and amounts due to related parties. Borrowings, other payables and amounts due to related parties are initially measured at fair value, net of transaction costs.

Borrowings, other payables and amounts due to related parties are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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

2.12.4 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described above, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

3.1 Key sources of estimation uncertainty

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

Income taxes

The Company is subject to income taxes in Zambia. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax 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 on the income tax and deferred tax provisions in the period in which such determination is made.

Useful lives of property and equipment

The Directors review the estimated useful lives of property and equipment at the end of each reporting period to determine the appropriate level of depreciation and whether there is any indication that those assets have suffered an impairment loss.

Impairment of trade receivables

The Directors reviews the receivables to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in estimated cash flows from a particular receivable. Management uses estimates based on historical loss experience of assets. The assumptions used for estimating the amount and timing of cash flows are reviewed regularly to reduce any difference between loss estimates and actual loss experience.

4. SEGMENTAL INFORMATION

4.1 Business segments

The principal activity of the Company is the provision of hospitality services to the public. As such, the Company considers there to be one operating segment, the provision of hospitality services to the public.

The Company provided the following services:

	2 017	2016
	K	K
Rooms	**49 113 680**	47 818 694
Food and beverage	**34 949 160**	30 247 648
Other hotel services	**4 196 622**	4 109 897
Total revenue	**88 259 462**	82 176 239

4.2 Geographical segments

The Company operates one hotel located in Lusaka.

4.3 Segment revenues and results

The information provided about each segment is based on the internal reports about segment profit or loss, which are regularly reviewed by Executive Management Committee.

The following is an analysis of the Company's revenue and results from continuing operations by reportable segment:

	Segment revenue		**Segment profit**	
	2017	2016	**2017**	2016
	K	K	**K**	K
Rooms	**49 113 680**	47 818 694	**8 356 483**	11 034 565
Food and beverage	**34 949 160**	30 247 648	**5 946 450**	3 723 329
Other hotel services	**4 196 622**	4 109 897	**714 037**	1 393 047
Total for continuing operations	**88 259 462**	82 176 239	**15 016 970**	16 150 941
Net exchange gain/(loss)			**(1 973 883)**	(4 514 758)
Profit before tax			**13 043 087**	11 636 183

Management have considered the requirement of IFRS 8: *Operating Segment* paragraph 21 which requires an entity to disclose reported segment profit or loss, segment assets and segment liabilities. On the basis of information available to management, it is not practical to disclose the assets and liabilities for each reportable segment.

5. OTHER OPERATING INCOME

	2017	2016
	K	K
Rental income	**2 008 890**	2 080 671
Sundry income	**1 073 937**	523 826
Gain on disposal of property and equipment	**4 483**	-
	3 087 310	2 604 497

	2017 K	2016 K
6. ADMINSTRATIVE EXPENSES		
Other administrative expenses	**1 295 652**	1 702 383
Advertisement and marketing	**2 541 357**	2 713 167
Printing and stationery	**1 506 288**	1 209 652
Commission to travel agents	**1 381 855**	1 231 979
Commission on credit card payments	**962 211**	920 180
Professional fees	**775 023**	1 006 575
Telephone expenses	**739 274**	849 240
Auditor's remuneration - statutory audit	**254 300**	235 000
Auditors' remuneration - internal audit services	**88 376**	90 962
	9 544 336	9 959 138
7. OPERATING EXPENSES		
Employee benefits expenses (note 7.1)	**29 167 730**	25 656 892
Management fees	**6 253 222**	6 006 666
Repairs and maintenance	**4 301 835**	3 727 868
Depreciation charge (note 13)	**3 614 535**	3 239 638
Other expenses	**3 404 330**	3 833 177
Electricity, water and fuel	**3 174 634**	2 250 009
Net exchange losses	**1 973 883**	4 190 210
Travelling and transport	**1 260 233**	742 680
Music and entertainment	**1 156 645**	1 144 712
Cleaning supplies	**907 357**	762 887
Public equipment hire	**592 236**	439 415
Security expenses	**462 704**	486 873
Property tax expenses	**211 066**	223 314
Flowers expenses	**137 724**	301 454
License fees	**136 910**	91 251
Directors fees	**111 433**	71 858
	56 866 477	53 168 904
7.1. Employee benefits expenses		
Salaries, wages and allowances	**16 787 634**	15 735 626
Other staff costs	**10 173 553**	7 583 249
Retirement benefit costs	**2 206 543**	2 338 017
	29 167 730	25 656 892
8. FINANCE INCOME		
Finance income comprise interest earned on bank deposits.	**4 772**	7 570
9. FINANCE EXPENSE		
This is in respect of bank overdraft finance expense. The interest was payable to Indo Zambia Bank Limited (note 22).		
Bank overdraft interest	**273 044**	332 118

The average interest rate on funds borrowed was about 9.5% per annum.

10. INCOME TAX

	2017 K	2016 K
Income tax recognised in profit or loss		
Current tax	**4 666 559**	5 395 404
Deferred tax (note 19)	**1 288 586**	(409 926)
Income tax expense	**5 955 145**	4 985 478
Included under current (assets) liabilities:		
Tax payable (receivable) at beginning of the year	**2 531 933**	(2 664 799)
Payable in respect of the year	**4 666 559**	5 395 404
Tax paid during the year	**(7 536 294)**	(198 672)
Current tax (asset) liability	**(337 802)**	2 531 933

Reconciliation of the tax expense

The total income tax expense for the year can be reconciled to the accounting profit as follows:

Profit before tax	**13 043 087**	11 636 183
Tax calculated at the applicable tax rate of 35%	**4 565 080**	4 072 664
Effect of non-deductible expenses	**1 390 065**	912 814
Income tax expense	**5 955 145**	4 985 478

11. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net earnings attributable to the shareholders by the weighted average number of shares in issue during the year.

Net earnings attributable to shareholders (K)	**7 087 942**	6 650 705
Weighted average number of shares in issue*	**100 000 000**	100 000 000
Basic and diluted earnings per share (K)	**0.07**	0.07

* The Company does not have any dilutive outstanding shares.

12. PROPERTY AND EQUIPMENT

Cost	Leasehold land and buildings K	Capital work in progress K	Motor vehicles K	Furniture, fittings and equipment K	Total K
At 1 April 2015	32 591 939	-	1 251 626	50 508 001	**84 351 566**
Additions	138 707	20 444	200 000	3 577 713	**3 936 864**
Disposals	-	-	(370 154)	(162 583)	**(532 737)**
At 1 April 2016	32 730 646	20 444	1 081 472	53 923 131	**87 755 693**
Additions	549 254	349 073	-	4 706 009	**5 604 336**
Disposals	-	-	-	(91 846)	**(91 846)**
At 31 March 2017	**33 279 900**	**369 517**	**1 081 472**	**58 537 294**	**93 268 183**
Depreciation					
At 1 April 2015	6 110 719	-	997 310	39 302 197	**46 410 226**
Charge for the year	695 624	-	74 969	2 469 046	**3 239 639**
Eliminated on disposal	-	-	(286 094)	(162 583)	**(448 677)**
At 1 April 2016	6 806 343	-	786 185	41 608 660	**49 201 188**
Charge for the year	678 188	-	78 010	2 858 338	**3 614 536**
Eliminated on disposal	-	-	-	(91 846)	**(91 846)**
At 31 March 2017	**7 484 531**	**-**	**864 195**	**44 375 152**	**52 723 878**
Carrying amount					
At 31 March 2017	**25 795 369**	**369 517**	**217 277**	**14 162 142**	**40 544 305**
At 31 March 2016	25 924 303	20 444	295 287	12 314 471	38 554 505

Leasehold land and buildings are encumbered as disclosed in Note 22.

The Directors consider that the carrying value of property and equipment does not exceed their fair values.

In accordance with Section 193 of the Companies Act, 1994 the register of land and buildings is available for inspection by members and their duly authorised agents at the Registered Records Office of the Company.

13. CAPITAL COMMITMENTS

	2017 K	2016 K
Authorised and contracted for	**1 400 119**	1 046 973

The capital commitments will be financed from internally generated funds.

14. INVENTORIES

General consumables	**3 326 248**	1 671 075
Equipment spares	**1 376 055**	897 767
Food and beverage	**717 904**	843 185
	5 420 207	3 412 027

The cost of inventories recognised as an expense during the year was **K11,624,600** (2016: K9,691,963).

The cost of inventories recognised in profit or loss includes an expense of **K25,428** (2016: K140,460) in respect of the write downs of inventory to net realisable value.

Movement in the allowance for obsolete inventories:

Balance at beginning of year	**-**	-
Impairment losses recognised in profit and loss	**25 428**	140 460
Amounts written off during the year	**(25 428)**	(140 460)
Balance at end of year	**-**	-

15. TRADE RECEIVABLES

Gross trade receivables	**5 654 194**	5 856 668
Allowance for doubtful debts	**(702 935)**	(441 552)
	4 951 259	5 415 116

Trade receivables are due from the following:

Companies	**3 331 157**	3 898 380
Government and parastatals	**2 116 883**	1 165 441
Employees	**133 925**	241 714
Embassies	**57 462**	532 740
Individuals	**14 767**	18 393
	5 654 194	5 856 668

Movement in the allowance for doubtful debts

Balance at beginning of the year	**441 552**	-
Impairment losses recognised on trade receivables	**261 383**	441 552
Balance at end of the year	**702 935**	441 552

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date.

The Directors consider that the carrying amount of trade receivables approximates their fair value.

Ageing of impaired trade receivables	2017 K	2016 K
91 - 120 days	**187 627**	92 513
120 + days	**515 308**	349 039
	702 935	441 552

Included in trade receivables are balances with a carrying value of **K702,935** (2016: K441,552) which are past due at reporting date for which a provision has been made.

The average credit period on services offered is 30 days. The Company has provided fully for all receivables where recoverability is doubtful.

15. TRADE RECEIVABLES (CONTINUED)

	2017 K	2016 K
Ageing of amounts past due but not impaired		
31 - 60 days	**675 474**	197 622
61 - 90 days	**401 157**	312 567
91 - 120 days	**108 719**	5 989
120 + days	**642 302**	554 641
Total	**1 827 652**	1 070 819

Included in trade receivables are balances with a carrying amount of K1,827,652 (2016: K1,070,819) which are past due at the reporting date for which the Company has not recognised an allowance for doubtful debts because the amounts are still considered recoverable.

Before accepting any new customer, management assesses the potential customer's credit quality and defines credit limits by customer.

16. OTHER RECEIVABLES

Advance payments to suppliers	**2 136 548**	1 445 986
Prepaid expenses	**1 313 466**	894 075
Value Added Tax (VAT) receivable	**284 100**	-
Amounts due from employees	**56 523**	43 012
Sundry receivables	**-**	3 286
	3 790 637	2 386 359

17. SHARE CAPITAL

Authorised, issued and fully paid		
100,000,000 ordinary shares of K0.01 each (2016: K0.01 each)	**1 000 000**	1 000 000

There were no changes to the authorised and issued share capital during the year.

18. EMPLOYEE BENEFITS OBLIGATION

Employee benefits obligation comprises of liabilities that has accrued for senior management employees on non-fixed term contracts for their long service gratuities and for the gratuity obligations for contracted employees.

The movements on the account during the year were as follows:

At beginning of the year	**1 140 200**	2 412 352
Charge for the year	**83 447**	330 239
Benefits paid during the year	**(398 512)**	(1 602 391)
At end of the year	**825 135**	1 140 200
Disclosed in the financial statements as:		
Non-current	**702 032**	945 299
Current	**123 103**	194 901
	825 135	1 140 200

19. DEFERRED TAX

	2017	2016
	K	K
At beginning of the year	**4 152 713**	4 562 639
Charged to profit or loss for the year (note 10)	**1 288 586**	(409 926)
At end of the year	**5 441 299**	4 152 713

The following are the major deferred tax liabilities (assets) recognised by the Company and their movements in the year:

31 March 2017

Temporary differences	**At beginning of year liability (asset)** K	**(Credit) charge to profit or loss** K	**At end of year liability (asset)** K
- Property, plant and equipment	**7 277 601**	**(3 124 888)**	**4 152 713**
- Other timing differences	**(3 124 888)**	**4 413 474**	**1 288 586**
	4 152 713	**1 288 586**	**5 441 299**

31 March 2016

Temporary differences			
- Property, plant and equipment	6 952 903	324 698	7 277 601
- Other timing differences	(2 390 264)	(734 624)	(3 124 888)
	4 562 639	(409 926)	4 152 713

20. TRADE AND OTHER PAYABLES

	2017	2016
	K	K
Advance deposits from customers	**6 949 429**	8 367 465
Other payables	**6 307 048**	4 858 178
Trade payables	**1 317 337**	1 855 112
Employee related accrued expenses	**1 173 669**	1 348 107
Value Added Tax (VAT) payable	**-**	819 132
	15 747 483	17 247 994

Trade and other payables principally comprise amounts outstanding in respect of trade purchases and on-going costs, as well as amounts accrued in respect of operating costs.

The average credit period on purchases of certain goods is 30 days. No interest is payable. The Management ensures that all payables are paid within the credit time frame.

The Directors consider that the carrying amount of trade and other payables approximates their fair value.

21. RELATED PARTY TRANSACTIONS

The Company has become a subsidiary of Tata International Singapore (Pte) Limited on 17 March 2017, a company incorporated in Singapore which owns 90% (2016: 90% of the shares were held by Tata Zambia Limited) of the issued shares.

The ultimate parent of the Company is Tata International Limited, incorporated in India.

	Country of incorporation	Nature of relationship
Tata International Singapore (Pte) Ltd	Singapore	Holding company
Tata Zambia Limited	Zambia	Fellow subsidiary company
Tata International Limited	India	Ultimate holding company
Tata Automobile Corporation (SA) (Pty) Limited	South Africa	Fellow subsidiary company
Taj International Hotels (HK) Ltd	Hongkong	Fellow subsidiary company
The Indian Hotels Company Ltd	India	Fellow subsidiary company

(i) Trading transactions

The Company has balances with and has transacted with the following related parties during the year:

	2017 K	2016 K
Hotel services provided		
Tata Zambia Limited	**319 420**	391 463
Purchase of goods and services		
The Indian Hotels Company Ltd	**976 363**	-
Tata Zambia Limited	**130 322**	69 065
	1 106 685	69 065
Management fees		
Taj International Hotels (HK) Ltd	**6 253 222**	6 006 666
Dividend paid		
Tata Zambia Limited	**1 912 500**	1 491 750

(ii) Year end balances

Amounts due to related parties		
Taj International Hotels (HK) Ltd	**1 076 881**	1 743 210
The Indian Hotels Company Ltd	**101 514**	-
	1 178 395	1 743 210

The amounts due to related parties are unsecured, interest free and have no fixed repayment terms.

(iii) Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

Salaries and allowances	**4 452 774**	3 994 351
Employee retirement benefits obligation	**40 198**	53 364
	4 492 972	4 047 715

(iv) Directors fees

Directors fees	**111 433**	71 858

22. BANK OVERDRAFT

During the year, the Company had an overdraft facility with Indo Zambia Bank Limited, of US$1.750 million. The purpose of the overdraft facility was for working capital support. The facility was renewed on 1 March 2017 for a further period of twelve months.

Interest on the facility was charged at 9.5% p.a i.e. 1.5 % below the base rate which is 11% p.a and is subject to change with prior notice to the borrower. This interest is payable monthly in arrears by a debit to the account.

Additional interest at the rate of 5% below the normal rate shall be charged on all excess amounts above the sanctioned limit and on all overdue amounts subject to approval by the bank and such interest shall be compounded monthly.

The facility is secured by a legal mortgage over the hotel buildings on Stand 11864, Lusaka, with a carrying amount of **K25.80 million** (2016: K25.92 million)

23. CONTINGENT LIABILITIES AND ASSETS

There were no material contingent liabilities as at 31 March 2017 and 2016.

24. FINANCIAL INSTRUMENTS

Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2016.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in note 22, cash and cash equivalents and equity attributable to equity holders of the parent, comprising share capital, reserves and retained earnings as disclosed in page 12.

Gearing ratio

The Company reviews the capital structure on an on-going basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. The Company has a gearing ratio of Nil (2016: 0%) determined as the proportion of debt to equity.

	2017	2016
	K	K
Debt (i)	**-**	-
Cash and cash equivalents	**3 564 739**	7 876 738
Net debt	**-**	-
Equity (ii)	**35 416 637**	30 823 695
Debt to equity ratio	**Nil**	Nil

(i) Debt is defined as short term borrowings.

(ii) Equity includes all capital and reserves of the Company.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the accounting policies to the financial statements.

Categories of financial instruments	**2017**	2016
	K	K
Financial assets		
- Trade and other receivables	**7 087 807**	6 864 388
- Cash and bank balances	**3 564 739**	7 876 738
	10 652 546	14 741 126

24. FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments(continued)	2017 K	2016 K
Financial liabilities held at amortised cost		
- Trade and other payables	**14 573 814**	15 080 755
- Amounts due to related parties	**1 178 395**	1 743 210
	15 752 209	16 823 965

Financial risk management objectives

The Management co-ordinates access to domestic markets, monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including currency risk), credit risk, liquidity risk and cash flow interest rate risk.

The Company does not enter into or trade in derivative financial instruments.

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see below) and interest rates (see below). The Company does not enter into any derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including forward foreign exchange contracts to hedge the exchange rate risk arising on revenue.
There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters as approved by the Board of Directors.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Financial assets		Financial liabilities	
	2017 K	2016 K	2017 K	2016 K
United States Dollar	**888 527**	5 000 929	**(1 742 143)**	(1 743 210)

Foreign currency sensitivity

The following table details the Company's sensitivity to a 5% increase and decrease in the Zambian Kwacha against the United States Dollar. A positive number below indicates an increase in profit where the Zambian Kwacha strengthening 5% against the United States Dollar. For a 5% weakening of the Zambian Kwacha against the United States Dollar, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	2017 K	2016 K
(Loss) profit	**(42 681)**	162 886

Interest rate risk management

The Company was exposed to interest rate risk as they borrow funds at fixed interest rates.

The Company's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

25. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk management (Continued)

Interest rate sensitivity analysis

The sensitivity has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. If interest rates had been 10% higher/lower and all other variables were held constant, the Company's Profit for the year ended 31 March 2017 would decrease/increase by **K27,304** (2016: decrease/increase by K33,212). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining an advance payment, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Credit risk management	**2017** K	2016 K
The Company's maximum exposure to credit risk is analysed below:		
Trade receivables	**4 951 259**	5 415 116
Other receivables	**2 136 548**	1 449 272
	7 087 807	6 864 388

Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and liabilities. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets and liabilities.

31 March 2017	**1 to 3 months** K	**3 months to 1 year** K	**1 - 5 years** K	**5 + years** K	**Total** K
Liabilities					
Trade and other payables	**10 735 969**	**3 063 221**	**774 624**	**-**	**14 573 814**
Amounts due to related parties	**1 178 395**	**-**	**-**	**-**	**1 178 395**
	11 914 364	**3 063 221**	**774 624**	**-**	**15 752 209**
Assets					
Bank and cash balances	**3 564 739**	**-**	**-**	**-**	**3 564 739**
Trade receivables	**3 497 304**	**818 441**	**635 514**	**-**	**4 951 259**
Other receivables	**2 136 548**	**-**	**-**	**-**	**2 136 548**
	9 198 591	**818 441**	**635 514**	**-**	**10 652 546**

	1 to 3 months K	**3 months to 1 year** K	**1 - 5 years** K	**5 + years** K	**Total** K
31 March 2016					
Liabilities					
Trade and other payables	13 197 304	1 108 826	774 625	-	15 080 755
Amounts due to related parties	1 743 210	-	-	-	1 743 210
	14 940 514	1 108 826	774 625	-	16 823 965

24. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk management (continued)

Liabilities (continued)	**1 to 3 months**	**3 months to 1 year**	**1 - 5 years**	**5 + years**	**Total**
31 March 2016	**K**	**K**	**K**	**K**	**K**
Assets					
Bank and cash balances	7 876 738	-	-	-	7 876 738
Trade receivables	5 415 116	-	-	-	5 415 116
Other receivables	1 449 272	-	-	-	1 449 272
	14 741 126	-	-	-	14 741 126

25. Fair value measurements

The information set out below provides information about how the Company determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, Lusaka Stock Exchange).

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

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

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

There were no financial assets and liabilities that are measured at fair value on a recurring basis during the period.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

25. Fair value measurements (continued)

	2017 Carrying amount K	2017 Fair value K	2016 Carrying amount K	2016 Fair value K
Financial assets				
Bank and cash balances	**3 564 739**	**3 564 739**	7 876 738	7 876 738
Trade receivables	**4 951 259**	**4 951 259**	5 415 116	5 415 116
Other receivables	**2 136 548**	**2 136 548**	1 449 272	1 449 272
	10 652 546	**10 652 546**	14 741 126	14 741 126
Financial liabilities				
Trade and other payables	**14 573 814**	**14 573 814**	15 080 755	15 080 755
Amounts due to related parties	**1 178 395**	**1 178 395**	1 743 210	1 743 210
	15 752 209	**15 752 209**	16 823 965	16 823 965

	Fair value hierarchy as at 31 March 2017			
	Level 1 K	**Level 2 K**	**Level 3 K**	**Total K**
Financial assets				
Trade receivables	**-**	**-**	**4 951 259**	**4 951 259**
Other receivables	**-**	**-**	**2 136 548**	**2 136 548**
Total	**-**	**-**	**7 087 807**	**7 087 807**
Financial liabilities				
Trade and other payables	**-**	**-**	**14 573 814**	**14 573 814**
Amounts due to related parties	**-**	**-**	**1 178 395**	**1 178 395**
Total	**-**	**-**	**15 752 209**	**15 752 209**

	Fair value hierarchy as at 31 March 2016			
	Level 1 K	Level 2 K	Level 3 K	Total K
Financial assets				
Trade receivables	-	-	5 415 116	5 415 116
Other receivables	-	-	1 449 272	1 449 272
Total	-	-	6 864 388	6 864 388
Financial liabilities				
Trade and other payables	-	-	15 080 755	15 080 755
Amounts due to related	-	-	1 743 210	1 743 210
Total	-	-	16 823 965	16 823 965

The fair values of the financial assets and financial liabilities included in the level 3 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

There have been no transfers between the hierarchy levels during the year.

26. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

26.1 Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 March 2016:

Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The Company has applied these amendments for the first time in the current year. The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or
b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

As the Company already uses the straight-line method for depreciation and amortisation for its property and equipment, the application of these amendments has had no impact on the Company's financial statements.

Annual Improvements to IFRSs 2012 - 2014 Cycle

The Company has applied these amendments for the first time in the current year. The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarifies the guidance for when held for distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The application of these amendments has had no effect on the Company's financial statements.

Amendments to IAS 1 *Disclosure Initiative*

The Company has applied these amendments for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from the disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable the users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

Amendments to IAS 1 *Disclosure Initiative*

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Company, and should be separated into the share of items that, in accordance with other IFRSs: (i) will not be reclassified subsequently in profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The application of these amendments has not resulted in any impact of the financial performance or financial position of the Company.

26. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

26.2 New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Effective date	Standard, Amendment or Interpretation
1 January 2018	IFRS 9 Financial Instruments
	In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for the financial instruments project: classification and measurement; impairment; and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions
1 January 2018	The directors anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Company undertakes a detailed review.
1 January 2019	IFRS 16 *Leases*
	IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Directors anticipate that this standard will not have a material impact on the operations of the Company as the Company has very limited leases.
1 January 2018	IFRS 15 *Revenue from Contracts with Customers*
	IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework: • identify the contract(s) with a customer • Identify the performance obligations in the contract • Determine the transaction price • Allocate the transaction price to the performance obligations in the contract • Recognise revenue when (or as) the entity satisfies a performance obligation The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Company's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Company performs a detailed review.

26. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (CONTINUED)

26.2 New and revised IFRSs in issue but not yet effective (continued)

Effective date	Standard, Amendment or Interpretation (Continued)
1 January 2017	IAS 7 *Disclosure Initiative - Amendments to IAS 7* The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The directors anticipate that the application of the amendments will have a material impact on the Company as this will result in additional disclosures as mandated by the amendments.
1 January 2017	IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12* The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.
1 January 2018	IFRS 2 *Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2* The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. The directors anticipate that this standard will have no material effect on the operations of the Company.

27. APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on page 10 to 35 were approved by the Board of Directors on 16 May 2017 in Lusaka.

28. EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date the Directors have recommended payment of a dividend of K3,750,000 equivalent to a dividend per share of K0.0375.

PAMODZI HOTELS PLC

APPENDIX - DETAILED OPERATING STATEMENT
for the year ended 31 March 2017

	2017 K	2016 K
REVENUE		
Rooms	**49 113 680**	47 818 694
Food and beverage	**34 949 160**	30 247 648
Other hotel services	**4 196 622**	4 109 897
	88 259 462	82 176 239
COST OF SALES		
Food	**7 955 402**	6 594 253
Beverage	**1 894 364**	2 133 895
Other	**1 774 834**	963 815
	11 624 600	9 691 963
OTHER INCOME		
Rental income	**2 008 890**	2 080 671
Sundry income	**1 073 937**	523 826
Finance income	**4 772**	7 570
Gain on disposal of property and equipment	**4 483**	-
	3 092 082	2 612 067
ADMINISTRATIVE EXPENSES		
Advertisement and marketing	**2 541 357**	2 713 167
Printing and stationery	**1 506 288**	1 209 652
Commission to travel agents	**1 381 855**	1 231 979
Commission on credit card payments	**962 211**	920 180
Professional fees	**775 023**	1 006 575
Telephone expenses	**739 274**	849 240
Insurance	**537 827**	463 264
Other administrative expenses	**460 436**	755 932
Auditor's remuneration - statutory audit	**254 300**	235 000
Bank charges	**151 943**	297 439
Legal fees	**110 000**	147 200
Auditors' remuneration - internal audit services	**88 376**	90 962
Postage and courier	**35 446**	38 548
	9 544 336	9 959 138
OPERATING AND FINANCE EXPENSES		
Employee benefits expense	**29 167 730**	25 656 892
Management fees	**6 253 222**	6 006 666
Repairs and maintenance	**4 301 835**	3 727 868
Depreciation expense	**3 614 535**	3 239 638
Other expenses	**3 404 330**	3 833 177
Electricity, water and fuel	**3 174 634**	2 250 009
Net forex loss	**1 973 883**	4 190 210
Music and entertainment	**1 156 645**	1 144 712
Travelling and transport	**1 260 233**	742 680
Cleaning supplies	**907 357**	762 887
Public equipment hire	**592 236**	439 415
Security expenses	**462 704**	486 873
Finance expense	**273 044**	332 118
Property tax expenses	**211 066**	223 314
Flowers expenses	**137 724**	301 454
License fees	**136 910**	91 251
Directors fees	**111 433**	71 858
	57 139 521	53 501 022
PROFIT BEFORE TAX	**13 043 087**	11 636 183