



HOTELS & RESORTS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED MARCH 31 2024

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1.0 The Company

Hotels & Resorts Limited was incorporated in December 1995, as an umbrella company for the small South Coast hotels indebted to the now-defunct Barbados Development Bank. It was envisioned that the hoteliers would invest their properties in the Company and that with consolidated management and marketing of the hotels, the entities would become profitable.

The Government of Barbados became the principal shareholder with an initial equity investment of \$18.5M – a \$10M cash investment and \$8.5M through the conversion of BDB debt to equity. With the conversion, shares to the value of \$975,906 or 4.10% were issued to Sintjon Limited and shares of the value of \$356,681 or 1.50% were issued to Worthing Court Apartment Hotel Limited, establishing these two entities as minority shareholders. This shareholding meant that the Silver Rock and Worthing Court hotels were conveyed to HRL. These two would remain the only minority shareholders as the project failed to attract the number of hoteliers envisioned.

To acquire the critical mass of rooms three additional hotels – The Savannah, Time Out at the Gap and Blue Horizon - were purchased.

In subsequent years, the Principal Shareholder made additional cash injections: \$4.0 million (2001) and \$3.5 million (2009) increasing its shareholding to \$25,958,567 of the \$27,291,154 shares issued; thus, changing the share capital equation: 95.1% - 3.58% - 1.31%.

There were however additional challenges, the project was under-capitalized from inception and debt financing in later years would result in unsustainable interest costs. In 2005, the Shareholders decided to divest of the hotels. Worthing Court and Silver Rock were divested in that year, whilst the Company continued to operate The Savannah, Time Out at the Gap and Blue Horizon hotels. Having received no suitable offers, The Savannah and Time Out were leased out in 2011. Time Out was eventually sold in 2019.

During the year the Company issued invitations to bid for the purchase of the remaining two hotels - The Savannah and Blue Horizon with closing dates of August 25, 2023. At the end of the process, the Board of Directors accepted a purchase offer from the current Lessee for The Savannah Hotel. The Company is completing the legal requirements to finalise the sale. A second bid process for the Blue Horizon hotel was conducted with a closing date of April 8, 2024. The offers for the Blue Horizon Hotel are being evaluated.



2.0 Chairman's Report

Chairman's Report for financial year ended March 31, 2024

We recorded significant improvements in 2024 as the Company continued on its recovery and growth trajectory after the devastating impacts of the COVID-19 pandemic. The resilience of the sector was again seen as the demand for travel continues to strengthen. We recorded growth in all of our market segments and RevPAR for the Blue Horizon hotel increased by 33%, year on year. This increase was not only as a result of the rise in occupancies, but demand drove up the average daily rates (ADRs). The hotel recorded earnings before interest taxes and amortization (EBITDA) of \$777,767 and a net operating profit of \$422,342 for the year.

The greatest success, however, was with respect to our divestment mandate, where through a successful bid process we concluded arrangements for the sale of The Savannah Hotel property to the lessee. In addition, at the end of the year we were evaluating offers for the Blue Horizon Hotel properties. We are confident that we were able to attract investors that would bring the financial and other resources required to expand and transform the hotel, not only enhancing the curb appeal, but increasing employment opportunities and attracting new business to the island.

Changes in market conditions and offers resulting from the bid process allowed us to reverse \$5M of the impairment previously recorded for the hotel properties.

During the year we reevaluated the carrying amount of a long outstanding liability of \$2.1M and, having determined that the likelihood of it being payable was low, the amount was therefore reversed.

These factors all contributed to the Company recording a net profit total comprehensive income of \$5,294,206 for the year compared to a loss of \$1,031,543 in the prior year.

We look forward to achieving our divestment mandate in the coming year and thank our dedicated management and staff who continue to show great commitment in an uncertain environment.



Peter V. Harris

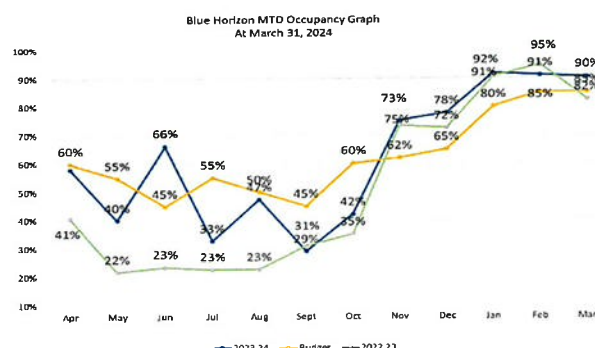
Chairman

3.0 The year in review

Blue Horizon, the only Company operated hotel, continued the growth trajectory from the prior year. There was an increase in revenue from all market segments, the most notable of which was the tour operator segment. Business from this segment of \$1.636M was \$589k (56%) greater than the prior year. The online travel agents and the Canadian market drove the success in this segment. Caricom business was up by \$84k (27%) and group business by \$125k (50%).

RevPAR increased by \$40.90 (34%) to \$162.44 which was reflective of the 10pp growth in occupancy from 51% in 2023 to 61% in 2024 and the \$25 growth in ADR from \$239.28 to \$264.28.

- **Occupancy: 61.46%** [2023: 50.80%]
- **ADR: \$264.28** [2023: \$239.28]
- **RevPAR: \$162.44** [2023: \$121.54]



A positive Adjusted Earnings Before Interest Taxes, Depreciation and Amortization (EBITDA) of \$340k was generated during the year, representing a \$453k improvement on the \$113k negative EBITDA generated in the prior year. The improved performance is attributed to the operations of the Blue Horizon hotel where an EBITDA of \$778k was generated, which was \$527k better than the \$251k of the prior year. The EBITDAs by cost/profit centre is as follows:

	March 31 2024	March 31 2023	Variance
EBITDA			
<i>Blue Horizon</i>	777,767	251,308	526,459
<i>Investment Property – The Savannah</i>	182,787	131,808	50,979
<i>Unallocated Expenses</i>	(620,712)	(495,753)	(124,959)
EBITDA	339,842	(112,637)	452,479

The Company earned a profit of \$5.294M compared to a loss of \$1.031M in 2023. In addition to the increased EBITDA, there were non-routine transactions during the year which impacted on the operating results.

The recovery of the markets and the offers received for the hotels led to a positive reassessment of the market values. Consequently, \$4.5M and \$500k of the impairment recorded in previous years for The Savannah and Blue Horizon hotels respectively was reversed.

The write-off of an accrual of \$2.183M for a matter under arbitration which is unlikely to be payable also improved the performance of the Company. These positive gains were offset by the write-off of

operating equipment of \$784k and \$481k from The Savannah and Blue Horizon hotels respectively. Management assessed the recoverability of these amounts and determined that the balances should be written off and that all future purchases will continue to be expensed in the year of purchase.

NOP/(NOL)	March 31 2024	March 31 2023	Variance
<i>Blue Horizon</i>	422,342	(88,223)	510,565
<i>Investment Property – The Savannah</i>	(403,019)	(447,486)	44,468
<i>Unallocated Expenses</i>	(630,654)	(506,071)	(124,584)
<i>JV Share Gain/Loss</i>	(93)	(93)	-
<i>Interest Income/(Expense)</i>	10,638	10,330	308
Loss Before Impairment & other write offs	(600,786)	(1,031,543)	430,755
Non-routine - Impairment reversal & write offs	5,894,992	-	5,894,992
Net Profit for the year	5,294,206	(1,031,543)	6,325,749

Land Acquisition

During the year the Company purchased the beach land opposite the Blue Horizon hotel for \$327k; this to enhance the marketability of the hotel.

Repayment of Advances

In the first quarter of the year the \$326k advance received from Enterprise Growth Fund (EGFL), through the Barbados Economic and Sustainability Transformation Programme (BEST), established by the Government of Barbados to mitigate the effects of the COVID-19 pandemic, was repaid.

Cashflow liquidity

At Mach 31, 2024 the Company's cash balance was \$3.328M and current assets exceeded current liabilities by \$3.528M. Management anticipates that obligations will be met as they fall due.

4.0 Major Capital Projects

Given the divestment agenda no major capital projects were undertaken in the year. However, the Company continued with the upgrade of the Blue Horizon to maintain the plant to acceptable standards. In addition, generators and water tanks were purchased to enable 30% of the room inventory to be powered and water supplied in the event of a disaster.

5.0 Distribution to Shareholders

There were no distributions to shareholders during the year. Funds received during the BEST programme were repaid in the year.

6.0 Fiscal Risks

Divestment Risk

An offer, from the current Lessee, for the purchase of The Savannah hotel was accepted in 2024, whilst the Blue Horizon hotel continues to be operated by the Company, until a decision is reached on its disposal. Hotels are generally illiquid assets and it is difficult and often time consuming, to close on the sale of a hotel. The Company's inability to dispose of the hotels in a timely manner or on favorable terms, could affect its financial condition, operating results, and cash flows.

There is the risk that the value of the asset may change because of market conditions.

Continued uncertainty as it relates to divestment may result in reduced occupancies as travellers may have reduced confidence in the security of their bookings. Staff morale may be impacted by a closing operation.

Revenues directly linked to conditions affecting the global economy

The performance of the accommodation sector is essentially tied to the strength of the global economy and in particular the main arrival markets for the island which are the United States, the United Kingdom, Canada and Caricom countries. Changes in interest rates, exchange rates and general economic conditions in these countries will impact consumer confidence and discretionary income and restrict travel.

Changes in travel patterns of both business and leisure travellers particularly during periods of economic contraction or low levels of economic growth may create difficulties for the industry over the long-term and adversely affect our operating results..

Our operating hotel is a three-star property; changes to the economy typically have a greater impact on this market clienteles' ability to find discretionary income.

The accommodation sector is highly cyclical and there could be large fluctuations in revenue which will impact cashflow. Most revenue is earned during the winter months or the "season" – December 15th through April 15th. RevPAR is impacted during the summer period with reductions in both ADRs and occupancies. The leased operation is also tied to these conditions, and there is the risk of late or unpaid lease fees during this period.

Other risks to revenue generation:

- The accommodation sector is very competitive and the standard of accommodation must be maintained; our competitors may have greater access to financial and commercial resources allowing them to be more competitive
- New entrants to the market may result in better quality accommodation and may put pressure on our ADRs to remain competitive
- The sharing economy – Airbnb, HomeAway and Homestay is increasingly popular with millennials who place more value on experiential travel and the unique experience of an Airbnb property may be more appealing to them
- The growth of the online distribution channels, whilst having the potential to bring new guests, may also reduce direct bookings and increase operating costs, given the high commissions commanded.

Inflationary Pressures

Inflationary pressures continue to pose significant risks. The Company will not only see a significant increase in operating costs, but there may be decreases in revenue as discretionary spending is reduced, which will impact occupancies.

Many expenses are not directly tied to revenue and will not decrease with a decline in revenue. Such expenses include utilities, land tax, insurance and employee wages. We may not be able to pass on all of the increases in costs and RevPAR may not increase at the same rate.

Climate Change

Climate change continues to pose one of the greatest challenges to the industry and the Company. Global warming has resulted in more frequent and severe weather conditions, such as droughts, floods, hurricanes and wildfires. These disasters can have astronomical consequences as they result in damaged infrastructure and disrupted supply chains leading to scarce resources and economic instability. There will be reduced demand for the island if infrastructure is destroyed. The National Oceanic and Atmospheric Administration (NOAA) predicts an 85% chance of an above-normal 2024 Atlantic hurricane season.

To mitigate the risk of loss of property, the Company insures its assets. However, some losses and catastrophic events are uninsurable.

Consumers are increasingly conscious of the impact of climate change; they value sustainability and seek out companies who invest in and have greening initiatives. In addition to direct losses from weather events, failure to keep up with the demands of the consumers may result in the Company being uncompetitive.

Geo-political challenges

Geo-political conflicts continue to pose a threat to the country and by extension the Company. Wars and other conflicts increase the risks in capital, trade and commodity markets. These conflicts lead to supply shortages and increases in energy and other costs.

There is no indication of the ending of the ongoing Russian/Ukraine conflict, which has also increased the already heightened tensions between Russia and the NATO countries. The US-China trade tensions, the turmoil in the Middle East and the ongoing war in Gaza add to the risk of significant disruption in global supply and shipping.

7.0 Compliance with Statement of Social Responsibility

"We aim to be a responsible corporate entity and in our business dealings we focus on our employees, the environment and the community"

Employees

Our human capital plans include both internal and external training for our employees. During the year we carried out external training on "delivering quality service" and housekeeping best practices. In addition, five members of staff attended courses and received certificates in fire evacuation and fire safety.

We encourage employee participation and reward outstanding performance. Our team challenge for the year was centered on the green environment and the use of natural resources. Employees participated in training sessions to create ceramic wares and signage from the local red clay. We envision incorporating employees' creativity in signage and other decorative ornaments throughout the hotel.

Environment

Each year we work towards improving our water and energy conservation methods throughout our plant. We continue to replace all lighting fixtures with LED lighting and we only purchase water efficient fixtures for our guests' rooms.

Community

We continue to strengthen our partnership with the Prince's Trust and this year we increased our intake of students on our training and mentoring job attachment programme to six. These individuals get the opportunity to work with our staff and are given a stipend.

8.0 Remuneration paid to each Board Director

Number of Directors		Fees
1	Chairman	20,760
1	Deputy chairman	7,200
5	Directors	4,860
1	Director	2,835

9.0 Remuneration paid to Senior/Middle Management

Number of Employees	Salary range	Benefits
1	156,000 - 192,000	4,428
1	72,000 - 93,800	2,628
1	54,000 - 75,600	1,025

Executive management salary is disclosed in Note 11 - Related Party Transactions in the Financial Statements. Benefits include pension payments to employees' plans and contribution to employer's medical plan through the Barbados Hotel and Tourism Authority Group Plan.

Appendix 1

Summary Results & KPIs	March 31 2024	March 31, 2023	Variance	Variance %
Occupancy	61.46%	50.80%	0.11	
ADR	\$264.28	\$239.28	\$25.00	
RevPAR	\$162.44	\$121.54	\$40.90	
Revenue				
Rooms	3,983,302	2,972,363	1,010,939	34.01%
Other	686,776	648,612	38,164	5.88%
Total Revenue	4,670,078	3,620,975	1,049,103	28.97%
Direct Costs	1,522,689	1,205,543	317,146	26.31%
Direct Costs %	32.61%	33.29%		
Gross Margin (GOI)	3,147,389	2,415,432	731,957	30.30%
GOI %	67.39%	66.71%		
Undistributed Expenses (UE)	2,747,710	2,468,428	279,282	11.31%
UE %	58.84%	68.17%		
EBITDA	339,842	(112,637)	452,479	(401.71%)
Operating Margin (EBITDA/Revenue)	7.28%	(3.11%)		
Net Profit (Loss)	5,294,206	(1,031,543)	6,325,749	(613.23%)
ROE (Net Income/Shareholder's Equity)	16.90%	(3.96%)		
Profit/(loss) adjusted for non-cash transactions	350,480	(102,307)	452,787	(442.58%)
Liquidity				
Working Capital	3,528,146	1,806,537	1,721,609	95.30%
Current Ratio	4.36	1.51		

SECTION B

Hotels & Resorts Limited

Financial Statements

For the year ended March 31, 2024



SECTION B

Hoch & Resorts Limited

Financial Statements

For the year ended March 31, 2024

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Hotels & Resorts Limited

Financial Statements

March 31, 2024

(expressed in Barbados dollars)

Hotels & Resorts Limited

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Hotels & Resorts Limited

Corporate Information

For the year ended March 31, 2024

Directors

Peter V. Harris

C. Stephen Ollivierre

John S. M Rocheford

Permanent Secretary Ministry of Tourism & International Transport

Francine J. Blackman

Representative of the Chairman of the Barbados Tourism Investment Inc.

Jefferson R. Lashley

Charmaine J. St John

Robin H. Simmons

Geoffrey C.J. Roach

Chairman

Deputy Chairman

Director

Director

Director

Director

Director

Director

Secretary

Inez Hinkson

Registered Office

Gems of Barbados Corporate Office

Rockley

Christ Church

Barbados

Principal Office

Gems of Barbados Corporate Office

Rockley

Christ Church

Barbados

Bankers

RBC Royal Bank of Canada Barbados Limited

Lower Broad Street

Bridgetown

Barbados

Auditors

Grant Thornton Ltd

3rd Floor CGI Tower

Warrens

St. Michael

Barbados

Attorneys-at-Law

Clarke Gittens Farmer

Parker House

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Karen Perreira

InterCaribbean Legal

28 Pine Road

St. Michael

Barbados

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Hotels & Resorts Limited

Grant Thornton Ltd

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CGI Tower
Warrens
P.O. Box 5033
St. Michael BB12001
Barbados W.I.

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Opinion

We have audited the financial statements of **Hotels & Resorts Limited** (the "Company"), which comprise the statement of financial position as at March 31, 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board (IFRS for SMEs Accounting Standard).

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 Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Barbados, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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



Other Information ...continued

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS for SMEs Accounting Standard, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

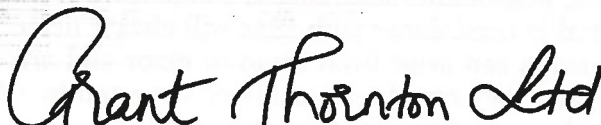
Auditor's Responsibilities for the Audit of the Financial Statements ...continued

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

We communicate with those charged with governance 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.

Other Matter

This report is made solely to the Company's shareholders in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders for our audit work, for this report, or for the opinion we have formed.



Chartered Accountants
June 28, 2024
Barbados

Hotels & Resorts Limited

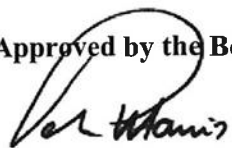
Statement of Financial Position As at March 31, 2024

(expressed in Barbados dollars)

	Notes	2024 \$	2023 (as restated – Note 19) \$
Assets			
Current assets			
Cash		3,328,520	4,051,843
Trade and other receivables	5	990,038	1,022,460
Prepaid expenses	6	231,865	261,899
Inventories		27,694	–
Total current assets		4,578,117	5,336,202
Non-current assets			
Property and equipment	7	11,178,258	10,712,414
Investment property	8	16,464,732	13,334,910
Investment	9	133,024	156,000
Investment in a joint venture	10	25,022	25,115
Total non-current assets		27,801,036	24,228,439
Total assets		32,379,153	29,564,641
Liabilities and equity			
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	990,268	3,130,622
VAT payable		59,703	73,261
Advances from shareholder	11	–	325,782
Total liabilities		1,049,971	3,529,665
Equity			
Share capital	13	27,291,154	27,291,154
Contributed surplus		250,429,844	250,429,844
Accumulated deficit		(246,391,816)	(251,686,022)
Total equity		31,329,182	26,034,976
Total liabilities and equity		32,379,153	29,564,641

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors on June 28, 2024.



Director



Director

Hotels & Resorts Limited

Statement of Changes in Equity For the year ended March 31, 2024

(expressed in Barbados dollars)

	Share capital \$	Contributed surplus \$	Accumulated deficit \$	Total \$
Balance at March 31, 2022	27,291,154	250,429,844	(250,654,479)	27,066,519
Net loss for the year	—	—	(1,031,543)	(1,031,543)
Balance at March 31, 2023	27,291,154	250,429,844	(251,686,022)	26,034,976
Net income for the year	—	—	5,294,206	5,294,206
Balance at March 31, 2024	27,291,154	250,429,844	(246,391,816)	31,329,182

The accompanying notes are an integral part of these financial statements.

Hotels & Resorts Limited

Statement of Comprehensive Income

For the year ended March 31, 2024

(expressed in Barbados dollars)

	Notes	2024 \$	2023 \$
Revenue			
Rooms		3,983,302	2,972,363
Other revenues		686,776	648,612
		<u>4,670,078</u>	<u>3,620,975</u>
Direct costs			
Room costs		1,454,035	1,136,715
Other costs		68,654	68,828
		<u>1,522,689</u>	<u>1,205,543</u>
Gross operating income		<u>3,147,389</u>	<u>2,415,432</u>
Undistributed expenses			
Administration	15	1,165,987	1,027,317
Operations and maintenance		632,782	526,476
Insurance and property tax		502,279	526,999
Utilities		393,180	333,174
Sales and marketing		53,482	54,462
		<u>2,747,710</u>	<u>2,468,428</u>
Gross operating income (loss)		<u>399,679</u>	<u>(52,996)</u>
Directors' fees and expenses		59,837	59,641
Net operating income (loss)		<u>339,842</u>	<u>(112,637)</u>
Reversal of impairment of investment property	8	4,500,000	—
Gain on reversal of accrued provision	12,14	2,182,900	—
Depreciation	7,8	(951,173)	(927,322)
Write-off of investment property	8	(784,372)	—
Reversal of impairment of property and equipment	7	500,000	—
Write-off of property and equipment	7	(480,560)	—
Impairment on investment	9	(22,976)	—
Interest income		10,638	10,330
Share in net loss of a joint venture	10	(93)	(93)
Loss on disposal of property and equipment		—	(1,821)
		<u>4,954,364</u>	<u>(918,906)</u>
Net profit (loss) being total comprehensive income (loss) for the year		<u>5,294,206</u>	<u>(1,031,543)</u>

The accompanying notes are an integral part of these financial statements.

Hotels & Resorts Limited

Statement of Cash Flows

For the year ended March 31, 2024

(expressed in Barbados dollars)

	Notes	2024 \$	2023 \$
Cash flows from operating activities			
Net profit (loss) for the year		5,294,206	(1,031,543)
Adjustments for:			
Reversal of impairment of investment property	8	(4,500,000)	—
Gain on reversal of accrued provision	12	(2,182,900)	—
Depreciation	7,8	951,173	927,322
Write-off of investment property	8	784,372	—
Reversal of impairment of property and equipment	7	(500,000)	—
Write-off of property and equipment	7	480,560	—
Impairment of investment	9	22,976	—
Interest income		(10,638)	(10,330)
Additional allowance for doubtful accounts	5	3,013	—
Share in net loss of joint venture	10	93	93
Write-off of trade receivables	5	—	5,968
Loss on disposal of property and equipment		—	1,821
Operating income (loss) before working capital changes		342,855	(106,669)
Decrease in trade and other receivables		29,409	725,850
Decrease (increase) in prepaid expenses		30,034	(63,108)
(Increase) decrease in inventories		(27,694)	31,021
Increase in accounts payable and accrued liabilities		42,546	33,918
(Decrease) increase in VAT payable		(13,558)	45,413
Net cash generated from operations		403,592	666,425
Interest received		10,638	10,330
Net cash from operating activities		414,230	676,755
Cash flows used in investing activities			
Acquisition of property and equipment	7	(811,771)	(130,905)
Cash flows used in financing activities			
Repayment of advances from shareholder		(325,782)	—
Net (decrease) increase in cash		(723,323)	545,850
Cash at beginning of year		4,051,843	3,505,993
Cash at end of year		3,328,520	4,051,843

The accompanying notes are an integral part of these financial statements.

Hotels & Resorts Limited

Notes to the Financial Statements

March 31, 2024

(expressed in Barbados dollars)

1 Incorporation and principal activity

Hotels & Resorts Limited (the "Company") was incorporated under the Laws of Barbados on December 27, 1995. The principal activity of the Company was the investment and development of hotel properties. The Company's registered office is at Gems of Barbados Corporate Office, Rockley, Christ Church, Barbados. The Company is approximately 95.1% owned by the Government of Barbados, 3.6% by Sintjon Limited and 1.3% by Worthing Court Apartment Hotel Limited. The three shareholders are domiciled in Barbados.

Through the creation of the hotel brand, Gems of Barbados (Gems), the Company integrated the marketing and management for the hotels on its portfolio.

In 2005, a decision was made to divest, and the hotels were put on the market for sale. There are two remaining hotels in the portfolio – The Savannah, which is leased, and Blue Horizon which is operated by the Company.

2 Going concern

The operating hotel has slowly recovered from the lower occupancies and average rates from the previous years. For the year ended March 31, 2024, the Company recognized a profit of \$5,294,206 and a loss amounted to \$1,031,543 for the year ended March 31, 2023 and at these dates, its current assets exceeded current liabilities by \$3,528,146 (2023: \$1,806,537).

Management has assessed its liquidity position and taking into account worse case scenarios, has ascertained that the Company would be in a position to meet its liabilities as they fall due within the next year.

3 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with the IFRS for SMEs Accounting Standard issued by the International Accounting Standards Board ('IFRS for SMEs Accounting Standard').

The financial statements were authorized for issuance by the Directors on June 28, 2024.

b) Basis of measurement

These financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency

These financial statements are presented in Barbados dollars, which is the Company's functional currency. All financial information presented in Barbados dollars has been rounded to the nearest dollar.

Hotels & Resorts Limited

Notes to the Financial Statements

March 31, 2024

(expressed in Barbados dollars)

3 Basis of preparation ...continued

d) Use of estimates and judgements

The preparation of financial statements in conformity with the IFRS for SMEs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses during the period. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Impairment of trade receivables

Significant management judgment is required to determine a provision for impairment which is established when there is objective evidence that the Company will not be able to collect all amounts due. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the receivable is impaired. The Company has provided allowance for doubtful accounts to its trade receivables as at March 31, 2024 and 2023 (see Note 5).

Impairment of property and equipment and investment property

In assessing impairment, management estimates the recoverable amount of its property and equipment and investment property based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations. The Company has provided impairment allowance to its property and equipment and investment property as at March 31, 2024 and 2023 (see Notes 7 and 8).

4 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Financial instruments

i) Financial assets

The Company initially recognizes financial assets on the date when they are originated. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial asset that is created or retained by the Company is recognized as a separate asset or liability.

Hotels & Resorts Limited

Notes to the Financial Statements

March 31, 2024

(expressed in Barbados dollars)

4 Summary of significant accounting policies ...continued

a) Financial instruments ...continued

i) Financial assets ...continued

The Company's financial assets comprise cash, trade and other receivables and investment. The classification depends on the purpose for which the financial asset was acquired. Management determines the classification of its financial assets at initial recognition.

Cash

Cash includes cash at bank and on hand.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transactions costs. Subsequent to initial recognition, trade and other receivables are measured at amortized cost using the effective interest method, less any impairment losses. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets.

Investment

Investment includes shares owned at the Southern Golf and Country Club Ltd. which are carried at cost as the Company opted to apply the recognition and measure requirements under Section 11 of IFRS for SMEs, *Basic Financial Instruments*.

ii) Financial liabilities

Financial liabilities are recognized on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company classifies financial liabilities into other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company's financial liabilities comprise of accounts payable and accrued liabilities and advances from shareholder.

Hotels & Resorts Limited

Notes to the Financial Statements

March 31, 2024

(expressed in Barbados dollars)

4 Summary of significant accounting policies ...continued

a) Financial instruments ...continued

iii) Impairment of financial assets

A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect or realize all amounts due according to the original terms of the financial asset. The impairment loss is recognised in the statement of comprehensive income within 'administration account under undistributed expenses'. While a provision for impairment of investment is provided when the recoverable amount of investment is lower than the carrying amount.

iv) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

b) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is provided on furniture, fittings and equipment on the straight-line basis at rates designed to expense the cost of the assets over the period of their estimated useful lives. Hotel building is depreciated to their salvage values, estimated at 40% of costs after 50 years. Land is not depreciated.

Computer equipment	33 1/3%
Motor vehicle	20%
Furniture, fittings and equipment	10%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the statement of comprehensive income.

c) Investment property

Property that is held by the Company to earn third party rental income and/or for capital appreciation is classified as an investment property.

Hotels & Resorts Limited

Notes to the Financial Statements

March 31, 2024

(expressed in Barbados dollars)

4 Summary of significant accounting policies ...continued

c) Investment property ...continued

The Company's investment property is accounted for using the cost model within the scope of Section 17 of the IFRS for SMEs, *Property, Plant and Equipment*, as the fair value cannot be measured reliably without undue cost or effort on an ongoing basis. Depreciation is provided on furniture, fittings and equipment on the straight-line basis over the period of 3 years. The Hotel building is depreciated to its salvage value, estimated at 40% of costs after 50 years. Land is not depreciated.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

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

d) Foreign currency translation

Foreign currency transactions completed during the year are recorded at actual rates of exchange prevailing at the date of such transactions. Monetary assets and monetary liabilities denominated in foreign currency at the reporting date are translated using the rates of exchange prevailing at that date. The resultant exchange differences are included in the statement of comprehensive income.

e) Taxation

Income tax expense recognized in the statement of comprehensive income comprises of the sum of deferred tax and current tax.

Current income tax liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting period. Current tax is payable on taxable profit, which differs from the statement of comprehensive income in the financial statements. Calculation of current tax is based on the tax rates and tax laws that have been enacted or substantively enacted in Barbados by the end of the reporting period.

Deferred income tax is calculated using temporary differences arising between the tax bases of assets and liabilities and their tax bases. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the financial reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Hotels & Resorts Limited

Notes to the Financial Statements

March 31, 2024

(expressed in Barbados dollars)

4 Summary of significant accounting policies ...continued

f) Revenue recognition

Revenue is recognized at the point of delivery of service to customers and is measured by reference to the fair value of consideration received or receivable by the Company for services rendered, net of value added tax, room rate levy, service charge and discounts.

Other revenues earned by the Company is recognised on the accrual basis.

g) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each statement of financial position date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income.

h) Investment in a joint venture

The investment in a joint venture is accounted for using the equity method. The financial statements at each reporting period include the Company's share of the total recognized gains and losses of the joint venture.

i) Equity

i) Share capital

Share capital represents the nominal values of the shares that have been issued. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

ii) Contributed surplus

Contributed surplus includes capital contribution received or repaid to the Company's principal shareholder.

iii) Accumulated deficit

Accumulated deficit includes all current and prior period retained losses or profits reported in the statement of comprehensive income.

j) Leases – Company as a lessor

Leases, which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognised as part of other revenues in the statement of comprehensive income.

Hotels & Resorts Limited

Notes to the Financial Statements

March 31, 2024

(expressed in Barbados dollars)

4 Summary of significant accounting policies ...continued

k) Employee benefits

The cost of short-term employee benefits, including holiday entitlement and insurance, are recognised in the period in which employee services are rendered within the statement of comprehensive income as staff costs. Any unpaid amounts are included in the statement of financial position as liabilities, measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

l) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

m) Expenses

Expenses are recognized in the statement of comprehensive income upon utilisation of services or as incurred.

n) Events after the reporting date

Post year-end events that provide additional information about the Company's financial position at reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

5 Trade and other receivables

The details of trade and other receivables are as follows:

	2024 \$	2023 \$
Trade receivables	975,520	1,015,228
Allowance for doubtful accounts	(358,329)	(355,316)
	617,191	659,912
Other receivables	372,847	362,548
	990,038	1,022,460

Other receivables mainly relate to deposit to the Barbados Light and Power Company. These are deemed to be fully collectible as at March 31, 2024.

Hotels & Resorts Limited

Notes to the Financial Statements

March 31, 2024

(expressed in Barbados dollars)

5 Trade and other receivables ...continued

In 2024, the Company provided an additional allowance amounting to \$3,013, while in 2023 the Company wrote-off certain trade receivables that were assessed to be uncollectible amounting to \$5,968. The forgoing transactions are presented as part of administration expenses (see Note 15).

Movement in allowance for doubtful accounts is presented below.

	2024 \$	2023 \$
Balance at beginning of year	355,316	355,316
Additional allowance	3,013	—
Balance at end of year	358,329	355,316

6 Prepaid expenses

Prepaid expenses are shown below.

	2024 \$	2023 \$
Prepaid insurance	231,865	207,427
Others	—	54,472
	231,865	261,899

Others relate to the down-payment made by the Company to purchase a generator in 2023.

Hotels & Resorts Limited

Notes to the Financial Statements

March 31, 2024

(expressed in Barbados dollars)

7 Property and equipment

	Hotel building \$	Land \$	Furniture, fittings & equipment \$	Operating equipment \$	Total \$
Cost					
At April 1, 2022	69,324,790	5,418,015	7,300,987	2,864,932	84,908,724
Additions	—	—	130,905	—	130,905
Disposals	—	—	(630,264)	—	(630,264)
Reclassification (Note 19)	(48,321,852)	(2,252,569)	(4,295,205)	(2,384,372)	(57,253,998)
At March 31, 2023	21,002,938	3,165,446	2,506,423	480,560	27,155,367
At April 1, 2023	21,002,938	3,165,446	2,506,423	480,560	27,155,367
Additions	243,593	326,814	241,364	—	811,771
Disposals	—	—	(765,445)	—	(765,445)
Write-off	—	—	—	(480,560)	(480,560)
At March 31, 2024	21,246,531	3,492,260	1,982,342	—	26,721,133
Accumulated depreciation and impairment					
At April 1, 2022	51,460,817	—	7,002,345	1,600,000	60,063,162
Depreciation for the year	831,151	—	96,171	—	927,322
Disposals	—	—	(628,443)	—	(628,443)
Reclassification (Note 19)	(38,023,883)	—	(4,295,205)	(1,600,000)	(43,919,088)
At March 31, 2023	14,268,085	—	2,174,868	—	16,442,953
At April 1, 2023	14,268,085	—	2,174,868	—	16,442,953
Depreciation for the year	254,739	—	110,628	—	365,367
Reversal of impairment	(500,000)	—	—	—	(500,000)
Disposals	—	—	(765,445)	—	(765,445)
At March 31, 2024	14,022,824	—	1,520,051	—	15,542,875
Net book value					
At March 31, 2023	6,734,853	3,165,446	331,555	480,560	10,712,414
At March 31, 2024	7,223,707	3,492,260	462,291	—	11,178,258

As a result of the continued depressed local economy, the real estate market and the shareholders' desire to divest of the hotel property, the Company obtained valuations for Blue Horizon hotel in the previous years. The Company received a purchase offer in line with the property valuation which resulted in management reversing \$500,000 of the previously recorded impairment. As at March 31, 2024, the accumulated impairment for Blue Horizon amounted to \$7,951,382 (2023: \$8,453,203). The accumulated impairment is presented as part of accumulated depreciation and impairment in the table above.

Hotels & Resorts Limited

Notes to the Financial Statements

March 31, 2024

(expressed in Barbados dollars)

7 Property and equipment ...continued

In 2024, the Company wrote-off certain property and equipment amounting to \$480,560 to clean out the balance carried forward of the operating equipment. The amount is presented as write-off of property and equipment in the statement of comprehensive income. No similar transaction in 2023.

8 Investment Property

	Hotel building \$	Land \$	Furniture, fittings & equipment \$	Operating equipment \$	Total \$
Cost					
April 1, 2022	—	—	—	—	—
Reclassification (Note 19)	48,321,852	2,252,569	4,295,205	2,384,372	57,253,998
At March 31, 2023	48,321,852	2,252,569	4,295,205	2,384,372	57,253,998
Write-off	—	—	—	(2,384,372)	(2,384,372)
At March 31, 2024	48,321,852	2,252,569	4,295,205	—	54,869,626
Accumulated depreciation and impairment					
At April 1, 2022	—	—	—	—	—
Reclassification (Note 19)	38,023,883	—	4,295,205	1,600,000	43,919,088
At March 31, 2023	38,023,883	—	4,295,205	1,600,000	43,919,088
Depreciation for the year	585,806	—	—	—	585,806
Reversal of impairment	(4,500,000)	—	—	—	(4,500,000)
Write-off	—	—	—	(1,600,000)	(1,600,000)
At March 31, 2024	34,109,689	—	4,295,205	—	38,404,894
Net book value					
At March 31, 2023	10,297,969	2,252,569	—	784,372	13,334,910
At March 31, 2024	14,212,163	2,252,569	—	—	16,464,732

The Company obtained valuations for The Savannah hotel in the previous years. On March 6, 2024, the Cabinet of Barbados noted the Board of Directors' decision to accept a purchase offer of \$24,000,000 for the property, which resulted for the management to reverse certain impairment allowance amounting to \$4,500,000. As at March 31, 2024, the accumulated impairment for Savannah hotel amounts to \$20,374,823 (2023: \$26,474,823). The accumulated impairment is presented as part of depreciation and impairment in the table above.

Hotels & Resorts Limited

Notes to the Financial Statements

March 31, 2024

(expressed in Barbados dollars)

8 Investment Property ...continued

Included in profit from operations are the following amounts arising on investment property:

	2024 \$	2023 \$
Rental income	520,000	495,000
Depreciation	(585,806)	(579,293)
Insurance	(196,138)	(178,656)
Property tax	(141,075)	(188,100)
Loss arising from investment property	<u>(403,019)</u>	<u>(451,049)</u>

The depreciation for the year ended March 31, 2023 amounting to \$579,293 is presented as part of depreciation of hotel building under property and equipment before the reclassification see Note 7.

9 Investment

	2024 \$	2023 \$
Southern Golf & Country Club Ltd.		
156,000 Class B shares @ \$1.00 each	156,000	156,000
Allowance for impairment	<u>(22,976)</u>	<u>—</u>
	<u>133,024</u>	<u>156,000</u>

These shares are carried at cost. As at March 31, 2024, management has assessed that the investment is impaired and has provided an allowance for impairment amounting to \$22,976. The related impairment expense is presented in the statement of comprehensive income.

10 Investment in a joint venture

	2024 \$	2023 \$
Balance at beginning of year	25,115	25,208
Share of net loss during the year	<u>(93)</u>	<u>(93)</u>
Balance at end of year	<u>25,022</u>	<u>25,115</u>

On July 30, 2004, Hotels & Resorts Limited and Growth Development Inc. formed a company Sapphire Inc. for the purpose of owning, developing and selling the property known as the Dover Convention Centre as condominiums. Hotels & Resorts Limited has 49% interest in the Company and Growth Development Inc. has 51%.

Hotels & Resorts Limited

Notes to the Financial Statements

March 31, 2024

(expressed in Barbados dollars)

10 Investment in a joint venture ...continued

The investment in a joint venture is accounted for using the equity method. At March 31, 2024, the Company's share in the joint venture's net assets of \$1,692,492 is reflected in the financial statements (2023: \$1,692,585). There were no operational activities in the joint venture during the financial year 2024 and 2023.

The summarized financial information of Sapphire Inc. – 100 per cent is as follows:

	2024 \$	2023 \$
Assets	3,458,461	3,458,651
Liabilities	4,396	4,396
Net assets	3,454,065	3,454,255
Company's share of a joint venture's net assets	1,692,492	1,692,585
Revenue	—	—
Net loss	190	190
Share in net loss of a joint venture	93	93

Included in the joint venture's assets are advances made to the Company amounting to \$1,667,470 in 2015. These advances are not repayable and are intended to be declared as a reduction of capital and dividend payments at the next Board of Directors meeting. Consequently, the amounts were reclassified see Note 19.

11 Related party transaction and balances

Related party transactions comprise of the following:

	2024 \$	2023 \$
Revenue from government agencies	202,212	111,428
Advances from shareholder	—	325,782
<i>Remuneration of key management personnel</i>		
Executive management salaries	187,176	187,176
Directors' fees and expenses	59,837	59,641
	247,013	246,817

Hotels & Resorts Limited

Notes to the Financial Statements

March 31, 2024

(expressed in Barbados dollars)

11 Related party transaction and balances ...continued

Advance from shareholder relates to the amounts received by the Company under the Barbados Employment and Sustainable Transformation (BEST) Programme conceptualized by the Government of Barbados to address the social and economic consequences caused by the COVID-19 pandemic and provides funding for companies in the tourism industry. The Company repaid the full amount in 2024.

12 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are shown below.

	2024 \$	2023 \$
Accrued expenses	393,185	352,558
Others	356,050	354,008
Accounts payable	129,755	149,936
Advance deposits	111,278	91,220
Accrued provision (Note 14)	—	2,182,900
	<u>990,268</u>	<u>3,130,622</u>

Others pertains to the security deposit received by the Company for the lease of The Savannah hotel and the restaurant in Blue Horizon hotel.

13 Share capital

Authorized

The Company is authorized to issue an unlimited number of common shares of no-par value.

Issued

	2024 \$	2023 \$
Number of common shares	<u>29,291,154</u>	<u>27,291,154</u>
Stated value	<u>27,291,154</u>	<u>27,291,154</u>

Hotels & Resorts Limited

Notes to the Financial Statements

March 31, 2024

(expressed in Barbados dollars)

14 Contingencies

The Company's former hotel manager, Commonwealth Hospitality Ltd. (CHL) has made a claim for an aggregate sum of US\$13,583,521 which is the subject of arbitration proceedings. The sum claimed includes US\$11,415,104 for liquidated damages for wrongful termination of the Management Agreement between the Company and CHL. The Company is contending that it was entitled to terminate the Management Agreement and is therefore not liable to pay CHL the amount claimed or any other amount by way of liquidated damages. The sum claimed also includes US\$595,377 as Management Incentive Fees and US\$171,920 as Termination Fee. The Company is contending it is not liable to pay CHL any amount in respect of either Management Incentive Fees or Termination Fee. It is not possible to predict the outcome of these proceedings. An accrual equivalent to US\$1,091,450 was previously made against the remainder of the CHL claim as was determined at December 31, 2001. The accrued amount was included as part of accounts payable and accrued liabilities (see Note 12). In 2024, the Company has reversed the accrued provision based on the legal counsel's opinion of this claim having a low probability of being successfully brought against the Company. The related gain on reversal is presented in the statement of comprehensive income.

Various other claims have been made against the Company. Provisions have been made only against those claims which have been quantified and for which the outcome could be reasonably determined.

15 Administration expenses

Administration expenses are shown below.

	2024 \$	2023 \$
Staff costs (Note 16)	553,908	543,769
Professional fees	360,403	225,562
Outsourced services	53,627	85,892
Others	54,665	56,408
Credit card commissions	84,189	52,156
Bank charges	14,945	32,483
Human resources	35,171	22,620
Bad debt expense (Note 5)	3,013	—
Equipment rental	6,066	2,459
Write-off of trade receivables (Note 5)	—	5,968
	<u>1,165,987</u>	<u>1,027,317</u>

Hotels & Resorts Limited

Notes to the Financial Statements

March 31, 2024

(expressed in Barbados dollars)

16 Staff costs

Staff costs included within expenditure classified by function are as follows:

	2024 \$	2023 \$
Direct costs		
Room	684,478	568,770
Undistributed expenses		
Administration (Note 15)	553,908	543,769
Operations and maintenance	48,879	48,423
	<u>1,287,265</u>	<u>1,160,962</u>

17 Taxation

The tax on the Company's profit (loss) before taxation differs from the theoretical amount that would arise using the statutory tax rate as follows:

	2024 \$	2023 \$
Profit (loss) before taxation	<u>5,294,206</u>	<u>(1,031,543)</u>
Tax credit calculated at the statutory rate of 5.5%	291,181	(56,735)
Tax effect of non-taxable income	(594,731)	(34,664)
Tax effect of unrecognized deferred tax on tax losses	180,395	40,291
Tax effect of non-deductible expenses	<u>123,155</u>	<u>51,108</u>
	<u>—</u>	<u>—</u>

Hotels & Resorts Limited

Notes to the Financial Statements

March 31, 2024

(expressed in Barbados dollars)

18 Taxation ...continued

Tax losses

Tax losses of the Company which are available for set off against future taxable income for corporation tax purposes are as follows:

Year of loss	Brought forward \$	Incurred/ (utilised) \$	Expired \$	Carried forward \$	Expiry date
2020	12,558,737	1,182,407	—	13,741,144	2027
2021	13,741,144	1,620,915	(11,571,696)	3,790,363	2028
2022	3,790,363	2,596,607	(987,041)	5,399,929	2029
2023	5,399,929	732,568	—	6,132,497	2030
2024	6,132,497	3,279,900	—	9,412,397	2029

Starting 2024, the taxation authorities changed the expiry date of tax losses from seven years to five years. These losses are as computed by the Company in its corporation tax returns and as yet have neither been confirmed nor disputed by the Barbados Revenue Authority.

19 Reclassification

Reclassification of The Savannah Hotel properties to Investment Property and Reclassification of Advances from Joint Venture to Investment in Joint Venture

In the financial statements previously the net book value of The Savannah Hotel was presented as part of property and equipment. Under Section 16 of the IFRS for SMEs, *Investment Property*, properties held by the owner to earn rentals or capital appreciation or both are classified as investment properties. As such related amounts were reclassified to investment property since The Savannah Hotel is being leased out (see Notes 7 and 8).

Also, previously in the financial statements, the investment in joint venture and advances from joint venture were presented at gross amounts. However, it was noted that the advances from joint venture is to be formalised at the next Board of Directors meeting as a declaration of dividends and a reduction of capital. As such these amounts are presented on a net basis in the 2024 financial statements (see Note 10).

There is no effect on the Company's opening accumulated deficit based on the restatement made. The effects on the statement of financial position are presented below as restatement of the comparative balances as at March 31, 2023.

Hotels & Resorts Limited

Notes to the Financial Statements

March 31, 2024

(expressed in Barbados dollars)

19 Reclassification ...continued

Effect on statement of financial position

	Property and equipment \$
Balance as previously reported as at March 31, 2023	24,047,324
Reclassification	<u>(13,334,910)</u>
Balance as restated as at March 31, 2023	<u>10,712,414</u>
	Investment property \$
Balance as previously reported as at March 31, 2023	—
Reclassification	<u>13,334,910</u>
Balance as restated as at March 31, 2023	<u>13,334,910</u>
	Investment in a joint venture \$
Balance as previously reported as at March 31, 2023	1,692,585
Reclassification	<u>(1,667,470)</u>
Balance as restated as at March 31, 2023	<u>25,115</u>
	Advances from joint venture \$
Balance as previously reported as at March 31, 2023	1,667,470
Reclassification	<u>(1,667,470)</u>
Balance as restated as at March 31, 2023	<u>—</u>