



Real Club de Golf Guadalmina

Abridged Financial Statements for the year ended

December 31, 2023

REAL CLUB DE GOLF GUADALMINA

ABRIDGED BALANCE SHEET FOR AT DECEMBER 31, 2023 (amounts in Euro)

	Note	2023	2022
ACTIVO NO CORRIENTE		797,593.95	711,387.98
Intangible assets		-	292.67
Computer applications		-	292.67
Property, plant and equipment	5	655,144.70	482,853.61
Land and buildings		12,534.26	39,661.44
Technical installations and other items		642,610.44	443,192.17
Non-current investments	6	138,585.56	228,241.70
Other financial assets		138,585.56	228,241.70
Deferred tax assets		3,863.69	-
CURRENT ASSETS		474,804.50	688,531.00
Inventories		2,278.24	502.87
Raw materials and other supplies		2,278.24	502.87
Current investments	6, 11	635.57	635.57
Other financial assets		635.57	635.57
Trade and other receivables	6	13,078.27	23,654.60
Trade receivable		11,130.00	406.50
Other accounts receivable		907.50	5,989.50
Other receivables from public authorities		1,040.77	17,258.60
Prepayments for current assets		47,987.63	40,956.66
Cash and cash equivalents	7	410,824.79	622,781.30
TOTAL ASSETS		1,272,398.45	1,399,918.98

	Note	2023	2022
EQUITY		209,626.22	209,096.20
Reserves		209,096.20	164,422.16
Profit/(loss) for the period	3	530.02	44,674.04
NON-CURRENT LIABILITIES		46,704.17	106,877.12
Non-current payables	8.11	46,704.17	106,877.12
Finance lease payables		46,704.17	106,877.12
CURRENT LIABILITIES		1,016,068.06	1,083,945.66
Current provisions		15,454.78	-
Current payables	8	182,851.83	259,208.01
Debs with credit institutions		174.30	180.82
Finance lease payables	11	60,163.00	90,267.91
Other financial liabilities		122,514.53	168,759.28
Trade and other payables		714,997.45	824,737.65
Suppliers	8	585,961.48	700,464.72
Personnel	8	-	38.88
Public entities, other	9	128,534.97	124,234.05
Advance customers		501.00	-
Short-term accruals	13	102,764.00	-
TOTAL EQUITY AND LIABILITIES		1,272,398.45	1,399,918.98

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ABRIDGED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2023 (amounts in Euro)

	Note	2023	2022
CONTINUING OPERATIONS			
Revenue	10.1	5,612,366.98	5,459,020.68
Cost of sales	10.2	(174,839.49)	(140,222.92)
Other operating income		42,063.57	56,261.89
Personnel expenses	10.3	(2,230,113.25)	(2,059,671.76)
Salaries and wages		(1,665,671.58)	(1,531,001.74)
Indemnities		(15,454.78)	(313.08)
Employee benefits expense		(548,986.89)	(528,356.94)
Other operating expense	10.4	(3,177,517.03)	(3,098,552.94)
External Services		(3,087,604.79)	(3,003,954.95)
Losses, impairment, and variation of provisions for commercial operations		-	(192.00)
Taxes		(89,912.24)	(94,405.99)
Amortisation and depreciation	5	(133,589.29)	(152,113.14)
Other results		66,160.83	(5,778.90)
RESULTS FROM OPERATING ACTIVITIES		4,532.32	58,942.91
Financial income		-	52.88
Other financial income		-	52.88
NET FINANCE INCOME/(EXPENSE)		-	52.88
PROFIT/(LOSS) BEFORE INCOME TAX		4,532.32	58,995.79
Income tax expense	9	(4,002.30)	(14,321.75)
PROFIT/(LOSS) FOR THE PERIOD	3	530.02	44,674.04

REAL CLUB DE GOLF GUADALMINA

NOTES TO THE 2023 ABRIDGED FINANCIAL STATEMENTS (amounts in Euro)

1. Activity of Real Club de Golf Guadalmina

Real Club de Golf Guadalmina (hereinafter the Club) is a non-profit private association, with a separate legal personality and ability to operate, with registered office at Casa Club Urbanización Guadalmina Alta, San Pedro de Alcántara, 29678 Malaga, and set up on 20 December 1989. It was authorised to use the title “Real” (Royal) on 17 November 2008.

The Club’s corporate objects consist of the fostering, performance and promotion of physical-sports and sporting activities. The practice of golf will be Real Club de Golf Guadalmina’s main sporting activity and for such purposes, it will retain membership of Real Federación Andaluza de Golf (the Royal Federation of Golf of Andalusia). It may also promote other recreational sports or social activities and is entered in the Andalusia Register of Sports Entities of the Tourism and Sports Department of the Andalusia Regional Authorities. The Club’s scope of operation is the Autonomous Region of Andalusia.

The Club is governed by its by-laws, regulations and applicable Central and Autonomous Government legal provisions. In other words, it is governed by Sports Law 10/1990 of 15 October (BOE), and on the date of formulation of these abbreviated annual accounts, Sports Law 39/2022, of December 30 (BOE), with effect from January 1, 2023, Organic Law 1/2002 of 22 March regulating the Right of Association, Andalusia Sports Law 5/2016 of 19 July and Decree 7/2000 of 24 January governing Andalusia Sports Entities, repealed as of the date of formulation of these abbreviated annual accounts by Decree 41/2022, of March 8 of Andalusian Sports Entities. Additionally, the Club is governed by the Bylaws of Real Federación Andaluza de Golf (the Royal Federation of Golf of Andalusia) and Real Federación Española de Golf (the Royal Spanish Golf Federation).

The Club will be made up of different classes of members, specifically, full members, family members, honorary members, aspiring members and corresponding members. In order to be a full member of the Club, firstly, the member should own or have the usufruct of an ordinary share in the share capital of Guadalmina Golf, S.A. The shareholders of Guadalmina Golf, S.A. requesting Club membership should pay, by way of a condition for membership, the membership fee established by the Managing Board.

On 16 April 2020 the Club signed an industrial lease with Guadalmina Golf, S.A., through which Guadalmina Golf, S.A. assigns to the Club the operation of the asset unit known as Guadalmina Golf. This unit is mainly made up of two 18-hole golf courses, one 9-hole golf course, a driving range, maintenance building, other constructions, golf course maintenance and use of machinery and capital goods, furniture and other related elements integrated in the facilities. The lease does not include the Club House, made up of the restaurant area and service areas and the area used in the administrative management of Guadalmina Golf, S.A or the store.

Since the entry into effect of that agreement, the Club has assumed all costs and obtained all income connected with the activity and has paid an annual rent to Guadalmina Golf, S.A. The agreement entered into effect on 1 July 2020 for a seven years term and may be tacitly renewed for five year periods. Therefore, since this date the Club has paid an annual royalty that was established in the contract in the amount of €560,000.00 (plus VAT) subject to update annually by the CPI, for the lease of this unit, its main activity consisting of the operation of the three golf courses (note 11.1). In the 2023 financial

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NOTES TO THE 2023 ABRIDGED FINANCIAL STATEMENTS (amounts in Euro)

year, the annual fee has been updated according to the CPI, with the new amount of the annual fee being €628,621.28 (plus VAT).

As a result of this operation, for those fixed assets of Guadalmina Golf, S.A with a useful life which is less than the lease term (seven years), the Club recognised the corresponding finance lease, the assets being recognised under the abridged balance sheet heading Property, plant and equipment (note 5), together with the relevant finance lease debt. The remaining assets under the agreement are considered subject to an operating lease.

On 1 July 2020, pursuant to article 44 of the Workers' Statute, 58 employees of the company Guadalmina Golf, SA, started working for the Club that was subrogated with respect to all employment and social security rights and obligations, ensuring that the business succession will not affect employment conditions existing at that date.

1.1 Composition of the Governing Body.

As established in article 18 of its bylaws, the Club's governing and representation bodies are:

- General Assembly.
- Management Board.
- Presidency.
- Club Secretary.
- Electoral Committee.

The General Member Assembly is the Club's ultimate governance and administration body. It is made up of all full members, of legal age, who are up to date with their obligations with the entity. Qualifying members may be elected without exception in order to hold management positions provided that they have been members for at least one year. They also enjoy other rights pertaining to them in accordance with applicable prevailing legal provisions.

The main functions of the General Assembly, as established in article 20 of the Bylaws, consist of electing a Chair and Management Board, approving the annual report and income and expense budget, the approval and decision-making regarding the proposals of the partners presented at the General Assembly, deciding the conditions of admission of new partners or associates, the approval of the regulations of the entity as well as the modification of its statutes, disposing and dispose of the assets of the entity and, on the one hand, create services for the benefit of the partners and, on the other, know and ratify the disciplinary dismissals of the partners or associates.

In accordance with article 26 of its bylaws, as the Club's governing and management body, there will be a Management Board that will be made up of five to 20 members at the most, led by the Club Chair and which will include, at least, a Deputy-Chair and Treasurer and one Member for each federated sports section.

The Management Board may designate a Manager who will need to be a member and will be charged with the material execution and implementation of the agreements adopted by the Management Board and General Assembly, completing whatsoever formalities may be entrusted to him by the latter and coordinating all the Club's services and activities. The

REAL CLUB DE GOLF GUADALMINA

NOTES TO THE 2023 ABRIDGED FINANCIAL STATEMENTS (amounts in Euro)

Manager will attend the meetings of the Management Board in a non-voting capacity. The Chair will elect a Club Secretary who will attend the Management Board meetings, in a non-voting capacity unless he is already a member of the Management Board.

The Chair of the Management Board and by default, those other members of the Board as may be determined in the Bylaws, will have legal power of attorney to represent the Club, acting in its name and being obligated to execute the resolutions validly adopted by the General Assembly or Management Board.

The Chair of the Management Board will be elected for a four year term and may be re-elected for similar periods. In March 2021 the new Management Board was elected. At the closing date to which these abridged annual accounts refer, the Board members are as follows:

Chair	Manuel Muñoz Navarro
Deputy Chair	Juan Ignacio Egaña Azurmendi
Treasurer	Carlos Costantini
Secretary	Alejandro Ponce de Leon Rodríguez
Board member	Rosaleen Cunningham
Board member	Kjell Karlsen
Board member	Pedro Ángel Alonso Rodríguez

2. Basis of preparation

2.1 Fair presentation

The abridged abbreviated financial statements were prepared from the Club's accounting records and are presented in accordance with prevailing company law and the accounting rules laid down in Royal Decree 1514/2007, as subsequently amended by Royal Decrees 1/2021,, that applied to the abridged annual accounts for the year as from 1 January 2021 in order to present fairly the Club's equity, financial position and financial performance. The Club voluntarily decided to apply this legislative framework for all purposes and did not apply the General Chart of Accounts for non-profit entities. Although these abridged annual accounts will be governed by the legislative framework of the General Chart of Accounts, there will be some specific features given the entity's sports club status, such as the absence of capital contributions by members, equity being solely made up of accumulated gains and results for the year.

Similarly, the Order of 27 June 2000, approving the rules for adapting the General Chart of Accounts to Sports-related Public Companies, will also be applicable insofar as it does not contradict the General Chart of Accounts. The abridged annual accounts will be drawn up by the Management Board and approved by the General Assembly

The figures shown in these financial statements are presented in Euro unless otherwise indicated.

2.2 Non-mandatory accounting principles

No non-mandatory accounting principles have been applied. All mandatory accounting principles have been applied.

2.3 Critical issues regarding the measurement and estimation of uncertainty

The preparation of the abridged annual accounts requires the Club to make estimates and judgments concerning the future. These are continually evaluated and are based on historical experience and other factors, including expectations concerning future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates will, by definition, rarely equal actual results. The main estimate that Management and the Chair had to make in the year was as follows:

- Definition of the useful life of property, plant and equipment.

Estimates are made using the best information available at the year-end in relation to the facts and circumstances analyzed. Possible future events are not considered to be likely to cause any significant changes to the estimates in future years.

2.4. Comparative information

The abridged annual accounts present, for comparative purposes, for each item in the balance sheet and income statement, the corresponding amounts for the previous year as well as the amounts for 2023. Additionally, the information contained in these notes to the abridged annual accounts for 2023 is presented for purposes of comparison with the information for 2022.

2.5. Elements included in several items

There are no equity elements of assets or liabilities that appear in more than one item of the abridged balance sheet.

2.6. Grouping of items

In order to facilitate the understanding of the abbreviated balance sheet and the abbreviated profit and loss account, these statements are presented in group form, with the required analyzes included in the corresponding notes of the abbreviated report.

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NOTES TO THE 2023 ABRIDGED FINANCIAL STATEMENTS (amounts in Euro)

3. Appropriation of profit

The appropriation of profit for 2023 authorized by the chairman of the board for submission at the Annual General Meeting, where it is expected to be ratified without modification, as well as that of the 2022 financial year approved by Annual General Meeting on June 21, 2023, is as follows:

	Euro	
	2023 (Proposed)	2022
Basis of appropriation		
Profit/(loss)	530.02	44,674.04
	530.02	44,674.04
Appropriation to:		
Reserves	530.02	44,674.04
	530.02	44,674.04

4. Recognition and measurement standards of profit

4.1 Intangible assets

Intangible assets are initially recognized at acquisition price and subsequently measured at cost less the corresponding accumulated amortization (based on the asset's useful life) and where, appropriate, any impairment losses suffered.

The Club recognizes any losses which may have occurred due to impairment of these assets. The criteria for the recognition of impairment losses on these assets and, if appropriate, the recovery of the impairment losses recognized in previous years are similar to those for property, plant and equipment.

Software

Computer program acquisition and development costs are recognized in Software. Maintenance costs are charged to the income statement in the year in which they are incurred.

Software is recognized as an intangible asset only when all the conditions indicated below are met:

The assets are specifically itemized by project and costs are clearly established so that they can be distributed over time. There are well-founded reasons to consider that the project involved will be technically successful and economically profitable.

They are amortized over their useful life which has been estimated at 3 years and are tested for impairment in order to establish the corresponding impairment allowance.

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NOTES TO THE 2023 ABRIDGED FINANCIAL STATEMENTS (amounts in Euro)

4.2 Property, plant and equipment

Property, plant and equipment is recognized at acquisition price or production cost less accumulated depreciation and accumulated impairment losses recognized.

Own work capitalized is calculated by adding to the price of the consumable materials used the direct or indirect costs attributable to the assets.

The costs incurred to extend, modernize or upgrade items of property, plant and equipment are capitalized only when they entail an increase in the asset's capacity, productivity or an extension of its useful life, and so long as it is possible to ascertain or estimate the carrying amount of the assets derecognized in the course of their substitution.

The costs of major repairs are capitalized and depreciated over their estimated useful lives, while recurring maintenance expenses are charged to the income statement during the financial period in which they are incurred.

Once available for use, items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives.

The estimated useful lives of the various items of property, plant and equipment are shown below:

	%
Buildings and other structures	2
Irrigation systems	6 a 10
Equipment and other facilities	10 a 12
Vehicles	8 a 16
Furniture and other fixtures	10 a 25
Computer equipment	25

The Club reviews the assets' residual values, useful lives and depreciation methods at each year-end and adjusts them prospectively where applicable.

4.3 Losses due to impairment of non-financial assets

Assets are tested for impairment provided that an event or change in circumstances indicates that their carrying amount might not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount, understood as the asset's fair value less the higher of costs to sell and value in use. For the purposes of assessing impairment losses, assets are grouped together at the lowest level for which there are separately identifiable cash flows (Cash Generating Units). Impaired non-financial assets other than goodwill are reviewed for possible reversal of the impairment at each reporting date.

REAL CLUB DE GOLF GUADALMINA

NOTES TO THE 2023 ABRIDGED FINANCIAL STATEMENTS (amounts in Euro)

4.4 Financial assets

a) Financial assets at amortized cost

Credits for commercial operations and credits for non-commercial operations are included in this category:

- I. Credits from commercial operations are those financial assets that originate from the sale of goods and the provision of services through the company's traffic operations with deferred collection, and
- II. Credits for non-commercial operations: are those financial assets that, not being equity instruments or derivatives, do not have commercial origin and whose collections are of a determined or determinable amount, which come from loan or credit operations granted by the company.

Initial valuation

Financial assets classified in this category will be initially valued at their fair value, which, unless there is evidence to the contrary, will be the transaction price, which will be equivalent to the fair value of the consideration delivered, plus the transaction costs directly related to them attributable.

However, credits for commercial operations with a maturity of no more than one year and that do not have an explicit contractual interest rate, as well as credits to personnel, dividends receivable and disbursements required on equity instruments, the amount of which is expected received in the short term, are valued at their nominal value to the extent that the effect of not updating cash flows is considered not significant.

Subsequent valuation

The financial assets included in this category will be valued at their amortized cost. The accrued interest will be recorded in the profit and loss account, applying the effective interest rate method.

However, loans with a maturity of no more than one year that, in accordance with the provisions of the previous section, are initially valued at their nominal value, continue to be valued at that amount, unless they have become impaired.

Impairment of value

The necessary valuation corrections are made, at least at closing and whenever there is objective evidence that the value of a financial asset, or a group of financial assets with similar risk characteristics valued collectively, has deteriorated as a result of one or more events that have occurred after their initial recognition and that cause a reduction or delay in the estimated future cash flows, which may be motivated by the insolvency of the debtor.

In general, the loss due to impairment of the value of these financial assets is the difference between their book value and the present value of future cash flows, including, where appropriate, those from the execution of real and personal guarantees, which are estimated to be generated, discounted at the effective interest rate calculated at the time of initial recognition. For financial assets with a variable interest rate, the effective interest rate corresponding to the closing date of the annual accounts is used in accordance with the contractual conditions.

Value corrections due to impairment, as well as their reversal when the amount of said loss decreases due to causes related to a subsequent event, are recognized as an expense or income, respectively, in the profit and loss account. The reversal of the impairment is limited to the book value of the asset that would be recognized on the date of reversal if the impairment had not been recorded.

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NOTES TO THE 2023 ABRIDGED FINANCIAL STATEMENTS (amounts in Euro)

Financial assets are initially carried at fair value, including directly attributable transaction costs, and are subsequently measured at amortized cost. Accrued interest is recognized at the effective interest rate, which is the discount rate that brings the instrument's carrying amount into line with all estimated cash flows to maturity. Nevertheless, trade receivables due within less than twelve months from the end of the reporting period are carried at nominal value upon initial recognition and for subsequent measurement purposes, so long as the effect of not discounting the cash flows is not material.

At the year-end at least, the necessary impairment adjustments are made when there is objective evidence that not all amounts due will be collected.

The amount of any impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate prevailing at the date of initial recognition. Measurement adjustments, and reversals, where applicable, are recognized in the income statement.

4.5 Inventories

Inventories are measured at acquisition or production cost. Acquisition cost includes the amount invoiced by the supplier, net of any trade discounts, rebates and other similar items, plus all other costs necessary to bring them to their existing condition and location, including transportation charges, import duties, insurance, and other costs directly attributable to their purchase.

When the net realizable value of the Club's inventories falls below their purchase or production cost, they are written down to their net realizable value and the corresponding impairment charge is recognized in the income statement.

4.6 Financial liabilities

a) Financial liabilities at amortized cost

In general, debits for commercial operations and debits for non-commercial operations are included in this category:

- I. Debits from commercial operations are those financial liabilities that originate from the purchase of goods and services for the company's traffic operations with deferred payment, and
- II. Debits from non-commercial operations are those financial liabilities that, not being derivative instruments, do not have commercial origin, but come from loan or credit operations received by the company.

Initial valuation

The financial liabilities included in this category are initially valued at their fair value, which is the transaction price, which is equivalent to the fair value of the consideration received adjusted by the transaction costs that are directly attributable to them.

Nonetheless, debits for commercial operations due in less than one year without a contractual interest rate are measured at their nominal value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

Subsequent valuation

Financial liabilities included in this category are valued at their amortized cost. Accrued interest is recorded in the profit and loss account, applying the effective interest rate method.

However, debits with maturities of no more than one year that are initially valued at their nominal value continue to be valued at that amount.

4.7 Post-employment benefits

a) Termination benefits

Termination benefits are paid to employees as a result of the Club's decision to terminate their employment contract before the usual retirement age. The Club recognizes these benefits when it has demonstrably undertaken to make workers redundant in accordance with a detailed formal plan which cannot be withdrawn or to provide severance indemnities as a result of an offer to encourage employees to take up voluntary redundancy. Benefits not falling due more than 12 months after the end of the reporting period are discounted to their present value.

b) Early retirement bonuses

According to the collective agreement in effect, approved during the 2022 financial year, workers who voluntarily leave the entity when they are sixty or older and give at least 12 months' notice with respect to their corresponding legal retirement date, taking into account the specifics and special cases envisaged by law, will receive a bonus, based on years of employment with the entity, at the time of termination, as follows:

- a) Between 5- and 10-years' service: two months' pay.
- b) Between 10- and 15-years' service: three months' pay.
- c) Between 15- and 20-years' service: four months' pay.
- d) Between 20- and 25-years' service: five months' pay.
- e) Over 25 years' service: six months' pay.

For the purposes of computing years of service, those periods during which the employee was employed and terminated until he/ she was employed on an open-ended contract will be taken into account.

The current collective agreement includes the following circumstance:

An employee that voluntarily leaves the entity at least twelve months prior to the legal retirement date, taking into account the legislation applicable to disabled employees who may, based on credits, avail themselves of the so-called fictitious retirement age" in accordance with the legal requirements in each case (older than 55 and having made social security contributions for 35 years) will also be entitled to receive as a bonus the same amounts established in Article 14, based on the number of years the employee has worked for the Club.

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NOTES TO THE 2023 ABRIDGED FINANCIAL STATEMENTS (amounts in Euro)

As of December 31, 2023, the Club has recorded a short-term provision for the retirement award contemplated in the collective agreement, in the terms indicated above, in the amount of 15,454.78 Euro. As of December 31, 2022, the Club did not have any liabilities related to this award recorded since none of its workers met the requirements established in the agreement to qualify for said award.

4.8 Income and expenses

Revenue and expenses are recognized on an accruals basis, regardless of when actual payment or collection occurs.

Revenues are recognized when control over the goods or services is transferred to customers. At that time revenue is recognized at the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, and other revenue not deriving from contracts with customers which constitute the Club's ordinary activities. The amount recognized is determined by deducting from the amount of the consideration for the transfer of the promised goods or services or other revenues from the Club's ordinary activities the amount of discounts, returns, price concessions, incentives or rights delivered to customers as well as VAT and other directly related taxes which should be passed on.

Where the price of the contracts with customers includes variable consideration, the price to be recognized includes the best estimate of the variable consideration if, and to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal in the future once the uncertainty has been subsequently resolved. The Club's estimates are based on historical data, taking into account customer type, transaction type and the specific terms of each agreement.

a) Rendering of services

The Club provides gold club management and complementary services. Revenues from services are recognized in the year in which the services are provided.

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Club and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any discounts, price reductions or similar promotions the Club may grant, and, where relevant, net of the interest income arising from sales financing granted. Applicable indirect taxes on transactions which are reimbursed by third parties are not included.

The following recognition criteria must also be met depending on the activity carried out by the Club:

- The upfront membership fees paid by new members are recognized as revenue in the year in which they become members as these sums are not reimbursable.
- Revenue from green fees is as the service is provided.
- Annual membership fees are accrued in the income statement over the course of the year.

Any annual fees prepaid by members are accrued under 'Accruals and deferred income' on the liability side of the balance sheet.

REAL CLUB DE GOLF GUADALMINA

NOTES TO THE 2023 ABRIDGED FINANCIAL STATEMENTS (amounts in Euro)

4.9 Leases

The Club leases certain property, plant and equipment. Leases of property, plant and equipment where the Club has substantially all the risks and rewards of ownership are classed as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Present value is calculated using the interest rate implicit in the lease agreement and, if this rate cannot be determined, the interest rate applied by the Club in similar transactions.

Each lease payment is made up of the liability and financial charges. The total financial charge is apportioned over the lease term and taken to the income statement in the period of accrual, using the effective interest method. Contingent instalments are expensed in the year in which they are incurred. Lease obligations, net of financial charges, are recognized in "Finance lease creditors". Assets acquired under finance leases are depreciated over their useful lives.

4.10 Related party transactions

Related-party transactions are initially recognized at fair value. If applicable, where the agreed price differs from fair value, the difference is recognized based on the economic reality of the transaction. Subsequent measurement is made in accordance with prevailing standards.

4.11 Income taxes expenses

Tax expense (income) is the amount of income tax accrued for the year and includes current and deferred tax expense (income). Both current and deferred tax expense (income) are recognized in the income statement. However, the tax effects of recognized directly with a credit or charge to equity are also recognized in equity.

Current tax assets and liabilities are measured at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred taxes are calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the tax assets can be utilized.

REAL CLUB DE GOLF GUADALMINA

NOTES TO THE 2023 ABRIDGED FINANCIAL STATEMENTS (amounts in Euro)

5. Property, plant and equipment

The reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the period:

	Euro
	Property, plant and equipment
Balance at 1-1-2023	482,853.61
Cost	774,955.17
Accumulated amortisation	(292,101.56)
Carrying amount	482,853.61
Additions	322,254.89
Disposals	(51,435.85)
Amortization of exercise	(133,296.62)
Amortization disposals	34,768.67
Balance at 31-12-2023	655,144.70
Cost	1,045,774.21
Accumulated amortisation	(390,629.51)
Carrying amount	655,144.70

	Euro
	Property, plant and equipment
Balance at 1-1-2022	414,276.66
Cost	667,731.54
Accumulated amortisation	(253,454.88)
Carrying amount	414,276.66
Additions	277,319.94
Disposals	(170,096.31)
Amortization of exercise	(151,617.10)
Amortization disposals	112,970.42
Balance at 31-12-2022	482,853.61
Cost	774,955.17
Accumulated amortisation	(292,101.56)
Carrying amount	482,853.61

During fiscal year 2023 and 2022, the additions corresponded mainly to the acquisition and installation of photovoltaic panels in different parts of the Club and the installation of a pumping house.

Finance leases

The breakdown of assets under finance lease is therefore as follows:

	Euro	
	2023	2022
Cost - capitalized finance lease	446,768.93	482,399.15
Accumulated amortisation	(339,901.76)	(285,254.12)
Carrying amount	106,867.17	197,145.03

REAL CLUB DE GOLF GUADALMINA

NOTES TO THE 2023 ABRIDGED FINANCIAL STATEMENTS (amounts in Euro)

The Club's property, plant and equipment includes elements of property, plant and equipment incorporated by the signing of the industrial lease contract (see Note 1) in addition to assets acquired in recent years. In accordance with accounting legislation, the assets of Guadalmina Golf, S.A., subject to the lease agreement, and whose useful life is equal to or less than the lease term, were recognized at fair value under property, plant and equipment, the corresponding finance lease liability being recognized in turn (Note 8). These assets mainly include constructions, irrigation installations, protective mesh, mowing equipment and buggies.

During 2023 and 2022 items of property, plant and equipment, mostly, mowing equipment and buggies under this finance lease were derecognized because they were obsolete. Therefore, the club has derecognized these amounts along with the corresponding lease liability.

The reconciliation of the total of minimum future payments to their present value at 31 December as follows:

	Euro	
	2023	2022
Within one year	(60,163.00)	(90,267.91)
Between one and five years	(46,704.17)	(106,877.12)
	(106,867.17)	(197,145.03)

a) Operating leasing

The Club pays a royalty following the signature of the industrial lease with Golf Guadalmina, S.A. (see Note 1). The expense recognized by the Club in respect of operating leases at 31 December 2023 amounts to €538,343.42 (plus VAT) (an expense of €536,912.35 (plus VAT) at 31 December 2022).

The details of the future minimum payments for these items are as follows:

	Euro	
	2023	2022
Within one year	696,508.42	503,892.09
Between one and five years	2,979,981.51	2,269,762.87
	3,676,489.93	2,773,654.96

6. Financial Assets

6.1 Non-current financial assets

At year end 2023 and 2022 the balance under "Long-term financial investments" includes the reclassification to non-current assets of the credit with Guadalmina Golf, S.A., amounting to €133,783.28 (€223,439.42 at 31 December 2022), whose maturity limit for payment is set on June 30, 2027. The rest corresponds to long-term guarantees and deposits.

6.2 Classification by category

	Euro			
	Non-current financial assets			
	Loans, derivatives and other		Total	
	2023	2022	2023	2022
Other financial assets	4,802.28	4,802.28	4,802.28	4,802.28
Other financial assets realated parties (note 11)	133,783.28	223,439.42	133,783.28	223,439.42
Total	138,585.56	228,241.70	138,585.56	228,241.70

	Euro			
	Current financial assets			
	Loans, derivatives and other		Total	
	2023	2022	2023	2022
Other financial assets	635.57	635.57	635.57	635.57
Other financial assets realated parties (note 11)	12,037.50	6,396.00	12,037.50	6,396.00
Total	12,673.07	7,031.57	12,673.07	7,031.57

6.3 Classification by maturity

At 31 December 2023 and 2022 balances under financial assets having fixed or determinable maturities are shown below by year of maturity:

	Euro						
	2024	2025	2026	2027	2028	Later years	Total
Other financial assets	635.57	-	-	4,802.28	-	-	5,437.85
Other financial assets realated parties (note 11)	-	-	-	133,783.28	-	-	133,783.28
Trade and other receivables	12,037.50	-	-	-	-	-	12,037.50
Total	12,673.07	-	-	138,585.56	-	-	151,258.63

7. Cash and cash equivalents

The breakdown of 'Cash and cash equivalents' at 31 December 2023 and 2022 is as follows:

	Euro	
	2023	2022
Cash	1,598.36	1,665.41
Other equivalent liquid assets	409,226.43	621,115.89
Total	410,824.79	622,781.30

Other equivalent liquid assets' reflect balances held in current accounts with financial institutions of renowned solvency.

There are no restrictions on the availability of these balances.

8. Financial liabilities

8.1 Classification by category

	Euro			
	Non-current financial liabilities			
	Bonds and other marketable securities		Total	
	2023	2022	2023	2022
Finance lease payables	46,704.17	106,877.12	46,704.17	106,877.12
Total	46,704.17	106,877.12	46,704.17	106,877.12

	Euro					
	Current financial liabilities					
	Bank borrowings		Derivatives and other		Total	
	2023	2022	2023	2022	2023	2022
Finance lease payables	-	-	60,163.00	90,267.91	60,163.00	90,267.91
Other financial liabilities	174.30	180.82	122,514.53	168,759.28	122,688.83	168,940.10
Trade and other payables	-	-	585,961.48	700,503.60	585,961.48	700,503.60
Total	174.30	180.82	768,639.01	959,530.79	768,813.31	959,711.61

8.2 Classification by maturity

At year-end 2023 and 2022, the amounts of liabilities with a maturity date that is certain or can be determined, classified by year of maturity, are as follows:

	Euro						
	2024	2025	2026	2027	2028	Late years	Total
Bank borrowings	174.30	-	-	-	-	-	174.30
Finance lease payables related parties	60,163.00	37,718.26	8,985.91	-	-	-	106,867.17
Other financial liabilities	122,514.53	-	-	-	-	-	122,514.53
Trade and other payables	585,961.48	-	-	-	-	-	585,961.48
- Suppliers	585,961.48	-	-	-	-	-	585,961.48
	768,813.31	37,718.26	8,985.91	-	-	-	815,517.48

a) Finance lease payables related parties

The long and short-term balance under this heading relates to the part of the industrial lease signed with Guadalmina Golf, S.A., considered a finance lease (see Note 1 and 5). During 2023, there have been disposals of property plan and equipment under the regulation of financial lease, making a change on the installments to be amortized.

9. Tax matters

9.1. Balances with Public Administrations

The breakdown of balances relating to tax assets and tax liabilities at December 31, 2023 and 2022 is as follows:

	Euro	
Debit balances	2023	2022
Income tax expense	882.38	-
VAT	158.39	17,258.60
	1,040.77	17,258.60

	Euro	
Credit balances	2023	2022
VAT	875.31	-
Personal income tax withholdings	74,704.61	74,222.78
Social security	51,746.32	49,738.11
Income tax expense	-	273.16
Others	1,208.73	-
	128,534.97	124,234.05

With respect to Value Added Tax (VAT), the Club applies the pro-rata rule, applying a pro-rata of 3% during the 2023 and 2022 financial years.

9.2. Income tax expense

The current income tax amounts to €4,002.30 and results from applying a tax rate of 25% on the tax base of €36,585.99, the result of adding to the result before taxes the non-deductible expenses related to donations and the provision of retirement bonuses. The tax deductions applied in 2023 amounted to €1,280.51 and withholdings and payments on account to €8,748.37. Likewise, deferred tax assets are generated in the amount of €3,863.69. The amount to be paid to the Tax Administration amounts to €882.38.

9.3. Exercises pending verification and inspection actions

Under current legislation, taxes cannot be considered definitively settled until the returns filed have been inspected by the tax authorities or the four-year statute of limitations period has elapsed. At 31 December 2022, the Club has the following applicable taxes open for inspection by the tax authorities:

- Corporate Income Tax (IS): 2019 to 2022.
- Value Added Tax (VAT): 2020 to 2023.
- Personal Income Tax (IRPF): 2020 to 2023.

As a consequence, among others, of the different possible interpretations of the current tax legislation, additional liabilities could arise as a result of an inspection. In any case, the Management Board considers that such liabilities, if they occur, will not significantly affect the abridged annual accounts.

REAL CLUB DE GOLF GUADALMINA

NOTES TO THE 2023 ABRIDGED FINANCIAL STATEMENTS (amounts in Euro)

10. Income and expenses

The Club's volume of business during the year is due to the industrial lease agreement signed with Golf Guadalmina and which entered into effect on 1 July 2020, as from which time the Club started managing the business. From that time on, the Club therefore started to receive income associated with membership fees and the use of the facilities and to incur the necessary costs for their maintenance and exploitation.

10.1 Revenue

The breakdown of revenue from continuing operations by business segment is as follows:

	Euro	
	2023	2022
Annual subscriptions	3,315,282.91	3,333,275.50
Admission registrations	658,261.36	658,374.13
Greenfees	1,214,348.18	1,045,060.16
Practice field income	66,830.00	52,666.00
Sales to hotels	11,687.00	18,200.00
Buggys	241,941.53	249,083.00
Electric trolley	30,390.00	34,088.00
Temporary licenses	7,544.00	8,268.00
Croquet field income	13,666.00	13,345.00
Children's camp income	38,453.00	42,682.00
Gym, pool and other income	13,963.00	3,978.89
	5,612,366.98	5,459,020.68

All the sales are domestic sales.

All of the Club's revenue is generated by its sports facilities in the town of San Pedro de Alcántara.

10.2 Cost of sales

This heading breaks down as follows:

	Euro	
	2023	2022
Purchase of diverse materials	(176,614.86)	(140,195.15)
Change in inventories of diverse materials	1,775.37	(27.77)
	(174,839.49)	(140,222.92)

10.3 Employee benefits

Staff costs recognised in the abridged income statement break down as follows:

	Euro	
	2023	2022
Wages, salaries and similar	(1,665,671.58)	(1,531,001.74)
Indemnities	(15,454.78)	(313.08)
Employee benefits expense	(548,986.89)	(528,356.94)
	(2,230,113.25)	(2,059,671.76)

REAL CLUB DE GOLF GUADALMINA

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The indemnities expense recorded by the Club corresponds to the provision recorded for the early retirement award, contemplated in the collective agreement applicable to the Club's workers. The indemnities recorded in fiscal year 2022 corresponded to the economic compensation associated with the dismissal of a worker.

10.4 External services

The external services item reflected in the abridged income statement has the following breakdown:

	Euro	
	2023	2022
Rent and fees	(998,984.38)	(776,819.74)
Repairs and upkeep	(1,189,557.97)	(1,263,402.59)
Professional services	(97,693.72)	(118,043.05)
Transport	(159.81)	(79.99)
Insurance premiums	(48,333.90)	(38,762.74)
Banking services	(7,778.52)	(7,872.74)
Advertising, publicity and public relations	(1,358.67)	(1,293.98)
Utilities	(320,821.45)	(394,100.15)
Other services	(422,916.37)	(403,579.97)
	(3,087,604.79)	(3,003,954.95)

The heading "Rent and fees" records the operating lease expense associated with the industrial lease signed with Guadalmina Golf, S.A and a series of rental expenses for vehicles and other.

11. Related parties

11.1 Related parties transactions

The Club defines its related parties as its group companies, associates and joint ventures; the natural persons holding a direct or indirect interest in its voting rights that gives them significant influence; and its key management personnel, a category which includes it the Management Board and members.

The transactions (excluding VAT) detailed below were carried out with related parties:

	Euro
	2023
Related Party	Rent and fees
Guadalmina Golf, S.A.	(538,343.42)
	(538,343.42)

	Euro
	2022
Related Party	Rent and fees
Guadalmina Golf, S.A.	(536,912.35)
	(536,912.35)

REAL CLUB DE GOLF GUADALMINA

NOTES TO THE 2023 ABRIDGED FINANCIAL STATEMENTS (amounts in Euro)

After signing the industry lease contract with Guadalmina Golf, S.A., the Club will pay a lease fee for an annual amount of €560,000.00. In the 2023 financial year, the annual fee has been updated according to the CPI, with the new annual fee amounting to €628,621.28 (plus VAT) (€594,160.00 (plus VAT) in 2022). In 2023 the lease expense corresponding to the operating lease installments amounts to a total of €538,343.42 (€536,912.35 in 2022), the remaining part up to €628,621.28 (€594,160.00 in 2022) corresponding to the amortization of the finance lease loan (see note 1. 5.8 y 10.4).

11.2 Related parties balance

				Euro
				2023
Related Party	Other financial Assets	Non-Current Finance lease payables	Current Finance lease payables	
Guadalmina Golf, S.A.	133,783.28	(46,704.17)	(60,163.00)	
	133,783.28	(46,704.17)	(60,163.00)	
				Euro
				2022
Related Party	Other financial Assets	Non-Current Finance lease payables	Current Finance lease payables	
Guadalmina Golf, S.A.	223,439.42	(106,877.12)	(90,267.91)	
	223,439.42	(106,877.12)	(90,267.91)	

The balance of other long-term financial assets relates to the payment of remuneration payable by the related party Guadalmina Golf, SA. in respect of employees' extra salary payments. Following the transfer of employees (note 1), the Club assumed the payment of these on behalf of Guadalmina Golf, SA, thus generating a debit balance in the amount of €233,439.42 at the time of the transfer. At the end of the 2023 financial year, the outstanding balance is €133,783.28 (€223,439.42 as of December 31, 2022). The variation in the pending balance corresponds to the agreement to compensate part of the investment balance between Guadalmina Golf, S.A and the Club. This compensation is made in the amount of €89,656.14, which correspond to the expenses assumed by Guadalmina Golf, SA and re-invoiced to the Club, in fiscal year 2023.

12. Other Information

12.1 Remuneration of members of the Management Board

During 2023 and 2022 no amount was paid to the members of the Management Board in respect of salaries, per diems or other remuneration.

12.2 Key management personnel remuneration

The Club considers its 'key management personnel' to be those individuals having authority and responsibility for planning, directing, and controlling the activities of the Club, either directly or indirectly.

For the purposes of the above definition, the above-listed senior management duties are limited only by the criteria and instructions given by the Club's legal owners to the governing bodies that represent them.

REAL CLUB DE GOLF GUADALMINA

NOTES TO THE 2023 ABRIDGED FINANCIAL STATEMENTS (amounts in Euro)

These functions are considered to pertain to the chair of the Management Board, who, as mentioned above, receives no remuneration whatsoever, and the Managing Director who received €95,000.00 in remuneration (€92,499.93 in 2022).

12.3 Advance Loans credit or personal warranties to Board Members

During the financial year to which these notes relate, there were no advances or loans granted to members of the Management Board.

12.4 Personnel

The average number of people employed at the Club was 59 people (57 people in 2022).

	2023			2022		
	Men	Women	Total	Men	Women	Total
Management (General and Operations)	2	-	2	2	-	2
Administration Dept.	-	4	4	-	4	4
Customer Service Staff	14	6	20	12	5	17
Head Greenkeeper y Greenkeeper	2	-	2	2	-	2
Personal de Campo	29	2	31	28	2	30
Golf Teachers	-	-	-	2	-	2
	47	12	59	46	11	57

12.5 Average period of payment to suppliers:

The detail of the information required in relation to the average payment period to suppliers is as follows:

	2023	2022
	Days	Days
Average period of payment to suppliers	22	73

12.6 Contingencies and guarantees

The Club guarantees through members' annual fees the payment of the principal of the loan arranged by Guadalmina Golf, S.A with Banco Santander. As of December 31, 2023, Guadalmina Golf, S.A. has capital pending amortization in the amount of €2,016,688.02 (in 2022, €2,560,460.25).

No contingent liabilities arose in the ordinary course of the Club's business in 2023 and 2022.

REAL CLUB DE GOLF GUADALMINA

NOTES TO THE 2023 ABRIDGED FINANCIAL STATEMENTS (amounts in Euro)

12.7 Environmental disclosures

Environmental activity refers to any transaction, the main purpose of which is to minimize damage to the environment or enhance environmental protection efforts.

Currently the Club continues with its "ZERO PLASTIC IN OUR FACILITIES" project and during the year 2023, the Management Board continues with the work of raising awareness with members and merchandise suppliers until we achieve the total elimination of plastic in the facilities of the Club.

During the year, the Club carried out repairs to the irrigation system of the first 10 holes of the course to obtain savings in hydrological consumption. With this system, water consumption is reduced by around 25%. During fiscal year 2024 and beyond, the renovation and improvement of the irrigation system of the rest of the holes on the courses will continue to, in this way, maximize water savings.

Additionally, throughout the 2023 financial year, the installation of photovoltaic panels will be completed both in the Club parking area and in the buggy storage area. With this new system, electricity consumption is reduced by around 35%.

The potential environmental contingencies, damages and other related risks to which the Club is exposed are adequately covered by its civil liability insurance policies.

13. Short-term accruals

The amount of short-term accruals as of December 31, 2023 and 2022 is as follows:

	2023	Euro 2022
Short-term accruals	102,764.00	-
Total	102,764.00	-

The detail of the short-term accruals as of December 31, 2023 corresponds, in its entirety, to the advance collection of membership fees for the year 2024 and which will be allocated as income in the year 2024. During the year 2022, no receive advance payments.

14. Events after the reporting period

After the close of the year ended December 31, 2023, no events or circumstances have occurred that could affect the presentation of these Abridged Annual Accounts.

REAL CLUB DE GOLF GUADALMINA

AUTHORIZATION FOR ISSUE OF THE FINANCIAL STATEMENTS OF THE EXERCISE 2023

The Management Board of the Real Club de Golf Guadalmina on 27 March 2024, and in compliance with the requirements established in the Organic Law 1/2002 indicated, proceeds to formulate the abridged annual accounts for the year ended 31 December 2023, which are constituted by the attached documents preceding this letter.

SIGNATORIES

FIRM

Mr. Manuel Muñoz Navarro
Chair

Mr. Juan Ignacio Egaña Azurmendi
Deputy Chair

Mr. Carlos Costantini
Treasurer

Mr. Alejandro Ponce de Leon Rodríguez
Secretary

Ms. Rosaleen Cunningham
Board member

Mr. Kjell Karlsen
Board member

Mr. Pedro Ángel Alonso Rodríguez
Board member